VETERINARY SERVICES FOR HOUSEHOLD PETS MARKET INVESTIGATION

The Veterinary Services Market Investigation (Funding) Order 2026

Notice on the making of an Order under sections 161 and 165 of, and Schedule 10 to, the Enterprise Act 2002

Introduction

1. This Notice follows the consultation the Competition and Markets Authority (**CMA**) has carried out on the making of an Order to implement the funding mechanism for the Levy[1] on Veterinary Businesses which it decided upon in its report *Veterinary services for household pets: Final decision report* (the **Final Report**). It sets out and explains the Order the CMA has decided to make.

2. The background to the Final Report and the consultation process the CMA followed are described below. A document has been published alongside the Order which summarises the responses the CMA received to the consultation and sets out the CMA's assessment of those responses.

Background

3. On 23 May 2024, following a market review launched on 7 September 2023 and a consultation opened on 12 March 2024, the CMA, in exercise of its powers under sections 131 and 133 of the Enterprise Act 2002 (the **Act**), made a reference for a market investigation in relation to the supply of Veterinary Services for Household Pets in the United Kingdom.

4. On the same date, the CMA appointed from its panel a group of five independent members (the **Group**) to conduct the market investigation and publish a final report. The Group was required to decide whether any feature, or combination of features, of each relevant market prevents, restricts or

[1] Terms, like this one, that are defined in the Order the CMA is now making have the same meaning in this Notice unless otherwise stated or the context requires otherwise.

distorts competition and thereby has an adverse effect on competition (**AEC**) and, if so, what action should be taken.

5. On 24 March 2026, the CMA published the Group's Final Report on the market investigation in which it concluded that there are certain features which have an AEC in the markets for (i) the retail supply of Veterinary Services for Household Pets by First Opinion Practices (**FOPs**) in the UK, and (ii) the supply of outsourced out-of-hours (**OOH**) provision to FOPs in the UK. Those features are set out in section 15 of Part A of the Final Report (in paragraphs 15.15 and 15.23).[2]

6. The Group decided that, in order to address the AEC and resulting customer detriment, a package of remedies should be adopted consisting of:

   (a) Measures to empower Pet Owners when making choices, relating to:

      (i) Transparency of the ownership of Veterinary Businesses

      (ii) The ability to compare FOPs directly

      (iii) Better pricing information when choosing treatments and services

      (iv) Increased awareness of the ability to purchase medicines online and potential savings

      (v) Clear information on end-of-life services

   (b) Measures to remove barriers to engagement and competition, relating to:

      (i) Ensuring that vets and vet nurses are able to act in accordance with the relevant provisions of the Royal College of Veterinary Surgeons (**RCVS**) Code and Guidance

      (ii) Making it easier for Pet Owners to get and use a written prescription

      (iii) Improving consumer complaints and redress mechanisms

      (iv) Making it easier for FOPs to switch OOH provider

   (c) A recommendation to government on reform of the existing statutory regime for the regulation of Veterinary Services

   (d) Recommendations to the RCVS and the Veterinary Medicines Directorate (**VMD**).

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[2] Since the publication of the Final Report, two members of the Group have ceased to be members of it. One Group member's appointment to the CMA panel ended on 1 April 2026, and another resigned from the Group on 24 April 2026. Each cessation of membership of the Group, and the Group's continued functioning with its remaining members thereafter, is in accordance with Schedule 4 to the Enterprise and Regulatory Reform Act 2013.

7. The Group decided that implementing this remedies package requires action not only by the CMA and the imposition of remedies on Veterinary Businesses, but also an enhanced role for the RCVS (as the existing sector regulator), in order to address the wide-ranging concerns identified in the Final Report. The Group decided that the RCVS should be required – by means of Undertakings it gives to the CMA or by Order – to perform certain activities to support the remedies to be imposed on Veterinary Businesses, and to monitor compliance by those businesses with those remedies. Those activities are set out in the Final Report and they are described in this Notice (see paragraph 16 below)[3] as the **RCVS Activities**.

8. The Group also decided that the costs of the RCVS's performance of the RCVS Activities should be met by Veterinary Businesses paying a Levy to the RCVS. The establishment and operation of the processes for collecting that Levy and estimating the RCVS's reasonably efficient and reasonably necessary costs also form part of the RCVS Activities that should be so funded.

9. The remedies will therefore be implemented by a combination of (i) CMA Orders on Veterinary Businesses and (ii) the RCVS entering into legally binding Undertakings. Some of these instruments will set out substantive requirements on Veterinary Businesses and the RCVS. Others (such as the Order to which this Notice relates and the Undertakings referred to in paragraph 10(b) below) provide mechanisms which put in place the funding required for the RCVS's performance of the RCVS Activities.

10. Specifically, the package of remedies will be implemented by:

(a) The Veterinary Services Market Investigation (Funding) Order 2026 (the **Funding Order**);

(b) The Veterinary Services Market Investigation Royal College of Veterinary Surgeons (Funding) Undertakings 2026 (the **RCVS Funding Undertakings**);

(c) a separate order imposing substantive requirements on Veterinary Businesses (to be known as 'The Veterinary Services Market Investigation Order 2026' and referred to in this Notice as the **Substantive Order**);

(d) separate undertakings entered into by the RCVS relating to the RCVS Activities (to be known as 'The Veterinary Services Market Investigation

[3] And in the Order to which this Notice relates.

Royal College of Veterinary Surgeons Undertakings 2026' and referred to in this Notice as the **Substantive RCVS Undertakings**);[4] and

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

The Funding Order and the RCVS Funding Undertakings

Structure

11. This Notice relates to the Funding Order (which the CMA is making alongside its acceptance of the RCVS Funding Undertakings). Terms used in the Notice have same meaning as in the Funding Order. The CMA's acceptance of the RCVS Funding Undertakings is the subject of a separate notice published on the same date as this Notice.

12. As explained in more detail below, the Funding Order provides for the CMA to set the Levy that Veterinary Businesses which operate FOPs and OOH Centres (**Qualifying Veterinary Businesses**)[5] must pay to the RCVS, for each such FOP or centre, in order to meet the costs of the RCVS performing the RCVS Activities. The CMA has done that in respect of the Initial Levy Payment those businesses must make (for 2026/27) and the Order specifies the level of that Levy.

13. The CMA has set the Initial Levy Payment, and will set the Subsequent Levy Payments (for 2027 onwards), based on its assessment of the RCVS's estimates of the relevant costs, which estimates the RCVS has provided, and in future will provide, to the CMA pursuant to the RCVS Funding Undertakings. The estimates have been (for the purposes of setting the Initial Levy Payment), and will be (for the purposes of setting the Subsequent Levy Payment), the subject of consultation. The CMA will set the Levy periodically based on the numbers of FOPs and OOH Centres in the UK. The RCVS will collect the Levy from Qualifying Veterinary Businesses pursuant to the arrangements and processes the RCVS Funding Undertakings require it to put in place.

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[4] Subject to the RCVS offering, and the CMA accepting, suitable undertakings and following the procedure provided for by the Act. In default of the RCVS giving such undertakings, the CMA may instead require the RCVS to perform the relevant activities.

[5] Other than organisations that are charities registered in any part of the UK that do not provide Veterinary Services for Household Pets on a commercial basis.

Purpose and effect

14. The purposes of the Funding Order, together with the RCVS Funding Undertakings, are, in accordance with the decisions contained in the Final Report, to ensure that:

    (a) the RCVS is appropriately funded for performing the RCVS Activities;

    (b) the RCVS puts in place and administers arrangements and processes for collecting the Levy; and

    (c) the costs of the aspects of regulation comprised in the RCVS Activities are borne, in proportion to their size, by those businesses to which those aspects of regulation mainly relate.

15. The effects of the Funding Order, together with the RCVS Funding Undertakings, are that:

    (a) Qualifying Veterinary Businesses must pay the Levy;

    (b) the RCVS is appropriately funded;

    (c) the RCVS will have in place and administer arrangements and processes for collecting the Levy; and

    (d) the package of remedies the Group decided upon in the Final Report can be implemented, and compliance with it monitored, effectively, so as to address the AEC and its resulting detrimental effects on customers.

Consistency with the Final Report

16. The Order is consistent with and gives effect (with the RCVS Funding Undertakings) to the Group's decisions in the Final Report that the costs of performing the RCVS Activities should be funded by a Levy on Veterinary Businesses that is collected by the RCVS.[6] These activities, which are more fully described in sections 3 to 9 of part B of the Final Report, include:

    (a) monitoring compliance by Veterinary Businesses with this Order and the Substantive Order;

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

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[6] See, for example, paragraphs 2.64 – 2.66 and 2.70 – 2.72 of Part B of the Final Report. Paragraph 2.70, in particular, indicated matters which the Funding Order would be expected to cover.

(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 Alternative Dispute Resolution (**ADR**) provider which 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 the RCVS 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.

17. The Order, as described in sub-paragraph 16(j) above, provides for the RCVS Activities to include: (i) obtaining independent assurance of estimates of the costs of performing those activities; and (ii) operating and administering the system for collecting the Levy. Such inclusion was not the subject of express decisions in the Final Report. It is, however, consistent with the decisions in the Final Report that the businesses which are subject to the regulation the CMA would impose should bear the costs thereof [7] (as to which see the following paragraph). No respondents to the consultation raised any concerns

[7] Rather than those costs being met from other sources of RCVS funds (such as fees paid by individual veterinary professionals).

in relation to the inclusion of this provision or suggested the Group take a materially different approach.

18. As to the Qualifying Veterinary Businesses which are required to pay the Levy and the proportions in which they are required to pay it, the Group made relevant decisions in the Final Report. Those decisions included:

(a) In paragraph 11.71 of Part B of the Final Report that '…it is appropriate that the activities which relate to regulating veterinary businesses be funded by a levy on these businesses… In other words, the regulated party should pay for its regulation.'

(b) In paragraph 11.83 of Part B that 'We have decided that each (small animal) FOP should contribute an equal share towards one-off initial costs…'

(c) In paragraph 11.84 of Part B that 'The levy to cover the RCVS's costs relating to veterinary businesses will be paid by those businesses in proportion to the number of FOPs they operate.'

(d) In paragraph 11.85 of Part B that 'We have considered whether there may be some advantages in taking an alternative approach, such as weighting the fees by the capacity of the veterinary business, for example on the basis of the number of FTE vets or of turnover of the business, or by taking into account businesses' other activities as well the number of their FOPs. However, gathering and updating the relevant information to do this would be a more substantial administrative burden that is unlikely to be justified given the small difference it would make to the fees.'

19. The Order makes provision for payment of the Levy consistently with these aspects of the decisions in the Final Report. The Levy is payable by Qualifying Veterinary Businesses for each FOP they operate, such FOPs being the subject of almost all the remedies the CMA is imposing on Veterinary Businesses and representing the large majority of the locations and practices at which the remedies apply.

20. The Order also makes provision for payment of the Levy by each Veterinary Business operating OOH Centres (paying the Levy for each such centre). Such businesses are Qualifying Veterinary Businesses liable to pay the Levy. This is on the bases that:

(a) As set out in the Final Report, '….. services provided OOH are often the same as FOP services, just provided at different times.'[8]

(b) In the Final Report, the Group decided that 'Similar competition concerns often apply'[9] as between FOPs and OOH Centres and that significant parts of the remedies package should also apply to the latter.[10]

21. Requiring Veterinary Businesses operating OOH Centres to pay the Levy is, accordingly, consistent with the decision in the Final Report that those subject to regulation in respect of the primary care they provide to pets should bear the costs of that regulation. Since those businesses fall into a single category, requiring them to pay the Levy is consistent with the decision not to create a system of Levies that involves a substantial administrative burden.

22. A number of respondents to our consultation on the Order said we should make a different decision in the above regard, for example, requiring Veterinary Businesses to pay a Levy for each Referral Centre they operate or based on the full-time equivalent number of vets they employ. These matters were, however, decided upon in the Final Report and, for the reasons above and in the summary of consultation responses, we have not revisited those decisions.

23. As to the period in respect of which the Funding Order requires the Levy to be paid, in the Final Report the Group decided that the Levy would cover the RCVS's efficiently incurred costs of performing the RCVS Activities from the date of publication of that Report.[11] This was on the basis that a number of the RCVS's obligations were clear in important respects from that date, and the RCVS should take preparatory action to comply with those obligations with the costs to be met by the Veterinary Businesses which were to be subject to regulation.

24. The Order gives effect to the aspect of the Group's decision described in the preceding paragraph and this decision was clearly communicated to relevant Veterinary Businesses at the time the Group made it. Respondents to our consultation did not oppose this point. The amounts recoverable, which are the subject of consultation, are constrained by the limiting of the costs to those reasonably necessary to perform the RCVS Activities (including

[8] See footnote 36 to paragraph 2.27 of Part B of the Final Report.

[9] See footnote 36 to paragraph 2.27 of Part B of the Final Report.

[10] See Part B of the Final Report, section 3: Pet owner empowerment remedies, section 4: Choice of treatments, referrals and diagnostics, section 5: Medicines market opening remedies, section 6: Medicines: prescription price controls and medicines price controls, section 7: Out-of-hours contracts, section 8: Cremations, and section 9: Complaints and redress.

[11] See paragraphs 2.66, and 2.70 – 2.72 of Part B to the Final Report, for illustration.

reasonably necessary set-up costs) and that are reasonably efficiently incurred.

Specific provisions

RCVS Funding Estimates

25. As we note above, the Levy is designed on a cost-recovery basis. One element of its calculation by the CMA is based on the RCVS's estimates of its costs in performing the RCVS Activities (which estimates the RCVS has provided, and will in future provide, to the CMA) (the **RCVS Funding Estimate**). The RCVS Funding Estimate is defined in the Funding Order so as to have the same meaning as in the RCVS Funding Undertakings (which set out obligations the RCVS has in respect of those estimates).

26. A RCVS Funding Estimate is defined so as to require that the RCVS:

(a) describes each of the RCVS Activities the estimated costs will cover;

(b) includes:

(i) the total amount of those costs, including a contingency amount of up to 15 percent of that total; and

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

(c) for each such activity, explains how the RCVS considers that the estimated costs attributable to that activity are reasonably necessary[12] and represent reasonably efficiently incurred costs; and

(d) in the case of an estimate provided in respect of a Subsequent Relevant Period:

(i) carries forward from any previous period any reasonably estimated, or actual, surplus or shortfall in the funds for carrying out the RCVS Activities; and

(ii) deducts, as if it were a surplus from a previous period, any sum referable to a previous period which, in the opinion of the Registered Auditor or independent third party, has not been used for paying the

[12] That is, costs that a prudent regulator would regard as necessary, but no more than necessary, to perform the RCVS Activity.

reasonably necessary and reasonably efficiently incurred costs of performing the RCVS Activities

27. The Funding Order (and the RCVS Funding Undertakings) provide for two relevant periods for the purposes of the RCVS Funding Estimates, which Funding Estimates shall be (and, in the cases of the Initial Relevant Period, have been) the subject of consultation with Veterinary Businesses before the CMA uses them to set the Levy.

Funding estimates for the Initial Relevant Period

28. The first period for which the RCVS has provided the CMA with a RCVS Funding Estimate is, in line with the decisions in the Final Report, 24 March 2026 to 31 March 2027 (see paragraph 23 above). That period is referred to in the RCVS Funding Undertakings as the Initial Relevant Period.

29. Paragraphs 2.71 and 2.72 of the Final Report state that:

(a) 'The Undertaking to be offered by the RCVS will include requirements for the RCVS to provide estimates of the costs that it expects to incur in carrying out the actions the CMA requires it to take.'

(b) 'These estimates would be required to be in relation to efficiently incurred costs and in the first instance include the costs of associated up-front set up activities.'

(c) 'The initial estimate will also require, to the extent relevant, information on the costs incurred from the date of this report or expected to be incurred from that date by the RCVS and funded from its professional fee contingency fund and which are to be refunded from the levy payable by veterinary businesses.'

(d) 'These estimates will be the basis of the calculation of the initial levy fee payable by each veterinary business.'

30. The RCVS provided the CMA with its RCVS Funding Estimate for the Initial Relevant Period, which it updated (and reduced) during the period of consultation on the Funding Order and RCVS Funding Undertakings (see further below):[13]

[13] As provided for in the Funding Undertaking, the RCVS's estimate of its funding requirements for the two-year period beyond 31 March 2027, and the associated Levy, will be consulted on separately by the RCVS in due course.

Table 1: RCVS Funding Estimate for the period 24 March 2026 to 31 March 2027

RCVS Activity	Estimated cost including a contingency (£'000)
(a) monitoring compliance by Veterinary Businesses with the Substantive Order and the Funding Order;	224
(b) enhancing the functionality of the Find a Vet website and operating and maintaining it on an ongoing basis;	402
(c) collecting information from Veterinary Businesses to present on the Find a Vet website	32
(d) sharing information from the Find a Vet website with approved third parties, including setting up the approval and sharing process;	41
(e) contracting with an approved ADR provider which offers mediation services to Veterinary Businesses;	2
(f) producing, distributing to Veterinary Businesses, and publishing, standardised literature and information about the ability of Pet Owners to request written prescriptions	3
(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;	0
(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;	24
(i) collecting, analysing and publishing on an annual basis data and insights on complaints in the market for Veterinary Services for Household Pets;	1
(j) providing independently assured estimates by a Registered Auditor, or by another suitably skilled, qualified and experienced third party approved by the CMA, of the	257

costs that the RCVS expects to incur in carrying out the RCVS Activities and operating and administering the system for collecting the Levy;	
(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	588
TOTAL	**1,575**[14]

31. The RCVS provided to the CMA, in support of its RCVS Funding Estimate for the Initial Relevant Period, evidence and explanations relating to how it produced that estimate. This included an assurance report by a public accounting and consulting firm to the RCVS, dated June 2026. It also included a summary of the actions the RCVS will perform as RCVS Activities in the Initial Relevant Period (see Annex 1 to the Notice of RCVS Funding Undertakings: RCVS Submission of Funding Estimate for the Initial Relevant Period).

32. The RCVS update to its estimate, and its explanation thereof, during the consultation period noted that it has further considered how it performs some of the RCVS Activities and the costs. In particular, it is now contemplating doing some of the work to update its Customer Relationship Management (**CRM**) system in-house. That reduces the costs estimate, on the basis the RCVS will be able to exercise control of its systems and take advantage of efficiencies and synergies between them.

33. The RCVS has noted that there are a number of key risks or challenges which have an impact on its ability to develop its RCVS Funding Estimate. Two of the primary ones are:

    (a) 'Concentration of cost in a small number of large items: A significant proportion of the total cost sits within programme delivery, business process development, CRM enhancement and supporting IT activities; while supported by external estimates, there is inherent uncertainty around large system implementation costs.'

[14] Figures do not sum due to rounding.

(b) ‘Programme management scope: The inclusion of programme and project management roles is appropriate, but the level of effort required will depend on delivery complexity and could vary as the programme evolves.’

34. The RCVS has explained to the CMA that it has sought to account for this uncertainty by applying a contingency percentage to each RCVS Activity, reflecting its assessment of the level of uncertainty involved. These contingency percentages vary between five percent where the cost estimates can be gauged on a more certain basis, and 15 percent where there is currently less certainty associated with the costs that will need to be incurred.

35. The CMA has carefully considered: (i) all of the information provided by the RCVS, including responses to inquiries that the CMA has made of senior members of RCVS staff; and (ii) responses to the consultation. For the reasons set out in more detail below and in the summary of responses, the CMA’s view is that the figures in the RCVS Funding Estimate, for each individual RCVS Activity and in aggregate, represent reasonably necessary and reasonably efficiently incurred costs. Therefore, the CMA has approved the RCVS Funding Estimate and has used it as the basis for calculating the Levy for the Initial Relevant Period.

36. The CMA has focused its review on larger estimated amounts within the RCVS Funding Estimate since these amounts will have the greatest impact on whether the overall costs are reasonably necessary and reasonably efficiently incurred. Around 94 percent of the RCVS Funding Estimate for the Initial Relevant Period relates to four activities:

(a) Monitoring compliance by Veterinary Businesses with the Substantive Order and the Funding Order (estimated to be around £224,000, including set-up costs and a 15 percent contingency);

(b) Enhancing the functionality of the Find a Vet website (estimated to be around £402,000, including a 15 percent contingency);

(c) Providing independently assured estimates by a Registered Auditor, or by another suitably skilled, qualified and experienced third party approved by the CMA, of the costs that the RCVS expects to incur in carrying out the RCVS Activities and operating and administering the system for collecting the Levy (estimated to be around £257,000, including a 10 percent contingency); and

(d) Other activities which are reasonably necessary to put in place, operate and maintain the systems, mechanisms, arrangements and activities that comprise or support the RCVS Activities (estimated to be around £588,000, including a 15 percent contingency).

37. In the course of reviewing the RCVS Funding Estimate (including the evidence and explanations provided and the responses to the consultation), the CMA has considered two questions:

(a) whether the RCVS's proposed actions in carrying out the RCVS Activities are reasonably necessary[15] and represent reasonably efficient actions; and

(b) whether the RCVS's costs in carrying out the actions in (a) above are reasonably necessary and represent reasonably efficient costs.

Monitoring compliance

38. The RCVS's estimate of around £224,000 relating to monitoring compliance by Veterinary Businesses largely relates to the employment of in-house staff to develop, put in place and follow policies relating to the following:

(a) developing a monitoring plan, policies and reporting;

(b) monitoring Attestations;

(c) reactive monitoring following complaints and enquiries; and

(d) establishing a verification and data assurance framework.

39. The CMA has engaged with the RCVS about the scope of its proposed actions to ensure that they are not broader than necessary and that the proposed frequency, detail and coverage is proportionate. Following these discussions, the RCVS made revisions to its monitoring proposal, particularly in relation to its methodology, which proportionately reduced the estimated cost of the RCVS's proposal.

40. The RCVS has set out how it expects its existing and new staff at different levels of seniority to be allocated across responsibilities, with those allocations expressed as proportions of full time equivalent (**FTE**). It has also explained why individuals with certain qualifications and/or experience will be needed for particular RCVS Activities. For example, it has stated that levels of seniority have been assigned on the basis of similar activities already undertaken by the RCVS, such as collecting information for the Find a Vet website, managing registrations and fees, and the delivery of new processes such as IT projects. In addition, the RCVS has identified that a data analyst will be

[15] That is, are activities (and costs) that a prudent regulator would regard as necessary.

required to meet the RCVS's reporting requirements and lawyers will be required to support its monitoring activities.

41. The RCVS has based its estimated salary costs on its existing salary bands, which were last benchmarked in January 2025 by an external firm which specialises in pay and reward. Therefore, its salary costs are consistent with its existing salaries and relevant market rates.

42. While the RCVS has provided a detailed monitoring proposal to the CMA, we note that there is uncertainty over how it will be implemented and the volume of information which the RCVS will need to process. In this context, the CMA's view is that a 15 percent contingency is not unreasonable.

Enhancing the functionality of the Find a Vet website

43. The RCVS has told the CMA how it intends to evolve and enhance its existing Find a Vet platform. This will leverage data captured and managed through a combination of business processes, digital services and technology platforms, including the RCVS CRM solution and related systems, with a content management system (**CMS**) for the front-end user experience. During the consultation period for the Funding Order, the RCVS provided the CMA with details and estimates for managing internally the required enhancements to its existing CRM and associated business processes.

44. The RCVS's estimate of around £402,000 is driven by the cost of appointing an external IT provider to develop the front-end CMS for the Find a Vet website. The primary objective is to 'support publication and navigation of substantially expanded practice datasets in a way that remains usable and understandable for the public.' The RCVS has noted that this workstream is a companion to wider programme activity rather than a standalone platform replacement.

45. As part of its submission to the CMA, the RCVS has provided internal documentation which translates the requirements of the Find a Vet remedy in the CMA's Final Report into an initial specification. This helps to demonstrate that the proposed specification of the Find a Vet website is based directly on what is necessary to implement the remedy. Further, the RCVS has shared communications with its IT provider which show that: (i) the specification of the RCVS's CMS has been developed and refined over time on an iterative basis; and (ii) the RCVS has sought to improve the accuracy of the estimate by addressing areas of uncertainty.

46. The RCVS has also provided a copy of internal documents which help to explain its rationale for choosing to enhance its existing CMS for the Find a

Vet website over other alternatives. Some such alternatives may be less expensive but lack the necessary functionality (for example, scalability and interoperability).

47. The RCVS has highlighted that there continues to be uncertainty over the final front-end design and user interface of the Find a Vet website, that will not be fully resolved until the relevant work is undertaken. It has mitigated this uncertainty by:

(a) undertaking a detailed a planning and scoping exercise where it can;

(b) appointing an in-house Project Manager to oversee the IT project;

(c) undertaking user testing; and

(d) including in its costs estimate a 15 percent contingency.

48. With regard to the cost of carrying out the proposed actions, the RCVS has explained that it selected the IT provider in 2024 to carry out another IT project following a competitive tendering process. The RCVS told the CMA that the tendering process was managed by an external firm and there was additional oversight from a project board, which included an external IT consultancy and RCVS executives. Among other award criteria, the RCVS took into account the winning IT provider's pricing structure and its offer to provide an open-source CMS with greater flexibility than a bespoke solution. The RCVS informed the CMA that the IT provider delivered the previous project on time and on budget.

49. The RCVS has told the CMA that the IT provider's proposed charges for enhancing the functionality of the Find a Vet website are consistent with those it previously agreed as part of the competitive tendering process. The RCVS considers that, by instructing its existing IT provider to carry out this IT project, the time and expense of a further tendering process will be saved.

Providing independently assured estimates and operating and administering the system for collecting the Levy

50. The majority of the RCVS's estimate of around £257,000 associated with this activity relates to the cost of in-house staff to carry out the following activities:

(a) forecasting reasonably necessary and reasonably efficient actions and costs in the Subsequent Relevant Period;

(b) administering the Levy (including collecting payments and issuing refunds); and

(c) other finance and accounting functions.

51. The RCVS's estimate also includes amounts for instituting debt recovery proceedings and obtaining independent assurance.

52. The CMA has discussed these actions with the RCVS to ensure that they are not duplicative or broader than necessary. The RCVS's explanations, including estimates of the time needed to carry out some actions, indicate that it has considered the level of additional resource required to adequately fulfil these requirements. In particular, the RCVS has estimated that:

(a) One and a half FTE administrators will be required to issue demands for annual and pro rata payments of the Levy.

(b) One FTE senior administrator will be required to carry out various finance functions, including payroll processing and recording invoices payable.

(c) A mixed team with a combined hourly rate equivalent to around three administrators will need to spend around 140 hours producing cost models and liaising with the CMA.

(d) The cost of taking legal action to recover unpaid Levy payments may be around £50,000.

(e) The cost of a consultation during the Initial Relevant Period on the estimate for the Subsequent Relevant Period may be around £40,000, split between in-house staff costs and a third-party supplier.

(f) The cost of obtaining independent assurance for the Initial Relevant Period and Subsequent Relevant Period may be around £25,000.

53. As in other areas of its estimate, the RCVS has benchmarked its estimated salary costs for this activity against its existing salaries. These salaries were part of the benchmarking in January 2025 by an external firm which specialises in pay and reward. This benchmarking takes into account the professional skills, such as accounting, that are required. The estimated salary costs are consistent with the RCVS's existing salaries and relevant market rates.

54. The CMA notes that the RCVS has an existing finance function and systems currently in place to receive membership fees from veterinary professionals. This has four implications the CMA takes into account. Namely, that the RCVS:

(a) has skills and experience that makes it well-placed to estimate the functions, time and costs involved in carrying out the relevant parts of the RCVS Activities;

(b) has some systems in place with which this part of the RCVS Activities overlaps and is able to take advantage of certain synergies (for example, the RCVS's existing knowledge of how to operate a system for managing registrations and professional fees);

(c) has been able to check that its costs estimate does not include costs that it would incur in any event in receiving individual professionals' fees; and

(d) is able to estimate the relevant costs with a higher degree of confidence than in respect of some other RCVS Activities, such that a 10 percent contingency is not unreasonable.

Putting in place, operating and maintaining the systems, mechanisms, arrangements and activities

55. The RCVS's estimate of around £588,000 is driven by a combination of CRM enhancements, supporting technology development, integration activities, programme management and implementation resources required to support delivery of the RCVS Activities. The work involved in this respect includes developing and implementing:

(a) standardised secure online web forms for Veterinary Businesses to submit data to the RCVS for the Find a Vet website;

(b) information about FOPs;

(c) a portal for Veterinary Businesses to submit Attestations and a system for recording these;

(d) a system for receiving complaints and enquiries;

(e) a database to support the RCVS to monitor compliance, including a dashboard to manage cases;

(f) standard communication templates;

(g) a system to manage receipts and payments;

(h) periodic reporting with filtering capabilities; and

(i) system access and security features.

56. These activities and developments are complementary to, but separate from, the work in relation to the enhancements in the (front-end) functionality of the Find a Vet website described above. The CRM will provide part of the underlying data capability required to support the RCVS Activities, alongside other systems, integrations and operational processes, including data for the Find a Vet website, but will not focus on the public-facing user experience and presentation layer of that website.

57. The RCVS has explained to the CMA that the two IT providers it has engaged to work, respectively, on the CRM and the end user-facing functionality of the Find a Vet website, have existing knowledge of the RCVS's systems and requirements. They worked together on the development of the RCVS's existing CRM and website.

58. As far as the CRM element of the RCVS Activities is concerned, the RCVS has told the CMA that it is considering the extent to which the relevant IT provider will work alongside the RCVS's in-house capability (which will perform some of the activities itself). The RCVS told the CMA that the IT provider has worked with the RCVS for two years, having been appointed following a tendering process overseen by an independent IT consultancy. The RCVS has informed the CMA that the IT provider's charge rates are consistent with its previous tender. Performing some of the activities in-house reduces the overall costs of the activity (from the level consulted upon).

59. The RCVS considers that, by leveraging existing technology platforms and supplier knowledge where appropriate, alongside the RCVS's in-house capability, there will be efficiencies arising from:

    (a) providing appropriate consolidation of data required for monitoring, reporting and operational activities;

    (b) being able to leverage technology which the RCVS is already familiar with; and

    (c) the IT provider's existing knowledge of the RCVS technology estate and related operational requirements.

60. The RCVS has explained to the CMA that it has considered alternative approaches to delivering the RCVS Activities, including enhancements to the existing CRM and the development of a dedicated RCVS-owned application. The RCVS has concluded that the preferred approach is to develop a dedicated application that will integrate with existing RCVS platforms and datasets, including the CRM. This approach is intended to provide the functionality required to support the RCVS Activities while enabling the RCVS

to maintain appropriate control over future development, operation and enhancement of the solution.

61. The RCVS has provided to the CMA estimates relating to the development of the application, supporting integrations and associated delivery activities. These estimates set out the proposed actions, delivery phases, anticipated effort and corresponding costs.

62. The degree of uncertainty in relation to this aspect of the RCVS Activities is higher than for the other parts of those activities because there is some uncertainty over the changes to the RCVS's existing CRM that are necessary to implement the CMA's requirements. To help mitigate the impact of this higher degree of uncertainty:

(a) the RCVS is proposing to appoint programme management and business change resources to oversee delivery of the wider programme, including CRM, business process and technology workstreams; and

(b) the RCVS has added a 15 percent contingency to the total amount.

Value added tax (VAT) treatment

63. The Funding Order requires Qualifying Veterinary Businesses to contribute to the reasonably necessary and reasonably efficient costs of funding the RCVS Activities by paying a Levy to the RCVS. Qualifying Veterinary Businesses are liable to pay the Levy to the RCVS by virtue of the legal obligations created by that Funding Order, which is made under the CMA's statutory powers, irrespective of whether they had received any demand or notice for payment from the RCVS.

64. The RCVS has informed the CMA that it considers that the Levy:

(a) does not represent consideration for a supply of goods or services; and

(b) constitutes a statutory charge which is out of scope of value added tax (**VAT**).

65. On that basis, the RCVS has told the CMA that it does not intend to:

(a) claim input VAT on purchases of goods or services for the RCVS Activities; or

(b) charge output VAT in addition to the Levy.

66. Accordingly, the RCVS Funding Estimate has been prepared on the basis that the costs to the RCVS will be the gross amount, inclusive of VAT, as the VAT element cannot be reclaimed.

Further assurance over the RCVS Funding Estimate.

67. In assessing the RCVS Funding Estimate for the Initial Relevant Period, the CMA has, in addition to the above and the consultation responses,[16] taken into account the following:

(a) The RCVS's approach to producing the RCVS Funding Estimate.

(b) The assurance report by a public accounting and consulting firm to the RCVS.

(c) The provision made for an ex post audit of actual costs incurred.

(d) The RCVS's ability to allocate the RCVS Funding Estimate across the RCVS Activities at its discretion.

(e) The mechanism for carrying forward any shortfall or surplus into Subsequent Relevant Periods.

68. We discuss each of these in turn below.

The RCVS's approach

69. The RCVS produced the RCVS Funding Estimate for the Initial Relevant Period after a period of constructive engagement with the CMA by senior members of RCVS staff. That engagement focussed on the requirements of the CMA's decision as set out in the Final Report and the resulting obligations under which the RCVS will be placed.

70. The RCVS produced revised cost estimates as its understanding of the actions required of it, and the associated costs, evolved. As well as being the product of the RCVS's engagement with the CMA, those estimates have been the subject of internal RCVS deliberations and professional advice (see paragraphs 71 to 73 below). The RCVS has:

(a) explained to the CMA its reasons for changes it has made as its estimates have developed;

[16] As set out in the summary of responses.

(b) consistently been responsive to the CMA's comments on the draft versions of those estimates;

(c) in line with standard approaches to managing uncertainties, applied varying contingencies to different RCVS Activities depending on the uncertainty involved; and

(d) made its own assessment of whether its estimates represent reasonably necessary and reasonably efficiently incurred costs.

Assurance report

71. The RCVS has, as noted above, taken professional advice from a public accounting and consulting firm regarding its costing model and the firm has provided the RCVS with an assurance report. The report states that, following the firm's initial review, the RCVS prepared an updated model which reflects a number of refinements to the underlying assumptions, improved alignment of costs to activity timing, and clearer separation between initial set up and ongoing delivery costs.

72. Following its review of the RCVS's costing model, along with supporting evidence and underlying assumptions, the firm's report concludes that the 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.

73. The scope of the report is focused on evaluating the RCVS's costing model and provides a degree of assurance over the sufficiency of the RCVS's methodology.

Ex post audit of actual costs

74. Under the RCVS Funding Undertakings, within four months of the end of each Relevant Period the RCVS is required to publish an independent audit of its actual costs incurred in carrying out the RCVS Activities. That report needs to include the Registered Auditor's or an approved third party's opinion as to whether, based on the procedures it has carried out, anything came to its attention to indicate that such costs attributable to each RCVS Activity were not reasonably necessary and reasonably efficiently incurred. This reporting mechanism acts as further assurance that the costs meet those requirements and as a further check and balance on the RCVS's expenditure.

RCVS ability to allocate the RCVS Funding Estimate

75. The RCVS will have the ability to allocate the RCVS Funding Estimate across the RCVS Activities at its reasonable discretion. If it underestimates the cost of carrying out one RCVS Activity and overestimates the cost of another, the shortfall and surplus can be netted against one another. The CMA considers that, by permitting the RCVS to have this flexibility, it is more likely that the overall RCVS Funding Estimate in aggregate is at a level which is reasonably necessary and represents reasonably efficiently incurred costs.

Carry forward mechanism

76. The CMA considers that further assurance over the RCVS Funding Estimate is obtained from the mechanism that applies for any surplus or shortfall between the amount of the costs estimated and the amount incurred to be carried forward into the Subsequent Relevant Period. To the extent that the RCVS Funding Estimate is incorrect, this will be resolved over time.

77. The CMA expects that the level of uncertainty, and therefore likelihood of a surplus or shortfall, will be highest in relation to the Initial Relevant Period since it covers the design, set up and implementation of large IT projects and other new systems and processes and the commencement of new operations with significant assumptions about the variable (volume linked) costs. Over time, the CMA expects this level of uncertainty to reduce.

The CMA's conclusion

78. In light of all the above and its assessment of the consultation responses (as set out in the summary of responses), the CMA approves the RCVS Funding Estimate as reflecting the RCVS's reasonably necessary and reasonably efficiently incurred costs of performing the RCVS Activities. The CMA takes all the above points, and those in the summary of responses, into account and notes that:

(a) The RCVS's assessment of the action it needs to take to meet its obligation to perform the RCVS Activities has been the subject of careful deliberation. It has taken steps to limit the scope of those activities and identified those which are additional to activities it already undertakes in respect of individual veterinary professionals. It is also building upon its existing expertise and processes where possible, and benefits from the synergies that result.

(b) As to the estimated costs of those activities, the RCVS is using external IT providers with which it has previously contracted following tendering

processes, as well as its own in-house IT capabilities (which reduces the overall costs). Its own staff costs are appropriately benchmarked at market rates. The RCVS's model for producing the estimated costs has been the subject of an assurance process by an external public accounting and consulting firm subject to professional and regulatory duties. Insofar as there is inherent uncertainty in the production of the RCVS Funding Estimate, the Funding Order and the RCVS Funding Undertakings ensure that there is both ex post assurance of the RCVS's expenditure and a carry-over of any under or over spending into Levies for the Subsequent Relevant Period, both of which mechanisms provide appropriate checks, balances and constraints on the costs.

Funding estimates for the Subsequent Relevant Periods

79. The second defined period for which the RCVS will provide the CMA with a RCVS Funding Estimate is each period of 24 months beginning on 1 April 2027. Those periods are referred to in the Funding Order (and in the RCVS Funding Undertakings) as the **Subsequent Relevant Periods**. The first Subsequent Relevant Period will run from 1 April 2027 until 31 March 2029.

80. Pursuant to the RCVS Funding Undertakings, the RCVS will be required to produce a RCVS Funding Estimate for each Subsequent Relevant Period. That estimate will need to:

(a) comprise the same categories of information as the estimate provided in respect of the Initial Relevant Period, and include the carrying forward of any surplus or shortfall[17] from previous periods (see paragraph 24 above);[18]

(b) be the subject of consultation with Veterinary Businesses by the RCVS (as to which consultation see the following paragraph);

(c) subject to the consultation in (b), be submitted to the CMA for approval together with:

(i) a written statement explaining how the RCVS has consulted Qualifying Veterinary Businesses about the estimate and how it has

[17] Any such surplus or shortfall will need to be an aggregate figure for any anticipated or actual amount.

[18] This means that, in respect of the carrying forward of any overspend, the RCVS will be required to explain why that it considers the overspend to have been reasonably necessary and to involve reasonably efficiently incurred costs, to consult Veterinary Businesses on that view as part of the consultation on the whole estimate and to take account of their responses.

taken any representations from those businesses into account in compiling the estimate; and

(ii) written assurance from an independent third party approved by the CMA that the estimated costs included in the estimate are reasonably necessary for, and would represent the reasonably efficiently incurred costs of, the RCVS's performance of the RCVS Activities.

81. The consultation the RCVS will be required to undertake in accordance with paragraph 80(b) above will need to:

(a) be conducted by way of publication of the draft RCVS Funding Estimate for at least 30 days on the RCVS website;

(b) involve the publication, as part of that consultation, of the information described in paragraph 26 above, so as to enable respondents to scrutinise and comment meaningfully on whether the estimated costs are reasonably necessary for the performance of the RCVS Activities and would represent reasonably efficiently incurred costs, at a point where the RCVS is at a formative stage in respect of the estimate; and

(c) take account of the responses received before the RCVS finalises the RCVS Funding Estimate and submits it to the CMA for approval.

82. Once the RCVS submits the RCVS Funding Estimate for the applicable Subsequent Relevant Period to the CMA for approval, together with the relevant supporting material, the CMA will decide whether to approve that estimate. It will do so having regard to the information supplied to it by the RCVS and making a judgement about whether the estimate comprises the reasonably necessary and reasonably efficiently incurred costs of performing the RCVS Activities in the Relevant Period. The CMA will either approve the estimate or determine that the costs to be recovered via the Levy should be a different amount (applying the same reasonable necessity and reasonable efficiency criteria).

The calculation of the Levy

83. The CMA has used the RCVS Funding Estimate for the Initial Period to set the Levy for the initial relevant period (the Initial Levy Payment). It has done so by dividing the estimate by the best available estimate of the number of FOPs and OOH Centres, to produce a figure payable by Qualifying Veterinary Businesses for each of those practices and centres that they operate.

84. For the Subsequent Relevant Period the CMA will do similar, using the RCVS Funding Estimate for the Subsequent Relevant Period. Again, it will do so by

dividing the estimate by the best available estimate of the number of FOPs and OOH Centres available at that time. The Levy that will result will be the Subsequent Levy Payment.

Initial Levy Payment

85. The CMA's estimate in the Final Report was that there were around 4,417 small animal FOPs in the UK as of May 2025 and around 200 OOH Centres. The RCVS has undertaken further work to refine that estimate and now estimates that 4,506 FOPs and OOH Centres will be operating on the Levy Commencement Date (21 August 2026). Each Qualifying Veterinary Business will pay a 1 / 4,506th share of the £1,574,554 costs of the RCVS Activities for each FOP and OOH Centre it operates on that date, consistent with the Group's decisions in the Final Report. On that basis, the CMA has calculated that the Initial Levy Payment, payable by each Qualifying Veterinary Business in respect of the Initial Relevant Period, is £349.43 per FOP and OOH Centre.

86. Now that the Initial Levy Payment has been set by the Funding Order, each Qualifying Veterinary Business is required by that Order to:

(a) notify the RCVS no later than 14 days after the Levy Commencement Date (ie by 4 September 2026) of the number of FOPs and OOH Centres that it operated as of 21 August (see paragraph 92 below); and

(b) no later than 44 days after the Levy Commencement Date (ie by 4 October 2026), pay the RCVS the Initial Levy Payment for each such FOP and OOH Centre.[19]

Subsequent Levy Payment

87. The Subsequent Levy Payment in each Subsequent Relevant Period will be calculated by dividing the RCVS's Funding Estimate for the period (averaged out per year of the period) by the total number of FOPs and OOH Centres operating on the first day of that period. That will produce an amount to be paid annually by Qualifying Veterinary Businesses for each FOP and OOH Centre that they operate. They will be required by the Funding Order to pay it:

(a) for the first year of the relevant period, no later than 30 days after that period begins; and

[19] This will be an ongoing liability. Once that liability has arisen, the sum will be due until paid and may be recovered by the RCVS, even if the relevant business does not notify the RCVS and/or the RCVS only becomes aware of the business at a later date.

(b) for the second year, no later than 30 days after the equivalent date 12 months later.[20]

88. The CMA expects the Subsequent Levy Payment to be a more refined estimate of the amount required by the RCVS to meet the costs of its performance of the RCVS Activities. There are two reasons for this:

(a) The total number of FOPs and OOH Centres in operation at the start of each Subsequent Relevant Period will be more precisely known than the figure used for the calculating the Initial Levy Payment. The information requirements contained in the Funding Order (and explained further in paragraphs 92 to 94 below) require Qualifying Veterinary Businesses to keep updated the RCVS's records of the numbers of such FOPs and OOH Centres that they operate. The RCVS will, accordingly, have a more complete list of these.

(b) The applicable RCVS Funding Estimate is required to include a carry forward of any over- or under- spend on the costs of funding the RCVS Activities during the previous period.

Additional Levy Payments

89. The CMA expects that additional Levy Payments, which Qualifying Veterinary Businesses were not liable to make at the Levy Commencement Date or on the first day of a Subsequent Relevant Period, will become payable by such businesses during the course of the Initial Relevant Period or a Subsequent Relevant Period (as the case may be). That will be because they begin operating or acquire or open additional FOPs or OOH Centres after those periods start. The Order makes provision for this.

90. The Order provides that where either:

(a) a new Qualifying Veterinary Business commences operations; or

(b) an existing Qualifying Veterinary Business begins operating, acquires or opens additional FOPs or OOH Centres,

during the Initial Relevant Period or a Subsequent Relevant Period, it will become liable for an additional amount of Levy in respect of that FOP or OOH Centre on a pro-rated basis.

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[20] These, too, will be ongoing liabilities. Once they have arisen, the sums will be due until paid and may be recovered by the RCVS, even if the relevant business does not notify the RCVS and/or the RCVS only becomes aware of the business at a later date.

91. The pro-rata proportion for such payments will be one-twelfth of the Levy for each complete month between (i) the date the Qualifying Veterinary Business or additional FOP or OOH Centre begins operating and (ii) the following 31 March. After the date in (ii), the business will be liable to pay the full (annual) Levy for each FOP and OOH Centre that it operates. The Explanatory Note that accompanies this Order provides illustrative examples how those obligations apply.

Information requirements

92. The Order contains requirements for Qualifying Veterinary Businesses to provide information to the RCVS as a self-declaration that they are in operation and of the numbers of FOPs and OOH Centres that they operate. Qualifying Veterinary Businesses are required to provide that information to the RCVS:

(a) where they are operating on the Levy Commencement Date (21 August 2026), no later than 14 days after that date (ie by 4 September 2026);

(b) where they begin operating after the Levy Commencement Date, no later than 28 days after the date they begin operating; and

(c) where any of the information they are required to notify changes (eg because they acquire or open additional FOPs or OOH Centres, close a FOP or OOH Centre or cease operating), no later than 28 days after the change occurs.

93. This information will be used by the RCVS to collect the payments of the Levy that Qualifying Veterinary Businesses are liable to make and by the CMA in the calculation of the Levy in Subsequent Relevant Periods.

94. The Order also requires Qualifying Veterinary Businesses to supply to the CMA such information as the CMA may reasonably require for the purposes of the Funding Order.

Consultation

95. In accordance with section 165 of, and paragraph 2(1)(a) of Schedule 10 to, the Act, the CMA on 20 June 2026 gave notice of its intention to make the Funding Order as part of a package of remedies to remedy, mitigate or prevent the AEC and any resulting customer detriment, which it identified in the Final Report. It also served a copy of the Notice and the draft Order electronically on each of the main parties to the market investigation.

96. The CMA received 32 representations on its Notice of 20 June 2026 and a summary of responses has been published on the CMA website. The CMA has considered all representations it has received. In light of those representations the CMA has made some modifications to the proposed Order it consulted on. The CMA considers that the modifications are not material in any respect and has decided, in accordance with paragraph 5 of Schedule 10 to the Act, that the Order, as modified, does not require any further consultation.

Next steps

97. The CMA now gives notice of the making of the attached Order. The Order is made in accordance with section 138 and in exercise of the powers conferred by section 161 of and Schedule 8 to the Act.

98. This Notice, the Order and Explanatory Note accompanying the Order, which provides an explanation of how the Order is expected to operate, will be published on the CMA website.

(signed) MARTIN COLEMAN
Group Chair
20 August 2026