

VETERINARY SERVICES FOR HOUSEHOLD PETS MARKET INVESTIGATION

Draft Explanatory Note – For Consultation

The Veterinary Services Market Investigation (Funding) Order 2026

This note is not part of the Funding Order

Introduction

1. On 24 March 2026, the Competition and Markets Authority (**CMA**) published its report under section 136 of the Enterprise Act 2002 (**the Act**) entitled *Veterinary Services for Household Pets, Final decision report* (the **Final Report**).
2. The Report sets out the CMA’s decision that:
 - (a) features of the markets for the retail supply of Veterinary Services for Household Pets by First Opinion Practices (**FOPs**) in the UK and the supply of outsourced out-of-hours (**OOH**) provision to FOPs in the UK prevent, restrict or distort competition, and thereby have an adverse effect on competition (**AEC**); and
 - (b) it should take action for the purpose of remedying, mitigating or preventing the detrimental effect on customers so far as it has resulted from, or may be expected to result from, the AEC.
3. In particular, the CMA stated in its Final Report that it intended to implement some remedies by making two orders under section 161 of the Act. They shall be known as:
 - (a) The Veterinary Services Market Investigation (Funding) Order 2026 (**Funding Order**); and
 - (b) The Veterinary Services Market Investigation Order 2026.
4. As part of the same package of remedies, the CMA has:
 - (a) stated that it will seek undertakings from the Royal College of Veterinary Surgeons (**RCVS**) to carry out various activities (**RCVS Activities**), including:

- (i) monitoring Veterinary Businesses' compliance with the Veterinary Services Market Investigation Order 2026 and the Funding Order;
 - (ii) improving the functionality of the Find A Vet website;
 - (iii) gathering information from Veterinary Businesses to present on the Find A Vet website and operating and maintaining that website on an ongoing basis;
 - (iv) contracting with an approved alternative dispute resolution (**ADR**) provider which offers mediation services to relevant Veterinary Businesses operating FOPs and OOH Centres (as defined in the Funding Order and described below);
 - (v) developing and sharing with Veterinary Businesses materials relating to medicines and prescriptions and to help Pet Owners to engage with processes on complaints and redress; and
 - (vi) collecting, analysing and publishing on an annual basis data and insights on complaints made by Pet Owners to Veterinary Businesses in the market for Veterinary Services for Household Pets; and
- (b) accepted undertakings from the RCVS - The Veterinary Services Market Investigation Royal College of Veterinary Surgeons (Funding) Undertakings 2026 (the **Funding Undertakings**) - to take certain actions that will support the operation of this Funding Order.

5. The purposes of the Funding Order are to:

- (a) ensure that the costs of the RCVS Activities are met by the paying of a Levy by the businesses to which the activities mainly relate; and
- (b) require the payment to the RCVS by Veterinary Businesses of monies to meet those costs as soon as possible and on an ongoing basis.

6. By imposing an obligation on Veterinary Businesses to pay a Levy to the RCVS which seeks to recover all of its costs of performing the RCVS Activities, the RCVS will minimise the extent to which it may need, even temporarily, to use its reserves, funded from fees paid by individual veterinary professionals, to fund those activities.

7. The purposes of the Funding Undertakings are to require the RCVS, among other things, to:

- (a) provide its estimates of its reasonably necessary, and reasonably efficiently incurred, costs of performing the RCVS Activities (which

estimates the CMA has used, and will use, to set the Levy to be paid by Veterinary Businesses under this Funding Order);

- (b) put in place arrangements for the collection of the Levy from the Veterinary Businesses which are required to pay it and associated record-keeping and administrative processes; and
- (c) use the monies collected only for paying the reasonably necessary and reasonably efficiently incurred costs of performing the RCVS Activities.

Review of the Funding Order

- 8. A person aggrieved by the CMA's decision to make the Funding Order may apply to the Competition Appeal Tribunal for a review of that decision in accordance with section 179 of the Act.
- 9. The CMA has duties under sections 162 and 162A of the Act to keep the carrying out of the Funding Order¹ under review. This includes a duty to consider, from time to time, whether the Funding Order² is being complied with, and whether by reason of any change of circumstances it is no longer appropriate and needs to be varied or revoked, as well as to keep the effectiveness of the Funding Order³ under review.

Possible consequences of non-compliance with the Order

- 10. Section 167 of the Act places a duty on any person to whom the Funding Order applies to comply with it. That duty is owed to any person who may be affected by the contravention of the Funding Order. Any person who suffers loss or damage caused by a breach of this duty may bring civil proceedings for contravention of the Funding Order.
- 11. Section 167 of the Act provides that compliance with the Funding Order is enforceable by civil proceedings brought by the CMA for an injunction or for any other appropriate relief or remedy.
- 12. Under sections 167A and 167B of the Act, the CMA may impose penalties on any person to whom the Funding Order applies where it considers that the person has, without reasonable excuse, failed to comply. Those penalties may include fixed amounts and daily penalties for the duration of any breach.

¹ And the undertakings by the RCVS.

² And the RCVS undertakings.

³ And the RCVS undertakings.

Status of this explanatory note

13. Nothing in this explanatory note is legally binding. In the event of a conflict between this explanatory note and any provision of the Funding Order, the Funding Order shall prevail.

Structure of the Funding Order

14. The Funding Order is divided into four Parts.
15. Part 1 (Preliminary) contains general provisions which include specifying when the Funding Order comes into force, the scope of the Order, and the definitions that are used throughout the Order (and which are also used in this Explanatory Note).
16. Part 2 (RCVS Activities funding) sets out obligations on certain types of Veterinary Business (**Qualifying Veterinary Businesses**) to contribute to the costs of funding the RCVS Activities specified in the Funding Order and the timings for payments to be made to the RCVS.
17. Part 3 (Information required by the RCVS) places obligations on Qualifying Veterinary Businesses to provide information to the RCVS, including contact details and information about their business activities.
18. Part 4 (Monitoring and compliance) places obligations on Qualifying Veterinary Businesses to provide information to the CMA for the purposes of the Funding Order and to report non-compliance with the Funding Order to the CMA and the RCVS.

Part 1 (Preliminary) – Articles 1 to 3

19. Article 1 (Title, commencement and extent) provides that the Funding Order shall come into force on [*date, being the day after that on which the Order is made*]. The Funding Order will apply to Qualifying Veterinary Businesses in England and Wales, Scotland and Northern Ireland.
20. Article 2 (Interpretation) includes definitions of various terms used in the Funding Order, some of which were not defined in the Final Report. It also provides that words or expressions used in the Funding Order have the same meaning as in the Final Report, unless they have been defined otherwise in the Funding Order and/or the context requires it. The same applies to words or expressions in this Explanatory Note.

21. Article 3 (Investigation powers) provides that section 174 of the Act, which confers investigation powers on the CMA, shall apply to the enforcement functions of the CMA under the Funding Order.

Part 2 (RCVS funding) – Article 4

22. Article 4(1) stipulates that all Veterinary Businesses which operate one or more FOPs or OOH Centres,⁴ excluding charitable organisations, (**Qualifying Veterinary Businesses**) are required to contribute to the costs of funding the RCVS Activities by paying the Levy to the RCVS.
23. For the purposes of the Funding Order a FOP is, in accordance with the definition of that term in Article 2(1):
- (a) Any site at which primary veterinary care is offered for Household Pets,⁵ including where the relevant business offers services as a Limited Service Provider. A site which falls within this definition will provide those services in normal working hours and may also do so out of such hours.
 - (b) The set of mobile facilities and equipment a Veterinary Business uses to provide primary veterinary care for Household Pets, where that business does not provide those services from a site or physical premises. In other words, these are ‘mobile only’ Veterinary Businesses providing primary veterinary care for Household Pets.
24. An OOH Centre, as defined in the same Article, is the site, premises or location at which a Veterinary Business provides OOH Provider Services. That is, services provided by a Veterinary Business outside normal working hours to a Pet Owner directly or through a subcontracting or outsourcing arrangement with another Veterinary Business, where the provider only provides primary care for Household Pets outside normal working hours. In other words, it is the place at which a business provides exclusively dedicated out of hours services (albeit the same premises may be used by another provider to provide services in normal business hours).

⁴ For the purposes of Article 4, a Veterinary Business will not be operating a FOP or OOH Centre if that FOP or OOH Centre has stopped trading (temporarily or permanently). Whether that is the case will depend on the specific circumstances. Factors which may determine whether a business is operating a FOP or OOH Centre at any particular time include whether it is seeking to win customers, is active in providing Veterinary Services to Pet Owners and/or has control over the equipment at the FOP or OOH Centre. A locum providing Veterinary Services as a sole trader at a FOP or OOH Centre would not typically be operating one or more FOPs or OOH Centres and would not, therefore, typically be operating themselves as a Qualifying Veterinary Business.

⁵ Including non-traditional companion animals such as exotics insofar as they meet the definition of Household Pet.

25. The Levy is a set amount each Qualifying Veterinary Businesses must pay for each FOP and each OOH Centre, as defined in Article 2(1), that it operates in a particular period of time. A business will be required to pay only one Levy per FOP (whether it provides services only in normal working hours at that site or also provides OOH FOP Services there), and one Levy per OOH Centre (on the basis the services provided by the latter are separate from those provided by the former, even if they are provided from the same site or premises).
26. Articles 4(2) and 4(3) specify how the Levy which Qualifying Veterinary Businesses must pay in respect of different periods is to be calculated.
27. Article 4(2) relates to the Levy that must be paid in respect of the period beginning on 24 March 2026 and ending on 31 March 2027 (the **Initial Levy Payment** in respect of the **Initial Relevant Period**).
28. Article 4(2)(a) applies to Qualifying Veterinary Businesses that are operating on [*the date the Funding Order comes into force*]. On the basis of the estimated levy of £400 per FOP or OOH Centre, it requires that each such business must pay the RCVS £400 for each FOP and each OOH Centre it operates on that date.
29. Article 4(2)(b) applies to each Qualifying Veterinary Business that commences operations after [*the date the Funding Order comes into force*] (a new such business). It also applies to Qualifying Veterinary Businesses that were in operation on that date and which begin to operate additional FOPs or OOH Centres after that date (such as an existing business that expands and that may already have paid a Levy under Article 4(2)(a)). In both cases, those businesses must pay part of the Initial Levy Payment (the Pro-rated Proportion of the Initial Levy Payment) for each FOP or OOH Centre they begin to operate.
30. The Pro-rated Proportion of the Initial Levy Payment the relevant businesses must pay depends upon when in the Initial Relevant Period they begin operating or add new FOPs or OOH Centres. On the basis of the estimated levy of £400 per FOP or OOH Centre, for each FOP or OOH Centre they begin to operate, they will be required to pay one-twelfth of £400 (that is, around £33) for each complete calendar month in the period from the date the operation begins until the following 31 March.⁶

⁶ After that 31 March date, the businesses will be required to pay the full Subsequent Levy Payment applicable at the time in accordance with paragraph 4.3 (ie for the 12 month period that begins on that 31 March date, they will need to pay the full annual Levy (the Subsequent Levy Payment) for each FOP or OOH Centre that they operate).

31. These examples illustrate the effect of Article 4(2)(b) on the basis of the estimated levy of £400 per FOP or OOH Centre:
- (a) Qualifying Veterinary Business A begins to operate on 15 October 2026. It has one FOP⁷ that opens on that date. There will be five complete calendar months (November to March) in the period to 31 March 2027. The business will be required to pay around £167 (five-twelfths of £400) to the RCVS.
 - (b) Qualifying Veterinary Business B was already operating on [*the date the Funding Order came into force*]. At that point, it operated five FOPs and was required to pay £400 for each of them. On 15 October 2026, the business began operating a sixth FOP. The business will be required then to pay the RCVS an additional sum of around £167 (five-twelfths of £400), in respect of the five complete calendar months (November to March) in the period to 31 March 2027 in which the new sixth FOP will be operating.
32. Article 4(3) relates to the Levy payments that must be made in respect of the period beginning on 1 April 2027 and ending on 31 March 2029 and in each subsequent 24-month period. Article 4(3) refers to these as the **Subsequent Levy Payment** in a **Subsequent Relevant Period**. The amount of the Subsequent Levy Payment will be such sum per year as the CMA notifies to Qualifying Veterinary Businesses.
33. Article 4(3) makes separate provision for Qualifying Veterinary Businesses that are operating when a Subsequent Relevant Period begins and those which begin operating or which expand after that date.
34. Article 4(3)(a) applies to Qualifying Veterinary Businesses that are operating on the date the Subsequent Relevant Period begins. It requires that each such business must pay the RCVS the Subsequent Levy Payment for each FOP and each OOH Centre it operates on that date. Those businesses are also required to make a payment calculated in the same way 12 months later.
35. These examples illustrate the effect of Article 4(3)(a) based on a hypothetical Subsequent Levy Payment of £400:
- (a) Qualifying Veterinary Business C is operating when the Subsequent Relevant Period begins on 1 April 2027. It has three FOPs. It will be required to pay £400 as the Subsequent Levy Payment for each of those FOPs (£1,200 in total) in respect of the year until 31 March 2028. On 1

⁷ The same positions as in these examples would apply if the Veterinary Business operated OOH Centres instead of, or as well as, FOPs.

April 2028 it still operates three FOPs, so the business will be required at that time to pay the same Subsequent Levy Payment for the year until 31 March 2029.

(b) Qualifying Veterinary Business D is also operating when the Subsequent Relevant Period begins on 1 April 2027. It too has three FOPs at that time, so will be required then to pay £400 as the Subsequent Levy Payment for each of those FOPs (£1,200 in total) in respect of the year until 31 March 2028. If, by 1 April 2028, it is only operating two FOPs, the business will be required at that time to pay the Subsequent Levy Payment for them (£400 for each and £800 in total) for the year until 31 March 2029.⁸

36. Article 4(3)(b) and 4(3)(c) apply to each Qualifying Veterinary Business that commences operations after the date the Subsequent Relevant Period begins (a new such business). They also apply to Qualifying Veterinary Businesses that were in operation on that date and which begin to operate additional FOPs or OOH Centres after that date (such as an existing business that expands and that may already have paid a Levy under Article 4(3)(a)).
37. In both cases where Article 4(3)(b) and 4(3)(c) apply, the Qualifying Veterinary Businesses must pay part of the Subsequent Levy Payment (the Pro-rated Proportion of the Subsequent Levy Payment) for each FOP and each OOH Centre they begin to operate.
38. The Pro-rated Proportion of the Subsequent Levy Payment the relevant businesses must pay depends upon when in the Subsequent Relevant Period they begin operating or add new FOPs or OOH Centres. Based on a hypothetical Subsequent Levy Payment of £400, for each FOP and each OOH Centre they begin to operate, they will be required to pay one-twelfth of £400 (that is around £33) for each complete calendar month in the period from the date the operation begins until the following 31 March. After that 31 March date, the businesses will be required to pay the full Subsequent Levy Payment applicable at the time. That is, for the 12 month period that begins from 1 April, they will need to pay the full annual Levy for each FOP and each OOH Centre that they operate (but will not be required to pay more than one Levy for each such FOP and each such OOH Centre in the event that Article 4(3)(a) also applies to the business).

⁸ If, instead, the business had increased its number of FOPs to four, for example, if the Subsequent Levy Payment is £400, it would be required to pay £400 for each (and £1,600 in total) for the year until 31 March 2029.

39. These examples illustrate the effect of Article 4(3)(b) and 4(3)(c) based on a hypothetical Subsequent Levy Payment of £400:
- (a) Qualifying Veterinary Business E begins operating on 15 October 2027 (after the start of the applicable Subsequent Relevant Period on 31 March 2027). It opens three FOPs⁹ on that date. There will be five complete calendar months (November to March) in the period to the following 31 March 2028. Based on a hypothetical Subsequent Levy Payment of £400, the business will be required as at 15 October 2027 to pay the RCVS around £167 (five-twelfths of £400) for each FOP (a total of £500) for the period until 31 March 2028. If the business still operates three FOPs on 1 April 2028, it will then be required to pay the RCVS £400 for each (in respect of the 12 months from 1 April 2028 to 31 March 2029).¹⁰
 - (b) Qualifying Veterinary Business F is operating and has three FOPs when the applicable Subsequent Relevant Period begins on 31 March 2027. At that point, it pays the Subsequent Levy Payment for each of them, covering the year to 31 March 2028. On 15 October 2027, the business begins operating a fourth FOP. It will then be required to pay the RCVS an additional sum of around £167 (five-twelfths of £400), for the five complete calendar months (November to March) in the period to the following 31 March (2028) in which that new fourth FOP will be operating. If the business still operates all four FOPs on 1 April 2028, it will at that time be required to pay the RCVS £400 for each FOP (in respect of the 12 months from 1 April 2028 to 31 March in the following year).¹¹
 - (c) Qualifying Veterinary Business G begins operating on 15 October 2028, that is, in the second half of the applicable Subsequent Relevant Period that began on 31 March 2027. It opens three FOPs on that date. There will be five complete calendar months (November to March) in the period to the following 31 March (2029). The business will be required as at 15 October 2028 to pay the RCVS around £167 (five-twelfths of £400) for each FOP (a total of £500) for the period until 31 March 2029. If the business still operates three FOPs on 1 April 2029, it will then be required to pay the RCVS the Subsequent Levy Payment for each FOP applicable

⁹ The same positions as in these examples would apply if the Veterinary Business operated OOH Centres instead of, or as well as, FOPs.

¹⁰ If the number of FOPs had reduced to two as of 1 April 2028, the business would be required at that time to pay the RCVS £400 for each and £800 in total (in respect of the 12 months from 1 April 2028 to 31 March 2029).

¹¹ Again, if the number of FOPs had reduced to two as of 1 April 2028, the business would be required at that time to pay the RCVS £400 for each and £800 in total (in respect of the 12 months from 1 April 2028 to 31 March 2029).

at that time (in respect of the 12 months from 1 April 2029 to 31 March in the following year).¹²

40. Article 4(4) sets out the applicable payment terms. It requires that each Qualifying Veterinary Business operating a FOP or OOH Centre when the Order comes into force must pay the Initial Levy Payment due to the RCVS no later than 44 days after that date. It also requires that Qualifying Veterinary Businesses must pay any Subsequent Levy Payment due to the RCVS no later than 30 days after the date on which they become liable to pay it in accordance with the provisions of Article 4.
41. Article 4(5) applies where a Qualifying Veterinary Business does not pay to the RCVS amounts that, under the terms of the Funding Order, it is liable to pay. Such a business shall be required to pay the RCVS's reasonable administrative costs of seeking payment of any such amount from the business.
42. Article 4(6) states that the payments each Qualifying Veterinary Business is required to make to the RCVS under the Order shall be recoverable by the RCVS as a debt. That means that, where any such payment is not made, the RCVS may take legal action against the relevant business to recover the payment.

Part 3 – Information required by the RCVS

43. Article 5 requires Qualifying Veterinary Businesses to provide information to the RCVS.
44. Article 5(1) requires each Qualifying Veterinary Business which is operating on [*the date the Funding Order comes into force*] to provide to the RCVS the information specified in Articles 5.1(a) – (e). It must provide that information no later than 14 days after that date (meaning on or before [*the date the Funding Order comes into force*]).¹³
45. Article 5(2) requires each Qualifying Veterinary Business which begins operating after [*the date the Funding Order comes into force*] to provide to the RCVS the same information as is specified in Articles 5(1)(a) – (e), together with the date the business began operating. It must provide that information no later than 28 days after the date on which it begins operating.

¹² If the number of FOPs had reduced to two as of 1 April 2028, the business would be required at that time to pay the RCVS £400 for each and £800 in total (in respect of the 12 months from 1 April 2028 to 31 March 2029).

¹³ With regard to Article 5.1(d), the individual responsible for communicating with the RCVS about the Qualifying Veterinary Business's compliance with the Order does not need to have a FOP as their place of work.

46. Article 5(3) applies where any of the information that a Qualifying Veterinary Business is required to provide to the RCVS in accordance with Articles 5(1) or 5(2) changes. Where such changes occur, the business must notify the RCVS. It must do so no later than 28 days after the changes occur. For example, if a business opens or closes a FOP or an OOH Centre it must notify the RCVS within that time limit.
47. Part 4 – Monitoring and compliance Article 6(1) gives the CMA the ability to require any Qualifying Veterinary Business to supply information and documents to the CMA which the CMA may reasonably require for the purposes of the Funding Order (including for the purposes of allowing the CMA to monitor compliance with the Funding Order and to review the effectiveness of the Funding Order). Any such requirement would be imposed on the business by written notice.
48. Article 6(2) excludes from the scope of Article 6(1) any information which a Qualifying Veterinary Business could not be compelled to supply in evidence in civil proceedings in any court in the United Kingdom. The business would not be required to provide such information to the CMA in response to a written notice issued in accordance with Article 6(1).
49. Article 6(3) specifies the contents which the CMA must include in a written notice requiring a Qualifying Veterinary Business to supply information in accordance with Article 6(1).
50. Article 6(4) provides that, subject to Part 9 of the Act which restricts the disclosure of certain information, the CMA may publish any information or documents that it has received in connection with the monitoring or the review of the Funding Order for the purpose of assisting the CMA in the discharge of its functions under or in connection with the Funding Order.
51. Article 7(1) requires Qualifying Veterinary Businesses, if they are aware they are not compliant with the Funding Order, or likely to become non-compliant with the Funding Order, to report this non-compliance, or likely non-compliance, to the CMA and the RCVS within 14 days of becoming aware that they are not compliant or likely to become non-compliant. Early notification will allow for the CMA and the RCVS to work with the party concerned on actions to end the breach quickly and effectively and for the CMA to understand whether specific enforcement action is necessary to end any breach. This approach facilitates the efficient use of investigative resource in the CMA, the RCVS and the party concerned.

52. Article 7(2) specifies the information which Qualifying Veterinary Businesses must include in a report of non-compliance or likely non-compliance in accordance with Article 7(1).
53. Article 8 provides that the CMA may give directions as to compliance with the Funding Order and it may vary or revoke any directions so given.