

PRIVATE AND CONFIDENTIAL

Minutes of the meeting between the OFNC and NHS England, Monday 17 October 2016

Attending

For OFNC: Mike George (AOP) (Chair), Gordon Ilett (AOP), Trevor Warburton (AOP), Barry Duncan (ABDO), Richard Edwards (FODO), Claire Slade (FODO), Ann Blackmore (Secretary)

For NHS England: David Roberts (NHS Primary Care Programme Lead), Emma Wallis (Programme Lead, Optics and Dentistry)

Observer: Sarah O'Sullivan-Adams (Welsh Government)

1. Welcome and introductions

1.1 It being the OFNC's turn to Chair the meeting, Mike George welcomed those present and made introductions.

1.2 David Roberts gave apologies on behalf of David Brown, who was attending a different meeting, and for the lack of a representative from the finance team, which was due to the post currently being vacant.

2. Minutes of last meeting and matters arising

2.1 The minutes of the meeting held on 26 November 2015 were agreed as a true record. All matters arising would be covered under the substantive agenda items.

3. Review of 2016-17

3.1 Mike George opened the meeting by setting out how hard the GOS freeze for 2016/17 year was for OFNC members. While the optical sector had not had fees cut, as other parts of primary care had, nevertheless a freeze was hard to justify given the move to allow public sector pay increases of up to 1% in 2016/17. The OFNC was concerned that the decision to freeze the GOS fee was in part based on the mistaken assumption that there was no problem with recruitment in the sector. This issue had not been raised at any point in the negotiations. Had it been the OFNC would have made clear that many providers were and still are finding it hard to recruit in various parts of the country.

3.2 The OFNC also raised specific concerns about the rejection of the IT bid, with no proper explanation as to why it had been unsuccessful, that there had been no response to the OFNC suggestion for a multi-year settlement at the going rate for primary care, and specifically the request that this be put to Ministers, and that there had been no feedback to the OFNC on the scope for national care pathways and a template for commissioning – which officials had promised at the meeting in November 2015.

3.3 In response David Roberts said that the decision on fees needed to be taken in the context of NHS England looking for £2.2bn of savings on primary care, which had resulted, for example, in substantial cuts in pharmacy. He acknowledged that the decision on the IT bid was disappointing. He explained that NHS England had hoped to be able to support it but that they had limited resources and the decision had been taken to invest those resources to support local solutions in Vanguard

projects. He said that the suggestion for a multi-year deal had been put to Ministers, but they had not been convinced. He accepted that this information should at least have been fed back to the OFNC.

4. Business case for 2017-18 Bid

4.1 Mike George explained that the OFNC bid for 2017/18 sought to address the increasingly difficult financial situation that optical practices were facing. These were caused by the recent GOS fees freeze last year compounding years of underfunding of GOS; the continuing and growing administrative and regulatory burden placed upon businesses and practitioners, which were routinely uncoded and unfunded; the impact of wider economic issues, including wage inflation (in both public and private sectors), the introduction of the living wage and pension entitlements, and the fall in pound. In addition, optical practices had for 9 months been coping with the effect of the transition to Capita, which had imposed direct and indirect costs, in some cases resulting in real hardship, and which were likely to continue for at least the next year.

4.2 The OFNC took the opportunity to address the misapprehensions about recruitment that appeared to have informed NHS England's decision on the OFNC bid for 2016/17: OFNC representatives explained that there were many parts of the country where it was difficult to recruit, or where it could only be achieved by paying higher salaries. It was pointed out that optical practices provided a 7 day service, with many practices offering services early morning or in the evening. But staff premiums needed to be paid in order to be able to provide this level of service and in all locations.

4.3 The OFNC also reminded NHS England that GOS fees were intended to reflect the costs of delivering a sight test, but that over the years the value had been eroded and the service was now dependent on practices subsidising these NHS services from private sales of optical products – essentially a tax on those who need spectacles.

4.4 In conclusion the OFNC made the case that if costs continued to increase without any increase in income, then optical practices would be left with the option of either cutting within the service, or in some cases withdrawing services, or withdrawing from some areas – none of which would help patients. OFNC's case for an increase was therefore based on these two elements.

4.5 David Roberts acknowledged the scale of the problems the optical sector (and other parts of primary care) was experiencing with Capita and the failure to deal with it promptly and effectively.

4.6 David Roberts also highlighted that there were concerns in the Department of Health that AQP meant that there was no control over entry to the market and that a single nationally negotiated contract meant that fees could not differentiate between geographic areas where services were more (or less) expensive to deliver, nor could it target areas with poor or limited provision. It was therefore likely that, as part of the Department's wider remit to consider devolving health services, NHS England would at some point want to discuss the scope for and issues around local commissioning of GOS. He emphasised that at present this was simply an exercise to scope options, not a consultation on actual proposals. The OFNC would formally be consulted on this work in early 2017.

5. GOS Bid

5.1 The OFNC indicated that, based on the case outlined, they would be looking for a GOS fees increase to reflect the real increase in costs and of wages in the public and private sectors – ie within the range of 1.7%-2.3%. They also remained of the view that it might be sensible to consider a multi-year settlement at the primary sector going rate.

5.2 NHS England reiterated that NHS budgets, including those for primary care, were under severe pressure. The assumption was that all services would deliver 4% efficiencies. The increased costs identified by the OFNC were treated as delivering this 4% efficiency, which meant thus far there had been no actual cuts to GOS fees, unlike in other parts of primary care. However to achieve any actual increase in the GOS fee it would be necessary to demonstrate (with evidence) that costs had increased by more than 4%, and that practices were going out of business and that patients were unable to have sight tests.

5.3 NHS England expressed some reservations about the benefits of a multi-year settlement, given the extremely tight spending constraints currently applying.

6. Voucher values

6.1 The OFNC expressed concern that it was increasingly difficult for practices to provide spectacles or any choice within the value of a voucher. Spectacle vouchers were an NHS benefit for patients, and the OFNC were therefore effectively advocating on behalf of patients, to ensure that it remained possible for them to receive a complete pair of spectacles without additional cost. It was noted that NHS England had a clear responsibility to provide advice to DH on vouchers.

6.2 The OFNC highlighted yet again that one reason for the erosion of the voucher value was the perverse decision of the DH to continue to link increases in voucher values – which are a patient benefit – to increases in patient charges, such as prescriptions. As a result, decisions to protect patients from substantial increases for charged items had the contrary effect for patient benefits, such as spectacle vouchers, causing the value of the benefit to reduce. The costs of the spectacles had increased over the years in line with increases inflation and manufacturing costs, and were expected to increase further because of the significant fall in the value of the pound since the referendum on the UK's membership of the EU – because the vast majority of frames and lenses were imported, with Europe a significant supplier.

6.3 NHS England suggested that while there was unlikely to be any significant increase in the total budget for vouchers, it might be useful to review whether the current banding was right.

7. CET and pre-reg grants

7.1 The OFNC expressed concern that the pre-reg grant did not even cover the cost of exams, let alone time supervising a pre-reg. They also highlighted the fact that optometry pre-reg grants were substantially smaller than those for other professions. David Roberts indicated that there might be more scope to increase the level of pre-reg and CET grants.

7.2 OFNC also queried whether CET grants could be claimed and paid direct to the performer, which would simplify the process for all concerned. However David Roberts explained that these grants compensate for loss of chair time and are therefore part of the contract, and therefore have to be paid to providers who have a GOS contract.

8. Developing eye care pathways

8.1 The OFNC reiterated their disappointment that no progress had been made to develop national pathways and tariffs and a template for commissioning since the meeting in November 2015. David Roberts explained that David Brown now had an expanded role within the primary care team at NHS England and would be taking this work forward in the coming months.

8. IT bid

8.1 David Roberts added to his earlier comments, that NHS England had decided to prioritise developing IT solutions for the Vanguards at a local level, and that David Brown would be reviewing the Manchester model to see what lessons could be learned and replicated elsewhere. The OFNC emphasised that the lessons from Manchester would be of limited value – because the investment was of much smaller scale than proposed in the sector’s IT bid, because the Manchester project was making use of a lot of goodwill and pro-bono support which could not be expected across the country. More importantly, waiting for outcomes and lessons from Manchester would suggest no progress on IT for the sector for at least another two years. Until the lack of connectivity was addressed it would not be possible for the optical sector to help NHS England deliver the ambitions of the Five Year Forward View, nor to move primary eye care services out of hospitals and GP practices.

8.2 The OFNC asked whether NHS England would work with the sector to review IT requirements – particularly information governance – to make the processes more proportionate and less bureaucratic.

9. Any other business

9.1 David Roberts summarised some changes within NHS England. He now reported to David Geddes and had responsibility for optics and dentistry (but no longer pharmacy) David Brown would now be working full time and spending two days a week on primary eye care, leading on the development of care pathways and learning lessons from Manchester. David Roberts would be leading on devolution of primary care.

10. Next steps

10. The OFNC confirmed that they would submit their formal bid for 2017/18 to NHS England by mid November.

OFNC
11 January 2017