OFNC
Association of British Dispensing Opticians
Association of Optometrists
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Federation of Ophthalmic and Dispensing Opticians
Optometric Fees Negotiating Committee
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Dear David

BID FOR GOS FEES, OPTICAL VOUCHERS AND OTHER MATTERS 2017-18

Thank you for meeting with the OFNC on 17 October to discuss GOS fees, CET grants, vouchers and other related matters for 2017-18. We agreed to provide you with our formal written submission for fee increases by early November: this letter constitutes that bid.

Context – review of 2016-17

The GOS freeze last year was very hard for our members, who are providing clinical services at fees which are well below the cost of providing the service. As you know, the duration and demands of the sight test have increased significantly since the volume and workforce survey in 2003-4 and the regulatory environment has also driven up costs significantly.

As we explained this freeze was all the harder for the profession to swallow when the Government's pay envelope allowed for increases of up to 1% in 2016/17, NHS England had rejected out of hand the IT bid which would have facilitated the delivery of the Five Year Forward View in eye care and significant new investment was prioritised elsewhere.

We are very concerned that the freeze on GOS was in part justified by an incorrect belief, we hope not transmitted to Ministers, that there was no problem with recruitment in the eye sector. This had not been discussed with us at our meeting last year, nor at any other stage in the negotiations. Had it been, we would have explained that this is far from the truth – providers are still are finding it extremely hard to recruit in large swathes of the country, significantly driving up the pay bill and the pressures on the GOS fee.

Case for increase in 2017-18

As you know GOS fees are intended to reflect all costs of delivering a sight test, not simply the optometrist's fee or salary costs. Our case for an increase is based on these two elements – salaries and operational costs.

Community optical practices are having to contend with the combined effects of:

- GOS fees freeze last year, compounded by previous years underfunding
- the continuing and growing administrative and regulatory burden placed upon front-line service providers and practitioners – which are routinely un-costed and un-funded
- the direct and indirect costs of the Government's new employment legislation
- the wider economic climate.

In terms of salaries:

- average pay increases over the past year have been above inflation in both the public and private sectors - public sector pay increases have been on average 1% and private sector pay increases are forecast to rise between 1.7% and 2.3% over the coming year.
- the optical sector operates in the private sector and the NHS benefits directly from the competition, greater patient focus, cost-effectiveness and supply chain efficiencies this brings; however it does need to pay competitively in that market.

It is important that NHS England understands the issues of recruitment and retention in the sector. These were discussed at our meeting on 17 October and we would be happy to discuss further. In short there are parts of the country where it is extremely difficult to recruit, or where this can only be achieved by paying higher salary rates than NHS fees can justify. It is also important to take into account that we already provide a 7 day service, with many practices offering services early morning or in the evening, but we need to pay staff premiums in order to be able to provide this level of service and in all locations.

GOS also needs to reflect wider costs that practices face. As noted above, while inflation is only slightly above zero this does not reflect the actual increase in costs businesses are facing:

- We continue to face additional unfunded regulatory burdens – such as the prescriptive approach to the Equality Act that the Accessible Information Standard is seeking to impose.
- The costs of the introduction of the living wage (which requires an increase of 11% for those previously on minimum wage) and auto-enrolment pension entitlements, which have added significantly to the costs of essential, ancillary staff, with consequential effects for staff further up the salary chain, especially in low wage areas.
- Rising business costs (eg business rates, fuel, transport) and the substantial fall in the value of the pound impacting on import costs (most product is imported).

We feel it is important that we make clear to NHS England that if costs continue to increase without any increase in income, then the ability of our members to continue to cross-subsidise sight test costs from private patient fees and sales will come under severe pressure and they will only be able to respond by either cutting within the service (which does not help the patient), or in some cases withdrawing services, or withdrawing from some areas, which will increase health inequalities.

As you are well aware, on top of all of this, and despite our warnings about undue haste in disbanding the previous system and lack of skills and capacity in the new, our members have for the

past 9 months had to cope with the effect of the transition of primary care support services to Capita. The failings of Capita have imposed direct and indirect costs on our members, in some cases resulting in real hardship. Realistically it will be many months before we can return to anything like a proper service. We know that financial penalties have been imposed – rightly – on Capita and these should be passed on to the profession (rather than being retained as a windfall by NHS England whose management failing this fiasco has been) together with balancing compensation for the additional costs incurred.

This issue has already been discussed several times with NHS England Service Management Team and, whether as part of our GOS negotiations or separately, we would appreciate clarification about how and to what timescale these issues are to be progressed.

GOS fees

On the basis of the evidence outlined above we submit that the GOS fee should be increased by at least 2% in 2017-18 to reflect the real increase of wages in the private sector – ie within the range of 1.7%-2.3% - and the additional costs of running a service for NHS without State subsidies.

Case study: small multi-practice in the north east

In addition to normal inflation the impact on one of average member practices the increases in the National Minimum Wage and introduction of the living wage has been significant, ***45 % of staff gaining pay rises of 11% in 2015/2016 due to legislation****.*

The knock on effect was to also make larger than inflation (3%) increases to more experienced staff to ensure they did not feel undervalued and leave.

The removal of retail rate relief for 2016/2017 has had a big impact on small independent multi practice owners (£1500 per property).

Pension changes (Auto Enrolment) has also increased the salary bill by a further 1%, rising to 2 % in 2018 and 3 % in 2019.

CET and pre-registration grants

We welcome the small increases to the CET grants given in 2016/17, although this goes no way towards meeting the full costs of to the profession – of time out of practice and the costs of the training itself – of CET which benefits the NHS sight testing services. The costs for optometrist CET are similar to those for the other contactor professions and the CET grant should reflect that.

Similarly the pre-registration grant of £3479 no longer even meets the costs of the College examination fees (£3570) let alone hospital placements (hospitals ask for around 20% of the pre-registration grant, although many hospitals are now starting to ask for more) and actual training and supervision costs. This contrasts with pharmacy, for example, which has a similar process of degree followed by a pre-registration year, where the grant is £18,440.

In order to make progress in bringing these grants closer to recognising real costs, whilst recognising the straitened state of NHS finance, we would request an increase of 5% in both CET and pre-registration grants.

Developing eye care pathways

We discussed national pathways and tariffs at our meeting last year and NHS England agreed to come back to us with information about parallel pathways which had been endorsed for other professions. We were also encouraged by the recent statement by David Mowat in September that "the GP Access Fund could be used to include different approaches like telephone consultations and better use of the wider primary care workforce … to deliver improved access to patients, improve patient choice, and more appropriately [match] the needs of patients with the most appropriate professional to care for them". However this has not yet happened in respect of primary eye care and we would be keen to see this progressed by NHS England as a priority for the coming year.

IT bid

To say that the outcome of our discussions, of several years duration and the result of much hard work, was a disappointment would be a considerable understatement. Nor do we agree that the sui generis Manchester project will provide the answers you claim for the rest of the country. The NHS cannot wait 2 years for the outcomes of this and other projects. NHS England needs to be able to start delivering on this now if it is to deliver the Five Year forward View in ophthalmology and prevent the 20 patients a month which the Royal College of Ophthalmologists estimates are losing their sight needlessly because of failure to reconfigure the service. In line with the Five Year Forward View principles, it is surely better and cheaper to prevent negative health outcomes in the first place than compensate the harmed patients afterwards?

We would welcome your assistance in developing a way forward for optical practices to become Information Governance compliant, without imposing undue time and financial cost burdens on them, which could help to address the issues of connectivity in the coming year. It is inconceivable that this can be possible in three countries of the UK but not England and does not sit well with NHS England's supposed commitment to learn and replicate.

Voucher values

For those entitled to NHS funded spectacles this is an important benefit – and it is important to reemphasize that the voucher does not cover the full cost of the spectacles it is intended for. The fees may have been fair in the 1980s but it is unfortunate that over many years the real value of the voucher has eroded significantly. Added to which, while the value of the voucher has been falling the costs of spectacles has increased.

One reason for the erosion of the voucher value is the perverse decision of the Department of Health 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 have the contrary effect for patient benefits in eye care, such as spectacle vouchers, causing the value of the benefit to reduce. We have drawn the Department's attention to this anomaly in our bids for many years. While this situation continues, the value of the voucher continues to fall – meaning that the choice available to patients has reduced.

At the same time the costs of the spectacles (frames and lenses) have increased, in line with increases in inflation and manufacturing costs. This has been further compounded by the significant

fall in the value of the pound since the vote to leave the EU – of around 25% - with predictions of the pound continuing to fall against both the euro and the dollar for some time and likely to remain at these low levels for the foreseeable future. Given that the vast majority of frames and lenses are imported, with Europe a significant supplier, if there is not a reasonable increase in voucher values it will become increasingly difficult for practices to provide spectacles at all, let alone choice within the value of a voucher.

In order to bring the value of vouchers back into line with real costs we would like to see voucher values both decoupled from prescription charges and increased by 5% in 2017/18.

Multi-Year Settlement

Last year we raised the possibility of a multiyear settlement to enable the sector to plan ahead. It is interesting to note that this year that has been the conclusion of NHS England for the wider NHS with the requirement in NHS Operational Planning and Contracting Guidance that contacts should be agreed covering 2017-19.

If satisfactory progress can be made on the above proposals, we would also be open to considering a settlement on GOS fees and grants for two years (i.e 2017/18 and 2018/19).

Summary of bid

In summary the key points of our bid are:

- GOS fees to increase by at least 2%, recognising that while delivering a public service, our sector operates in the clinical labour market – where average pay increases are at 1.7% - 2.3% - and the increase in operational costs.
- CET and pre-registration grants to increase by 5% to begin to bring them closer to increases in real costs
- NHS England to prioritise the development of standardised national pathways and a template for commissioning community services
- IT – NHS England to work with us to find a safe but low cost way of enabling primary eye care to be supported to become IG compliant.
- voucher values should increase by 5% to reflect the real increase in costs (particularly given the huge changes to the exchange rate) and should be decoupled from patient charges.

Copies of this letter go to the David Mowat, Parliamentary Under-Secretary of State for Community Health and Care, Helen Miscampbell and Derek Busby at the Department of Health and David Geddes and Andrew Laycock at NHS England.

Ann Blackmore
Secretary, OFNC