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By email

4th February 2025

Dear Ali,

As you know, NHS England has for many years continued to disregard the evidence that the OFNC has presented on the costs of providing an NHS sight test under the General Ophthalmic Services (GOS) contract.

At the same time, NHS England and the Department of Health and Social Care (DHSC), have declined to engage on restarting joint data collection which would provide further evidence on the cost of providing this core NHS primary care service to a mixed and ageing population with increasing risk of eye disease.

We are concerned that not only is the NHS sight test already underfunded, but that factors such as wage inflation and the impact of the increase in employers NICs are at risk of being ignored again, putting further, unsustainable pressure on providers.

This approach of deliberate neglect continues to undermine confidence and trust across the whole of primary eyecare, raising ongoing questions about NHS England's commitment to delivering the government's three big shifts for the NHS and driving economic growth in eye care.

This year therefore we believe it is necessary for a senior level meeting with you and strategic finance colleagues to discuss a sensible way forward that you can recommend to ministers and we can recommend to the sector. We would be more than happy for DHSC colleagues and even the Minister to join such a meeting, so that we can move forward in this Parliament to jointly deliver a more robust and sustainable NHS primary eye care service and strengthen the gatekeeper role to hospital care. We hope you will agree to meet.

In advance of such a meeting, we enclose some additional background information in annexes which we would normally have submitted as part of a formal annual fee review. This year however, because the sector has expressed major concerns about the way in which previous data have been

ignored, we would like to meet before new arrangements are proposed for agreeing fees and grants at day-to-day level. We will also copy you in on our letter to the Minister.

Paul Carroll and Dr Peter Hampson
OFNC Chair and Secretary

Annex 1 – Briefing prior to DHSC and NHS England meeting

We have already submitted evidence that demonstrates how the NHS sight test fee in England falls significantly below the cost of provision. NHS England has consistently disregarded that evidence and used its power to impose significant and sustained funding cuts on NHS primary eye care services.

As a result, we have seen the NHS in England reduce spending on core NHS primary eye care to below 0.4% of total NHS spend compared to a historical long-term average of above 0.5% whilst prioritising spending on hospital models of care that the evidence shows are unable to meet needs in a safe and sustainable way. The NHS urgently needs to rethink its approach to primary care.

This is why we have strongly welcomed the government's three big shifts for the NHS and Lord Darzi's recommendations to rebalance expenditure from hospital to community.

The OFNC is fully aware and sensitive to the wider economic pressures and NHS financial constraints and has factored these into previous fee reviews. For example, we have provided evidence that shows the cost of providing an NHS sight test exceeds £43 but the NHS in England covers only about 50% of this cost. Providers have historically been forced to make up the funding gap through the sale of spectacles – an issue we have long argued the NHS in England needs to address – but with the cost-of-living crisis and more patients opting to purchase vision correction online, the NHS's reliance on optical practices to generate this cross-subsidy is no longer sustainable. Despite this, we called for a modest increase to £26 in 2024. Instead, DHSC and NHSE imposed a 1.68% uplift based on the GDP deflator, having refused to take the GDP deflator into account since 2008 despite the sector's repeated requests. Our desire to do the right thing for our patients, means that as a sector we have been taken advantage of and the goodwill that the NHS has sought to rely upon has been severely eroded. We can no longer afford to take this approach, nor are we willing to.

As a result, as we head to April 2025, providers are paid just £23.53 for a NHS sight test, despite the growing cost pressures they face (like GPs and dentists who operate similar practices). To better understand and evidence these cost pressures, we recently conducted a further survey of practices.

There are approximately 5,500 GOS contractors in England and our survey was completed by a statistically significant proportion of those. They tell us that the cost pressures upon them are now close to breaking point. Many are finding it increasingly difficult to invest in staff and equipment, with some considering withdrawing from, or reducing, their GOS provision (see Annex 2).

Adding to these pressures, the Autumn 2024 budget, with its increase in employers NICs and rise in minimum wage, has furthered increased payroll costs, which you will know is the main cost for all NHS providers including GOS contractors.

During the general election campaign, the Labour Party clearly committed to utilising primary eye care to address the ophthalmology challenge. The recently published 10-year plan consultation further reinforces that the aim is to shift activity from secondary care to primary care. For this to happen, the NHS must fund GOS fairly, as it is the foundation on which the rest of NHS eye care depends.

We understand from our meeting with Minister Kinnock, you and Alette that, despite the additional £22bn of funding for the NHS, budgets remain tight. We have also seen the recently published 2025/26 planning guidance which also fails to demonstrate the commitment to do more in primary care. We understood however that this government was keen to collaborate and talk openly about problems that have built up over the last 15 years and to find solutions that will help NHS patients. We are also committed to such a partnership so we can help tackle the crisis in NHS eye care. It is of no benefit for us to see patients languishing on hospital waiting lists fearing for their sight and returning to primary eye care providers to ask whether we can accelerate their hospital care.

The most sensible way forward, we suggest, is for the OFNC to meet senior officials at DHSC and NHS England and discuss a potential long-term deal, which would form the foundation for delivering the government's three big shifts in eye care and, in doing so, help solve the chronic safety issues in the hospital eye service.

To provide further context a longer-term agreement might follow a process as set out in the table below.

Proposal	Costs	Benefits
Fee increase - NHS sight test £27 from April 2025	£3.47 per sight test. Assuming 13 million sight tests per year, this would cost approx. £45m	Help providers with immediate cost pressures and set out how this government is committed to listening to the evidence and working together to find solutions.
Increase the NHS domiciliary visiting fee to £45 for the first and second sight test and to £11.26 for subsequent tests.	This is just £4.20 more per patient for the first/second test, and £1.05 more for subsequent tests. This is estimated to cost the NHS approx. £1.37 m.	Help ensure the most vulnerable and those who depend on care at home continue to be able to access the NHS primary eye care services they are entitled to.
April 2025 onwards. Agree funding increases in this Parliament which are linked to innovations in service delivery so we can secure the future of NHS primary eye care services in England.	Based on a GOS fee of £27 from April 2025, work together to agree a new funding settlement for service innovation. The total cost would depend on which service innovations the NHS prioritised and could afford to fund, but we estimate increasing sight test fees over time, so they more closely align with clinical fees in Scotland and Wales.	Signal to the sector that this government is committed to delivering its goals and create space to discuss opportunities for innovations that will help deliver the government's three big shifts for the NHS to ease hospital pressures and drive economic growth – e.g. optical practices are large employers at national level and in addition to investing in education and training of regulated healthcare professions they also systematically train an unskilled workforce into skilled jobs

		in local communities and set them on a more professional and higher earning life path).
Increase the CPD grant to £626 and pre-registration training grant to £4,602.	The uplift to CPD grants would cost approx. £0.5m and pre-registration grants costs approx. £0.25m.	Demonstrate to the sector that the government is committed to investing in the future of NHS primary eye care.

Annex 2: Supporting data and evidence.

1. Cost of providing the NHS sight test in practices and domiciliary settings

In September 2022 evidence was submitted to DHSC and NHSE which showed that the average cost of providing an NHS sight test was at least £43 (range £43-£49). Applying ONS derived CPI values for inflation of 2022 (7.9%) and 2023 (6.8%) the minimum NHS sight test would be £49.55. Unsurprisingly this is close to current NHS fee levels in Scotland and Wales.

A new survey in 2024 explored the cost pressures on GOS. This shows that there are significant cost pressures on practices, with costs rising across the board over the past two years and the level of GOS income now limiting investment in staff and equipment. Chief amongst these pressures is that of the increasing minimum wage, which in turn drives increases in all staff costs. The increase in wages also directly increases the cost of employer pension contributions and employers' NI.

Domiciliary providers have suffered increase in wage costs and experienced additional cost pressures due to increases in fuel costs, lease costs, insurance costs and higher interest rates on vehicle leasing.

In addition, although energy costs are lower than the late 2022, early 2023 peak, they are still significantly higher than early 2020. These increased costs have not been reflected in GOS fees and as such have widened the funding cap and increased the pressure on practices.

The OFNC last undertook a costing survey two years ago. This showed on average that a GOS sight test cost £43 to deliver. Thinking about the following costs, please share how these costs have changed in the last two years. (Please pick the nearest option)

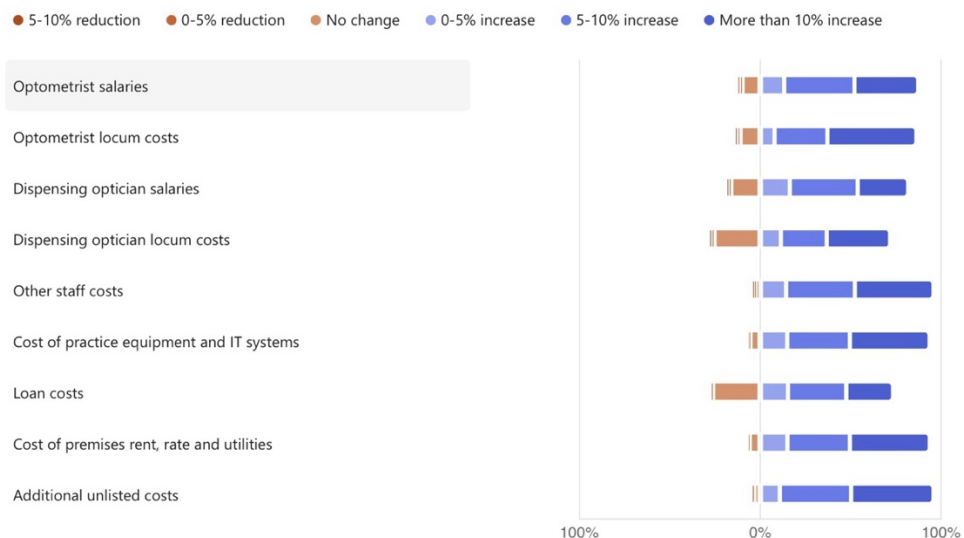


Figure 1 Cost pressures on optical practices

Has GOS sight test income resulted in you delaying hiring new staff?



Figure 2 Staff recruitment impact

Have you had to delay investment in your practice due to the GOS sight test fee? (Investment might include: new equipment, new test rooms, staff higher qualifications and similar)



Figure 3 Capital investment impact

Year	National Living Wage (21+)	Age 18-20	Age 16-17	Apprentice
2015	£6.70	£5.30	£3.87	£3.30
2016	£7.20	£5.55	£4.00	£3.40
2017	£7.50	£5.60	£4.05	£3.50
2018	£7.83	£5.90	£4.20	£3.70
2019	£8.21	£6.15	£4.35	£3.90
2020	£8.72	£6.45	£4.55	£4.15
2021	£8.91	£6.56	£4.62	£4.30
2022	£9.50	£6.83	£4.81	£4.81
2023	£10.42	£7.49	£5.28	£5.28
2024	£11.44	£8.60	£6.40	£6.40
2025	£12.21	£10.00	£7.55	£7.55

Figure 4 National living wage

Period	Energy Price Cap (£/year)
1 January 2020 - 31 March 2020	1179
1 April 2020 - 30 June 2020	1126
1 July 2020 - 30 September 2020	1042
1 October 2020 - 31 December 2020	1042
1 January 2021 - 31 March 2021	1042
1 April 2021 - 30 June 2021	1138
1 July 2021 - 30 September 2021	1156
1 October 2021 - 31 December 2021	1277
1 January 2022 - 31 March 2022	1277
1 April 2022 - 30 June 2022	1971
1 July 2022 - 30 September 2022	2074
1 October 2022 - 31 December 2022	2500
1 January 2023 - 31 March 2023	2500
1 April 2023 - 30 June 2023	2500
1 July 2023 - 30 September 2023	2074
1 October 2023 - 31 December 2023	1928
1 January 2024 - 31 March 2024	1928
1 April 2024 - 30 June 2024	1717
1 July 2024 - 30 September 2024	1568
1 October 2024 - 31 December 2024	1717
1 January - 31 March 2025	1738

Figure 5 Energy price cap data