

SECRET

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CONFIDENTIAL FILING

The Future of Optical Services

NATIONAL  
HEALTH

APRIL  
NOVEMBER 1983

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19 November 1984

OPTICIANS' MONOPOLY TO END ON DECEMBER 10

From December 10, retailers other than opticians will be able to sell glasses to anyone over 16 who is not registered blind or partially sighted. An Order that will allow the change was made today by the Privy Council.

Anyone wanting to buy glasses from a retailer must have a prescription signed in the last two years by an ophthalmic optician or doctor. This will help to ensure cases of serious eye disease do not go undetected.

To ensure public safety, the Order prohibits glasses made of certain inflammable materials and requires all lenses to be made of material which accords to appropriate British Standards.

To help ensure the quality of glasses, retailers who sell anything other than simple reading glasses will have to take certain essential facial measurements and check the accuracy of the finished glasses.

Kenneth Clarke, Minister for Health, said today: "These overdue reforms carry no risk to the wearer of glasses but will lead to greater competition, provide greater choice, and, above all, have the effect of bringing down the price of spectacles to the benefit of the public."

NOTE TO EDITORS

The Order is being made as a result of Section 1(1) of the Health and Social Security Act 1984 which has amended Section 21 of the Opticians Act 1958. Under this revised legislation, the Privy Council may make orders prescribing conditions

under which unregistered suppliers may sell spectacles to the public. The H&SS Act 1984 resulted from consideration by the Government of the conclusions of the Director General of Fair Trading in his report 'Opticians and Competition' published in 1982. The report found that the requirements imposed by the Opticians Act 1958 led to restricted competition and resulted in unnecessarily high prices of spectacles.

A guide to the new law for the information of prospective retailers will be available shortly from DHSS, PO Box 21, Stanmore, Middlesex - price 60p.

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# Briefing Note

SOCIAL SERVICE MATTERS

No. 37  
1.12.83

Pa  
DMS  
2/12

## 1. Optical Services

On 28th November 1983 Mr Norman Fowler, Secretary of State for Social Services, made an important statement on the Government's plans to increase competition in the supply of spectacles.

Some 60 per cent of men and 66 per cent of women wear glasses. In response to mounting public concern at the high costs of private spectacles, the Government in December 1981 asked the Office of Fair Trading (OFT) to review certain aspects of the Opticians Act 1958. The Government was particularly concerned about the ways in which the Act operated to restrict competition. The OFT's report was published in January 1983. It was particularly critical of the provision in the 1958 Act by which the General Optical Council was given the power to make rules 'prohibiting or regulating' the use of advertising. The current rules, for example, do not allow advertising of prices or of speed of dispensing. The report also criticised the way the Act imposed a monopoly on the dispensing and selling of glasses. It found that the requirements imposed under the Act restricted competition and resulted in unnecessarily high prices.

Mr Fowler said: 'The Government accepts these conclusions and believes that the interest of consumers would be better served by acting upon the OFT report.' (Hansard, 28th November 1983, Col.437).

Accordingly, the Government will introduce legislation to enable the rules on advertising operated by the General Optical Council to be amended to allow freer advertising. Action will also be taken on the monopoly to dispense and sell glasses. The legislation will also allow non-opticians to sell glasses but only under carefully prescribed conditions, so that no risks would be taken with people's sight. Mr Fowler emphasised:

'All sales will have to be made against a recent prescription, following a sight test by an appropriately qualified optician or doctor, and no one other than a qualified optician or doctor will be able to sell glasses for children or to fit contact lenses' (ibid).

Mr Fowler gave an assurance that no changes would be made in the present arrangements for free sight tests. Free glasses will also continue to be provided for children and low-income families: in 1982, 420,000 children and 1 million adults benefited from exemption and remission of charges. The changes proposed will provide greater choice at competitive prices to the non-exempt groups. Mr Fowler concluded: 'We believe that the present non-exempt customers will be able to obtain a wider range of glasses at comparable prices as a result of the proposed deregulation of the market' (ibid, col.439)

## 2. Pensions

The 1983 Election Manifesto stated that the Government would consider how the pension rights of early leavers in occupational pension schemes could be better protected, and how fuller information could be given to members of such schemes. Mr Fowler announced on 23rd November 1983 that the Government hoped to introduce legislation in the next Parliamentary Session. A consultative document setting out in detail the Government's proposals for early leavers was published on 29th November 1983. An additional consultative document on disclosure measures will be published shortly. Mr Fowler also announced the setting up of a special pensions inquiry, which he would chair himself. This would review the future of state, occupational and private provisions for retirement, including the 'portability' of pension rights and the age of retirement. The inquiry will aim to reach conclusions by spring next year and it will be conducted, as Mr Fowler said, 'as openly as possible'.

The Government has responded decisively to growing public concern about the inflexibility of the pensions system.

### 3. Housing Benefit

The Chancellor announced in his Autumn Statement on 17th November 1983 a reduction in the amount of Housing Benefit going to certain better-placed families.

Housing benefit at present goes to one household in three, sometimes to people on average incomes. The reduction will amount to less than 5 per cent of the total spent on Housing Benefit, and the poorest households will continue to be protected. Housing Benefit will still help over 6½ million householders, including more than 3½ million pensioners. These changes, which come into effect in April next year, will save £230 million.

In April 1983 Housing Benefit replaced both supplementary benefit payments to help people pay their rent and rates, and the rent and rate rebate and rent allowance schemes formerly administered by local authorities. It provides a much simplified single benefit to help low income householders with their housing costs. Now, all help with rent and rates comes from local authorities in the form of rebates or, for private tenants, allowances; and the local authorities are reimbursed by the Government. Supplementary benefit claimants normally get 100 per cent help, although deduction may be made if there are 'non-dependants' in the household. The Department of Health and Social Security sends a certificate of entitlement to the local authority. In other cases, known as 'standard cases', recipients get a partial rebate or allowance.

The scheme has a number of advantages: it is simpler to understand; many people on supplementary benefit now pay no rates or rent because they are fully rebated; and local authorities are better able to control arrears because tenants now get rebates.

From April 1984 a number of changes will be made in the operation of the scheme. First, there will be increased tapers above the needs allowance, which means that benefit will be withdrawn more sharply for 'standard' recipients on higher incomes. This will save £115 million. Secondly, people with small entitlement will no longer get help. This will affect people with a rent rebate entitlement of up to £1 per week or a rates rebate entitlement of up to 50p per week. Thirdly, deductions which take account of the income of non-dependants in the household will be increased and extended, although deductions for pensioners and long term sick and unemployed remain unchanged. This will save £40m. Fourthly, 18-20 year olds on supplementary benefit will no longer receive the 'non-householder's contribution'. This will save £60m. Fifthly, higher thresholds will be set for high rent schemes (where local authorities are able to pay higher benefits to standard benefit tenants where rent levels are above nationally-set thresholds). This will mean that fewer authorities will pay benefit under high rent schemes after April 1984. Lastly, there will be an increase of £1 per week in the dependent child addition to the needs allowance, which will benefit half a million families.

David,

OPTICAL SERVICES. DMB  
30/11

Your letter of 21 November  
to Steve Godber refers.

Hasn't this  
statement been  
made?

Susan  
30.11.83

Susan: Yes. The final  
version accepted the  
PM's point about  
children under 16, so no  
further views needed to  
be sought from the PM.



PRIME MINISTER

Pa

DUB  
30/11

(2)

Optical Services

Mr. Fowler made his statement on optical services this afternoon. The response was quiet - a general welcome from the Government benches, with Opposition concern centred on issues of preserving standards. There was surprisingly little trouble about the withdrawal of the NHS obligation to supply spectacles, perhaps because the Opposition were slow to pick this up.

In the light of your own comments on an earlier version of the statement, Mr. Fowler made clear that no-one other than opticians or doctors would be able to sell glasses to children under 16 (not 10 as originally proposed).

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DUB

28 November 1983

## Ophthalmic Services

3.30 pm

**The Secretary of State for Social Services (Mr. Norman Fowler):** With permission, Mr. Speaker, I shall make a statement on opticians and competition following the report of the Office of Fair Trading published earlier this year.

At the end of 1981 the Office of Fair Trading was asked to report on the effects of the Opticians Act 1958 upon competition in the supply of opticians' services. It found that the requirements imposed under that Act led to restricted competition and resulted in unnecessarily high prices. In particular, the Office of Fair Trading criticised the rules limiting opticians' advertising and the monopoly on the supply of glasses granted to opticians and doctors. The Government accept these conclusions and believe that the interests of consumers would be better served by acting upon the OFT report. Accordingly, the Government intend to bring forward legislation to deal with two main areas.

First, we propose to take action on advertising. At present, the rules made by the General Optical Council allow no general advertising of the prices of glasses or advertising on such matters as the speed of service. This handicaps the consumer who wishes to get the best value for money and also holds back the optician who can provide a better deal or wider choice. The General Optical Council reviewed its rules in the light of the report by the Office of Fair Trading, but the changes that it proposed came nowhere near to those needed. Legislation will therefore be introduced to enable the rules operated by the General Optical Council to be amended to allow freer advertising. These powers will be used carefully. In particular, we will draw a distinction between the professional function of sight testing and the commercial activity of selling glasses. The aim will be to ensure that the public are provided with more information about the prices of glasses.

Secondly we propose to take action on the monopoly to dispense and sell glasses. There is still a need for public protection in certain areas such as dispensing to children and fitting contact lenses. However, all laws which create a monopoly have to be examined to see whether, under the cloak of public protection, there is not simply too much protection for the seller. We have concluded that this is the case with opticians. The legislation which the Government will introduce will therefore allow non-opticians to sell glasses under carefully prescribed conditions. The conditions laid down will ensure that no risks are taken with people's sight. All sales will have to be made against a recent prescription, following a sight test by an appropriately qualified optician or doctor, and no one other than a qualified optician or doctor will be able to sell glasses for children or to fit contact lenses. It is our intention to maintain the present arrangement for the registration of qualified opticians and the public will therefore be able to make a choice between the services of a registered optician and those of other competitors.

The action that I have announced on advertising and the end of the dispensing monopoly will, I believe, bring down the price of glasses. This will have an effect on the general ophthalmic service. At present, it provides free sight tests by either an ophthalmic optician or a specially qualified doctor. We intend to continue this arrangement. It also provides a range of frames and lenses free to

children and families on low incomes. This free provision will also continue. But other people who currently buy NHS glasses will in the future be able to obtain a wider selection of non-NHS glasses at reasonable prices. Although the NHS will continue to provide free sight tests and to supply glasses to the present exempt groups, there will no longer be any need for the general supply of NHS glasses. The legislation I shall shortly introduce will give effect to this.

My right hon. Friends the Secretaries of State for Scotland and for Northern Ireland will also bring forward proposals to give effect to these changes. We believe that the changes I have announced will enable greater competition to take place, provide greater choice and, above all, have the effect of bringing down the prices of glasses for the public.

**Mr. Frank Dobson (Holborn and St. Pancras):** I assure the House that the Opposition share the general concern about the high cost of non-National Health Service frames. However, we are worried about certain aspects of the right hon. Gentleman's statement, although we welcome the fact that the dispensing of glasses must still be preceded by a sight test carried out by a qualified practitioner. We are worried that the advertising changes and the relaxation of the rules so that non-qualified people may sell glasses will result in small business opticians, especially those in rural areas, losing out to the major multiples, who can afford the cost of advertising.

Will the staff of a shop selling glasses be properly trained to interpret prescriptions which are given them by the person who brings in the prescription? If not, mistakes could occur, and they could be serious. What procedures does the Secretary of State propose to provide a redress for customers against a shop that sells glasses that are different from those that were prescribed?

More importantly, does the Secretary of State's statement about the general supply of NHS glasses mean that there will no longer be a general supply of NHS glasses and that NHS frames and lenses will be provided only to those poor groups and under 16-year-olds who are described in the statement as exempt groups? If that is so, it is a severe curtailment of the area covered by NHS provisions and means the introduction of privatised marketing into a sphere where it does not now exist.

Does the Secretary of State agree that if that is the import of his statement it will mean that people who cannot afford to go outside the NHS because they are poor will demonstrate that they are poor, or are receiving supplementary benefit or family income supplement, by the nature of the glasses that they wear?

**Mr. Fowler:** The hon. Gentleman's last point is not a very good one. I am grateful for the limited support that he has expressed for the measures that I have announced.

Virtually the only advertising at the moment is for frames, which appear in the windows of opticians' premises. Opticians cannot advertise in the press or on television on such matters as price and speed of service, or even on whether they are open. They cannot, for example, display an advertisement that says, "Never knowingly undersold". We believe that that area needs reform, and that is why we have brought forward these other proposals.

There will be checks and conditions on non-optician sellers. Clearly, they should be able to read the

introducing some form of closed circuit television facility in another part of the Palace, not only for the disabled but for the many others who cannot see our proceedings from the Chamber?

**Mr. Biffen:** I am sure the hon. Gentleman will be the first to acknowledge that his question goes very much wider than facilities for the disabled and that, therefore, within the terms of this question, I cannot helpfully answer the hon. Gentleman's point.

## CIVIL SERVICE

### Trade Union Representatives (Meetings)

40. **Mr. Canavan** asked the Minister for the Civil Service what subjects he expects to discuss at his next meeting with trade union representatives of the Civil Service.

**The Minister of State, Treasury (Mr. Barney Hayhoe):** Plans for my next meeting with the Civil Service unions have not yet been made.

**Mr. Canavan:** Why are the Government hellbent on destroying another 37,000 civil service jobs by 1988, which will mean a job loss in the Civil Service of 139,000 since 1980? How can the Government justify staff reductions in Departments such as the Department of Employment and the Department of Health and Social Security when over 3 million are unemployed, over 7 million are dependent on supplementary benefit and about 9 million retirement pensioners and many other deserving cases on low incomes depend on the services of those Departments?

**Mr. Hayhoe:** The planned reduction of 6 per cent. between 1 April 1984 and 1988 is a net figure. There will be some staff increases in the prison department, for example. The objective is improved efficiency and better value for money.

**Mr. Eggar:** What is the response of trade union representatives to the proposals in the financial management initiative, especially the important step of devolving decision-taking to more junior managers?

**Mr. Hayhoe:** I have not had a meeting with the Civil Service unions about the financial management initiative.

**Mr. Kirkwood:** Bearing in mind the concern that is being expressed within the confines of the trade union movement over the representations of forestry workers, will the Minister give an assurance that he will give early consideration to arranging a meeting with those involved?

**Mr. Hayhoe:** I imagine that that will be a matter for my right hon. Friend the Secretary of State for Scotland or, perhaps, my right hon. Friend the Minister of Agriculture, Fisheries and Food. Responsibility will lie with one or other of my right hon. Friends in the first instance.

**Dr. McDonald:** Is the Minister aware that cuts in DHSS staff have already meant that visits to pensioners to ensure that they have all the benefits to which they are entitled have been reduced to one call every three to four years and that the unemployed are not visited until nearly the end of their first year of unemployment? Does this not mean that pensioners and the unemployed are subsidising the cuts in the Civil Service and that they are in receipt of much poorer and much less efficient services as a result?

**Mr. Hayhoe:** I do not accept that description, which is highly exaggerated and extremely partisan. The hon. Lady should address detailed questions on the DHSS or the Department of Employment to the responsible Ministers.

## Redundancy

41. **Mr. Chapman** asked the Minister for the Civil Service what is the redundancy policy in the Civil Service.

**Mr. Hayhoe:** In reducing the size of the Civil Service, it is the Government's policy to rely on natural wastage to the greatest possible extent. By 1 April 1984, we shall have reduced Civil Service manpower by over 100,000, of which about 10 per cent. will be accounted for by redundancies.

**Mr. Chapman:** I am grateful to my hon. Friend for that information. Will he confirm that the 14 per cent. reduction in the manpower of the Civil Service over the past four and a half years has been secured with few forced redundancies? Will he use his good offices to ensure that the further planned reduction of 37,000 which was referred to by the hon. Member for Falkirk, West (Mr. Canavan), is achieved, if possible, without any forced redundancies?

**Mr. Hayhoe:** The reduction of 100,000 has been achieved with about 2,500 non-industrial civil servants being retired prematurely on the ground of redundancy along with about 8,000 industrial civil servants. Every effort will be made in future to avoid compulsory redundancy. The Civil Service is a large employer and resignations and retirements provide a great deal of elbow room for reducing the number of jobs within the service.

**Mr. Wilson:** If the Minister is determined to pursue that policy in the terms that he has mentioned, will he take on board events in Dundee, where the local vehicle licensing office has been given a sentence of death and where there are no alternative Civil Service jobs because it is an area of high unemployment? Does he accept that the great volume of civil servants is to be found in plusher areas such as London, where there is no unemployment problem? When circumstances arise, such as those in Dundee, will he ensure that alternative work is brought into the area to secure jobs for those concerned? The civil servants at the vehicle licensing office at Dundee secured their jobs only four years ago.

prescription, and we shall consult the profession on this matter. Remedies will be open to the public under the Sale of Goods Act, but we shall have further talks about any additional protection that is required. This will become part of a Bill that will be put before the House shortly, and therefore we shall have time to go into all these aspects.

On the hon. Gentleman's point about general ophthalmic services, free sight tests are now provided and that will continue. Free glasses are provided for exempt groups—children and low income families—and that, too, will continue. It is the provision of glasses for non-exempt groups that will be withdrawn from that market. We believe that the present non-exempt customer will be able to obtain a wider range of glasses at comparable prices as a result of the proposed deregulation of the market.

The fundamental change is that we believe that the most important person is the customer. Customers should have the right to make an informed choice and to have more information and lower prices.

**Mr. Robert McCrindle** (Brentwood and Ongar): Is my right hon. Friend aware that he seems to have found a good compromise between maintaining the professional status of the optician and opening up the benefits of competition for the consumer? Will he confirm that there is no intention of moving towards the North American system in which spectacles can be purchased without prescription over the counter of a department store? Secondly, how recent will the prescription need to be for glasses to be obtained under the new arrangements outlined in his statement?

**Mr. Fowler:** I hope that what my hon. Friend has said will be noted, as it is absolutely correct. With regard to checks, sales will be made against recent prescriptions, by which we mean prescriptions made within the last two years.

**Mr. Willie W. Hamilton** (Fife, Central): Is the Secretary of State aware that the Opposition welcome the possible reduction in the price of glasses so long as we have an absolute and unqualified assurance that the quality of service to the patient will not be jeopardised? On the point raised by the hon. Member for Brentwood and Ongar (Mr. McCrindle), will the Secretary of State make illegal the sale of glasses by retail outlets such as Woolworths, as anyone who has seen that kind of treatment must be appalled by it? Will he also assure the House that there will be separate Scottish legislation and that Scotland will not be tacked on to a United Kingdom Bill?

**Mr. Fowler:** The legislation covers the whole of the United Kingdom, but my right hon. Friend the Secretary of State for Scotland will make a separate statement about the position in Scotland.

**Mr. Hamilton:** When?

**Mr. Fowler:** Very soon, I hope.

**Mr. Hamilton:** In the House?

**Mr. Fowler:** The hon. Gentleman also made an important point about checks. As I have said, any sale must be made against a recent prescription and it will be a condition on the non-optician seller that he must be able to read the prescription. We shall consult the profession on that aspect. It should be pointed out, however, that about two thirds of prescriptions are now made up by prescription houses where staff do not need to be qualified

in the way that professional opticians are. The aim is to preserve the medical checks that both the Government and the Opposition want, while producing a better service and lower prices for the public by the introduction of competition.

**Mr. Peter Viggers** (Gosport): Does my right hon. Friend agree that the present system has two grave shortcomings, neither of which has much to do with maintaining standards? First, the interlinking of sight testing with the sale of glasses and frames maintains high prices. Secondly, restrictions on advertising the services offered help to maintain high prices and prevent proper competition. Is my right hon. Friend aware that the measures announced today will undoubtedly reduce prices for the consumer?

**Mr. Fowler:** I am grateful to my hon. Friend for his comments. There is no doubt that the present restrictions on advertising prevent full competition and to some extent discourage new entrants. I believe that our proposals will lead to more competition, better services and lower prices.

**Mr. Lewis Carter-Jones** (Eccles): Will the Secretary of State give a firm promise that routine examinations for possible glaucoma will in no way be reduced either for the rich or for the poor as a result of the Government's legislation?

**Mr. Fowler:** Eye tests will continue to be free, as at present. That will remain unchanged.

**Mr. Tim Eggar** (Enfield, North): As there has been such a wide welcome for my right hon. Friend's statement, one wonders why previous Governments did not introduce similar reforms. Will my right hon. Friend consider other professions, with a view to similar reforms? In the present case, will he explain why there are to be any restrictions at all on advertising?

**Mr. Fowler:** I am grateful for my hon. Friend's comments, but I know that he would not wish to push me into areas for which the DHSS is not responsible. As for restrictions on advertising, the important distinction is between the selling activities of the optician and the sight testing function. That is the distinction that we seek to make.

**Mr. Michael Meadowcroft** (Leeds, West): Does the Secretary of State accept that the present two-year definition of a recent prescription may not be justified if the rules are changed? Does he accept that the difficulties of having separate dispensers may be far more acute in the future, because, although two thirds of prescriptions now come from prescription houses, the position may be very different when an optician is no longer responsible for final delivery of the spectacles? Will he therefore consider registration of dispensers rather than more general proposals about bringing in certain rules to test them?

Finally, when the Secretary of State says that there may no longer be any need for the general supply of National Health Service glasses, does he agree that in some instances people may feel unable to enter general prescribing because of their lack of funds? Does he accept that there will be severe difficulties unless there is a better standard of NHS provision?

Lastly—

**Mr. Speaker:** Order. I think that three questions are plenty.

**Mr. Meadowcroft:** Perhaps I may just finish the point, Mr. Speaker. As the hon. Member for Holborn and St. Pancras (Mr. Dobson) said, there is a danger—

**Mr. Speaker:** Order. That is unfair.

**Mr. Fowler:** We shall certainly look at the hon. Gentleman's point about the two-year definition of a recent prescription. No doubt that will be dealt with in Committee when the legislation providing for the change is considered. In view of the hon. Gentleman's comments, I hope that he supports the general thrust of the changes.

**Mr. Meadowcroft indicated assent.**

**Mr. Fowler:** I am glad to see that the hon. Gentleman nods his assent to that.

Im making regulations for non-opticians, we shall wish to consider the matter very carefully before going along with the hon. Gentleman's suggestion. Clearly, there must be a checking process, but we do not wish to end up merely pursuing the monopoly in a different way.

**Mr. Chris Smith** (Islington, South and Finsbury): Is the Secretary of State aware that there is an increasing tendency for small independent ophthalmic practices to be taken over by large conglomerates, many of them with other than optical interests, and in one case a tobacco company? Is he aware that that trend is a matter of great concern to professional and academic circles in the ophthalmic world? Is he further aware that his proposals may lead to an increase in that trend and cause great anxiety about the quality of service provided for the public?

**Mr. Fowler:** I am sure that it would be out of order for me to make any comments about eyesight. It is a point, however, that we shall bear in mind. It is for the public to decide. They will have a free choice. Registered opticians will be able to put their case. Many people will continue to go to registered opticians—there is no doubt about that. We are saying that there should be greater choice than there is at the moment.

**Mr. Ioan Evans** (Cynon Valley): While we welcome this measure if it means a reduction in costs to the consumer, will the Secretary of State look more positively at the possibility of increasing the range of National Health Service spectacle frames, so that people need not go to the private sector?

**Mr. Fowler:** No, we want to go the other way. As I said in my statement, and as the hon. Gentleman recognises, we are keeping to the National Health Service supply of National Health Service frames for children and other exempt groups. We may ultimately be able to reach a position where people are reimbursed or are given a cash voucher so that they can go into the market if they choose. If that were to develop, it would be a better way of proceeding.

**Mr. Charles Kennedy** (Ross, Cromarty and Skye): I welcome the Secretary of State's concern for the consumer, which is plainly right, and the lower prices to which his proposals will lead, but at the end of his statement, he talked about there no longer being a need for any general supply of NHS glasses. If his proposal means introducing some form of means testing, that will be a retrograde step.

**Mr. Fowler:** I have made it clear that we intend to keep the present exemptions for children and low-income families.

**Mr. Dobson:** May I remind the Secretary of State that this matter arises because of anxiety about the high cost of frames produced privately and supplied outside the National Health Service? Therefore, why has the Secretary of State announced the abolition of NHS supplies of frames and lenses, which are already the cheapest on the market? What is the average cost of a pair of NHS glasses, and the average cost of a pair of privately supplied glasses, with privately produced frames and lenses? If the right hon. Gentleman is so confident of the private sector's price-cutting abilities, why will he not allow the NHS to continue to provide glasses so that it can compete? Is it that his friends in the industry are frightened of competition from the NHS?

**Mr. Fowler:** The hon. Gentleman's first question was rather more impressive than his summing-up question. He must be aware that the DHSS does not produce frames and lenses. They are produced, under contract, by the private sector. As we have announced a change in advertising and the end of the dispensing monopoly, that clearly has implications for the general ophthalmic service. I do not believe that it is reasonable to continue in the way that we have in the past and ignore the fact that these changes will take place.

There is no way in which I can give the hon. Gentleman the average cost figure, for the good reason that there are so many differences—[*Interruption.*] Labour Members may laugh, but there are many differences in prescriptions. The DHSS is involved in the design of National Health Service glasses. It may be the hon. Gentleman's vision of the brave new world, but I am bound to tell him that I am not sure that a Government Department is the best body to be involved in the cosmetic design of spectacles. I believe that competition will bring the prices down, and I think that the hon. Gentleman will see that.

#### NORTHERN IRELAND COMMITTEE

*Ordered,*

That matters arising from the Energy Discussion Document issued by the Department of Economic Development in July 1983, being matters relating exclusively to Northern Ireland, be referred to the Northern Ireland Committee.—[*Mr. Donald Thompson.*]

#### STATUTORY INSTRUMENTS &c.

**Mr. Speaker:** With the leave of the House I shall put together the Questions on the three motions relating to statutory instruments.

*Ordered,*

That the draft Pneumoconiosis etc. (Workers' Compensation) (Payment of Claims) (Amendment) Regulations 1983 be referred to a Standing Committee on Statutory Instruments, &c.

That the Education (Approval of Special Schools) Regulations 1983 (S.I., 1983, No. 1499) be referred to a Standing Committee on Statutory Instruments, &c.

That the British Gas Corporation (Transfer of Shares of Subsidiaries) (No. 2) Order 1983 (S.I., 1983, No. 1667) be referred to a Standing Committee on Statutory Instruments, &c.—[*Mr. Donald Thompson.*]



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

A  
28/11

David Barclay Esq  
10 Downing St

28 November 1983

Dear David

I enclose a copy of my Secretary of State's statement on the opticians' monopoly for this afternoon; and supporting Question and Answer briefing. For further background, I think you will find the paper presented to H Committee (H(83)43) most useful.

Copies go to Charles Marshall, Murdo Maclean, Rex Thompson, John Lyon, Colin Jones and John Graham.

Yours

Steve Collier

With permission, I will make a statement on opticians and competition following the report of the Office of Fair Trading published earlier this year.

At the end of 1981, the Office of Fair Trading was asked to report on the effects of the 1958 Opticians Act upon competition in the supply of opticians services. They found that the requirements imposed under that Act led to restricted competition and resulted in unnecessarily high prices. In particular the Office of Fair Trading criticised the rules limiting opticians' advertising and the monopoly on the supply of glasses granted to opticians and doctors. The Government accepts these conclusions, and believes that the interests of consumers would be better served by acting upon the OFT report. Accordingly, the Government intends to bring forward legislation to deal with two main areas.

Firstly, we propose to take action on advertising. At present, the rules made by the General Optical Council allow no general advertising of the prices of glasses or advertising on such matters as the speed of service. This handicaps the consumer who wishes to get the best value for money and also holds back the optician who can provide a better deal or wider choice. The General Optical Council did review their rules in the light of the report by the Office of Fair Trading, but the changes they proposed came nowhere near to those needed. Legislation will therefore be introduced to enable the rules operated by the General Optical Council to be amended to allow freer advertising. These powers will be used carefully. In particular, we will draw a distinction between the professional function of sight-testing and the commercial activity of selling glasses. The

aim will be to ensure that the public are provided with more information about the prices of glasses.

Secondly, we propose to take action on the monopoly to dispense and sell glasses. There is still a need for public protection in certain areas such as dispensing to children or fitting of contact lenses. However, all laws which create a monopoly have to be examined to see whether, under the cloak of public protection, there is not simply too much protection for the seller. We have concluded that this is the case with opticians. The legislation which the Government will be introducing will therefore allow non-opticians to sell glasses under carefully prescribed conditions. The conditions laid down will ensure that no risks are taken with people's sight. All sales will have to be made against a recent prescription, following a sight-test by an appropriately qualified optician or doctor, and no-one other than a qualified optician or doctor will be able to sell glasses for children or to fit contact lenses. It is our intention to maintain the present arrangement for the registration of qualified opticians and the public will therefore be able to make a choice between the services of a registered optician and those of other competitors.

The action I have announced on advertising and the end of the dispensing monopoly will, I believe, bring down the price of glasses. This will have an effect on the General Ophthalmic Service. First, it provides free sight-tests by either an ophthalmic optician or a specially qualified doctor. We intend to continue this arrangement. Second, it provides a range of frames and lenses free to children and families on low incomes. This free provision will also continue. But other people who currently buy NHS glasses will in the future be



able to obtain a wider selection of non-NHS glasses at reasonable prices. Although the NHS will continue to provide free sight-tests and to supply glasses to the present exempt groups, there will no longer be any need for the general supply of NHS glasses. The legislation I will shortly be introducing will give effect to this.

Mr Speaker, my right hon Friends, the Secretaries of State for Scotland and Northern Ireland, will also be bringing forward proposals to give effect to these changes.

We believe that the changes I have announced will enable greater competition to take place; will provide greater choice; and above all will have the effect of bringing down the prices of glasses for the public.

## OPTICAL SERVICES: QUESTIONS AND ANSWERS

GOS

Q When will NHS glasses stop being available?

A The duty to supply appliances will cease on 31 March 1985. However it is quite likely that opticians will continue to stock them if they are wanted, but they will then be privately supplied.

Q Will the public have to pay more for their glasses?

A It is not possible to give a firm prediction. We will no longer be subsidising glasses as we do now. However, we will have improved competition amongst opticians and this will have an effect.

Q How much are glasses subsidised at present?

A The average subsidy is just under £5.

Q What about those with the poorest sight?

A We do subsidise these the most at present. However, if they are really needy ie get them free at present they will continue to do so. Those not in need will have to make provision to buy their glasses. This is not an everyday outlay - perhaps only every two years. They can make prudent provision.

Q Will the full range of NHS frames and lenses still be available to those who will get their glasses free?

A This is our intention. Like now, those who want a frame other than the cheapest will have to pay the extra.

Q Will unqualified persons be allowed to dispense glasses to those on low incomes on behalf of the NHS?

A Current legislation does not allow this. We will be considering this point when we legislate.

Q Is advertising compatible with a health care profession?

A We draw a distinction between the thoroughly professional activity of testing sight and prescribing glasses and the commercial function of selling glasses. Our proposals will enable the rules on advertising to observe this distinction.

Q If opticians can advertise why not other health care professions?

A Each profession has its unique characteristics. This solution is best for opticians, because of the way in which informative advertising will help bring down prices of the goods they sell.

#### MONOPOLY

Q Is it really safe for unqualified people to meddle with the public's sight.

A The really important aspect of optics is the sight test and prescription for glasses. This will remain entirely in the hands of doctors or ophthalmic opticians. What we are intending is that unqualified persons will be able to sell glasses to adults which meet the need of that prescription.

Q Is it safe to let unqualified people dispense glasses. Only qualified people can dispense drugs.

A There is no harm to the eyes of adults from wearing the wrong glasses. The wrong drugs might kill.

Q What about contact lenses?

A These can damage eyes if wrongly fitted. We will continue to limit contact lens fitting to qualified staff.

Q Why will unqualified people be cheaper?

A a because they will have to be if they are to attract customers from qualified opticians

b they will employ less well trained staff eg more akin in cost to retailing in general

c we expect a lot of the selling to take place in big stores where overheads can be spread across a wide span of activities.

Q Will these changes drive the small optician out of business especially in rural areas?

A Not necessarily. Many people will still want to use the services of qualified people. The need for optical services is not an everyday one. There really is not the need for an optician on every street corner. Patients visit opticians for the most part every 2 years or so and a longer trip will not be that onerous.

Q Will the loss of small opticians not hit the elderly hardest?

A Even the elderly have an infrequent need for optical services. Perhaps competition will be an incentive to some to offer a special service to such customers.

Q Will unqualified staff be able to call themselves opticians?

A No. The title will remain protected so that the public will have a clear choice between the qualified and unqualified person.

Q Is this not the first step towards dismantling the NHS?

A No. Firstly we are not withdrawing from the important health function of testing sight. This will still be provided free. As far as supply of glasses is concerned most people are already paying nearly all the cost. Providing we can be sure that there will be a supply of reasonably priced glasses available to the public there is no need for the Government to actually provide them. We can use the money saved much more productively elsewhere in the NHS.

Q Are you intending similar action on dentists or drugs?

A No. This change has come from our regular review of services in a constant search for better ways of delivering health care. This solution is tailored to the special nature of optical services.

#### ADVERTISING

Q How will advertising lower prices, the customer has to pay for adverts in the end?

A Advertising will help in 3 main ways:

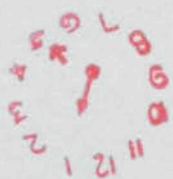
- a the consumer will be able to choose the optician giving best value for money. At present consumers can pay as much as £50 more for the same prescription at different opticians
- b advertising will help the optician seeking to expand through offering a cheaper or quicker service. At present it is hard for the optician offering better value to let people know
- c Advertising will help new keener opticians who want to start up on their own. It is at present hard for them to tell the public what they offer that existing opticians don't.

The costs incurred in advertising will be spread over the larger turnover that the value for money practices will attract.

Q Will not the wrong glasses cause accidents?

A It is wrong to assume that unqualified people will make mistakes. They will be anxious to have repeat business. There is no evidence to suggest that wrong glasses - not detectable by the wearer - would cause accidents. If they are that bad the user will know.

58 HCA 152



28 NOV 1983

SECRET



3

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

David Barclay Esq  
Private Secretary  
10 Downing Street

22 November 1983

Note: Discussed with Steve Godber.

They will include a specific  
reference to the age limit  
of 16. Since this was the  
only point raised by the PM,  
I said there would be no objection  
from here to their going ahead with  
the statement.  
DWB  
22/11

Dear David

As you know, my Secretary to State decided to postpone the statement on optical services which I circulated under cover of my letter of 18 November to Andrew Turnbull. He would now like to make the statement on 28 November and I trust that you and copy addressees are content.

You told me that the Prime Minister had asked why the statement suggested that the restrictions to be imposed on dispensing to children would only apply to those under the age of ten. The reason for this is that the almost universal medical opinion is that no lasting damage can be done to anybody's sight by wearing defective glasses over the age of eight. The figure of ten was chosen to allow a reasonable margin. Any higher age would, therefore, unnecessarily restrict the advantages open to children to benefit from lower prices of private spectacles if they wished to buy them rather than use their entitlement to NHS provision.

My Secretary of State recognises, however, that the different age limits could be open to misinterpretation and could cause confusion. He has therefore decided to adopt an age limit of sixteen below which only registered opticians would be able to dispense.

I attach a further draft of the proposed statement for any further comments.

I am copying this letter and enclosure to John Gieve, John Graham, Colin Jones, John Lyon, Murdo MacLean, Charles Marshall, Janet Lewis-Jones, Ron Thompson and Richard Hatfield.

Yours  
Steve

S A Godber  
Private Secretary

SECRET



## DRAFT STATEMENT ON OPTICAL SERVICES

With permission, I will make a statement on the optical services.

2. Last December the Office of Fair Trading made a report on the effects of the 1958 Opticians Act upon competition in the supply of opticians services. They found that the restrictions imposed under that Act led to unduly limited competition and resulted in unnecessarily high prices. In particular the Office of Fair Trading criticised the rules limiting opticians' advertising and the monopoly on the supply of glasses granted to opticians and doctors. The Government accepts these conclusions, and believes that the interests of consumers would be better served by acting upon the OFT report. Accordingly the Government intends to bring forward legislation to deal with two main areas.

3. Firstly, we propose to take action on advertising. At present, the rules made by the General Optical Council allow no general advertising of the price of glasses or advertising on such matters as the speed of service. This handicaps the consumer who wishes to get the best value for money and also holds back the optician who can provide a better deal or wider choice. The General Optical Council did review their rules in the light of the report by the Office of Fair Trading, but the changes they proposed came nowhere near to those needed. Legislation will therefore be introduced to enable the rules operated by the General Optical Council to be amended to allow freer advertising. These powers will be used carefully. In particular we will draw a distinction between the professional function of sight-testing and the commercial activity of selling glasses.

4. Secondly, we propose to take action on the monopoly to dispense glasses. There is still a need for public protection in certain areas such as dispensing to children or fitting of contact lenses. However, all laws which create a monopoly have to be examined to see whether, under the cloak of public protection, there is not simply too much protection for the seller. We have concluded that this is the case with opticians. The legislation which I will be introducing will therefore allow non-opticians to sell glasses under carefully prescribed conditions. The conditions laid down will ensure that no risks are taken with people's sight. All sales will have to be made against a recent prescription, following a sight test by an appropriately qualified optician or doctor, and no-one other than a qualified optician or doctor will be able to sell glasses for children or to fit contact lenses. It is our intention to maintain the present arrangement for the registration of qualified opticians and the public will therefore be able to make a choice between the services of a registered optician and those of other competitors.

5. As to the General Ophthalmic Service, this has two functions. First, it provides free sight-tests by either an ophthalmic optician or a specially qualified doctor. We intend to continue this arrangement. Second, it provides a range of frames and lenses free to children and families on low incomes. This free provision will also continue. Other people who buy NHS glasses pay the full cost of these frames and a substantial proportion of the cost of their lenses and the dispensing of them. Most people, however, no longer use NHS frames [but buy private frames and lenses or have NHS lenses fitted to private frames].

6. The action I have announced on advertising and the end of the dispensing monopoly will, I believe, bring down the price of glasses. The NHS will continue to make arrangements to supply glasses to the exempt groups who now receive them free or at reduced cost. However, in the new situation, there will no longer be any need for the general supply of NHS glasses. The legislation I will shortly be introducing will give effect to this.

Mr Speaker, my rt hon Friends, the Secretaries of State for Scotland and Northern Ireland, will also be bringing forward proposals to give effect to these changes.

We believe that the changes I have announced will enable greater competition to take place and will have the effect of bringing down the price of glasses for the public.

Root Health,  
Nov 83)  
Optical Services

22 NOV 1983



SECRET



10 DOWNING STREET

(DASS) WPS  
 Hui CW  
 SO DTI  
 WOO CO  
 WID

Sub  
 2

*From the Private Secretary*

21 November 1983

FUTURE OF OPTICAL SERVICES

Thank you for your letter of 18 November to Andrew Turnbull, with which you enclosed a draft statement on the future of optical services. I understand that your Secretary of State has now decided to postpone this statement.

The Prime Minister has one reservation about the draft. She feels that the age limit of ten which your Secretary of State propose§ in paragraph 4 may be too low. In the Prime Minister's view, the Government would be justified in making the dividing line sixteen.

I should be grateful for your Secretary of State's views on this suggestion by the time the Prime Minister returns from the Commonwealth Heads of Government Meeting on 30 November.

I am sending copies of this letter to the recipients of yours.

MR. D. BARCLAY

S.A. Godber, Esq.,  
 Department of Health and Social Security.

LT.

SECRET



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Andrew Turnbull Esq  
Private Secretary  
10 Downing Street

18 November 1983

Should it be  
of higher?  
not

don't have the  
under

Am unhappy  
wrt children

Prime Minister

Dear Andrew

Agree statement?

DWS  
18/11

FUTURE OF OPTICAL SERVICES

I attach a copy of the latest draft of the statement my Secretary of State will be making on Monday afternoon.

I am sending copies to John Kerr (Chancellor's office), John Graham (Mr Younger's office), Colin Jones (Mr Edwards' office), John Lyon (Mr Prior's office), Charles Marshall (Mr Biffen's office), Murdo MacLean (Chief Whip's office), Ron Thompson (Mr Fletcher's office) and Richard Hatfield (Sir Robert Armstrong's office).

Jones  
Steve

advised that SPS has now  
decided to propose  
The PM has an opinion.

S A Godber  
Private Secretary

She feels that the  
proposed age of 10.

SECRET

## DRAFT STATEMENT ON OPTICAL SERVICES

Children under lens?  
 surely we should be involved  
 in going up to 16.  
 See summary

With permission, I will make a statement on the optical services.

2. Last December the Office of Fair Trading made a report on the effects of the prices of glasses of the powers granted to the General Optical Council to regulate advertising by opticians and of the monopoly granted to opticians (and doctors) to sell glasses. The report concluded that these arrangements restricted competition and resulted in prices being unduly high. The Government accepts these conclusions, and I will shortly be bringing forward appropriate legislation.

3. Firstly, we propose to take action on advertising. At present, the rules made by the General Optical Council allow no general advertising of the price of glasses or advertising on such matters as the speed of service. This handicaps the consumer who wishes to get the best value for money and the optician who can provide a better deal or wider choice. The General Optical Council did review their rules in the light of the report by the Office of Fair Trading, but the changes they proposed came nowhere near to those needed. Legislation will therefore be introduced to enable the Privy Council to amend the rules made by the Council. These powers, which will be used carefully, and in particular to draw a distinction between the professional function of sight-testing and the commercial activity of selling glasses.

4. Secondly, we propose to take action on the monopoly to dispense glasses. There is still a need for public protection in certain areas such as dispensing to children or fitting of contact lenses. However, all laws which create a monopoly have to be examined to see whether, under the cloak of public protection, there is not simply too much protection for the seller. We have concluded that this is the case with opticians. The legislation which I will be introducing will therefore enable the Privy Council, by Order, to make exceptions to the present monopoly, that is to allow non-opticians to sell glasses under carefully prescribed conditions. The conditions laid down will ensure that no risks are taken with people's sight. All sales will have to be made against a recent prescription, following a sight test by an appropriately qualified optician or doctor, and no-one other than a qualified optician or doctor will be able to sell

glasses for children under ten years of age or to fit contact lenses. It is our intention to maintain the present arrangement for the registration of qualified opticians and the public will therefore be able to make a choice between the services of a registered optician and those of other sellers who may offer price advantages.

5. I turn now to the public sector provision of glasses. The General Ophthalmic Service has two functions. First it provides free access to a sight test by either an ophthalmic optician or a specially qualified doctor. We intend to continue this arrangement. Second, it provides a range of frames and lenses free to certain exempt groups. Other people pay the full cost of these frames and a substantial proportion of the cost of their lenses and the dispensing of them although there is some subsidy involved - about £5. Most people however buy private frames and lenses or have NHS lenses fitted to private frames.

6. The action I have announced on advertising and the end of the dispensing monopoly, will I believe bring the price of private glasses within the reach of most people. It will therefore no longer be necessary for the NHS to make arrangements to supply glasses except to the exempt groups. These will comprise those who are entitled to free or reduced cost glasses under the present arrangements, namely children and adults on low incomes. The legislation I will shortly be introducing will give effect to this.

My Rt Hon Friend the Secretaries of State for Scotland, and Northern Ireland will be bringing forward proposals to give effect to the changes in the General Ophthalmic Service operating separately.



116 NOV 1953

116 NOV 1953

CONFIDENTIAL

(1)

1) JIF: to see  
2) p.a.

PRIME MINISTER

FUTURE OF OPTICAL SERVICES

DMS  
17/11

H Committee considered yesterday proposals by Mr. Fowler on the future of optical services. His paper is at Flag A, and the H Committee minutes are at Flag B.

The Committee supported Mr. Fowler's package, the main ingredients of which are as follows:-

- (i) allow the Government to override professional rules on advertising, if they restrict commercial competition;
- (ii) allow non-opticians to sell glasses (but not to test sight or sell contact lenses);
- (iii) to remove the NHS duty to supply spectacles to the general public. (The duty to make provision for children and low income groups would remain).

The Secretary of State is seeking legislation in the current Session, and will be consulting the Lord Privy Seal about this.

Mr. Fowler expects his proposals to produce lower prices and significantly wider choice. Opticians' organisations are bound to take strong exception to (ii), and (iii) may well attract wider criticism. But there will undoubtedly be many people who would be quite happy to lose their "right" to cheap but unattractive NHS spectacles, if instead they could have private ones for less than they pay now.

Mr. Fowler proposes to make a statement on Monday. Agree, subject to a sight of the draft?

DMS

Yes not

CONFIDENTIAL

16 November 1983

Agreed n bpm  
with Ferdie.

DMS  
16/11

PRIME MINISTER

FUTURE OF OPTICAL SERVICES

We warmly welcome Norman Fowler's proposal to end the opticians' monopoly as agreed at the DHSS seminar of 16 September. Two minor points:

- (i) Advertising would be better settled by a code of practice drawn up jointly by the Government and the profession, with the Government retaining a reserve power to override or amend.
- (ii) The NHS duty to supply spectacles to the public ought not to be removed or limited until after the public has seen prices come down upon the ending of the monopoly. Otherwise, the opticians' lobby might be able to stir up public disquiet about yet another "health cut". At the cost of keeping the subsidy of £17 million for, say, one more year, we could make sure that this was a thoroughly popular reform.

*fm*

FERDINAND MOUNT  
14 November 1983

FUTURE OF OPTICAL SERVICES

H Committee will consider this paper by Mr. Fowler on the Future of Optical Services tomorrow.

The Secretary of State seeks approval to legislation in this session's Social Security (Miscellaneous Provisions) Bill to:-

- (i) allow the Government to override professional rules on advertising, if they restrict commercial competition.
- (ii) allow non-opticians to sell glasses (but not to test sight or sell contact lenses),
- (iii) to remove the NHS duty to supply spectacles to the general public. (The duty to make provision for children and low income groups would remain).

Mr. Fowler expects his proposals to produce lower prices and significantly wider choice. Opticians' organisations are bound to take strong exception to (ii), and (iii) may well attract wider criticism. But there will undoubtedly be many people who would be quite happy to lose their "right" to cheap but unattractive NHS spectacles, if instead they could have private ones for less than they pay now.

MR. D. BARCLAY

14 November, 1983

CONFIDENTIAL

Prime Minister

PRIME MINISTER

Agree to X?

MCS 15/4

SPECTACLES

In the United States I saw spectacles in a drug store which cost \$12, identical to those which I bought in the United Kingdom at a cost of £55 some years ago, I am quite convinced that the consumer needs competition. Even advertising of cut price spectacle frames is not allowed in Britain because "it might be misleading".

The objection to freeing the market for spectacles was that the eye examination would reveal whether there was an eye disease such as glaucoma. I cannot accept this argument. There is no evidence that glaucoma goes less detected in the United States where no such eye examination is mandatory in the purchase of spectacles.

But suppose we did accept that argument. Then all we need to do is to divorce the examination from the acquisition of spectacles. Anyone who wished to buy spectacles would simply be required to present a certificate that he had been examined by a qualified person. Then he could buy the spectacles from the supermarket, Woolworths or high-priced opticians - according to his choice.

This simple arrangement would certainly bring the price of spectacles down very rapidly. And I suspect this would be politically very attractive. Increasingly people are travelling abroad and examining in the shops the low price of spectacles and comparing it unfavourably with their experience in Britain. Secondly, the beneficiaries of such a move would be very large indeed, including many of our supporters. Thirdly it would be a dramatic example of the efficacy of free market efficiency.

I must confess that I suspect if we did pursue this policy the certificate would become a dead letter after a while. It would be impossible to enforce - and a good thing too. But the formality of it would be useful in scotching the false, but heavily pressed argument of the present cartel of opticians.

May I have your permission to explore this with Kenneth Clark? | X

AW

Yes  
not

I very much agree

fm

ALAN WALTERS  
15 April 1983

CONFIDENTIAL

