



Europe Economics



Mapping of Optical Businesses

Report for the GOC

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1 Introduction

Europe Economics has been commissioned by the General Optical Council (GOC) to conduct analysis of optical businesses to inform the GOC's work on possible reforms to the Opticians Act 1989 ('the Act'). The aim is to build a comprehensive picture of the UK optical businesses market, assess the benefits and risks of UK optical businesses, and estimate costs for different regulatory options to extend business regulation. This is Europe Economics' report to the GOC.

1.1.1 Background to this study

At present, only a sub-set of optical businesses can be registered with the GOC. These are bodies corporate, defined as 'a limited liability partnership, and, in Scotland, a partnership'. Bodies corporate are required to be registered if:

- They use a protected title, defined as (registered) optometrist, (registered) dispensing optician, (registered) ophthalmic optician and (registered) optician(s), in the Act, or
- The body corporate's name implies registration with the GOC.

Bodies corporate can also voluntarily register with the GOC, as long as they meet certain requirements set out in section 9 of the Act.¹

Under the current legislation, a potentially large range of organisations providing restricted functions² are not currently required to be registered with the GOC, such as sole practitioners and partnerships.³ Given a lack of data, the unregulated part of the market is harder to measure across the UK.

The GOC previously commissioned Europe Economics to review the model for optical business regulation in 2013.⁴ As part of the previous review, we conducted a mapping of optical businesses. Using analytical modelling exercises, the report provided an indication of the total number of optical businesses in the UK. However, the size and scope of the optical market has evolved since 2013, especially with the significant rise in online services.⁵ Along with updating the analysis of the unregulated part of the market, the presence of online services needs to be factored into the methodology design.

In 2013, the GOC confirmed in a statement that it plans to extend business regulation to all businesses providing restricted functions.⁶ As part of its 'Fit for the Future' strategic plan, the GOC launched a call for evidence in March 2022 to obtain stakeholder views on possible reforms to the Act, including options to extend business regulation to all businesses providing restricted functions.⁷ In conjunction with this, an up-to-date picture of optical businesses in the UK is required to help the GOC make informed proposals for legislative changes. The overarching objective of this assignment is to perform an analysis of optical businesses in the UK and provide estimates of the likely costs of different options for extending business regulation.

¹ Legislation.gov (2014) – "Opticians Act 1989: Section 9" [[online](#)]

² Restricted functions include testing sight, fitting contact lenses and dispensing optical appliances to children under 16 or to the visually impaired.

³ Individual registrants at unregistered businesses are still bound by the GOC's Standards of Practice for Optometrists and Dispensing Opticians or Standards for Optical Students [see [website](#)]

⁴ Europe Economics(2013) – "Optical Business Regulation" [[online](#)]

⁵ Ocuco (2020) – "Ecommerce in the Optical industry" [[online](#)]

⁶ General Optical Council (2013) – "Review of business regulation: consultation" [[online](#)]

⁷ General Optical Council (2022) – "Call for evidence on the Opticians Act and consultation on associated GOC policies" [[online](#)]

1.1.2 Methodology

We gathered information to inform our analysis from the following sources:

- Literature and evidence review, including summaries of responses to the GOC’s call for evidence on the Act, and the latest GOC commissioned report into risks in the optical profession.⁸
- Interviews with various professional bodies and contracting organisations, namely The College of Optometrists, FODO: The Association for Eye Care Providers, the British Contact Lens Association (BCLA), the Association of Contact Lens Manufacturers (ALCM), the Optical Consumer Complaints Service (OCCS) and NHS Scotland.
- Two focus groups with optical businesses - one with three independent businesses and one with four corporate businesses.
- Data from the GOC on complaints and Fitness to Practise (FtP) hearings, data from the OCCS, and data from NHS commissioning services.

1.1.3 Structure of the report

The report is structured as follows:

- Chapter 2 sets out the size and characteristics of UK optical businesses.
- Chapter 3 presents the evidence we have gathered on business-related risks and benefits of optical businesses.
- Chapter 4 sets out the different regulatory policy options to extend business regulation and the estimated costs for each policy.
- Chapter 5 concludes.

⁸ Enventure (2019), “Risks in the optical professions” [[online](#)]

2 Size and Characteristics of UK Optical Businesses

2.1 Introduction to the optical market

The optical market in the United Kingdom is a diverse industry, comprising businesses that offer a wide range of products and services, including the supply of spectacles and contact lenses, sight tests (typically referred to as eye examinations in Scotland), and corrective eye surgery.

As of November 2022, there were 17,134 optometrists and 6,586 dispensing opticians registered with the GOC in the UK. Compared to March 2021, the number of optometrists registered with the GOC increased by five per cent, with the number of dispensing opticians decreasing by approximately nine per cent. There were 2,878 bodies corporate registered with the GOC, representing a three per cent increase since March 2021.

The distribution of GOC registrants is concentrated in England, with just over 80 per cent of optometrists and dispensing opticians registered as at January 2023. Scotland has around nine per cent of registrants, followed by Wales and Northern Ireland with approximately five and three per cent respectively.⁹

In 2019/20 there were approximately 13.4 million sight tests conducted in England through the NHS. The number of sight tests carried out under the NHS has increased annually since 2000, when around 9.6 million tests were conducted. Scotland had around 2.2 million NHS eye examinations, followed by Wales and Northern Ireland with around 800,000 and 500,000 respectively.¹⁰ Definitive data on the number of private sight tests is not known, but assuming that 30 per cent of all eye examinations are for private patients,¹¹ we estimate that in total there were approximately 21 million eye examinations across the UK in 2019/20.

Patients eligible for NHS eye care are entitled to free sight tests.¹² For such tests, the NHS reimburses the optical contractor a fee of £22.14 in England and Northern Ireland,¹³ with a new fee of £43 recently agreed for Wales.¹⁴ Scotland has a different approach. Everyone is eligible for a free NHS eye examination in Scotland, with the fee paid to contractors ranging from £38 to £47, depending on the patient and the nature of the examination.

During 2019/20, England carried out 23,600 health service sight tests per 100,000 population, which was the lowest among the four nations.¹⁵ Northern Ireland and Wales had approximately 24,700 and 25,700 sight tests respectively. Scotland were the highest performing nation with approximately 40,000 eye examinations per 100,000 population – not surprising as everyone is eligible for free eye examinations in Scotland.

⁹ These are approximate percentages given that data on geographic location has not been provided by around 20 per cent of registrants.

¹⁰ Assuming that there are negligible private eye examinations in Scotland.

¹¹ NHS Wales (2021) “NHS Wales Eye Health Care” [\[online\]](#)

¹² These include patients under 16 and over 60 years of age, those registered blind or partially blind, and those with diabetes.

¹³ DHSC (2022) - Letter setting out general ophthalmic services fees from April 2022 [\[online\]](#)

¹⁴ The increased fees for clinical work are part of contract reforms for practitioners in Wales.

¹⁵ HSC Business Services Organisation – “General Ophthalmic Services Statistics” [\[online\]](#)

2.2 Business models and characteristics

There are a range of optical business types. Updating and confirming the findings from our 2013 report,¹⁶ we discuss the most important models below, including observed trends.

2.2.1 Business structures

- *Sole practitioner* – These types of businesses are owned and operated by a single registered optometrist, providing services under an NHS contract and/or private services. These businesses are not part of a multiple or franchise. Private-only sole practitioners are generally high-end and offer premium services and products.
- *Partnership/small practice* – These are usually owned and run by optometrists or dispensing opticians providing services under an NHS contract and/or private services. These could consist of a single practice, or a small number of practices (e.g. 2-10).
- *Large independent* – A single business owner not part of a corporate franchise or multiple, but with a large number of practices (e.g. in the tens or low hundreds). An example here is the Hakim Group which consists of multiple practices (in addition to its joint venture model which we discuss further down). Another example is the Black and Lizars group which operates around 11 optical practices in Scotland.
- *Franchise* – Privately-owned optical businesses within a wider brand (e.g. Boots' franchise). The business is generally 100 per cent owned by the individual (usually the practice manager) with all profits and equity retained by them. The business will pay a franchising fee to the host brand as part of a franchising agreement. The business receives support from the host brand (systems and processes such as human resources, practice management and record keeping; insurance; IT; infrastructure/investment; purchasing/cost-price stock). One attraction of a franchise is that the owners can focus on frontline innovation rather than on the administration of running a business, and can innovate within the security of the franchise, i.e. benefitting from the scale of large business without losing the motivation of the owners. Franchise practices can offer NHS and/or private services.
- *Joint venture* – Similar to a franchise in that the businesses are individually owned whilst receiving support from the wider brand; the main difference is that ownership is held partly by the individual (director) and partly by the parent group.¹⁷ The main example is the Specsavers' Joint Venture Partnership (JVP). Under the JVP model the parent group has greater oversight of individual practices than a pure franchise model, and individuals take on less risk than a franchise. Since our previous report, the Hakim Group has also become prominent in this sector. The Hakim Group operates a distinct JV model where the group gains a 50 per cent plus controlling stake in partner practices alongside the owner optometrist or dispensing optician, who runs and operates the practice. The practices are able to retain their brand identity, and take advantage of a dedicated back-office support team and infrastructure. Joint ventures can offer NHS and/or private services.
- *Multiple* – A single corporation with multiple branches. The main examples of multiples are Boots (which has branches as well as franchises) and Vision Express (which also has joint venture partnerships), and superstores (e.g. Asda).

¹⁶ Information for these business models was gathered from our previous report, interviews and general research.

¹⁷ In the Specsavers' model, joining a partnership means making a financial contribution rather than buying the practice outright. Shareholdings in the practices are allocated to the parent group and also to the Joint Venture Partners who run the practice day by day.

- **Online-only** – Businesses that do not have a physical high street presence. This category is distinct from businesses that have a physical high street presence, but may also have an online presence. Currently these businesses only supply optical products (e.g. spectacles, sunglasses and contact lenses), and do not conduct sight tests or aftercare. However, with the advent of remote technology it is highly possible that portions of the eye examination might be able to be provided by online only businesses in the future, or that DIY refraction tests could be facilitated by equipment provided by online providers.¹⁸

Those contributing to our fieldwork suggested that the optical market has continued to move away from small, individual-owned practices, with large multiples and corporates accounting for an increasing share of services provided (one estimate from our fieldwork – based on a 2016 Mintel report – was that around 75-80 per cent of services are delivered by large corporates, with a very long ‘tail’ of smaller independent providers).

Among the independent sector, there has also been a move away from sole-practitioner practices toward larger practices with more than one optometrist, most likely to better take advantage of economies of scale (costs of premises and new technology) or to fit in with evolving ways of working (such as more flexible or part-time work). Respondents thought that whilst there are still some small optometrist-run practices with one or two employees, this model is rare. It was felt that optometrists that had a real desire to practice alone would more typically become locums than open a sole practice. An exception here remains Scotland – our fieldwork suggests that sole practitioners are still a notable feature of the Scottish market given the many rural areas.

Another trend in the independent sector is the growth of large multi-practice groups that have the ability to buy out smaller practices, a key example being the Hakim group which has grown to include around 170 practices.¹⁹ Focus group respondents suggested this business model is attractive for many independent owners as they can sell their business but retain a role in it if they wish, benefitting from the shared resources and purchasing power of the group whilst their business continues to appeal to patients and customers in its independent form. Independent businesses can also join the Hakim Group as a joint venture partner, as described above.

Stakeholders also point to the growth in online sales of spectacles and contact lenses, although this remains small. A market report by Mintel found through a survey that one in five consumers said they shopped online through a specialist seller with seven per cent buying direct online from a manufacturer or a general online retailer.²⁰

2.2.2 Ownership/management models

Another type of business model relates to how businesses are owned and managed and the extent to which registered practitioners (optometrists and dispensing opticians) are involved. The typology below presents our analysis on the various ownership and management structures among optical businesses. We refer to unregistered practitioners or employer/ees as ‘lay practitioners’ and ‘lay employer/ees’.

- Owned and managed by registered practitioner(s)
- Owned by registered practitioner but managed by “lay”- employee
- Owned by lay individual(s) but managed by registered practitioner
- Owned and managed by “lay”-individual(s)

¹⁸ For example, DIY refraction kits are available by suppliers like EyeQue in the USA [\[online\]](#)

¹⁹ Figure taken from All Seas Capital [\[online\]](#)

²⁰ Summary of Mintel’s “Optical Goods Retailing” report for 2019 by The Optician [\[online\]](#)

Throughout this report, we make reference to these businesses categories where relevant, e.g. when analysing risk profiles or considering costs.

2.2.3 NHS provision

General Ophthalmic Services (GOS) are provided by optical practitioners on behalf of the NHS. In order to be reimbursed the NHS sight test fee under GOS, optical businesses must hold a contract with the NHS (in England) or service level agreements with Health Boards to be on the Boards' Ophthalmic lists (in Wales, Scotland and Northern Ireland). It is thought that almost all businesses hold such contracts/agreements, given the large proportion of patients that are covered by GOS.²¹ In Scotland it is estimated that all practices provide GOS services given the universal NHS funding of sight tests.

The view from our fieldwork is that the NHS health system is a fundamental driver of business models. It is a widely held view within the optical profession, in England in particular, that the reimbursed fees under the GOS contract do not cover the full costs of conducting a sight test. This issue is further exacerbated by the aging population, which means that an increasing number of patients will meet NHS eligibility. Businesses are therefore required to achieve profitability through conducting additional specialist tests for private patients (which can account for a small proportion of all tests done, depending on the demographics of the population which the business serves) and, in particular, through the sale of optical appliances such as spectacles and contact lenses. A market report by Mintel found that spectacles accounted for more than 60 per cent of consumer spend and an "eye exam" was found to be a gateway to a purchase, once a prescription had been provided. Contact lenses formed 20 per cent of consumer spend.²²

Large and small businesses alike have noted in our fieldwork the need for most businesses to rely on product sales to recover part of the cost of sight tests. There are many differences between practices, with some feeling more 'shop-like' (with clear displays of spectacles to purchase) than others that perhaps have a more overt focus on eye healthcare.

Whilst the majority of practices offer NHS sight tests, we are aware from our fieldwork of some that have stopped doing so and are entirely private. These are likely to be in more affluent areas with sufficient numbers of patients able to afford the full sight test fee, as well as additional tests using specialist equipment. A number of stakeholders we spoke to thought that this was rare, but potentially increasing as some businesses feel they can no longer afford to provide NHS services.

2.2.4 Characteristics of businesses

We conducted a website search to review a range of businesses (around 35) to obtain a broad picture of the services offered by optical businesses in the UK (across all four nations) and their business structures. We regionally located businesses using the Google Maps search function and reviewed those that had a website. We also conducted a search for online-only businesses that are based in the UK and abroad.

We collated the following information from each website. Together, these points all help build a picture of the characteristics of businesses, and highlight any potential areas of concern.

- **Type of business:** Does the business only have an online presence or do they also have physical presence? Are there multiple branches?
- **Type of services:** What products and services do they offer – sale of spectacles, sale of contact lenses, sight testing or any other services (e.g. advanced eye health services)?

²¹ LOCSU – "General Ophthalmic Services" [[online](#)]

²² Summary of Mintel's "Optical Goods Retailing" report for 2019 by Association of Optometrists [[online](#)]

- **Restricted functions** – Does the business offer any restricted functions? These include testing sight, fitting contact lenses, dispensing optical appliances to children under 16 or the visually impaired, and selling prescription and zero powered contact lenses.
- **Price:** Does the website show prices for products (e.g. spectacles and contact lenses) and services (e.g. sight tests)? Are prices clear and simple to understand?
- **Presence of opticians:** Does the business advertise the presence of optometrists or dispensing opticians (DO) at their business site?
- **Registration or affiliation:** Does the website advertise an affiliation with any industry or professional body, or that it is registered with the GOC? Some may use this as a “kite mark” to enhance their reputation (although we expect that many businesses will not be eligible to be registered with the GOC and numbers reporting registration to be low).
- **UK presence (online-only):** Does the business have any presence in the UK – registered addresses, location of stores or headquarters location? Is there anything to suggest the business may be based in another country?

2.2.4.1 Summary of review findings

The tables below summarise the results of our search. We covered 17 businesses that had a physical presence, and 18 that were online only. The results refer to whether the website clearly had the information sought (“Yes”); did not have the information sought (“No”); or whether it was not clear (“Unclear”).

Table 2.1: Summary of businesses with physical presence

	Yes	No	Unclear
Online product purchase and price visibility*	35%	65%	0%
Price visibility of services	29%	59%	12%
Restricted functions	100%	0%	0%
Presence of opticians or dispensing opticians	100%	0%	0%
Presence in the UK	100%	0%	0%

*Note that of those businesses offering online product purchases, price transparency was high.

	Sale of spectacles	Sale of contact lenses	Sight tests
Type of services provided	100%	88%	82%

Table 2.2: Summary of online-only businesses

	Yes	No	Unclear
Online product purchase and price visibility	100%	0%	0%
Restricted functions	39%	0%	61%
Presence of opticians or dispensing opticians	28%	44%	28%
Presence in the UK	67%	33%	0%

	Sale of spectacles	Sale of contact lenses	Sight tests
Type of services provided	83%	39%	0%

2.2.4.2 Businesses with physical stores

For the first phase of the research we reviewed bricks and mortar businesses in the four countries that have an online presence. Most businesses with a physical presence provide a wide range of products and services including spectacles, contact lenses, sight tests, and advanced eye examinations. Additionally, all bricks and mortar businesses in our search provide restricted functions as they conduct sight tests and fit contact lenses. These businesses also list the presence of optical professionals at their practice site. The websites in general do not state whether the business is registered with the GOC (as expected) or affiliated with a professional body.

We found two main types of businesses in our search – independent businesses with an online presence (e.g. website) and large multiples/franchises that have an online product offering (e.g. ability to purchase). We observed that most independent businesses do not enable consumers to purchase optical products on their website. The website merely shows general information about the business (e.g. location, optometrists, owners) and the range of offerings the business. On the other hand, larger multiples and franchises (e.g. Specsavers and Vision Express) allow consumers to buy optical products online and have the products delivered to the consumer's house. The prices of products are easily accessible and simple to understand.

We also investigated price transparency relating to services offered by physical businesses (e.g. sight tests or contact lens fittings). Price transparency was much lower here. Five of the 17 businesses had comprehensive prices of their services displayed on their websites, two provided less clear information (e.g. prices in the form of ranges) and the rest displayed no information about service prices.

2.2.4.3 Online-only businesses

In the second phase of our website search, we reviewed online-only businesses for both UK and non-UK based firms. Compared to bricks and mortar business, online businesses offer a smaller range of products and services, such as contact lenses (including “next-day” delivery), spectacles and sunglasses. It was not clear how many provided restricted functions – around 40 per cent would have done by virtue of selling contact lenses, but it was not clear from the websites whether the remainder provided restricted spectacle sales. Some online-only businesses provide sight testing services through partnerships with bricks and mortar business. For instance, Vision Express provides sight testing services for “lenstore” customers. Similar to the bricks and mortar sample, online businesses did not advertise GOC registration (again, not surprising given the current limited scope for business registration) nor affiliations with industry or professional bodies. Although the majority of businesses did not mention the presence of optical professionals at their business site, some businesses mentioned the presence of optical practitioners reviewing each order to ensure quality and safety of the products.

In relation to product sales, we found that price transparency among online businesses was generally high, with consumers having access to prices for all products in most cases. For spectacles, consumers are sometimes only shown the price of the frame, not for lenses, with the prices for the prescription lenses shown at a later stage of the checkout process. Some UK-based online businesses mentioned the presence of a physical practice where all orders are placed and reviewed. Given that none of the online-only businesses in our sample directly provided services such as sight tests or contact lens fittings, price transparency of services was not relevant.

Our website search also captured businesses that are based outside the UK, but ship in to UK customers (six in our sample of 18). A large share of these companies are based in the USA, and most of them do not have any UK presence. These non-UK based firms do not advertise affiliations with any industry or professional body, or mention whether they are being regulated by a local body.

2.3 Number of optical businesses

Estimating the number of optical businesses is challenging. There are different data sources which may capture different elements of the market. For example, respondents to our fieldwork suggested that the many branches of large multiples would not be identified individually in industry statistics, and it is unclear whether individual practices within a joint venture / franchise model (such as Specsavers) would be too.

The large corporates account for a significant number of outlets (branches or practices) as shown in the table below:

Table 2.3: Outlets and practices of large businesses

Large corporates	Multiples' branches	Franchises/JVPs	Total
Boots Opticians	383	160	543
Costco	29		29
Duncan and Todd	21		21
Leightons	36		36
Specsavers		892	892
David Clulow	21		21
Asda Opticians	130		130
Vision Express	500	76	576
Hakim Group		170	170
Optical Express	127		127
Scrivens Opticians	170		170
Black and Lizards	11		11
Total	1,428	1,298	2,726

Note: The split between branches and JVP for Vision Express is an estimate as we could not find data on this. We know that the majority are branches.
Source: Various websites

We have undertaken a number of approaches to arrive at a reasonable range.

ONS data

The Office for National Statistics (ONS) has data on the number of businesses that are covered by the standard industrial classification (SIC) code for “retail sale by opticians”. In 2022, there were **5,080 optical businesses** operating in the UK, with approximately 4,400 operating in England. Scotland had around 350 businesses, followed by Wales and Northern Ireland with around 170 optical businesses each.²³ This figure grew steadily from 2013 to 2019 (from 4,680 – 5,190) and has declined since then, most likely in part due to COVID. It is not clear from the ONS records whether this number includes separately franchise or joint venture practices – given comments from stakeholders it is likely that it does not. The figure also only captures businesses with a retail element, although we assume this would be true of all businesses.

Market reports

In addition to ONS, there are some (paid for) market reports that estimate the number of optical businesses in the UK. An IBIS report quotes around **7,000 'optical' businesses** in the UK, a figure that excludes online-only retailers and in-store opticians in supermarkets, and which may well account for branches of multiples

²³ The activities classified under the UK SIC Code 47782 “retail sale by opticians” are - contact lenses (retail); dispensing ophthalmic optician (retail); dispensing optician (retail); dispensing optometrist (retail); and spectacles (retail).

separately.²⁴ Furthermore, indicative figures from Braemer Finance suggest that there are 1.2 optical retail outlets per 10,000 population.²⁵ This implies that there are approximately **8,100 optical retail outlets** in the UK (as distinct from businesses, as a single business could have multiple outlets).

NHS contracts

A further method is to estimate the number of practices with NHS contracts. This would not cover private-only practices, but we assume that these as a proportion of all businesses are small (and would be negligible in Scotland). The number would not cover businesses that do not provide sight tests, such as physical and online-only businesses only supplying contact lenses or spectacles.

Data received from various sources suggest the number of practices (outlets) providing GOS services is as follows:

Table 2.4: Number of practices (outlets) providing GOS

Country		Source
England	5,800	<i>NHS England Primary Care Commissioning estimate. Largely on a practice basis, but still some legacy issues whereby a multi-practice business might be included only once (this is being phased out).</i>
Wales	350	<i>Optometry Wales.</i>
Scotland	800	<i>NHS Scotland estimate based on payment locations.</i>
Northern Ireland	271	<i>NISRA General Ophthalmic Services (2021/22) [online]</i>
United Kingdom	7,221	

This figure is likely to more closely represent the number of outlets (practices) rather than the number of businesses, and would include some double counting of businesses where they operate in multiple nations or where contracts / agreements are practice-based rather than business-based.

2.3.1 Conclusions on the number of businesses

Based on the range of estimates above, we suggest two possible ranges:

- The number of **businesses**, which covers individual businesses with separate owners. This figure would be relevant to policy options such as registering with the GOC.

²⁴ See IBIS World [[online](#)]. According to the report, operators in this industry sell and fit prescription lenses, frames, contact lenses and other eyewear accessories from specialised stores. Opticians are trained to fit frames for customers and some also provide eye examinations. The industry excludes online retailers and in-store opticians in supermarkets.

²⁵ Braemer Finance (2021): Optometry and optical industry facts & figures [[online](#)]

Table 2.5: Estimated number of optical businesses in the UK

Number of businesses	Estimate	Source
Estimated total number of businesses	5,500	Combination of ONS figure of 5,080 uplifted in light of IBIS figure of 7,000
Number of businesses currently registered with the GOC	2,878	GOC registrant data November 2022
Number of unregistered businesses	2,622 (48%)	

- The number of **outlets**, which includes single businesses and all the branches and practices of large businesses. This figure would be relevant for policy options such as practice inspections and a requirement to have a dedicated practice manager.

Table 2.6: Estimated number of optical outlets in the UK

Number of outlets	Estimate	Source
Estimated number of outlets	7,600	Combination of various estimates of outlets or practices
Number of outlets currently registered with the GOC	4,306	Number of businesses plus number of multiple outlets (franchise outlets already included as registered businesses)
Number of unregistered outlets	3,294	

2.4 Turnover and employees

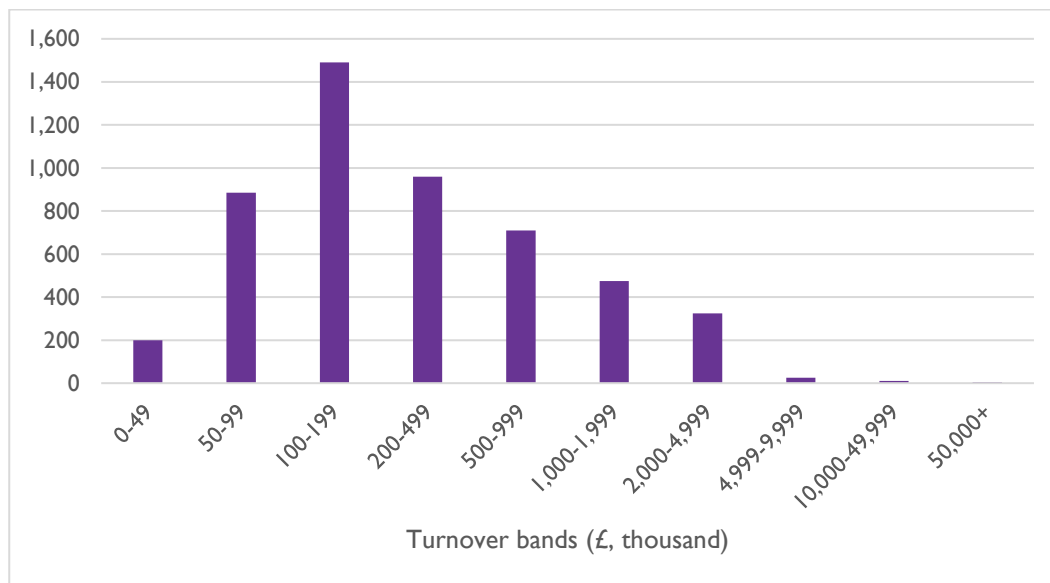
The Annual Business Survey (2016) has data on the annual turnover for businesses that are covered by the SIC code for “retail sale by opticians”.²⁶ In 2016, the industry had an annual turnover of £4 billion. This is broadly supported by Mintel’s optical goods retailing report which indicated consumer spend of more than £3.3 billion on optical products in 2019. The report predicted the consumer spend to rise to £3.94 billion by 2024.²⁷

ONS (2022) has provided a breakdown of the number of businesses by their turnover band (Figure 2.1). Of all optical businesses, the annual turnover band of £100,000-£199,999 has the highest number of optical businesses, approximately 1,500 businesses. There are approximately 850 businesses that have an annual turnover of more than £1 million.

²⁶ The Annual Business Survey, which provides data on the number of businesses, a range of turnover variables, and employment. However, the latest data for the 5-digit code is from 2016. More recent data are available for 4 digit codes. [\[online\]](#)

²⁷ Since this report was published before the COVID-19 pandemic, the impact of the pandemic on the industry’s turnover has not been accounted for.

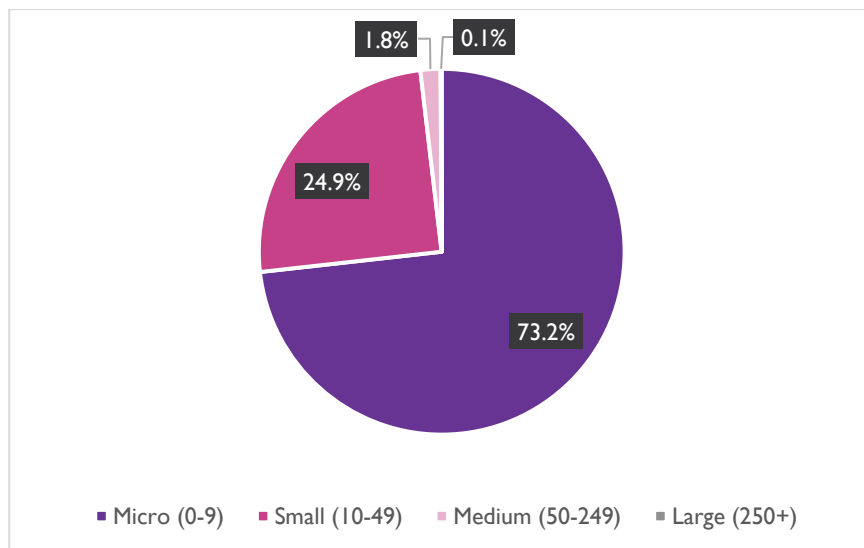
Figure 2.1: Number of business by turnover band in 2022 (£ thousand)



Source: ONS - Inter Departmental Business Register (2022)

In 2021, there were 66,000 people employed in the optical industry in Great Britain, with approximately 37,000 working full-time.²⁸ ONS (2022) has provided a breakdown of the number of businesses by employment size. Approximately 73 per cent of business are micro-sized i.e. they have 0-9 employees. 25 per cent of businesses are small sized firms, which have 10 to 49 employees. This is followed by medium and large firms that make up 2 per cent of the industry.

Figure 2.2: Share of businesses by employment size in 2022



Source: ONS - Inter Departmental Business Register (2022)

Our stakeholder feedback has indicated that sole practitioners and small practices are decreasing in numbers, with many businesses switching towards multi-disciplinary teams where different individuals are responsible for different aspects of the business, or joining multi-practice firms. Joint ventures, such as the Hakim Group, have also facilitated this market movement as independent businesses are receiving back-office and

²⁸ Business Register and Employment Survey (2022) - Industry (two, three and five-digit Standard Industrial Classification) – Business Register and Employment Survey (BRES): Table 2 [online]. Note: The register does not have Northern Ireland data on SIC 5 digit level.

infrastructure support from a wider group. In Scotland, a high proportion of rural communities means that sole practitioners are still a feature in rural areas.

2.4.1 Workforce trends

Our fieldwork indicates that resourcing is a challenge throughout the industry (mirrored by many other sectors too at this time). Respondents pointed to a growing trend in part-time and locum work, such that the high number of employees in the sector masks the availability of practitioners' working time.²⁹ Employing part-time employees means a business would need to have more staff on its books to cover the same number of working hours, which can increase resource management costs.

More flexible working patterns are likely driven by a range of factors, such as a desire of new graduates to remain in their hometown, or the need to take time out to look after children or other caring responsibilities. Around 75 per cent of the workforce is believed to be female,³⁰ and around 60 per cent of GOC registrants are female.³¹ The COVID pandemic has also had an impact by normalising more flexible working patterns, including reduced hours.

Respondents also reported a trend towards 'portfolio careers', whereby practitioners seek to change jobs frequently to obtain a broad exposure to different practices and training, and increase their chances of promotion. They also observe an increasing number of practitioners turning to locum work, most likely for the flexibility offered and the higher wages.

²⁹ For example, the GOC's registrant survey shows an increase in locum work from around 15 per cent of respondents in 2021 to 22 per cent in 2022. Similarly, in 2016 around 60 per cent of respondents were working full-time compared to 50 per cent in 2022. See Registrant Surveys [\[online\]](#)

³⁰ Based on feedback from our fieldwork. We have corroborated this with the Annual Survey of Hours and Earnings data, but these are not specific to the optical sector.

³¹ GOC "Equality and Diversity Data Monitoring Report 2021" [\[online\]](#)

3 Risks and Benefits of Optical Businesses

3.1 Risk framework

Optometrists and dispensing opticians are individually regulated by the GOC and subject to its standards of practice, continuing professional development (CPD) requirements, and disciplinary systems. Optical businesses registered with the GOC are also subject to the Standards for Optical Businesses. This current oversight, along with research into risks in the optical professions,³² suggest that the overall risks of direct harm to public health and safety posed by practitioners is low.

However, there may be features of businesses which impede practitioners' ability to carry out their tasks to the best of their professional ability, or which create risk in other ways. This section discusses the theory and evidence on these business risks.

We have developed a refined framework for categorising business risks, according to the mechanisms through which patient health and safety can be affected. These are:

- **Commercial considerations** – As private enterprises, optical businesses need to ensure that their revenues received from their business activities (sight tests, selling spectacles etc.) cover their costs of doing business and provide an appropriate return. Commercial considerations include decisions around how much to charge for services or products, how to achieve customer satisfaction and retention, and how to incur costs efficiently. These considerations can pose risks to patient health and safety if they prevent optical professionals from providing the best care or if they create incentives to prioritise revenue generation or cost-cutting over and above patient care, for example through product sales targets, unrealistic sight test times, or under-investment in equipment.
- **Policies and systems** – Business systems are documented procedures that outline how activities are undertaken in an organisation, and policies help establish the rules of conduct within a business, covering the responsibilities of both employees and employers. Policies and systems could entail record keeping, scheduling of optometrists, dispensing opticians or locums, data protection compliance, workforce policies and appointment booking systems. Policies can also include health-related clinical governance. Failures in policies and systems can compromise patient outcomes and can prevent practitioners performing their roles to the best of their ability.
- **Management and oversight** – This business feature refers to the coordination and organisation of activities at optical businesses, for example the supervision or training of new employees, locums and students, the planning of adequate staffing levels, the provision of continuity of care between practitioners and patients, and having appropriate chains of responsibility and accountability. Insufficient management and oversight protocols can pose risks to patients if sub-optimal care goes unnoticed or if practitioners are impeded by a lack of patient continuity or workforce problems.
- **Communication** – In addition to risks to patient health and safety, the GOC is also interested in how businesses communicate prices and services levels to patients and customers, for example through advertising and their websites.

³² See for example Europe Economics (2013) and Enventure (2019) Risks in the optical professions [[online](#)]

3.2 Evidence from the literature and stakeholders

The 2019 report for the GOC on risks in the optical professions provides a comprehensive summary of the risks to public health and safety posed by optometrists and dispensing opticians.³³ Although the context of this work was professional revalidation — so that the focus was on individual competence — the report nevertheless identifies where professional risks might be mitigated or exacerbated by wider contextual factors, including business structures and practices.

Evidence from this report has been complemented by additional desk-based research and then cross-checked through engagement with various stakeholders. We present here a summary of the possible risks to public health and safety that could be influenced by business factors. These cover:

- Online business models
- Time constraints
- Equipment
- Workforce
- Locum practitioners
- Management
- Remote care
- Price transparency

3.2.1 Online businesses

Since our last report in 2013, there has been a significant rise in online services due to changing shopping habits among consumers, with almost 30 per cent of spectacles buyers going online to compare prices, find their frames, or locate eyewear professionals.³⁴ Online businesses seem to be an economical way to buy spectacles and contact lenses, however consumers may be at risk of ending up with poor quality and potentially dangerous spectacles and contact lenses. This could be due to the reduced involvement of a trained and qualified optical practitioner, particularly in proper fitting of the product and provision of advice and support.

We define ‘online businesses’ here as those with only an online presence and no bricks and mortar practice. We assume that the online arms of physical businesses operate under the same management and oversight principles as the practices. This definition was corroborated through our fieldwork.

Purchase of spectacles from online providers is a safety concern as there is evidence of low-quality and potentially unsafe spectacles purchased online. An investigation by Which? found that one in four pairs of glasses failed relevant safety tests, especially high-prescription spectacles and varifocal lenses. The investigation found that varifocals were the riskiest type of online spectacle purchase as no pupil height measurements were taken of the customer.³⁵

The main concerns however are with the online supply of contact lenses as these are medical devices inserted into the eye,³⁶ which can be summarised into the following main categories.

Substitution

There continues to be a range of views on the clinical risks relating to substitution of contact lenses. Substitution is a key element of some online contact lens suppliers’ business models, whereby the material of the lens is substituted. Clinical bodies such as The College of Optometrists and other respondents to our

³³ Enventure (2019) - Risks in the optical professions 2019 [\[online\]](#)

³⁴ Ocuco (2021) - eCommerce in the Optical Industry [\[online\]](#)

³⁵ Which? (2019) - Some online retailers selling dodgy specs, says Which? [\[online\]](#)

³⁶ MHRA “Medical devices: information for users and patients [\[online\]](#)”

fieldwork consider that substitution creates risks to patients as the material can be a key influencer of the comfort and performance of the lens. A mitigating factor is that problems with the substituted lenses should be addressed in after care appointments / contact lens check-ups provided these are attended by the patients, although undue discomfort with lenses may put people off using them in the future. This remains a potential risk area of online business models.

Lapsed specifications

There is a risk that online suppliers may not check patients' contact lens specifications properly or verify these with the prescribing optometrist in accordance with the requirements of the Act. Websites can do this for example by asking consumers to self-declare that they have a valid specification without needing to see it. This could result in patients buying the wrong products. Another risk is that patients could buy lots of lenses from different suppliers with no checks, such that they do not attend a physical eye examination for an updated prescription and specification for years. The risks of poor fit or complications going unchecked could be severe according to a number of respondents to our fieldwork, not least because these can put people off wearing and experiencing the benefits of contact lenses. A UK-based online company acting within the Act with robust general direction should decline to sell lenses without an up-to-date contact lens specification.

Lack of regulatory oversight

An extension of the above issue is the risk of a general lack of regulatory oversight of online contact lens providers. Providers based outside the UK do not fall under the regulatory remit of the GOC and thus currently do not need to adhere to the requirements of the Act. Many respondents to our fieldwork sympathised with the limitations the GOC faced but felt nevertheless felt that the sale of these medical devices into the UK ought to be regulated in some way, particularly if online sales grow. Non-UK suppliers may also increase the risk of counterfeited lenses being sold into the country. Research by the AOP also found the lack of public knowledge about the suppliers concerning. Its survey revealed that 45 per cent of contact lens wearers are unaware that some online suppliers are unregulated and do not comply with UK safety regulations.³⁷

Many respondents were also concerned over the risks posed by UK-based online suppliers that are not abiding by the Act. Research undertaken by the AOP found that over half (55 per cent) of its members reported seeing evidence that the law is being broken by contact lenses suppliers i.e. the products are sold illegally or do not comply with safety regulations. The report quotes: "in a survey of over 1,000 optometrists, over half (56 per cent), report seeing as many as nine patients in a month who've experienced problems as a result of lenses they've purchased online with problems spanning from poor fitting lenses (57 per cent) which can damage the eye, blurred vision (57 per cent) to eye infections (36 per cent) and even sight threatening conditions (12 per cent) – with eye irritation, redness and discomfort (80 per cent) being the most likely issues."³⁸ Whilst the report does not clarify the extent to which the above issues were related to UK- versus non-UK suppliers, the risks of illegal practice among UK firms remains.

Examples of unsafe or illegal activities by online suppliers include:

- Failing to employ (or have in attendance) a suitably qualified optometrist or dispensing optician to provide 'general direction' and oversight on the supply of the contact lenses.
- Failing to employ (or have in attendance) a suitably qualified practitioner to actively supervise the supply of lenses to vulnerable groups.
- Failing to check for an up-to-date specification before supplying lenses.³⁹

³⁷ AOP (2021) - Optometrists warning over illegal and unsafe contact lenses as online buying soars [\[online\]](#)

³⁸ AOP (2021) - Optometrists warning over illegal and unsafe contact lenses as online buying soars [\[online\]](#)

³⁹ One stakeholder suggested that online businesses should be required to show records matching valid contact lens specifications with the supply of contact lenses to each case in the relevant group of patients.

- Failing to provide adequate details of the need for aftercare checks.

It was the view of many respondents to our fieldwork that lack of checks and oversight across these main areas meant that it can be very easy for (UK-based) online suppliers to break the law, and creates an unlevel regulatory landscape with bricks and mortar practices. Our website review – although limited in scope – identified a number of cases where it was not clear whether the online business employed a suitable practitioner to fulfil the general direction and supervision roles. We did not undertake mystery shopping, but have heard from stakeholders of examples where they were able to self-certify that they had an up to date specification without having to produce a copy.

Views on online practices from some other stakeholders (mainly individuals and businesses) were mixed. Some were of the view that online contact lens providers were no more risky than bricks and mortar practices, provided they followed the regulations in place. The provision of in-person aftercare could be provided by the optometrist who provided the specification. The attitude of the patient is also relevant – patients can avoid in-person aftercare even if they purchase their contact lenses from a bricks and mortar business (e.g. by buying a long term supply from multiple businesses). Some respondents also pointed to COVID where in practice very few businesses were able to verify specifications with the prescribing optometrist or provide in-person after care, with the absence of any real risk (although regarding aftercare, it must be noted that this was still being provided remotely, and for a limited time). It was a general consensus however among respondents and also within the responses to the call for evidence on the Act, that online businesses should be following the law and relevant guidance, and that a level playing field with regards to regulation should exist.

3.2.2 Time constraints with pressures

A recurring theme in stakeholder engagement is the potential for there to be constraints on sight test times which could prevent optometrists from undertaking adequate eye examinations. In addition to testing sight, eye examinations play an important role in detecting glaucoma, identifying symptoms of retinal detachment and in identifying other issues in patients from high risk groups e.g. those with diabetes. It is therefore important that sufficient time is allowed for examinations to ensure patients are receiving appropriate care.

Time constraints could emerge if a business encourages practitioners to prioritise the number of patients seen in a day, for example through inflexible targets. It is widely accepted that the NHS reimbursed sight test fee (particularly in England, Wales⁴⁰ and Northern Ireland) is insufficient to cover costs and this, together with the competitive nature of the industry, could encourage businesses to set patient targets or to dedicate more time to additional specialist tests and sale of optical appliances, to the detriment of patient outcomes for example through missed pathologies.

Views gathered through our fieldwork also suggest that the scope of practice for many optometrists is increasing, with greater numbers of at-risk patients (notably with an aging population) and additional management and compliance duties, which could further place pressure on consultation times. Some respondents felt that spending less time with the patient can increase the number of false positive referrals to hospital services, e.g. for suspected glaucoma. This is because a practitioner would not have the time to investigate fully and would rather refer to secondary care.⁴¹

⁴⁰ We note the recent contract reforms in Wales and the increase in the sight test fee to £43 – see AOP summary [\[online\]](#).

⁴¹ It was suggested to us that research has shown corporates / multiples have greater rates of false positive referrals which could be linked to the shorter length of the consultation. However, the study in question (from 2015) found that the main drivers of false positive referrals rates were gender and experience, with higher rates of referrals among female practitioners (possibly due to a different approach to patient care) and those with less experience (this was the most significant factor). The study notes that only because multiple/corporate practices in the Bradford

The 2010 report by Europe Economics into risks in the optical sector and the 2019 risk report have identified risks of practitioners failing to conduct all the tests recommended for accurate diagnosis, and cited instances where this could be due to the financial cost and time constraints.⁴²

Although there are theoretical risks in this area, there is little concrete evidence that sight test times are under pressure on a significant scale or that this is compromising patient care. Our focus groups suggest that sight test times have increased over the years, and that the length of consultations will grow as more of the population ages and patients present with more age-related pathologies and needs. In addition, it was felt that businesses have different ways of approaching the question of consultation times, with some undertaking pre-screening, and others having variable testing times. Looking purely at the time spent in the eye exam can mask pre-screening or patient needs and makes it difficult to draw conclusions about an 'ideal' test time.

3.2.3 Poor or inadequate equipment

Outdated and sub-optimal equipment, or equipment that is not regularly maintained and calibrated, can be a source of risk to patients if it leads to inaccurate test results. The purchase and maintenance of equipment is the responsibility of the business, and there may be an incentive to cut costs in this area to the detriment of patient outcomes.

Our fieldwork revealed that the question of equipment can vary across practices, and that the greatest variation is likely to be among independent practices. It is clear that in some cases the very latest equipment – such as OCT (optical coherence tomography, providing retina imaging) – is simply not affordable to some practices that rely largely on NHS sight test fees (OCT is not currently included in the NHS sight test specification). There is a potential risk that patient outcomes may be compromised without this latest equipment, but our fieldwork suggested there is no real evidence for this and that effective practitioners should be able to manage cases without it (possibly with more referrals to secondary care). It was further thought that over time practices would increasingly find the means to invest in the new equipment, e.g. as part of future equipment updates.

The 2019 risk report for the GOC, and our fieldwork for this study, suggest that this is a low risk area, with practitioners having little or no experience of working with poor or inadequate equipment. There is a range of existing standards, regulations, and inspection measures (e.g. NHS contract inspections) to ensure adequate medical equipment are present in optical premises. For instance, the professional body ABDO has a list of compulsory equipment that practices must have, and related training for practices.⁴³

Some stakeholders pointed to variability across practices and consider that a more formal approach to the maintenance, updating and retirement of equipment should be taken, with the relevant logs and records being part of a broader system of clinical governance.

3.2.4 Workforce pressures

As described earlier in section 2.4.1, optical businesses can struggle to recruit sufficient staff, which can create risks in a practice. Insufficient employees can translate into a loss of sales and poor experiences for customers such as increased waiting times. Employees can also have a higher workload, exacerbating the risk of burnout

area employ less experienced and more female staff, independent practices generate about half the number of false positive referrals. The effect of practice type once gender and experience were controlled for was not statistically significant. See Davey et al (2015) "Factors influencing accuracy of referral and the likelihood of false positive referral by optometrists in Bradford, United Kingdom" *Journal of Optometry* Volume 9, Issue 3, July–September 2016, pages 158-165.

⁴² Europe Economics. (2010). Risks in the Optical Profession: Final Report

⁴³ Enventure Research. (2019). Risks in the Optical Professions: Final Report, pg. 70

and, consequently, high turnover rates. Poor or inadequate staffing can also contribute to other risk factors, such as exacerbating time constraints with patients.

Recent research showed that almost 70 per cent of optometrist vacancies posted on Indeed remained unfilled for 60 days or more.⁴⁴ Our focus groups have revealed that finding qualified optical professionals has been a challenge in the industry, with the problem being exacerbated by COVID and Brexit. Stakeholders suggest more practitioners are also working part-time, which means that a business needs to find more employees to cover the same number of patients.

The 2019 risk report suggests that this risk is prevalent in both independent opticians and large national chains, and more marked in certain areas of the country (usually rural) where the availability of qualified workers is even lower. The 2019 report's survey indicates that the severity of this risk is greater in Scotland as compared to other UK nations.

This risk is influenced by management and oversight practices. There might be points in the day, or days in the week, where there is no or minimal registered practitioner presence on the premises. Thus, efficient management and oversight is required to either reduce the extent to which this occurs, or establish clear processes for support staff to follow during these times.

There does not appear to be significant systemic risk relating to management and oversight, but given workforce pressures this is an area that may benefit from consistent guidance.

3.2.5 Long hours

Related to workforce pressures is the risk of long hours. The 2019 report has alluded to the fact that optometrists are having to face long working hours by seeing more patients, and managing and supervising more staff members. Long working hours can lead to unproductivity, stress and burnouts.

Although this risk is less prevalent among optical professionals as compared to other medical professionals, burnouts can jeopardise the quality and safety of patient care.⁴⁵ A recent study⁴⁶ indicated that burnouts among healthcare professionals doubled the odds of patient safety incidents, low levels of professionalism, and significant decrease in patient satisfaction.

This risk could be exacerbated by commercial pressures, for example if practitioners face external targets from management or simply need to work long hours to make their business viable. Additionally, there could be periods when a practitioner will see a large number of patients over a small stretch of time due to inefficient scheduling. Efficient management and oversight can reduce this burden by allowing practitioners to work more "comfortable" hours and allowing for more time to give thorough care to patients. Thus, proper management and oversight from businesses can help ensure that that the work environment does not lead to burnouts for optometrists and dispensing opticians.

3.2.6 Locum practitioners

There has been a significant increase in the number of optometrists working as locum practitioners in the last ten years. A survey from The College of Optometrists found that optometrists working primarily as locums increased from 10.5 per cent in 2010 to 17.5 per cent in 2015.⁴⁷ Higher rates of pay and job flexibility are key reasons for rising popularity of locum practitioners. Respondents to our fieldwork also report an

⁴⁴ HRnews (2019) - Optometrists are the UK's most elusive jobseekers [[online](#)]

⁴⁵ Optician Online (2022) - In Focus: Burnout high among optical professionals [[online](#)]

⁴⁶ BMJ (202) - Associations of physician burnout with career engagement and quality of patient care: systematic review and meta-analysis [[online](#)]

⁴⁷ <https://www.college-optometrists.org/category-landing-pages/clinical-topics/research/optical-workforce-survey>

increasing trend in professionals turning to locum work. Larger businesses in particular regularly need to employ locums to fill resourcing gaps.

The 2019 risk report highlighted that the severity of clinical risks posed by locums has reduced as there is greater awareness of the way of working, and specific CPD and guidance measures are in place for locums to mitigate potential risks to patients.

It is highlighted in the report that a key factor driving locums' professional risk is the inability to follow up with those patients who require further testing. This can be difficult if the locum is not regularly at the same practice. Businesses can mitigate against these risks by having adequate policies and systems for follow-up in these cases, with another optometrist or support staff taking responsibility for ensuring the continuing care of the patient. Businesses can also take extra caution to ensure the competency of the locum is of a sufficient standard and that an adequate level of patient care is provided.

The view held by many we spoke to is that locum work can be likened to sole practice, in that whilst locums can engage with and learn from their temporary colleagues, there is no formal provision for them to do so.

The quality of locums varies with the individual, and there is of course a range in experience and capability. The professional risk is likely to be higher among recently qualified locums, who have not gained significant experience working within a practice with the accompanying training and oversight. Respondents to our fieldwork recognised a potential risk in managing the behaviour of locums, in that businesses are often quite limited in what they can do. The self-employed nature of locums and the fact they can move around between practices on a daily basis means that they cannot be included in the usual training or management activities of a business. Locums can also fall outside the general oversight and assistance within a practice – for example the day-to-day guidance, light touch remedial training or intervention an experienced practitioner might offer a junior employee. Businesses can refer locums to the GOC for serious issues, but sub-optimal performance that is less severe is difficult to deal with, and often just results in the business not hiring that locum again.

A further issue with locum work is that there is sufficient demand that it continues to be an attractive career path for many professionals – faced with resource constraints businesses often have no choice but to use locums which perpetuates the trend.

That said, there are many experienced locums that perform well. Some respondents to our fieldwork noted that locums can be beneficial to a practice as they can suggest new ways of working or spot things for improvement in the business that the owner may have missed.

Guidance for businesses on how best to manage locums and the sharing of best practice may be beneficial in this area.

3.2.7 Management

There is a concern among some practitioners – for example highlighted in The College of Optometrists' response to the call for evidence on the Act – that the scope of practice among optical businesses is shifting, with a resulting increase in risk profile. For example, aging populations, the influence of COVID (whereby people have got out of the habit of regular eye checks) and pressures on NHS primary and secondary medical care mean that optometrists are seeing increased instances of pathology and eye problems in their practices. They are having to increasingly deal with eye health issues and eye emergencies (whereas in the past patients may have gone to their GP or A&E), in addition to the more usual provision of sight tests and dispensing.

Whilst the regulation and training of optometrists ensures that they are equipped to deal with these risks, there is nevertheless a role for the business to provide additional support, in particular by having systems for clinical governance to ensure the correct handling of and care pathways for eye health cases.

Optical businesses have a range of management styles and approaches. Respondents to our fieldwork suggested that smaller independents would be much more varied in their approaches, with the larger

corporate practices having more similar methods of working. For example, these would typically have departmental or branch managers who are themselves GOC registrants (e.g. dispensing opticians) to whom staff report on a daily basis. Smaller stores may be overseen by a 'floating' manager with responsibility for two or three branches. These managers would in turn be overseen by area managers who could report into central functions such as professional services teams. The central functions would be responsible for developing policies and procedures which are then disseminated down. Audit and monitoring functions would also sit centrally, as would standardised training for registrant and non-registrant staff. Training and development can be tailored for risk areas as advised by clinical governance teams, informed by for example complaints, e-learning results and branch audits.

Similar processes apply where a corporate consists of franchise or joint venture partners – there would be centralised clinical and operational policies to be followed and shared back office functions, with some autonomy across the individual practices e.g. in retaining their own patient records or managing locums themselves. Company audits and monitoring would apply across the board.

Whilst there is no particular evidence that businesses are currently failing in clinical governance, the issues discussed here could be a sufficiently material shift in practice scope such that businesses should be more closely monitored to ensure that they have suitable clinical systems in place going forward.

3.2.8 Remote care and use of technology

Remote care includes the provision of eye health consultations online, via video-link or phone, as well as the use of technology to conduct parts of the eye exam remotely over computers, such as online refraction.⁴⁸

In addition, changes in technology are also relevant to in-person eye examinations, such as artificial intelligence (AI) and machine learning being used to analyse retinal images.

Whilst remote care and the use of technology are separate issues, they are linked by developments in technology and by the fact that they may change the way eye examinations take place on a large scale and how businesses are run.

There are a number of potential risks to patient health and safety in these areas, summarised in the 2019 risk report, such as:

- Some technology may be able to produce an accurate prescription, which could lead to the removal of an optometrist from the sight test process, in turn placing patients at increased risk from not having a full eye examination, as problems could go undetected and important advice may not be provided.
- AI would not be able to pick up conditions from images which were more difficult to spot if they were outside the ordinary (as AI relies on learning from volumes of data), therefore the interpretation of results by a qualified optometrist would still be vital.
- Remote care carries an increased risk of missed pathology and its rapid evolution and adoption has outpaced changes to regulations and legal requirements for standards of remote care.⁴⁹
- There is a risk that lines of responsibility and accountability become blurred with the use of technology, especially in the case of remote care if different practitioners are responsible for different elements of the test. For example, if retinal imaging or refraction were done online and incorrectly assessed by a practitioner in another country, there may be difficulties in holding that practitioner to account.

In its response to the GOC's call for evidence on the Act, The College of Optometrists notes that there are many benefits to the increasing use of technology and remote care (particularly the latter during the

⁴⁸ The College of Optometrists, Optical Confederation, Foresight: A discussion of the potential impact of technology on the UK optical sector to 2030 (2016), cited in the College's submission to the GOC call for evidence on the Act.

⁴⁹ Gillam M, Hawrami D, Dutton C, Price L, Hardman-Lea S, Manzouri B, (2022); Ensuring high-quality telemedicine consultations; Optometry in Practice, vol.23, Issue 2, London

pandemic), but also points out the potential risks. More importantly is the point that there is not yet a robust evidence base on the impacts of remote care and the use of some technologies. The question of remote care in healthcare (such as 'telemedicine') is relevant to all healthcare regulators, and policy and rules on this will be developing continually.⁵⁰

The College also notes that registered, competent optical professionals must be able to remain in control of clinical decision-making as new technologies and innovations are deployed, and that any technology or treatment should only be provided if it is in the patient's best interests. In our view this points to a potential risk of mismatched incentives between a business owner and an optical professional, whereby the former may wish to make use of innovative technology in some cases where it is not suitable for the patient.

As this is a new and emerging area, and directly related to the responsibilities of optical businesses, it is felt that some oversight of all optical businesses going forward is necessary to ensure that as and when regulation and guidance on remote care and the use of new technology is developed, all businesses are held accountable. The commissioning of telemedicine optical services as part of NHS sight tests is likely to be overseen by NHS guidance and rules. However, where these services are commissioned by businesses for private tests, the GOC would be the only source of oversight.

3.2.9 Price transparency

The GOC is interested in the question of how businesses engage with patients, for example through advertising and price transparency.

In terms of the sale of optical products, there do not appear to be notable risks here. Our website review suggests that those businesses that enable consumers to purchase products online do have a high level of price transparency, which would enable such consumers to shop around between similar practices and also to compare prices with physical practices which they have attended. We did not find comprehensive evidence in our literature review of in-store product price transparency issues, although have seen anecdotal evidence of complicated spectacle pricing e.g. unclear prices when replacing lenses versus buying new spectacles.

Regarding the provision of services such as sight tests, online price transparency appears to be lower, with our website search showing that only seven out of 17 optical businesses with a physical presence had any price information on their website. We conducted a rapid search of a range of large corporates and found all but one to have clear pricing of sight tests on their websites, although some did provide ranges. It is possible that smaller businesses have very little online presence which would make it difficult for there to be widespread online price transparency of services. However, given that the providers of the majority of optical services in the UK have good transparency, this goes some way to mitigate against this risk. Again, we did not find any evidence of poor price transparency regarding services in-store.

Although the scope of this work excludes a formal competition assessment, the industry appears to be competitive, with no obvious barriers to consumers shopping around between practices. In the majority of cases arranging a sight test can be done in advance (it is not typically an emergency or time-pressured transaction) and consumers are able to compare service prices beforehand e.g. on the phone or via websites, although doing so by phone could be considered time-consuming and increasingly out of date. The nature of the services are relatively uncomplicated such that consumers should be able to compare like-for-like across providers (unlike, say, the notoriously complicated mobile phone bundles).. There is also no constraint to purchase spectacles from the practice where the sight test took place, providing further scope for consumers to shop around (to the extent they are aware of this). The increasing trend of consumers purchasing spectacles online is further evidence of shopping around for products. Indeed, given this trend, businesses

⁵⁰ For example see the General Medical Council's guidance on remote consultation [[online](#)]

may find it increasingly profitable to make available products online with clear prices – those that do not may fall behind their competitors.

Complaints to the OCCS suggest that pricing issues are low, although price sensitivity could be an increased area of focus in the current cost of living crisis.

Further, existing oversight based on general consumer and competition law is in place, such as by the Advertising Standards Authority and the Competition and Markets Authority.⁵¹

3.3 Fitness to practise and complaints

3.3.1 GOC FtP data

We considered the GOC FtP hearings for evidence of business-related risks. These represent complaints that were deemed serious enough by the GOC's case examiners (or Investigation Committee for health and performance assessments or where the case examiners cannot agree) to pursue through a formal hearing. They provide some information on the potential scale of business risks within the optical profession, although eliciting the full underlying factors in each case is not possible.

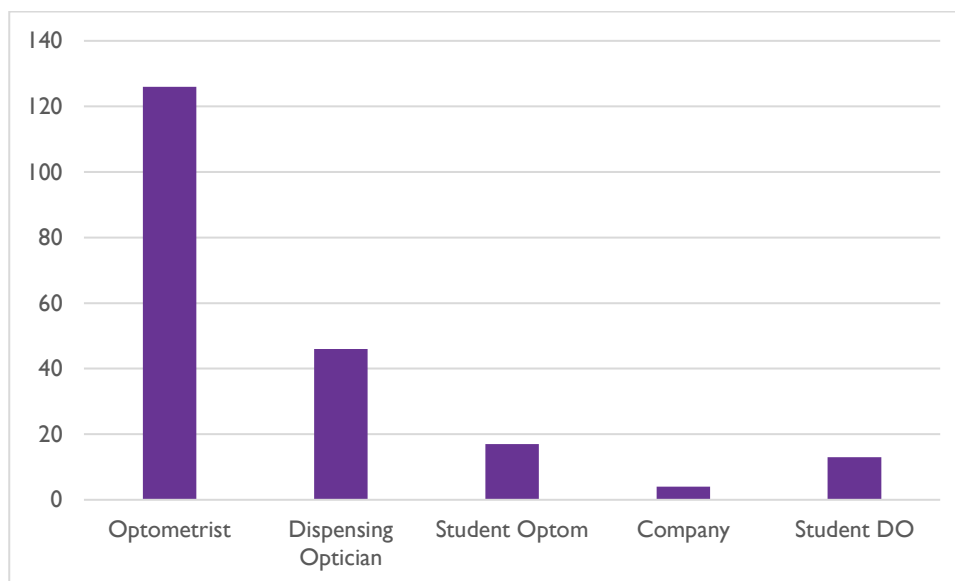
We have reviewed all hearings between July 2016 and October 2022 and assessed any evidence of business risks using our qualitative judgement supported by industry findings. We provide a high-level statistical description of the hearings and an analysis of specific hearings that are business-related.

3.3.1.1 General statistics

Between July 2016 and October 2022 there were a total of 207 hearings. To put this figure in context, we refer back to our estimated number of sight tests across the UK of around 21 million in 2019/20 in section 2.1. Thus, the number of FtP complaints represents a very small proportion of eye care activity.

The chart below shows the number of professionals and businesses involved in the hearing cases analysed. Similar to the previous 2013 report, optometrists account for the largest proportion of the FtP hearings, followed by dispensing opticians. This is to be expected as there are just under three times as many optometrists than dispensing opticians registered with the GOC.

⁵¹ For example, the CMA analysed the state of competition in the optical market in relation to the Tesco-Vision Express merger.

Figure 3.1: Number of Fitness to Practise hearings by professional type

Source: GOC Fitness to Practise hearings 2016 – 2022

The vast majority of cases are classified as ‘misconduct’ which includes failure to provide adequate eye care as well as improper behaviour or dishonesty in business practice. Other classifications include ‘convictions’ where the registrant is convicted of a criminal matter, and ‘deficient professional performance’ which refers to where a registrant has consistently failed to meet the necessary standards.

3.3.1.2 Business risk

We investigated further the descriptions of the cases to identify whether any of the individual registrant cases could be related to areas of business risks. Using our judgement on the hearing description, we classified the correlation of the cases to business risks into three types — “likely”, “maybe” and “unlikely”. For example, where the issue included concerns about equipment, management or supervision, we classified the case as ‘likely’ to be related to business risks.

Out of the 207 hearings cases, we identified 15 cases that were likely to be influenced by poor business practices. For example, there were many instances of optical professionals having poor record keeping systems and inefficient booking systems at the practice site. We classified a further 20 hearings as providing possible evidence of business risks. These are cases relating to amendment of patient records, improper supervision and incomplete eye examinations which could be influenced by the commercial pressures faced by the practitioners, inadequate management and oversight, or by poor business systems.

The rest of the cases were unlikely to be related to any forms of business risks but mainly concerned the incompetence or improper behaviour of the practitioners themselves.

3.3.1.3 Summary

In summary, there are cases that are likely or possibly related to poor business practice — approximately 17 per cent of total cases according to our analysis. Due to limitations in the data, it is difficult for us to confirm definitively the real underlying causes of these cases, although it is likely that business practice may have played some role in these cases. The potential areas of business risk identified in this analysis are summarised below:

- Inadequate records of sight testing.
- Failure to refer patient for ophthalmological opinion.
- Referral of patients without complete examinations.
- Failure to conduct sufficient tests (especially for the detection of glaucoma).

- Tests carried out by unqualified staff with no adequate supervision.
- Employment of unregistered practitioners.

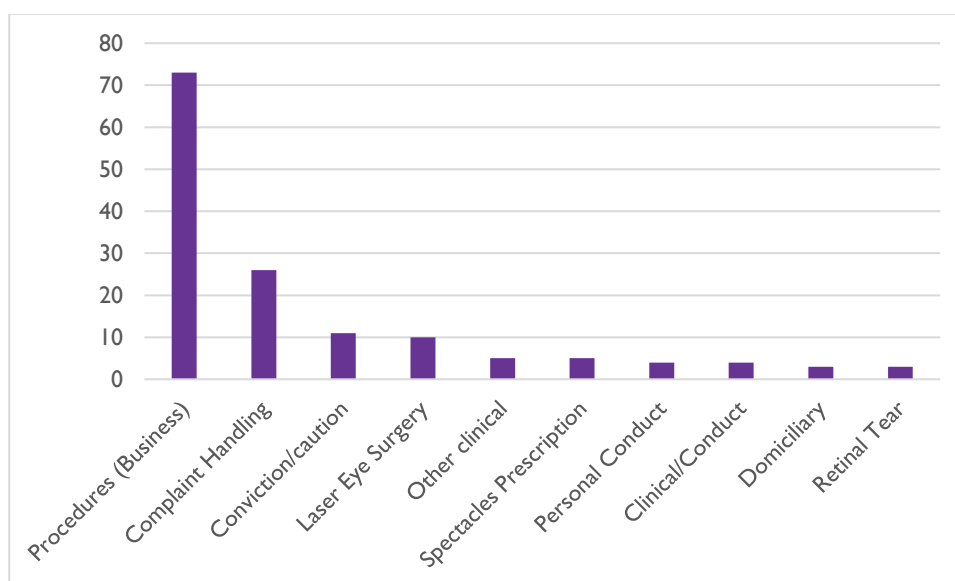
3.3.2 GOC business complaints data

In addition to the general FtP data across all registrants, we received complaints data from the GOC for only business registrants. While the complaints data do not give an indication about the severity of a complaint, they can provide an overview on potential risk areas for businesses. Analysis of complaints data between 2015 and 2020 is summarised below.

3.3.2.1 Analysis of complaints data

The GOC opened investigations on 163 complaints between 2015 and 2020. The largest share of complaints (45 per cent) were for procedural practices at businesses. Procedures (business) includes various forms of complaints, such as improper business processes relating to sight testing, unregistered practitioners carrying out restricted activities, poor complaint handling procedures, unsuitable test conditions or methods, and exploitation of NHS vouchers. Among all complaints (even within the procedure category), the most common type of allegation was highlighted to be complaint handling, where businesses failed to deal with and/or escalate a complaint appropriately and in a timely manner. We note that the GOC's acceptance criteria for business complaints changed in 2020 and since then complaints relating to poor customer service or poor complaints handling would not generally be opened by the GOC, instead being referred to the OCCS.⁵²

Figure 3.2: Number of business complaints by allegation category (top 10)



Source: GOC business complaints data 2015-2020

In respect of the 163 investigations opened, the vast majority (85 per cent) resulted in no further action being taken by the case examiners. Only 16 cases (10 per cent) were referred to a hearing before the FtP Committee. The remaining cases were closed with a warning.

Among the cases that were referred to FtP, some were related to underlying clinical issues – such as missed/misdiagnosed pathology – whereas others were more obviously related to business factors, such as:

- Inadequate system procedures for care (especially urgent care).

⁵² We have included complaints going further back than 2020 in order to have a sufficient volume to analyse.

- Poor complaint handling and record keeping processes.
- Inadequate customer care.
- Poor service and practice procedures (mainly related to laser eye surgeries).

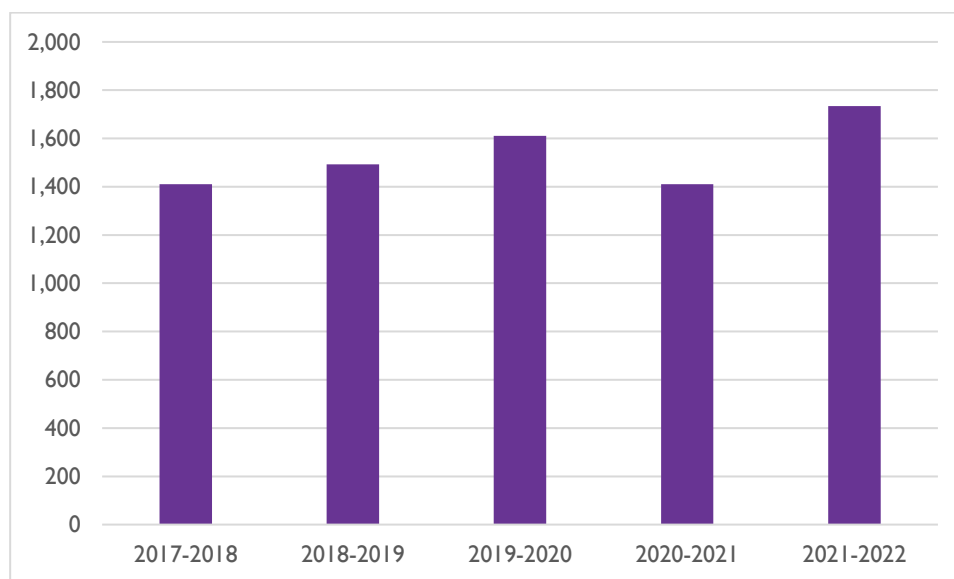
3.3.3 OCCS data

The OCCS receives and handles complaints about opticians and optical practices. Since the majority of OCCS complaints are customer-service oriented, these are relevant to this study in that they may help us to understand the issues that can arise from how businesses are run. However, the detail of the complaints does not provide insight into their severity. It is worth noting that OCCS complaints would not involve significant public harm as such complaints would be referred to the GOC. Analysis of OCCS' annual reports between 2017 and 2022 is summarised below.

3.3.3.1 Analysis of OCCS data

The number of cases opened in any of the five years ranges from 1,410 to 1,734, as seen in the Figure below. The sharp increase in activity for 2021-22 compared to 2020-21 is a result of the increased activity in the optical sector compared to the COVID-19 pandemic period.⁵³

Figure 3.3: Number of OCCS cases annually



Source: OCCS annual reports 2017-2022

In 2021-22, there were 1,734 complaints recorded by the OCCS and the largest share of them are related to goods and services⁵⁴, followed by customer care. Goods and services has been the largest category of complaints since its introduction. Among all the OCCS categories listed below, some are likely to be influenced by business-related practices such as:

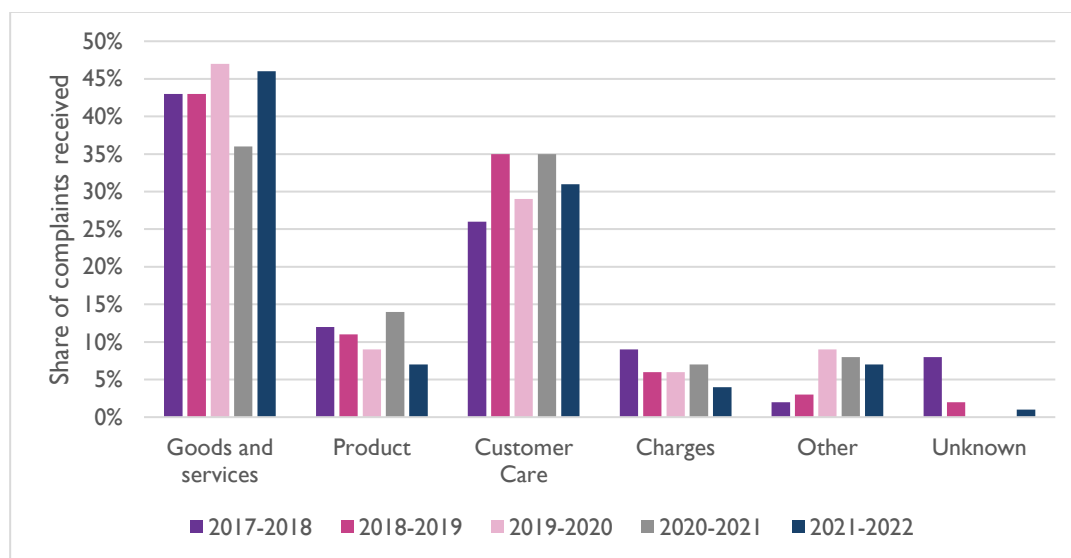
- Poor service or practice procedures.
- Non-qualified staff issues.
- Complaint handling.
- Sight test and dispensing at separate practices.
- Charges.

⁵³ OCCS Annual Report 2021-22 [[online](#)]

⁵⁴ For goods and services, the type of complaints includes: errors with prescription, dispensing, dispense of varifocal, concerns with examination, outcome of laser eye surgery, and missed diagnosis.

- Miscellaneous, which categorises other type of complaints.

Figure 3.4: Share of OCCS cases by case category



Source: OCCS annual report 2017-2022

The distribution of complaints across the four nations of the UK appears in line with the relative size of the markets. England received 88 per cent of the complaints, followed by Scotland receiving seven per cent of the complaints. Wales and Northern Ireland received four per cent and one per cent of all OCCS complaints respectively.

The data do not enable us to draw many conclusions about complaints/severity relating to business factors. The OCCS's analysis does not highlight business-risk especially. The complaints could relate to improper behaviour of the staff or over-charging for the optical products. Hence, further information would be necessary to draw further conclusions on the complaints information.

The OCCS has continued to highlight that the main driver for clinical related complaints has been due to miscommunication between practitioners and patients, and misaligned understanding of risk. The 2022 annual report has also highlighted that financial pressures on consumers (caused by the current economic environment) has resulted in increased optical complaints in the form of pricing related issues and consumer regret. OCCS expects these complaints to increase in 2022-23.

3.4 Existing oversight of businesses

As described in the introduction to this report, there are a limited number of optical businesses currently able to be registered with the GOC. Therefore the GOC's oversight and disciplinary systems only apply to a proportion of the market (we estimate around half the businesses, but most likely around 80 per cent of the volume of services).

NHS GOS contracts and service level agreements are the other form of potential oversight. For example, the GOS contract in England is detailed and contains a number of clear requirements for businesses that relate to practice standards, including equipment requirements. Practice inspections can take place e.g. when a practice first begins a contract with the NHS. Views on the effectiveness of NHS contract inspections from our fieldwork were mixed. Some respondents said that inspections were very rarely carried out, and a number of professional bodies thought these were not comprehensive either. However, among large corporates NHS contract inspections appear to still be prevalent – respondents reported having an NHS inspection every time a new branch was opened or when a practice refurbishment was undertaken.

Practice inspections appear to be more regular and across the board in Scotland compared to England according to our fieldwork. In Scotland there are full practice inspections every three years in addition to the inspection of a newly contracted practice, with the option for further risk-based inspections.

3.5 Differences across the nations

Our research has not revealed significant differences in risk areas across the four nations. The greatest relevant differences appear to be:

- The more consistent practice inspections undertaken in Scotland, as described above. As essentially all businesses provide NHS services, the coverage of these inspections would be comprehensive. This may reduce risks relating to inadequate equipment and enable developing policy and rules to be more effectively checked.
- The reimbursed sight test fee is notably higher in Scotland than the other three nations due to the greater scope covered in the tests under NHS Scotland. This may reduce commercial pressures and the associated risks, although there is no evidence to suggest this.
- There are some differences in professional optical care between the nations (such as enhanced services in Wales and Scotland), but these are not directly relevant to business practice.

One other difference worth discussing in some detail is the relationship between businesses and lead optometrist in Scotland GOS service agreements.

In Scotland, practices apply to be on the general ophthalmic list, with an optometrist providing a letter confirming that they would be providing services from that practice. Optometrists on the contractor list ('Part I') are responsible for everything related to the GOS contract at the practice. This can create 'principal-agent' risk between the owner of the practice and the Part I optometrist if these are different people. The Part Is would not necessarily have financial responsibility, own the equipment or manage the record keeping systems at the practice, and thus could be held accountable for issues that were out of their control. Our fieldwork suggests that this can create problems for the Part Is, particularly when the businesses themselves are not (necessarily) under GOC regulation. (Feedback from fieldwork suggests that what is needed is a separate commercial list to cover business elements of the practice, and that practices are held accountable via this list.)

This issue relates to the current requirement for bodies corporate to have at least 50 per cent of directors registered with the GOC, to prevent these businesses being entirely owned by non-practitioners. Views on this requirement are mixed, with some stakeholders of the view that it can be complied with to no real effect, e.g. having 'token' registrants as directors with no real say in the running of the business. However, another view is that there are clear risks with having a business owned and controlled by a non-practitioner with no clinical experience or expertise. Some requirement for clinical governance needs to be in place so that qualified optometrists are able to have some say in how the business is run.

3.6 Conclusions on business risk

Our research shows that levels of business risk are on the whole low. However, there are potential areas where risks could undermine patient care and outcomes. These are summarised below:

- **Increasing scope of practice and clinical governance.** The absence of formal clinical governance within businesses with the increasing scope of practice facing practitioners is a potential area for risk. Practitioners need to be fully supported by the business to be able to deal with increasing cases of eye health problems, and the business needs to have clear pathways for the management of such cases.
- **Growing / future risk areas.** There are areas such as remote care or the use of new technology that are emerging and where the evidence on risk is as yet unknown. Related to the previous area, patient care

can be undermined if businesses engage in these areas without suitable competence or oversight. The individual competence of practitioners is still key, but this can be undermined if the business adopts unsuitable measures (e.g. undertaking remote tests or using machine learning technology without proper consideration of the risks and impacts). There is also the possibility of businesses enabling patients to undertake some tests themselves, such as the DIY refraction tests seen in the USA, which, although could provide benefits could also raise risks of suboptimal outcomes. As evidence builds in these areas, new policies and regulations for businesses may well be necessary.

- **Gaps in regulatory oversight for online businesses.** The online supply of contact lenses continues to be a source of concern for optical professional bodies, in particular the apparent ease with which such businesses can contravene the Act.
- **Management and oversight of locum practitioners.** Although not a high risk area, there do appear to be systemic features of locum work that pose difficulties to businesses in the day-to-day management and oversight of these practitioners.

There are also instances of complaints being submitted to the GOC regarding business registrants, and a very small number of FtP hearings. These do not point to any particular areas of systemic risk, but in some cases the complaint categories do align with the risk areas we have investigated.

Our research suggests that the key to addressing much of the risk would be the consistent application of GOC regulation and oversight. It would be important to ensure that businesses abide by the requirements of the Act and are held to account in their application of up-to-date guidance and regulations, and that they are subject to GOC standards, and complaints and disciplinary proceedings. This applies both to bricks and mortar and UK-based online-only businesses.⁵⁵

3.7 Benefits of optical businesses

Notwithstanding the risks and shortcomings in the optical market, optical businesses do offer significant benefits to patients and the public. Optical businesses have been able to offer the UK population high quality eye care, with benefits ranging from timely available eye examination to comprehensive and advanced diagnostic tests. The industry has continued to provide affordable eye care and vision correction services to meet various physiological needs. The optometric model in the UK is able to meet the demands and requirements for an industrialised country and is principally capable of providing high-level quality services to the patient.⁵⁶

The GOC's public perception research has revealed a high degree of satisfaction with the industry.⁵⁷ Primary eye care services report high levels of satisfaction, with 94 per cent of consumers being satisfied with the overall experience at the opticians / optometrist practice. The research also indicated an improvement in perception of optometrist practices as healthcare providers, with an increasing proportion of customers likely to attend the optometrist as their first port of call for an eye problem. With regards to consumer confidence, the optical industry has also fared better than other healthcare services (pharmacists, dentists and GPs). Furthermore, our analysis of OCCS complaints data and FtP cases show that complaints made to external bodies for primary eye services are significantly low compared to the actual number of sight tests, although this does not include complaints that are dealt with in-house by the business.

Engagement with several stakeholders suggests that the optical sector reacts readily to changes in the healthcare landscape, and invests in workforce, premises and equipment to meet patients' needs. One major example is the adoption of state of the art optical coherence tomography (OCT) devices at many business

⁵⁵ We note the GOC's protocol for dealing with illegal practice [\[online\]](#).

⁵⁶ IBES DISKUSSIONSBEITRAG (2011) - Comparative Analysis of Delivery of Primary Eye Care in Three European Countries [\[online\]](#)

⁵⁷ GOC (2022) – Public perceptions research [\[online\]](#)

premises for improved diagnosis. As mentioned earlier in this section, the industry has also invested in relevant systems (such as bespoke record keeping systems) to ensure that optical professionals are able to provide uninterrupted high quality care.

Online businesses offer consumers the ease and convenience of shopping online which can save time and effort and improve choice, as compared to going to a physical store for buying optical appliances. Online businesses can offer the consumers a chance to browse hundreds of options and varied products readily. Consumers find it easier to shop around, and are exposed to more competitive prices as compared to physical stores. However, one needs to still obtain a prescription from an optical practitioner to buy glasses and contact lenses online.

In contrast, traditional bricks and mortar businesses benefit consumers by enabling them to interact with optical professionals, who can conduct thorough eye examinations, obtain valuable lifestyle history and provide appropriate care to the patient. Given the different physiological needs of each consumer, diagnosis from a qualified optical professional will allow the consumer in choosing an appropriate product. Additionally, buying glasses at a physical store allows one to see the product first-hand, and ensure that appropriate fitting measures are taken.

The optical industry is also characterised by multiple professional bodies providing clinical, professional and operational guidance to practitioners and businesses alike.

4 Costs of Options Extending Business Regulation

In this chapter we analyse the costs of a number of options for extending business regulation. In 2013, the GOC confirmed in a statement that it plans to extend business regulation to all businesses providing restricted functions.⁵⁸ In its recent call for evidence on the Act, the GOC asked stakeholders for views about whether the basis for the decision to extend business regulation still applies, as well as views on other regulatory options.⁵⁹ The scope of this analysis is therefore not to assess the wider impacts of the options, but to focus on the direct costs.

We first present the options we have considered with the GOC, and then discuss the types of costs that the various options may give rise to, and describe some important methodological considerations.

4.1 Options for business regulation

We list below the options for extending business regulation that have been suggested by the GOC. These are high-level and detailed specifications of each option have not been included. In our analysis, we discuss where such details are likely to affect the costs and benefits.

- Option 1: Extend business registration to all businesses providing restricted functions.
- Option 2: Extend business registration to all businesses providing restricted functions, with a 'nominated individual' responsible for compliance.
- Option 3: Option 1, plus a comprehensive inspection regime of all practices.
- Option 4: Option 1, plus a risk-based inspection regime.
- Option 5: Option 1, plus mandatory participation for business registrants in the mediation scheme (OCCS).

4.1.1 Costs

The optical businesses and the GOC will bear one-off and on-going costs for the various scenarios of extending business regulation. The costs of the registration options relate to:

- Costs to businesses of complying with registration requirements, such as: filling out forms; familiarisation with requirements; investments in training; and amending business practice where necessary.
- Administrative costs to the GOC of implementing and running the registration scheme. These costs could include: collecting registration submissions; fielding queries; sending reminders; and updating the register.
- Fitness to practise costs to the GOC. These would include costs to the GOC of handling complaints and fitness to practise cases (including investigations and hearings) specifically related to the new businesses on the register.
- Inspection costs to the GOC (hiring and training inspectors) and businesses (opportunity costs of time spent on the inspection).

⁵⁸ General Optical Council (2013) – “Review of business regulation: consultation” [[online](#)]

⁵⁹ General Optical Council (2022) – “Call for evidence on the Opticians Act and consultation on associated GOC policies” [[online](#)]

It is important to note that only the additional costs of the regulatory options compared to the current situation are relevant. For example, where businesses are *already doing* what would be required under a regulatory option, we do not include the costs of those activities.

We also note that some of the GOC's additional costs would be covered by fee income from new business registrants. The GOC would need to work out an appropriate fee model across new registrants, for example taking account of size and structure of the businesses.

4.2 Assessment of options

In this section we assess the direct costs associated with each option. As some options build on each other, the costs will overlap to some degree. In those cases, we present only the additional costs for the new option.

4.2.1 Option 1: Extend business regulation to all businesses

Under this option, all businesses providing restricted functions would be required to register with the GOC. This would include all bodies corporate, partnerships and sole traders, regardless of their use of protected title. The registration would therefore protect restricted functions rather than titles.

Responses to our fieldwork and the GOC's call for evidence on the Act show widespread support for extending business regulation as a means of levelling the regulatory playing field and ensuring that all businesses are under the oversight of the GOC. This would be particularly relevant in areas that are changing – such as remote care, scope of practice and technology – where updated rules and guidance for businesses may be beneficial.

4.2.1.1 Administrative costs to the GOC

The GOC would incur a one-off cost to register approximately 2,600 additional businesses (including responding to queries and providing support) and for drafting the required legislative changes to their business register. We have assumed that there would not be any additional checks or processes compared to what is currently in place. Any potential for changes to process as a result of legislation and following IT development have not been included in these costings as they are currently unknown.

It is estimated that the one-off costs for the GOC would entail three additional registration officers for a six-month period and half a full time equivalent (FTE) lawyer's time to draft the rule and legislative changes. Thus, the one-off administrative costs are estimated to be just over £90,000 which includes overheads, recruitment and training costs where relevant.

In addition to the one-off administrative costs, the GOC would also incur on-going costs for maintaining their enlarged business register, including the renewals process. The GOC estimates that this would require two full time registration officers per year at an estimated total cost of almost £90,000 per year.

4.2.1.2 Additional FtP costs for the GOC

We assume that an increase in business registrants would also lead to an increase in FtP costs for the GOC as more businesses would fall under the GOC's FtP remit. Using the current FtP data, we have assumed that two per cent of the current FtP costs are attributed to businesses, which equates to approximately £110,000 per year.⁶⁰ We then uplift this figure by the same proportion as the increase in business registrants, which results in additional FtP costs of approximately £100,000 per year. We assume that some proportion of additional business-related FtP cases would have previously been brought against individual registrants for

⁶⁰ This two per cent could be an upper bound as our calculations include FtP cases that may no longer be handled by the GOC due to changes in its acceptance criteria.

other cases and thus would not be strictly additional (we estimate 20 per cent). Thus, the final additional FtP costs borne by the GOC are estimated to be approximately £80,000 per year. Table 4.1 summarises these costs to the GOC.

Table 4.1: Option 1 cost estimates for the GOC

Extend business registration	Ongoing	One-off
Administrative costs for GOC		
One-off administrative costs		£91,000
On-going administrative costs	£89,000	
Annual fitness to practise costs for GOC		
Additional FtP costs due to extended business registration	£80,000	
Total costs for the GOC	£169,000	£91,000

4.2.1.3 Costs for new business registrants

New registrants will incur on-going compliance and administration costs in ensuring that their practice complies with the GOC's regulatory standards (e.g. reviewing their practices and systems to meet the GOC's standards) and in general administration associated with registration. Based on our fieldwork and averaging across different business sizes, we estimate that this would be three and a half days per currently unregistered business - approximately £1.74 million on aggregate per year, or £665 per business per year.

Table 4.2: Option 1 cost estimates for businesses

Extend business registration	Ongoing	One-off
Compliance costs for currently unregistered businesses		
Additional days per year for business to ensure compliance	3.5	
Daily resource cost	£190	
Number of unregistered businesses	2,622	
Total costs to businesses	£1,743,630	
<i>Cost per business</i>	£665	

4.2.2 Option 2: Named individual responsible for compliance with GOC's standards

Under this option, each registered optical business would need to nominate an individual who would have overall responsibility for ensuring the business complies with the GOC standards. The 'nominated' individual would not necessarily need to be a registered optometrist or dispensing optician. The person would also act as the "first point of contact" for the business as it interacts with the GOC. The rationale behind this option would be to ensure that businesses had someone accountable for registration requirements, and that shortfalls in business regulation issues could not simply be passed on to practitioners (e.g. for areas where they may have little control). This would be particularly relevant where businesses are owned by non-practitioners.

A similar model has been adopted in the General Pharmaceutical Council (GPhC) where owners of a retail pharmacy business must appoint a responsible pharmacist and a superintendent pharmacist. The responsible pharmacist needs to secure the safe and effective running of the registered pharmacy when it is operational, whereas the superintendent pharmacist is responsible for the professional and clinical management of a

pharmacy and the administration of the sale and supply of medicines. The superintendent pharmacist is responsible for overall compliance with standard operating procedures and regulatory standards.

The details of this option could be explored further. For example, we are assuming that the named individual would be per business (and not per outlet) and would not be directly comparable to the “superintendent pharmacist” in the GPhC model. Rather than being present on a day to day basis, the named individual in the GOC model would rather ensure that the business as a whole has the requisite systems and procedures in place to comply with GOC registration, and they would be held to account for shortfalls.

Feedback from some stakeholders suggests that in addition to this named individual, it would be important for registered practitioners to have a more formal say in how the business is run, particular in the case where businesses are owned by non-practitioners. This would be for example a clinical governance function headed by an optometrist, with authority to affect business decisions where relevant.

4.2.2.1 Cost of setting up nominated individual

We assume that the requirements of business registration (Option 1) would already cover the activities required by an individual to ensure compliance with GOC standards. Therefore, this option is unlikely to add material additional costs to businesses over and above Option 1.

However, we consider that there would be a small one-off administrative cost of setting up the named individual – around half a day per business. This equates to £95 per business, and around £523,000 across all businesses.

These figures assume that the named individual would be on a per-business basis – costs would be higher if a per-practice model was adopted. We have also assumed that this role would be undertaken by someone already within the business. If the potential for regulatory risk was sufficient such that individuals would require additional compensation, then costs would be higher.

The costs of Option 2 would be additional to Option 1 of extending business regulation.

Table 4.3: Option 2 cost estimates for all businesses

Extend business regulation + a nominated individual	Ongoing	One-off
One-off cost for business		
Time taken for all named individuals to receive training (days)		0.5
Costs to businesses of training the individual		£522,500
	<i>Cost per business to train individual</i>	£95
Total costs to businesses	-	£522,500

4.2.3 Option 3: Comprehensive inspection powers for the GOC

Under this option, the GOC would be able to inspect the premises of optical businesses and to audit the protocols used by businesses to ensure good clinical governance. The inspection of premises would enable the GOC to maintain direct oversight of registered businesses and to ensure that the practices met the Standards for Optical Businesses. This would include checking that equipment was up-to-date and all necessary systems were in place.

The costs for this option would largely depend on the manner in which the GOC would execute the inspection regime. In this option, we assume the GOC would inspect businesses on a three-year rolling basis i.e. every business providing restricted functions will be inspected every three years.

Some respondents to our fieldwork indicated that practice inspections could cause significant disruption. It would be difficult to continue operating whilst the inspection was ongoing (e.g. as consulting rooms would be inspected too) and their view was that the practice would need to close for half a day or so, leading to lost revenue from sight tests and potentially product sales. There would also be costs associated with the time spent by managers for prepare for and follow-up after the inspection. We have assumed that the GOC would arrange its inspection regime in such a way as to not require the closure of practices, but note the potential for significant business costs were this not to be the case.⁶¹

4.2.3.1 Cost of inspections - GOC

We have used the inspections costs from the GPhC inspection regime to underpin our assumptions about the GOC.⁶² In 2012, the GPhC conducted inspections on a three-year rolling basis, and incurred costs of approximately £523 per inspection. These costs could include time at the inspection, preparation and follow-up, and travel time. With an estimated 7,600 optical premises/outlets, the GOC would bear an annual cost of approximately £1.3 million for a rolling three-year inspection regime.

We assume that the GOC will incur a one-off cost of £80,000 to set up an inspection department, for example developing inspection procedures and any related legal or advisory costs. We are also assuming a one-off cost for recruiting and training inspectors of around £13,000. This has been calculated by estimating the number of inspectors needed per year to cover 7,600 premises every three years based on GPhC data⁶³ (around 35). We assume the cost of training would be equivalent to the daily average optometrist wage (£190) and that two days of training would be needed.

4.2.3.2 Cost of increased FtP cases - GOC

A comprehensive inspection regime could lead to an additional number of FtP cases being discovered by the GOC. While an additional number of additional FtP cases is highly likely, we expect business practices to improve such that FtP cases would decline over time.

We have included an indicative figure for increased FtP costs based on ten per cent of the estimated additional FtP costs described in Option 1, around £8,000 per year.

⁶¹ We estimate that the lost revenue across all practices could be around £3 million over the three year period.

⁶² We have used the GPhC's 2012 annual report data for our cost assumptions. 2012 was the last year where we could obtain accurate and clear data on the cost of inspections and the number of premises. The cost estimates have been uplifted to November 2022 using Bank of England inflation estimates. Subsequent annual reports from the GPhC do not provide a clear estimate on inspection costs and/or the number of premises inspected.

⁶³ GPhC reports show they had a team of 40 inspectors for around 2,900 inspections a year, equivalent to around 70 inspections per inspector per year.

Table 4.4: Option 3 cost estimates for the GOC, per year

Comprehensive inspection regime	Ongoing	One-off
Cost of inspections for the GOC		
Set up department		£80,000
Cost per inspection	£523	
Number of premises per year for 3-year basis	2,533	
Cost of inspections per year for 3-year basis*	£1,324,759	
Cost of increased FtP cases per year	£7,928	
Training and recruitment of inspectors		
Number of inspectors		35
Recruitment and training cost per inspector (two days)		£380
Costs of recruitment and training		£13,300
Total costs of the inspection regime for GOC	£1,332,687	£93,300

*Note that this is an annual figure. The cost of inspecting all practices in total would be just under £4 million.

4.2.3.3 Cost of inspections – businesses

We assume that businesses would need to spend some time preparing for and being present during the inspection, approximately one day of an individual's time per practice/outlet, amounting to £1.4 million across the industry (this would be over three years). As noted above, we have assumed that the GOC would manage the inspection regime so as to avoid the need for practices to close for the inspection. If this is not the case, we estimate that were practices required to close for half a day (forgoing an average of five sight tests) the costs of forgone earnings and spectacle sales could be around £3.1 million across all practices over a three-year period.

The table below shows the costs of Option 3, which would be additional to Options 1 and 2.

Table 4.5: Option 3 cost estimates for businesses

Comprehensive inspection regime	Ongoing	One-off
Costs of inspections - businesses		
Costs of preparation time per premise per day	£190	
Number of premises inspected per year (3-year rolling basis)	2,533	
Total costs of the inspection regime for businesses, per year	£481,270	-

4.2.4 Option 4: Risk-based inspection regime

In this inspection regime, the GOC would take a risk-based approach when choosing to inspect businesses. The GOC would only inspect optical premises where there is a higher risk to patients and the public. This could be either because of the nature of the services they provide or because there are concerns.

Some cost assumptions from Option 3 can be carried over to this regulatory option. A key difference in ongoing costs will be the number of inspections per year. Using FtP data, we have estimated that approximately two per cent of all FtP cases are attributed to businesses.⁶⁴ Thus, we have used the two per cent figure as a

⁶⁴ As stated earlier, this may be an upper bound due to changes in the GOC's acceptance criteria.

proxy to calculate the number of businesses that would be inspected in a year, which is approximately 148 inspections. Other assumptions of how to define ‘risk based’ would of course affect the cost estimates, as the number of inspections could be lower or higher than what we have assumed.

4.2.4.1 Cost to GOC

For this regime we are assuming a one-off cost for recruiting and training inspectors of approximately £800. Using a similar methodology, we estimate that two FTE inspectors will be needed to cover the inspection of 146 premises in a year, with two days’ training each.⁶⁵

Similar to Option 3, we have included an indicative figure for increased FtP costs based on 10 per cent of the estimated additional FtP costs described in Option 1, around £8,000.

Table 4.6: Option 4 cost estimates for the GOC

Risk-based inspection regime	Ongoing	One-off
<u>Cost of inspections - GOC</u>		
Set up department		£80,000
Cost per inspection	£523	
Number of premises per year	148	
Cost of inspections per year for 3-year basis	£77,404	£80,000
Cost of increased FtP cases - GOC	£7,928	
<u>Training and recruitment of inspectors</u>		
Number of inspectors (part time)		2
Recruitment and training cost per inspector (two days)		£380
Costs of recruitment and training		£760
Total cost of a risk-based inspection regime for GOC	£85,332	£80,760

4.2.4.2 Cost of inspections – businesses

We expect the preparation and inspection costs for each business to remain the same as Option 3. Thus, the total annual on-going cost across all risk-based businesses would be approximately £30,000, at a cost of £190 per premise.

Table 4.7: Option 4 cost estimates for businesses

Risk-based inspection regime	Ongoing	One-off
Costs of inspections - businesses		
Costs of preparation time per premise per day	£190	
Number of premises inspected per year	148	
Total costs of the inspection regime for businesses	£28,120	-

⁶⁵ As in Option 3, this is equivalent to around 70 inspections per inspector per year, similar to the GPhC model. A larger inspections team for the risk-based approach would entail proportionately greater training costs.

4.2.5 Option 5: Mandatory participation in mediation scheme

This regulatory option would require all participants to be part of the OCCS mediation scheme. Currently, participation in this scheme is voluntary. The OCCS's remit is currently limited to individual registrants and registered bodies corporate. However, the majority of complainants have some interaction with a registrant thus bringing the complaint into the OCCS's remit. In some cases complaints can have no link to a registered individual or business, for example regarding the dispensing of spectacles by a non-registered individual working for a non-registered business. These are rare.

We assume that this regulation option will not result in businesses incurring additional costs. Whilst businesses would incur some costs related to resolving complaints brought through the OCCS, they would most likely have had to deal with the complaints regardless. In fact the OCCS mediation service may reduce the time businesses spend dealing with complaints because the service provides support to both the customer and the business with the aim of coming to a quick resolution.

There will be some increased on-going service cost to the OCCS from the additional workload generated by additional business registrants, assuming business regulation is extended to all businesses providing restricted functions. Since the OCCS is completely funded by the GOC, it is likely that the costs will be passed to the GOC. However, we anticipate these additional costs to be very small. The latest OCCS report suggests a very small number of complaints (29 out of 1,700) were out of the OCCS' scope, i.e. not related to a registered practitioner of a registered business. As consumers are unlikely to know in advance whether their complaint is within scope or not, we assume that the current volume of complaints would not increase materially simply by virtue of having more businesses registered with the GOC.

It may be the case that once registered with the GOC, businesses are more likely to advertise the existence of the OCCS, although as the GOC's standards for individual registrants already require them to inform customers about the OCCS at the appropriate stage of the complaint, it is unlikely that this would result in a materially greater number of consumers seeking redress from the OCCS. It may also be the case that consumers would be more likely to seek redress from the OCCS for online-related complaints (the current lack of direct contact with a registered professional may currently be holding them back), such that there may be a small increase in complaints volume following from the registration of all businesses.

For the purposes of our cost estimates, we assume a small increase in caseload for the OCCS of 10 per cent under the model of full registration.

Table 4.8: Option 5 cost estimates

	Ongoing	One-off
Cost of mediation - GOC		
Estimated increase in workload from additional registrants	10%	
Costs to the GOC for mandatory mediation	£24,000⁶⁶	-

⁶⁶ Based on Mediation Costs to the GOC for 2021/22 in the Annual Report and Accounts [\[online\]](#)

5 Summary and Conclusions

In this report we have analysed:

- The optical market in its size and make-up.
- Risks and benefits of optical businesses.
- The costs of a range of regulatory options extending business regulation.

5.1 The optical market

The optical market is characterised by a relatively small number of large corporate businesses (around seven with more than 100 branches or franchise/JVPs) providing around 75 per cent of the value of services, and a large number of smaller, varied independent practices. Over the last ten years since Europe Economics' study on business regulation there has been some move away from sole practitioners towards larger practices, including the growth of large independent practices with large numbers of branches or JVPs.

This has been accompanied by the rise in locum and flexible working patterns among practitioners, with our fieldwork suggesting that practitioners who would have been in sole practice may now be more likely to work as locums.

The last ten years have also seen the rise in online-only businesses selling spectacles and contact lenses.

Estimating the number of businesses is challenging, as different sources use different bases for their estimation, for example whether they include online-only businesses, or consider branches of multiples as individual entities. Based on a range of data sources from the ONS, proprietary market reports and the NHS, we estimate the number of businesses and practices (or outlets) as follows. In sum, we estimate there to be currently around 2,600 unregulated businesses in the UK.

Table 5.1: Estimated number of optical businesses in the UK

Number of businesses	Estimate	Source
Estimated total number of businesses	5,500	Combination of ONS figure of 5,080 uplifted in light of IBIS figure of 7,000
Number of businesses currently registered with the GOC	2,878	GOC registrant data November 2022
Number of unregistered businesses	2,622 (48%)	

Table 5.2: Estimated number of optical outlets in the UK

Number of outlets	Estimate	Source
Estimated number of outlets	7,600	Combination of various estimates of outlets or practices
Number of outlets currently registered with the GOC	4,306	Number of businesses plus number of multiple outlets (franchise outlets already included as registered businesses)
Number of unregistered outlets	3,294	

The number of unregulated businesses estimated for this report is lower than our 2013 estimates. This could be due to a number of factors. Our previous estimate started with the number of optometrists registered with the GOC, and used assumptions of the number of optometrists in different types of business to arrive at a figure for the number of businesses. Given the number of locum optometrists and those working part-time, this method may well have over-estimated the number of businesses. It is also likely that since 2013 there has been some consolidation in the market, particularly with the rise of large groups such as the Hakim Group which are buying out independent practices.

Increases in locum and part-time working, together with the impacts of COVID and cost constraints, has put pressure on the optical workforce. Many businesses report difficulties in recruiting sufficient staff, and in turn are required to resort to locum work.

5.2 Business risks

Our research shows that levels of business risk are on the whole low. However, there are potential areas where risks could undermine patient care and outcomes. These are summarised below:

- **Increasing scope of practice and clinical governance.** The absence of formal clinical governance within businesses with the increasing scope of practice facing practitioners is a potential area for risk. Practitioners need to be fully supported by the business to be able to deal with increasing cases of eye health problems, and the business needs to have clear pathways for the management of such cases.
- **Growing / future risk areas.** There are areas such as remote care or the use of new technology that are emerging and where the evidence on risk is as yet unknown. Related to the previous area, patient care can be undermined if businesses engage in these areas without suitable competence or oversight. The individual competence of practitioners is still key, but this can be undermined if the business adopts unsuitable measures (e.g. undertaking remote tests or using machine learning technology without proper consideration of the risks and impacts). As evidence builds in these areas, new policies and regulations for businesses may well be necessary.
- **Gaps in regulatory oversight for online businesses.** The online supply of contact lenses continues to be a source of concern for optical professional bodies, in particular the apparent ease with which such businesses can contravene the Act.
- **Management and oversight of locum practitioners.** Although not a high risk area, there do appear to be systemic features of locum work that pose difficulties to businesses in the day-to-day management and oversight of these practitioners.

There are also instances of complaints being submitted to the GOC regarding business registrants, and a very small number of FtP hearings. These do not point to any particular areas of systemic risk, but in some cases the complaint categories do align with the risk areas we have investigated.

Our research suggests that the key to addressing much of the risk would be the consistent application of GOC regulation and oversight. It would be important to ensure that businesses abide by the requirements of the Act and are held to account in their application of up-to-date guidance and regulations, and that they are subject to GOC standards, and complaints and disciplinary proceedings. This applies both to bricks and mortar and UK-based online-only businesses.⁶⁷

5.3 Costs of regulatory models

Our study has examined a number of potential regulatory models for extending business regulation to all businesses providing restricted functions. These are:

- Option 1: Extend business registration to all businesses providing restricted functions.
- Option 2: Extend business registration to all businesses providing restricted functions, with a ‘nominated individual’ responsible for compliance.
- Option 3: Option 1, plus a comprehensive inspection regime of all practices.
- Option 4: Option 1, plus a risk-based inspection regime.
- Option 5: Option 1, plus mandatory participation for business registrants in the mediation scheme (OCCS).

The tables below summarise the costs to the GOC and the costs for businesses of the options. We have noted in the report that these costs are dependent on a number of assumptions about the options. The most significant is that any inspection regime would not require the closure of practices.

The costs of each option should be considered additional to Option 1, i.e. they all assume business registration for all businesses carrying our restricted functions.

Table 5.3: Costs of regulatory options

Regulatory Options	GOC		Businesses		Costs per business	
	Ongoing	One-off	Ongoing	One-off	Ongoing	One-off
Option 1 - Extend business registration	£168,000	£91,000	£1,744,000	£0	£665	£0
Option 2 - Nominated individual	£0	£0	£0	£523,000	£0	£95
Option 3 - Comprehensive inspection regime (per year)	£1,333,000	£93,000	£481,000	£0	£190	£0
Option 4 - Risk-based inspection regime (per year)	£85,000	£81,000	£28,000	£0	£190	£0
Option 5 - Mandatory mediation scheme	£24,000					

Note: numbers subject to rounding

⁶⁷ We note the GOC’s protocol for dealing with illegal practice [\[online\]](#).