

Family Nursing and Home Care

GST

1. Introduction

The following submission is made by myself as Director, on behalf of Family Nursing and Home Care (FNHC). Our Association has been in existence for almost a century and as a charity, is the main provider of Community Care for Jersey. Employing 250 staff, FNHC receives £5.5 million from the States of Jersey for outsourced services, and raises the remaining £1.5 million for budgetary expenditure from its charitable status. Year 2005 accounts indicate a reduction in proportion of income from the States to 78.8% (84.6% in 2003). Copies of the 2005 Annual Report will be provided to the Scrutiny Panel members to indicate the sources of income to the Association, which from its charitable status includes membership subscriptions, home care and medical supplies charges, donations etc. Resources expanded are also identified

2. Evidence of the Impact of GST on Operations

- 2.1 In relation to FNHC and its care in the community, GST we presume will be charged on service provision and medical supplies. This will impact not only on clients but also on other charities e.g. Cancer Relief, Multiple Sclerosis etc, who often pay for services or goods on behalf of vulnerable groups.
- 2.2 Whilst income support is a positive step forward to co-ordinate benefits and support, it will not cover all vulnerable groups. In the UK, medical supplies, dressings etc are free of charge to clients or on a prescription basis which is different to Jersey's current Health Strategy. FNHC already experience some difficulties in clients refusing to supply necessary items for their care needs, due to cost issues, as well as non payment of invoices.
- 2.3 The impact on the Association regarding purchase of goods and services is currently unclear. Approximations estimated by ourself include:
- 2.3.1 In 2005, we received income from sale of medical supplies of £203,266. A Goods and Service Tax of 3% would mean an extra cost to our clients of £6,097.
- 2.3.2 In 2005, we received income from home care fees of £338,145. A Goods and Service Tax of 3% would mean an extra cost to our clients of £10,144.
- 2.3.3 Queries continue regarding our membership system which allows clients to access services, for which there is no charge. In 2005, we received an Income of £297,503 from membership subscriptions. If this is eligible for a Goods and Service Tax this would be an extra £8,925 cost to the members.
- 2.4 In relation to service provision, FNHC currently provide outsourced services on behalf of States Departments, including Health and Social Services, Employment and Social Security (Subsidised Product Scheme) and Education, Sport and Culture (Child Accident Prevention). If States Departments are exempt from GST, FNHC would query their position as an outsourced service. Anomalies may occur between States provision therefore and health and social care providers.
- 2.5 FNHC 2005 Accounts demonstrate clearly the difficulties experienced by FNHC in relation to current service delivery, in view of the Fundamental Spending Review decisions of the States in 2005 and a reduction in grant. The majority of charities, including FNHC have reduced infrastructure costs compared to Public Sector bodies and in service delivery provide value added benefit to taxpayers.

- 2.5.1 Charitable associations are already experiencing difficulties and reductions in donations due to the implementation of new tax regimes. Many charitable associations are already in a fragile position regarding income generation and the public view of charities may be affected further by the perception of donating funds and the paying of GST.
- 2.6 FNHC already support smaller but key charities in employment and human resource issues including Cancer BACUP (Jersey) and the Jersey Asthma Society. The implementation of GST for charities will place an additional administration cost on all charities, as well as additional running costs in stationery, leaflet production etc.
- 2.7 Whilst commercial firms have more flexibility to adjust business costs, this is against the whole ethos of Third Sector providers, who are mainly not for profit associations with a different ethos and culture to the business environment.
3. **Views on the Appropriate Treatment for Charities**
- 3.1 The existing fragility of the Third Sector cannot be ignored or the goodwill that exists. The costs they incur in raising funds and supplementing public services should be considered with care and not be the subject of GST.
- 3.2 At a time when the Public Sector is facing efficiency issues, the States of Jersey should consider the strengths of the Third Sector and build on these to address future health and social care issues. The costs of sales and purchases should remain outside the scope of GST.
- 3.3 The States of Jersey should also consider the whole issue of charitable giving as the UK Government is done for Tax relief overall.
- 3.4 A further consideration could be charities being advised regarding covenant issues to remove their need to pay GST.

K Huchet
July 2006