



Sue Ryder briefing in advance of the House of Commons Backbench Business Debate on the Big Society – Monday 28th February 2011

'If you actually look at what central government is doing, you look at the part that I am responsible for, we are actually doing things to try and make a bigger society more possible.' – David Cameron, speech on the Big Society, 15th February 2011

'An unintended consequence of the Big Society? The fact that the Treasury will increase the amount of irrecoverable VAT it receives from charities. Our task? To get the government to listen to our solution' – Paul Woodward, Chief Executive, Sue Ryder

The Big Society – what's right with it? Empowerment, Freedom and Responsibility

According to the government the lynchpins of the Big Society are empowerment, freedom and responsibility.

At Sue Ryder, these themes are central to our service delivery.

- We **empower** our service users to live the lives they want
- They are given the **freedom** to shape the care they receive. We are able to provide a personal package of care for them with the help of our skilled workforce and 9,000 dedicated volunteers.
- We take **responsibility** for meeting each of our service users needs. We work with their families and other health and social care professionals to make sure we achieve the best outcomes.

What does the Big Society and public service reform mean to us?

We believe the Big Society is entwined with public service reform.



In West Berkshire we are in the process of expanding our healthcare services. From April 1st 2011 we plan to take over a local NHS Hospice. By streamlining services in the area we will make savings for the public purse (estimated to be at least £0.3m in the first year). We will also continue to inject voluntary funds in the area and encourage and facilitate volunteering. We will work with existing community charities and empower them to continue to raise funds for palliative and end of life care services.

This is a model for public service reform and Big Society engagement that we hope to replicate in the future.

When this hospice was managed by the NHS, it was able to recover VAT on certain non business supplies (these include laundry, waste disposal and staff training). This benefit is written into Section 41 of the 1994 VAT Act and applies to all NHS services. Charities are not entitled to this benefit. We are left to use charitable funds to pay for this VAT burden. This means that the £0.3m efficiency savings we plan to make will be roughly halved when taking into account the irrecoverable VAT we will incur.

We don't think this is a level playing field

As a result of the current policy in relation to VAT recovery for charities and the government's reform agenda:

- There is a hidden VAT cost when a service is transferred from the NHS to a charity; we are forced to inject charitable funds just to keep services at the same level.
- The Treasury receives increased irrecoverable VAT payments from the transfer of services as charities cannot recover VAT in the same way as the NHS.

These are unintended consequences. Ones we think the government will want to address.

Irrecoverable VAT affects all of our services. If our hospices and care centres were run by the NHS, they would be able to recover a significant proportion of the VAT incurred on non business supplies. For example, if our



Cheltenham hospice, Leckhampton Court, was run by the NHS it would be able to recover 57% of the £44,000 VAT incurred in this area each year.

These funds would allow the hospice to:

- Employ a nurse for around 44 weeks or;
- Provide 1,500 bereavement sessions for families who have lost a loved one or;
- Provide 2,500 hours of support from a carer.

What do we want the government to do?

We understand that it is not realistic to ask the government to give charities the ability to recover all VAT. That's not what we're asking for. We want the government to look at this unintended consequence of the Big Society and public service reform agendas and to take action.

The government can stop this situation from worsening by amending section 41 of the 1994 VAT Act to include charities providing services transferred to them by the NHS.

This can apply to all services transferred from the NHS to the charity sector after the date of the legislation's amendment. This would mean that the Treasury would not lose out on funds they currently receive; they would maintain the existing position in relation to VAT recovery on health services.

It's that simple

But we need your support. We need MPs to raise this issue with the government at every given opportunity – and certainly at this debate. Though tax policy is owned by the Treasury, we believe the Charities and Health Ministers should be encouraged to support our campaign. Maintaining the current status quo will be mean maintaining the barrier to the Big Society.

'Of course, the state will still have a crucial role to play: ensuring fair funding, fair competition and ensuring that everyone – regardless of wealth – gets access to the care they need' – David Cameron, Daily Telegraph, 20th February 2011



We agree with the Prime Minister when he talks about the state's role in ensuring fair funding in public service reform. We hope Mr Cameron will want to talk to us.

We hope you will too.

To arrange a meeting or to get in touch for more information, please contact Blanche Jones, Head of Public Affairs and Policy at Sue Ryder

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