

# Corporate Services GST Sub-Panel

THURSDAY, 20th JULY 2006

## Review of GST

### Panel

Deputy P.J.D. Ryan of St. Helier (Chairman)

Connétable D.J. Murphy of Grouville

Connétable J. Gallichan of Trinity

Connétable M.K. Jackson of St. Brelade

Mr. M. Haden (Scrutiny Officer)

### Witnesses

Karen Huchet, Family Nursing and Homecare Services

Annette Jouault, Family Nursing and Homecare Services

Dr. G. Ince, Jersey Medical Society

Claire Morvan, Jersey Dental Association

Graham Atkins, Jersey Dental Association

Senator S. Syvret

Deputy A. Breckon of St. Saviour

Dr. G. Llewelin, Jersey Cheshire Home

### Jersey Cheshire Home:

**Deputy P.J.D. Ryan:**

Doctor, you are here on behalf of the Jersey Cheshire Home?

**Dr. G. Llewelin:**

I am, yes.

**Deputy P.J.D. Ryan:**

Thank you very much for joining us this morning. I have to read this witness statement and it is important that you understand the terms because there are certain statutory things that apply. Although we seem quite relaxed and we like to keep it that way, nevertheless I do have to read this rather formal notice to you. You should have a copy in front of you there. The procedures of the panel are covered by parliamentary privilege through article 34 of the States of Jersey Law 2005 and the States of Jersey Powers, Privileges and Immunities Scrutiny Panels (PAC and PPC) (Jersey) Regulations 2006 and witnesses are protected from being sued or prosecuted for anything said during hearings unless they say

something that they know to be untrue. This protection is given to witnesses to ensure that they can speak freely and openly to the panel when giving evidence without fear of legal action although the immunity should obviously not be abused by making unsubstantiated statements about third parties who have no right of reply. The panel would like you to bear this in mind when answering questions. We are recording the proceedings so that we have an accurate transcript of what is said and we can make that available to you if you so wish afterwards, once it has been transcribed, so that you can correct any minor alterations or inaccuracies. Our terms of reference are also there although to be honest they are pretty wide in GST terms so we can pretty much look at everything to do with GST that we want to.

**Dr. G. Llewelin:**

I understand.

**Deputy P.J.D. Ryan:**

So the Jersey Cheshire Home provides a pretty unique medical service in the Island. You are a charity and you are the only residential home catering specifically for the physically disabled. Most of your clients are resident, I believe, although you do have some day care clients, respite users and some physiotherapy clients and independent users of the hydro-therapy centre.

**Dr. G. Llewelin:**

Yes.

**Deputy P.J.D. Ryan:**

Now, you are saying that charities and the services they provide should be treated the same as in the United Kingdom, in other words, anything that you provide should be zero rated?

**Dr. G. Llewelin:**

Yes.

**Deputy P.J.D. Ryan:**

That presupposes that you would be registered for GST so that you were able to reclaim any GST taxes charged to you. That is the way that you are suggesting that the Jersey Cheshire Home should be treated?

**Dr. G. Llewelin:**

I think that is what the Chairman and executive, Colin Campbell, had in mind. I think we probably are not as au fait with systems of VAT and proposed GST to perhaps opt for the right ...

**Deputy P.J.D. Ryan:**

Have you had any professional advice, do you know?

**Dr. G. Llewellyn:**

Not to my knowledge but obviously our Chairman is in the finance industry and Trusts and that sort of thing so whether he is taking advice I would not know.

**Deputy P.J.D. Ryan:**

Well, he would probably not need to take advice one would have thought. What that presupposes is that the administration side of running GST accounting does not hold too many problems for you. I am not sure how you run your accounting systems and what have. Do you have IT to run it?

**Dr. G. Llewellyn:**

Yes.

**Deputy P.J.D. Ryan:**

You do? Presumably in the UK the Cheshire Home Foundation have IT systems that you can draw on.

**Dr. G. Llewellyn:**

Yes, I would think so. We are affiliated to Cheshire in the UK but we do not come under them. We are sort of independent.

**Deputy P.J.D. Ryan:**

You are independent?

**Dr. G. Llewellyn:**

Yes, it is just that we followed on from the foundation of Cheshire Homes. But the Cheshire Homes in South Africa and India and so on, we are more the international field rather domestic UK sort.

**The Connétable of St. Brelade:**

Are most of your clients self-funding or do they tend to be supported.

**Dr. G. Llewellyn:**

No, most are assisted by the States or we used get from a parish as well and we get a proportion ... I think probably only one is privately funded out of our 23 residents.

**The Connétable of St. Brelade:**

In age terms, how old are your clients generally or is it across the board?

**Dr. G. Llewellyn:**

There is no actual bar on age at all but most of them have been with us for many years and one or 2 are,

in fact, still from the original opening of the Home in 1983 and obviously as well as being disabled physically they are now showing ageing problems as well. We would keep them; we would not dream of moving them off somewhere else or something like that. It is their home and as far as we are concerned they are there for the rest of their days if they wish it. We have got 23 residents. We are registered under both the Nursing Home (Jersey) Law and the Residential Homes (Jersey) Law. We have got 10 designated nursing beds and 11 residential beds. We have also got 2 flats which are like sheltered living where we have got the less severely disabled who can do most things but just need a bit of supervision. So we have 2 of those as well. We have about 43 staff and our turnover is just over £1 million to run.

**Deputy P.J.D. Ryan:**

Do you have agency staff?

**Dr. G. Llewellyn:**

Occasionally we have to but, no, we usually have our own. We have our own bank. We have a reserve bank, people to call in if somebody is off sick.

**Deputy P.J.D. Ryan:**

Are they paid staff or voluntary?

**Dr. G. Llewellyn:**

They are mostly paid staff and they are part-time as well as full-time. Obviously we have nurses because they are professional, for the nursing beds, as well as carers and the care assistants which are mainly for the residential home side.

**Deputy P.J.D. Ryan:**

Your purchases and your general costs. You own your building so you do not have rental costs?

**Dr. G. Llewellyn:**

No, we own the building.

**Deputy P.J.D. Ryan:**

But other purchases that you might make such as medical supplies ...

**Dr. G. Llewellyn:**

Exactly, and obviously food and anything that you and I would own.

**Deputy P.J.D. Ryan:**

Yes, because it is a home so there are the normal ....

**Dr. G. Llewellyn:**

You have to have services; you have to have plumbers and ...

**Deputy P.J.D. Ryan:**

All those kinds of things.

**Dr. G. Llewellyn:**

It has been estimated, just a sort of back of the envelop figure, that the affect of the GST would possibly cost us about £30,000 a year.

**Deputy P.J.D. Ryan:**

Would it?

**Dr. G. Llewellyn:**

Yes, and that is just basing it on the 3 per cent.

**The Connétable of St. Brelade:**

Why do you say that, because effectively the GST although it will be charged out, can be claimed back so in theory the charge will be for your clients as an additional cost?

**Dr. G. Llewellyn:**

Yes, we are slightly unclear there because most of our clients, and certainly in terms of people paying, are the States so we do not quite know how the transaction goes between us and a States body as it were regarding GST.

**The Connétable of St. Brelade:**

It will come into the income support system, I suspect.

**Dr. G. Llewellyn:**

But we have assumed that we will have to pay it like everyone else in our calculations.

**The Connétable of St. Brelade:**

I presume you would have to charge it out?

**Dr. G. Llewellyn:**

Yes, exactly. We would have to otherwise we would have to do some major events to recoup that.

**The Connétable of St. Brelade:**

The £30,000 you indicated would be in operational costs?

**Dr. G. Llewellyn:**

Yes.

**The Connétable of St. Brelade:**

Do you have any idea of a split out on the administration cost side of that?

**Dr. G. Llewellyn:**

No, I do not but probably our treasury could help with that. I certainly would not be able to give you anything accurate in that sense.

**The Connétable of St. Brelade:**

But you perceive extra administration, perhaps staffing needs.

**Dr. G. Llewellyn:**

Possibly, yes.

**The Connétable of Grouville:**

Can I just go back to the start and that is that we are talking now about an independent stand-alone Jersey charity.

**Dr. G. Llewellyn:**

Yes.

**The Connétable of Grouville:**

How are you funded? What is the basis of funding?

**Dr. G. Llewellyn:**

Basically by fund raising, by legacies and so on.

**The Connétable of Grouville:**

What percentage would you say is income from residents as opposed to having to go out and find the money or States funding or something like that?

**Dr. G. Llewellyn:**

Yes. Again, I am probably not the right sort of person to give you an accurate answer on that. But, as I say, we certainly depend largely on States paying for the residents. We would have a problem and it would be difficult to get money other than ... it is easier to do it through the States and so on. We had a

problem not so long ago where the parish of St. Helier stopped paying us because they were not getting reimbursed. The system had changed and it was social security that was supposed to be funding it. Social security were not giving the money to the parish of St. Helier and the parish of St. Helier said: "No, we cannot pay you." That went on for nearly 3 years. Fortunately, it was resolved about 3 or 4 months ago. We were owed about £150,000 or £160,000 at one stage. It was a big problem for us.

**The Connétable of Grouville:**

Absolutely. I can imagine.

**Dr. G. Llewelin:**

But that is all settled now.

**The Connétable of Grouville:**

Okay, so that was my line of questioning.

**Deputy P.J.D. Ryan:**

I think a lot of the questions that we need to ask you, doctor, fall into the sphere of your accountant or your treasurer.

**Dr. G. Llewelin:**

Yes, that would be fair.

**Deputy P.J.D. Ryan:**

I would strongly advise you to take a message back, if you would not mind, to whoever the professional is that takes care of that, that they should first of all engage with the Treasury and Crown Agents and seek advice on matters there. Following that, they should either take professional advice if they believe it is necessary, or alternatively to then engage with us and make a submission to us on how he or she believes the appropriate treatment of GST should be. If you would like, what we will do is write to you.

**Dr. G. Llewelin:**

That is fine.

**Deputy P.J.D. Ryan:**

It will save you making notes.

**Dr. G. Llewelin:**

Okay. Yes, otherwise I might make a mistake in copying down what you intend.

**Deputy P.J.D. Ryan:**

So we will send you a brief note to that effect from the scrutiny office.

**Dr. G. Llewelin:**

Yes, that is fine.

**Deputy P.J.D. Ryan:**

I think that would be the appropriate way forward.

**Dr. G. Llewelin:**

It had been our intention to send our Chairman and possibly our executive officer, or treasurer and executive officer, but unfortunately the timing the meeting meant they were committed. I am all right because I am retired and I do not have the same day-to-day working commitments as they have.

**Deputy P.J.D. Ryan:**

We can converse in writing, as I say, so they do not need to necessarily come. We have got a good idea now of what the Cheshire Home is and does, and how it is funded. That is fine and I thank you.

**Dr. G. Llewelin:**

I have got some leaflets if you want some?

**Deputy P.J.D. Ryan:**

That would be good, yes. Thank you. Can you pass those around?

**Dr. G. Llewelin:**

There should be about 10 there.

**Deputy P.J.D. Ryan:**

As I say, we will write to you and I think that is probably the way forward for you to make your feelings known as an organisation on how you should be treated. Okay?

**Dr. G. Llewelin:**

Okay.

**Deputy P.J.D. Ryan:**

Thank you very much for your time.

**Dr. G. Llewelin:**

It is a pleasure. Thank you.



