VAT refund cut scuppers incontinence programmes

Customs and Excise officials say unscrupulous accountants forced them to tighten the VAT rules governing incontinence products

By Martin McNamara

The recent tightening of the Customs and Excise rules on VAT paid on incontinence pads is just the latest squeeze put on the future care of people who need the products.

The decision means that NHS trusts and non-charitable nursing homes are no longer able to claim back the 17.5 per cent VAT paid on incontinence products.

This unexpected blow to the budgets of the NHS and nursing homes will increase the already excessive demands made on budgets for incontinence care.

Angela Billington from North Hertfordshire NHS Trust had been celebrating receiving an extra £17,000 worth of funding for its incontinence programme. But that was before the new ruling added an extra £25,000 to her annual bill.

Ms Billington, chair of the RCN continence forum said: 'It's very difficult when we've done a very good job staying in budget to suddenly have to face finding another £25,000.'

And she is in no doubt as to the effect of the new charges: 'Patients will have to wait longer to receive products, there will probably be fewer products and less choice because we have to stay in budget.'

Nursing homes used to be able to buy pads in bulk for distribution to individually named patients and so claim back the VAT.

But because most nursing homes provide washable pads to patients, irrespective of their complaint. But an increasingly ageing population, better informed healthcare workers and high profile publicity campaigns have led to more sufferers coming forward.

Ironically, that very success now seems to be threatening the service. Health authority budgets for incontinence care are being overspent around the country as demand exceeds supply. North and East Devon health authority suspended supplies of incontinence products to new patients throughout the summer as it tried to deal with a budget deficit.

Other health authorities have responded by issuing two washable pads to patients, irrespective of their needs.

Incontinence sufferers experience radically different levels of care depending on where in the UK they live, and there is no legal minimum level of service which the NHS must provide. The fear is that the squeeze on VAT charges could give trusts an added incentive to cut back on incontinence care.

The VAT blow may cause further cuts in incontinence care budgets

For its part, Customs and Excise says it was forced to close up the loophole because it was being exploited by some unscrupulous accountants. It claims that patients should not lose out because VAT charges should be incorporated into the funds allotted by government. A spokesman said: 'At the end of the day, where the NHS cannot recover VAT, VAT should be included as an element in its funding.'

But David Pollack, director of the Continence Foundation, said the VAT ruling came 'completely out of the blue. Less than a year earlier, Customs and Excise had been offering guidance to the bureaucracy to ensure that health authorities could get the VAT back.'

He believes the VAT changes will set back the quality of the service. 'Incontinence is one of the most under-diagnosed and under-recognised problems there is. Trusts are already experiencing severe pressure on their budgets. The VAT charges mean a sharp increase they never expected.'

Frank Ursell, business manager at the Registered Nursing Homes Association, believes Customs and Excise may be acting to the letter of the law, but not in the spirit of it.

'There is no plan on the part of Customs and Excise actively to satisfy the intention of the government that people with long standing requirements like these should not have to pay tax on them,' he said.

Perhaps one good thing might come out of this latest squeeze on resources for incontinence products. Ms Nazarko believes too many professionals are happy to hand out pads and not enough emphasis is being given to curing incontinence. More expensive incontinence products could encourage a new approach to the problem.

'A lot of incontinence can be cured with an holistic nursing approach. It takes much more time and trouble but it is much better. What we need is a different mind-set,' she said.