

Jisc: the UK's largest cost sharing group

With 149 HE members, [Jisc](#) is easily the largest VAT [cost-sharing group \(CSG\)](#) in the UK and provides digital solutions for UK education and research activities as a shared service.

Background to the Jisc CSG?

New UK legislation in place since 2012 allows organisations such as Jisc to provide services to members exempt of VAT via a 'Cost Sharing Group' (CSG), provided a number of other conditions are met. This has helped remove an important barrier to the wider uptake of shared services.

The Jisc cost sharing group was set up to enable Jisc members to benefit from this new legislation.

How Jisc members benefit

Under a CSG, services are VAT exempt when members charge each other for them, providing certain criteria are met (see below).

Jisc already saves its subscribers more than £200m in annual cost savings and cost avoidance. The VAT exemption saves the CSG members an additional £2m a year.

Members of the CSG benefit by around 17%, taking into account tax they would have been able to recover without being a member of the CSG. For example, if your subscription cost was £200,000, as a CSG member you are saving 17%, or £34,000 a year. If the cost is £400,000 then they would save £68,000.

These savings can make a real difference to institution as Jisc's chief finance officer, Mark Wright, explains: "If you were in Jisc's CSG I would not charge VAT on a whole a range of services. This is important for universities and colleges because outside a CSG they would only be able to recover a small amount of VAT incurred."

How the Jisc CSG works

To join the CSG you become a member of Jisc. Up until 31 July 2014, Jisc only had three members, UUK, Guild HE and the Association of Colleges.

From 1 August 2014, any institution that joins the CSG is also a member of Jisc. Every service that is included in the Jisc subscription, including network infrastructure, security, and collaborative technologies, is part of the CSG, as are a range of optional services, such as training, cloud services and access to Ordnance Survey data through Digimap.

Yet there may be situations where services are invoiced by a Jisc subsidiary outside of the CSG because it is beneficial to universities. The decision to charge within or outside of the CSG is determined by the level of added value. For example, if a service had little explicit added value other

than benefits of lowering costs by aggregation, and knowledge, then it benefits the university for invoicing to be outside of the CSG.

What criteria must CSGs meet?

The hurdles to create a cost sharing group are very high and rightly so. A CSG has to be made up of members and offer services, not products to members. The fee each member charges the others must represent an exact reimbursement of cost, no more. The CSG must not of itself distort the market.

Who can join the Jisc CSG?

All universities can join and 149 have chosen to be members. Jisc also has 111 further education members.

Contact details

For more information about the Jisc CSG, contact Mark Wright: mark.wright@jisc.ac.uk

You can register to [become a member of Jisc](#) at any time by emailing membership@jisc.ac.uk.