

Shared services to enhance the student experience



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Higher Education Funding Council for England





Cost Sharing Exemption Guidance

Steve Butcher

3rd July 2013

Existing shared services in HE

- University of London



- UCAS



- Purchasing Consortia



- JISC



- HESA





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HECSU



Sector Shared Services

- Legal Service



- Out of Hours Desktop Support



- BUFVC



Sector Shared Services

- WPM Payments Gateway



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Potential for CSGs

- *N8 – asset sharing*
- *Realising Opportunities*
- *Jobs*





- Collaboration by HEIs
- Cost of Change
- Priorities
- VAT



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VAT in Higher Education

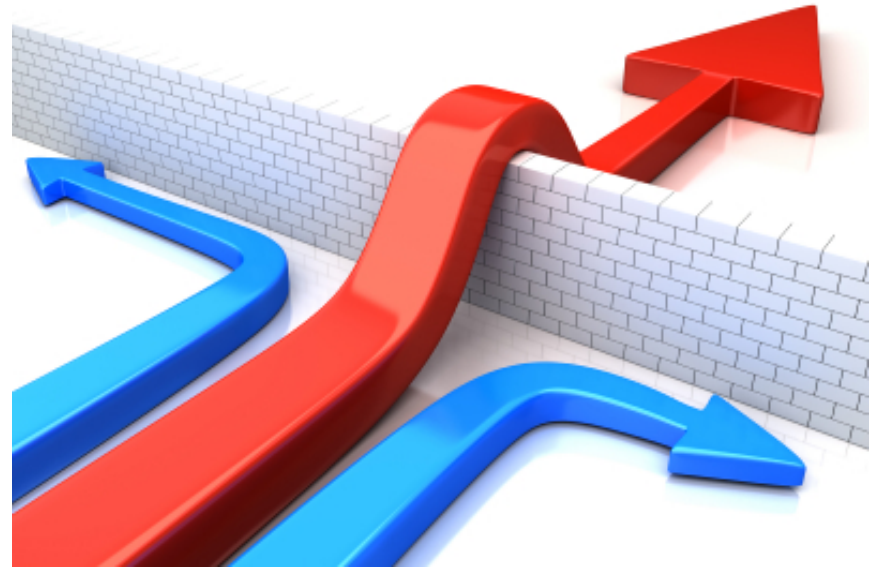
- Education is exempt
- Closely related activities are exempt

➔ Input VAT cannot be reclaimed on exempt activity



VAT Cost Sharing Exemption

- Finance Act - July 2012
- HMRC Guidance - August 2012



Questions for HE

- ❖ What does exact reimbursement of costs mean?
- ❖ What is mean by marketing?
- ❖ What does an existing collaboration need to do to become a cost sharing group?



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Questions for HE

- ❖ Are different classes of membership allowed?
- ❖ Can founder members recover some of their investment from later entrants?



Question for HE

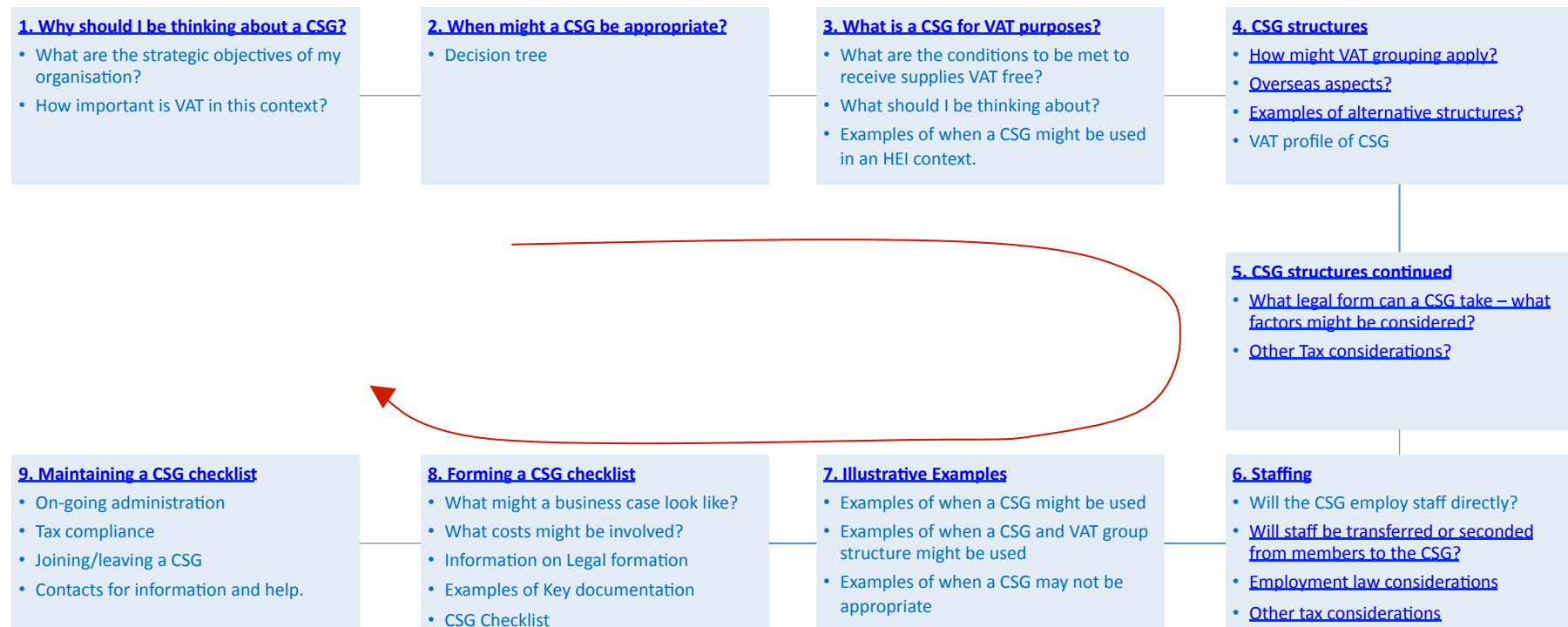
❖ ***What are the procurement rules around CSGs***



❖ ***What happens when a CSG receives some grant funding?***

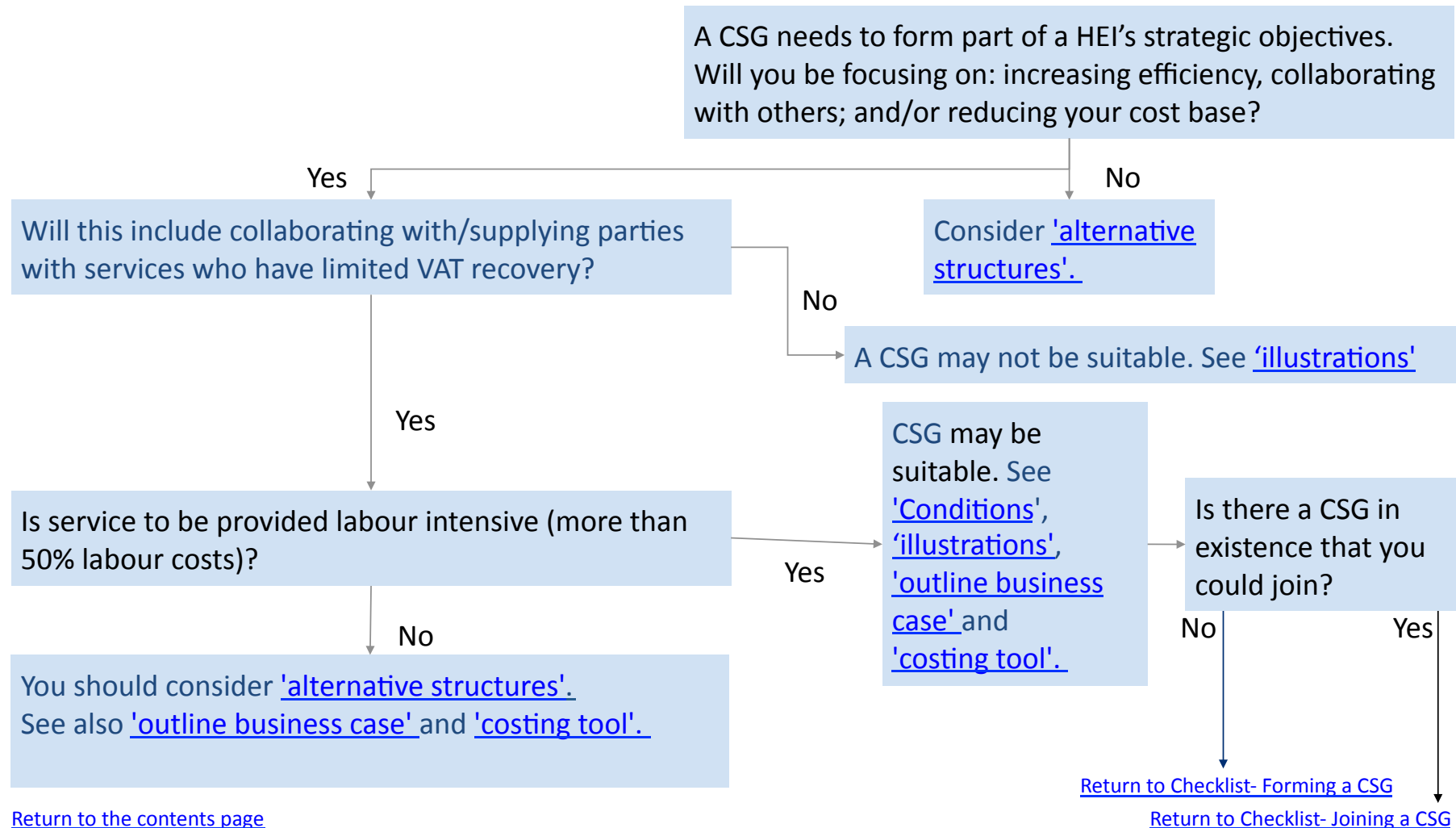
Guidance on the Cost Sharing Group VAT exemption

This is HEFCE's high-level guide to the Cost Sharing Exemption. The diagram below shows the key elements of the guidance (see [Index page](#) for further details).



Guidance on the Cost Sharing Group VAT exemption

Decision tree – Factors to consider about whether a CSG is relevant to your strategic objectives



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Checklist – Maintaining a CSG

The requirements for maintaining a CSG will ultimately depend upon the legal form adopted, see ['legal structures'](#). Below is a summary of issues associated with maintaining a CSG. This is not an exhaustive list.

- VAT compliance- ensure that the CSG [conditions](#) continue to be met, particularly the 'directly necessary' test – should the members be required to certify that they are eligible to join/remain members?
- Prepare cost forecast for each year.
- Determine whether contingency required for future capital expenditure.
- Ongoing tax compliance- e.g. submission of tax returns etc.
- Administration i.e. filing with Companies House, etc
- Annual Accounts and accounting treatment e.g. is an audit required etc?
- Monitor developments in compliance requirements
- Review performance of CSG against cost forecast
- Determine how will any surplus/shortfall between income and expenditure be dealt with
- Adding new members- see ['checklist-joining a CSG'](#)

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Cost Sharing Exemption Guidance

- Published July 2013
- Case Studies to follow
- Six monthly updates



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