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Higher Education Funding Council for England

HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND

Cost Sharing Groups in Higher Education

Steve Butcher

29th November 2012

VAT

VAT will be a simple tax on the supply of goods and services

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VAT

VAT will be a simple tax on the supply of goods and services

Anthony Barber MP, Chancellor of the Exchequer 1972

VAT

Beyond the everyday world ... lies the world of VAT; a kind of fiscal theme park in which factual and legal realities are suspended or inverted.

Lord Justice Sedley
decision in Royal & Sun Alliance v C&E commissioners (Court of Appeal) 2001

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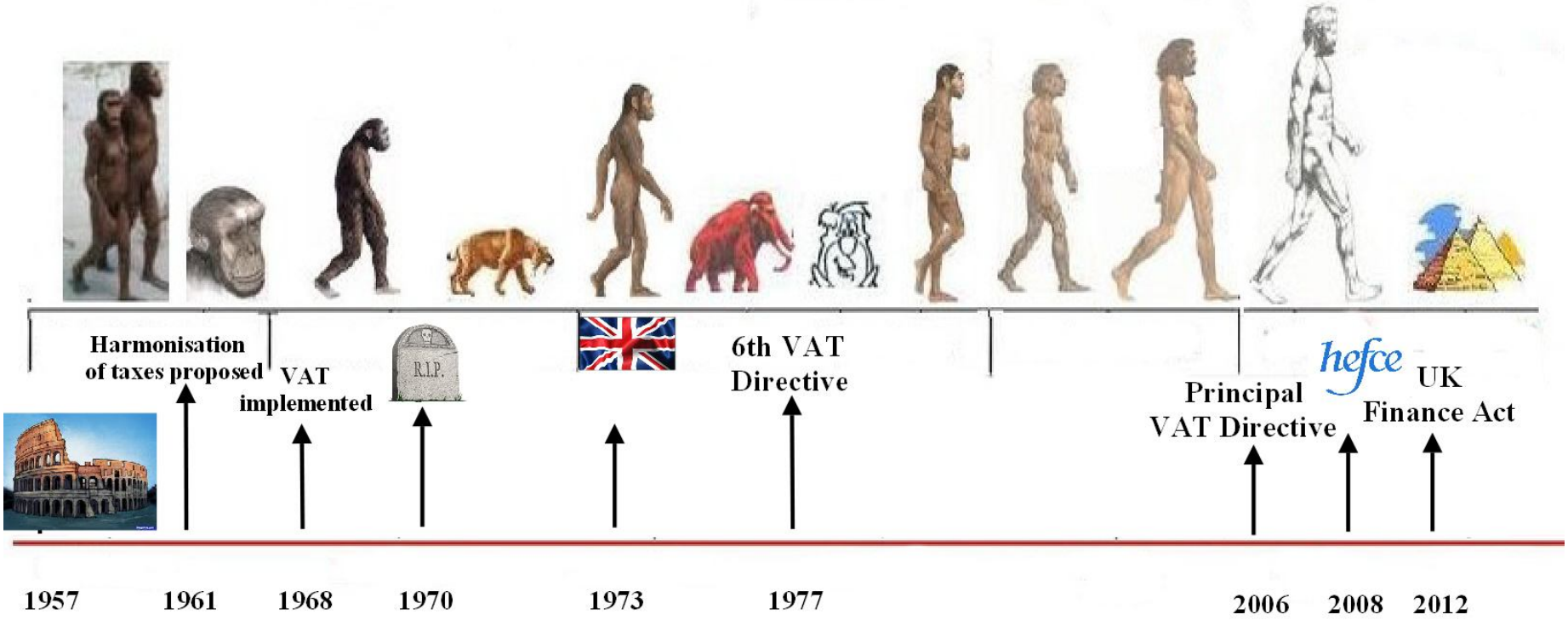
Evolution of Cost Sharing Groups



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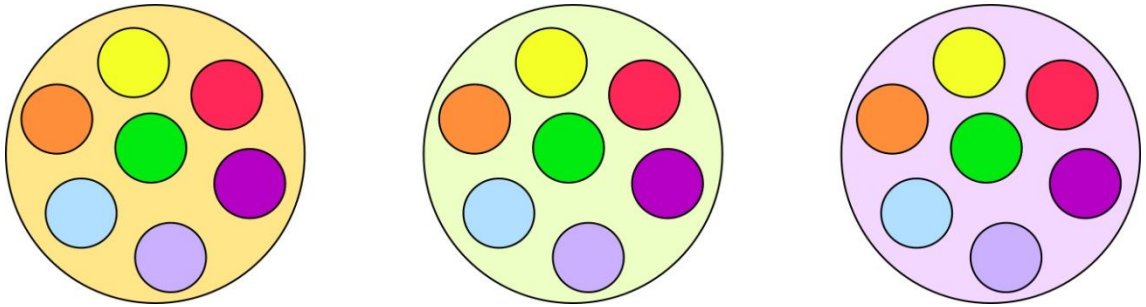
CSGs v Outsourcing



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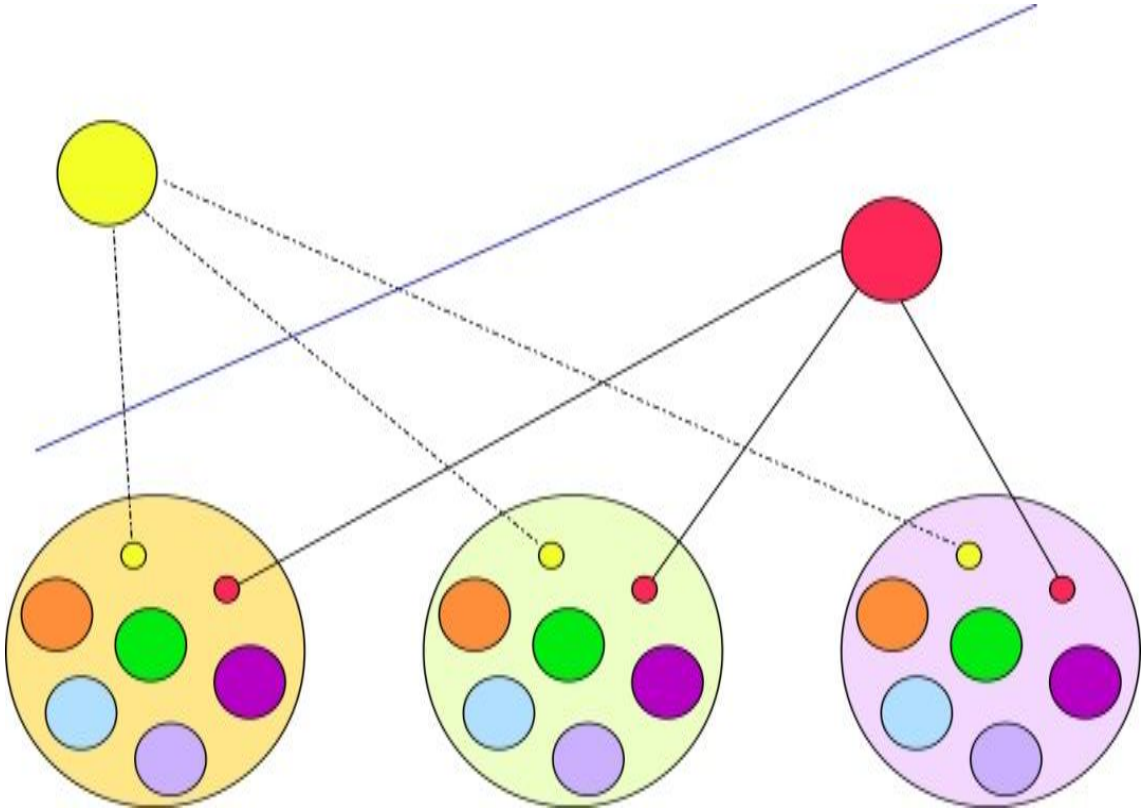
CSGs v Outsourcing



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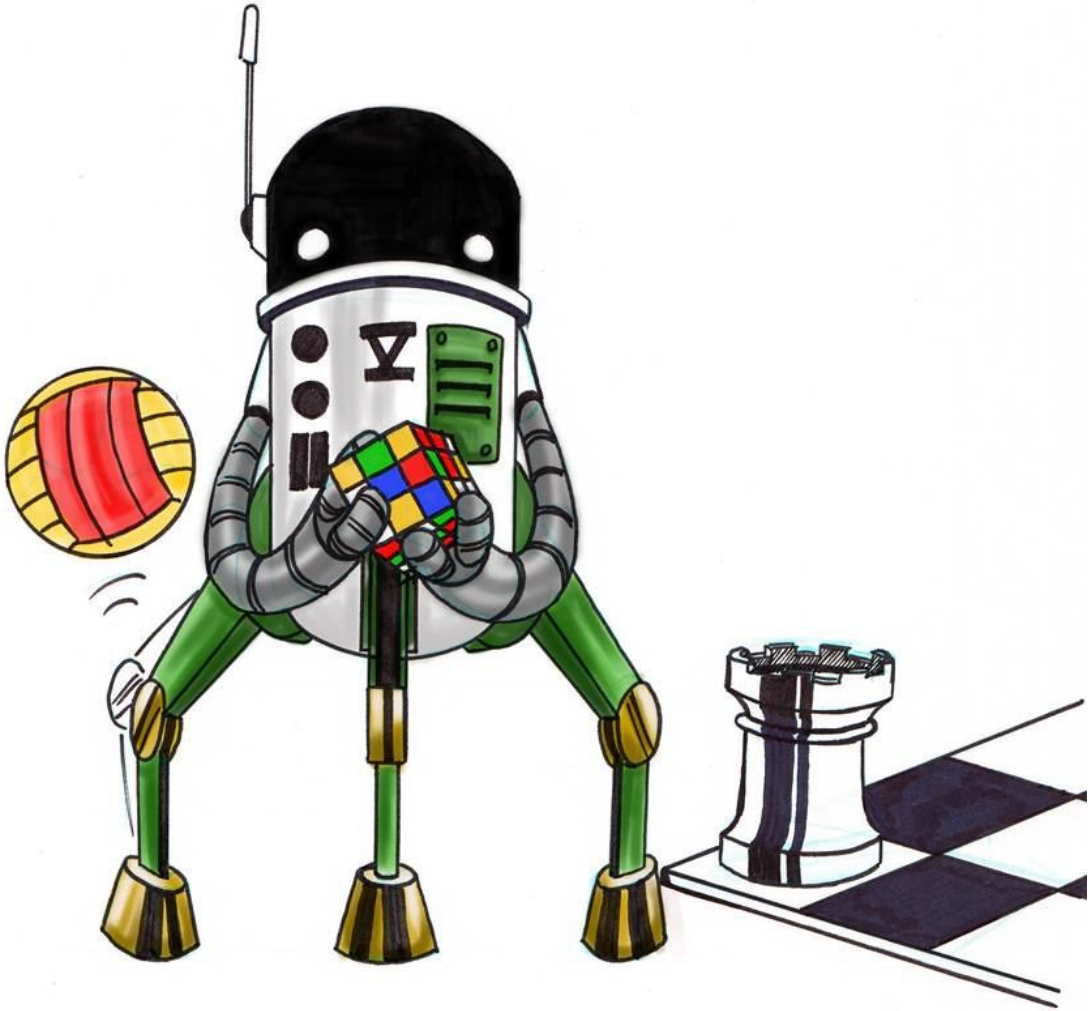
Five Armed Test



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Independent Group of Persons

- ***CSG must be legally separate***
- ***Owned by members and independent of external influence***
- ***Shareholding does not have to be equal if members agree***
- ***Can take any form of a 'taxable person'***

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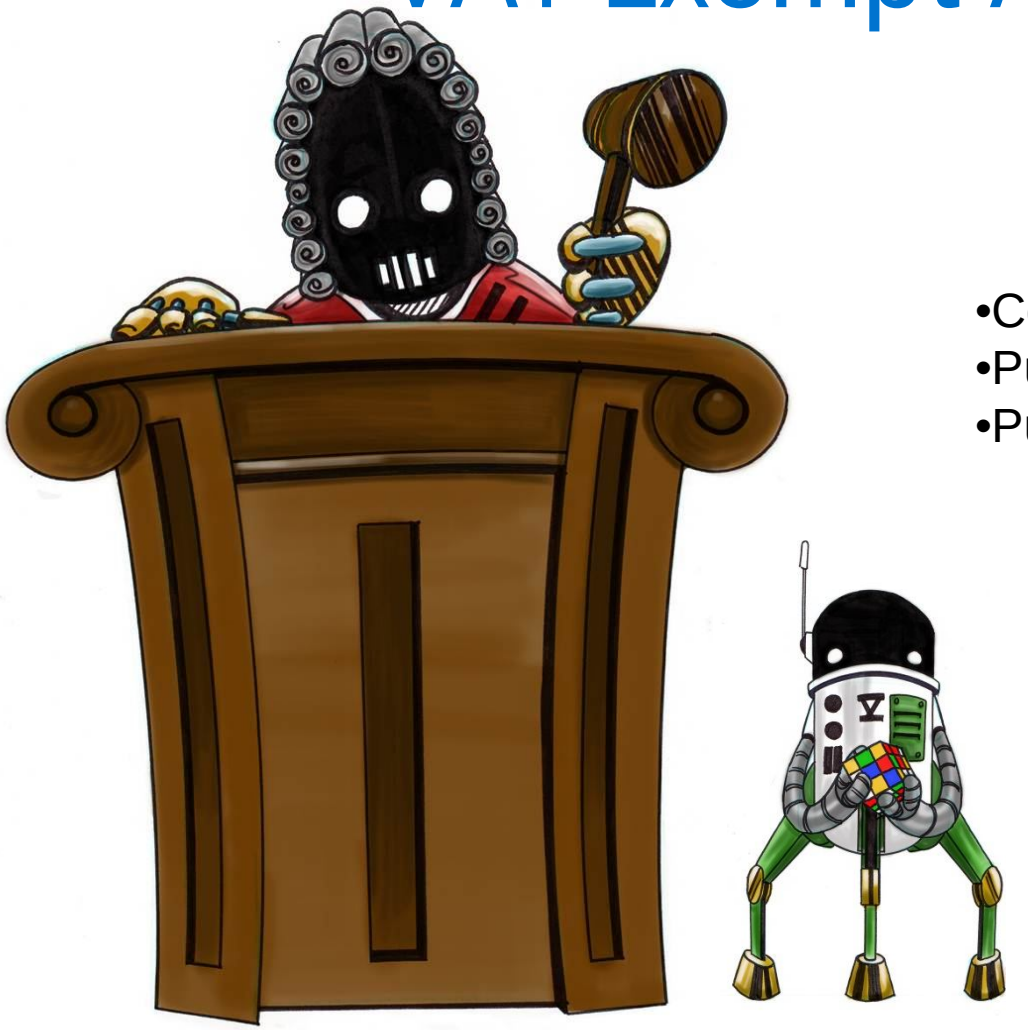
VAT Exempt Activity



- Consistent and regular
- Publicly funded teaching
- Publicly funded research

Directly Necessary

- ***Supplies received which are directly attributable to exempt activity (only)***
- ***Simplification basis***
  - ***Taxable activity forms less than 15% of total activities***
  - ***All supplies regarded as directly necessary***

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Cost Recovery

- ***No profit element in charges***
- ***Other legitimate operating costs are allowable***
- ***Provision for investment is allowable***
- ***Timing differences are allowed***

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Distortion of Competition

- ***A CSG is a "co-operative self supply arrangement"***
- ***Supply "at cost" does not distort the market***

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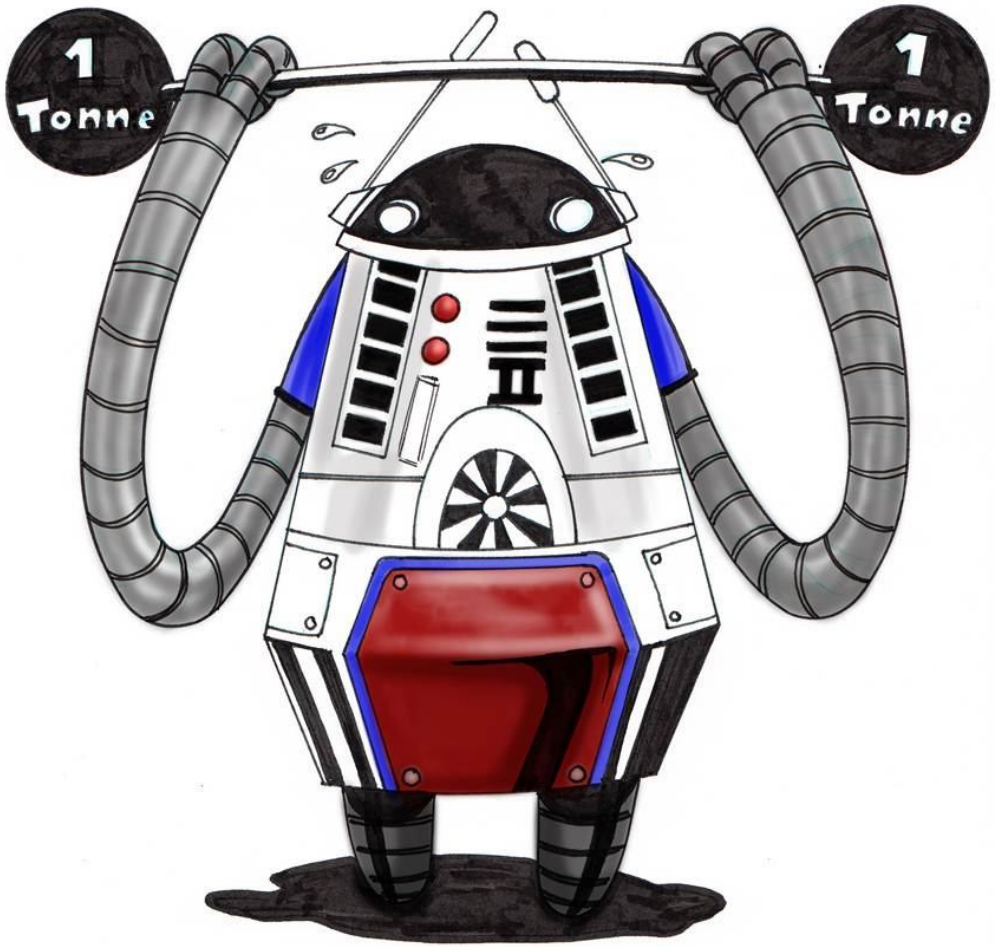
CSG Procurement - Teckal



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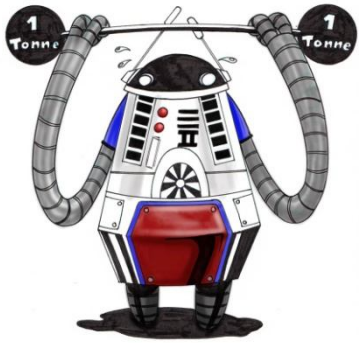
Legal Tests of Teckal



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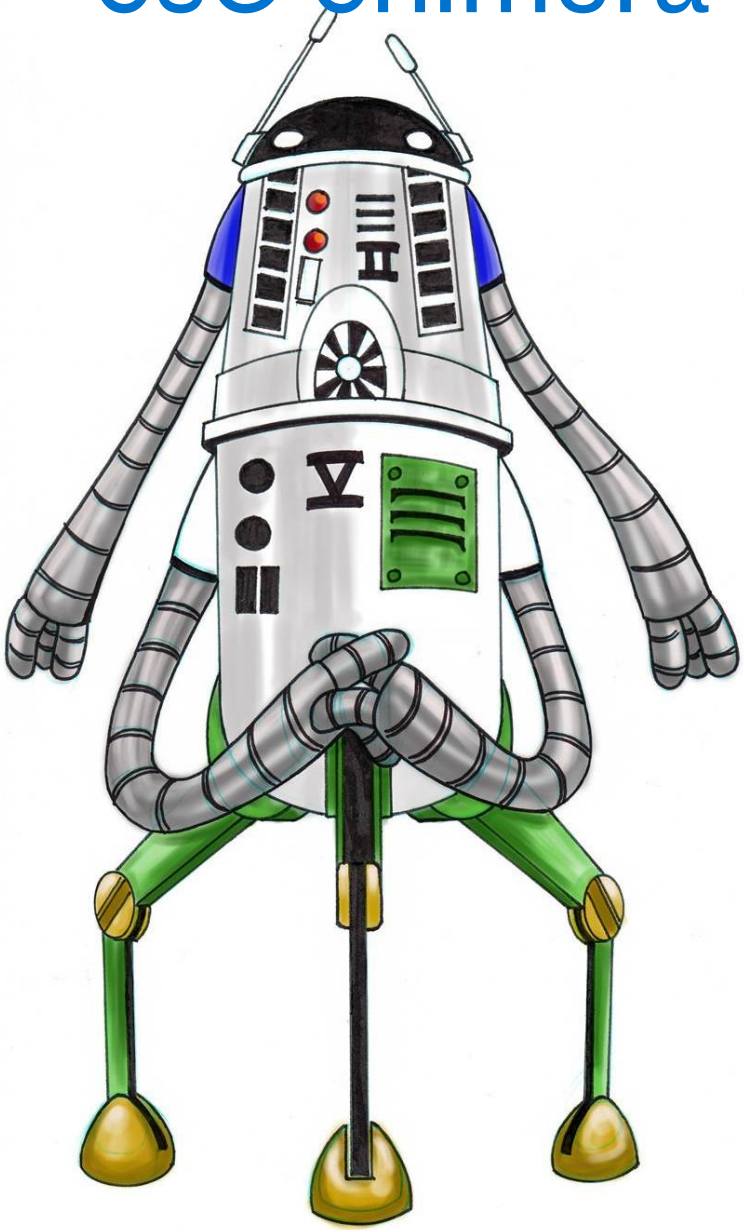
CSG Chimera



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Existing shared services as CSGs

- UCAS
- Purchasing Consortia
- JISC
- HESA

UCAS

supc Southern Universities Purchasing Consortium

JISC

HESA
HIGHER EDUCATION STATISTICS AGENCY

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iHEDD

Higher Education Degree Datacheck

Graduate Prospects

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HECSU

Sector Shared Services

- Legal Service

- Out of Hours Desktop Support

- BUFVC

Potential for CSGs

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

N8 Research Partnership

REALISING OPPORTUNITIES
Working Together | Supporting Talent

jobs.ac.uk

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