

# Shared Services for FE

## *Legal Issues*

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# Preliminary Issues

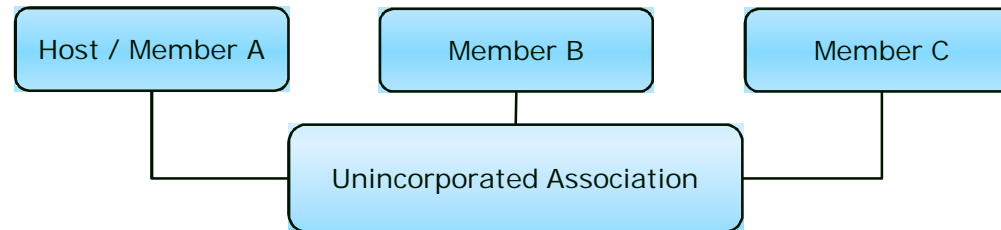
- Power to enter into arrangement
- Supplier or recipient?
- Shared services is not outsourcing or offshoring
- Sharing with non education institutions eg NHS Trusts or local authorities

# How to Share Services

- Contract
- Unincorporated Association
- Legal entity – if so what type?

# Key Issues

- VAT – but note joint employment and unincorporated association



- Control
- Sensitive information
- Profit or not for profit?
- Will it need to raise finance?

# Conclusion

- Outcome must be bespoke
- Need to be flexible
- Exit route(s) important



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# Costs Sharing Exemption

- Finance Act 2012
- exempt services only
- cannot be for benefit of third parties
- reimbursement only of expenses
- must not “distort” competition

# Regulations under Finance Act 2012

- Further consultation likely
- a costs sharing group ("CSG") needs to be separate legal entity
- CSG owned and controlled by members by does not need to be equal
- Members have to make minimum 5% exempt and/or non business supplies over prescribed period
- Orderly procedure if member ceases to qualify