

Jisc membership

Frequently Asked Questions

1 What is Jisc membership?

It is an opportunity for every higher and further education institution across the UK to become a member of Jisc, as part of receiving a range of shared services to support your institutional mission. Becoming an institutional member of Jisc brings with it automatic membership of Jisc's VAT Cost Sharing Group, thus providing VAT savings to the universities and colleges we serve.

2 What is the Jisc membership model?

In Autumn 2013, we wrote to every higher and further education institution in the UK describing our changing funding model in the context of an overall reduced financial envelope.

In HE, the balance of funding that Jisc receives is shifting, from central grant funding and a Janet network charge to central grant funding and a balancing contribution to core Jisc services from institutions through a subscription. The UK HE funding bodies will continue to fund the overwhelming majority of the decreasing overall contribution.

In FE, central grant funding will continue to fund Jisc to deliver core services to FE colleges. But it is still important for colleges to become Institutional Members of Jisc.

3 What benefit will my institution receive by being a member of Jisc?

By becoming an Institutional Member of Jisc, your institution will automatically join the VAT Cost Sharing Group, designed to achieve VAT savings for its members. For members, Jisc's core subscription and a range of other optional services provided by Jisc will be exempt of VAT. A full list of services and the VAT savings that you can make is available for [higher education](#) and [further education](#).

4 What is included in the core subscription package?

A full list of services included in the core subscription package is available for [higher education](#) and [further education](#). It is not possible to subscribe to individual services from within the core subscription package of services. Details of a range of optional Jisc services are also available at these web links. Where these services fall within the boundary of the VAT Cost Sharing Group, you'll see a "VAT free" tag, so you'll see where Jisc membership can save you money.

5 When does my institution need to join Jisc?

Please act now to be a member on 1 August 2014, when the Jisc subscription begins. As a large number of applications are expected, getting your application in by 16 June 2014 means you can be assured it will be processed in time.

6 How do we become an institutional member of Jisc?

We have written to all eligible organisations to complete an application form. There should only be one application per institution.

7 My institution's Jisc subscription will be paid centrally by our funding body/government department. Do we still need to join?

Yes. Even though your Jisc subscription will be paid centrally, your institution may wish to benefit from access to further optional services, which it will need to pay for individually. In order to benefit from VAT cost savings from 1 August 2014, you should become a Jisc member.

8 When will the Jisc membership start?

The membership will commence from 1 August 2014. You are asked to complete the documentation at the earliest opportunity ahead of this date. If you do not complete the documentation until after 1 August 2014 you will need to pay VAT on any subscription fee due or other services purchased until you join.

9 Will my institution have any liability associated with being a member of Jisc?

Every Institutional Member of Jisc will have its liability limited to £1, payable only in the event of Jisc ceasing to exist following an insolvent winding up. The £1 liability stems from the fact that Jisc is a company limited by guarantee. Jisc is registered at Companies House and with the Charity Commission.

10 This sounds too good to be true. Is it tax avoidance?

We have been very careful to get approval in advance from the VAT Policy Unit at HM Revenue & Customs before putting this to members and Jisc will be one of the largest VAT Cost Sharing Groups that we are aware of.

11 Are there conditions to membership of Jisc?

Institutional Members will need to adhere to a set of membership conditions. If the circumstances of your institution change and you are no longer able to comply with these conditions, you must let us know immediately. The conditions are as follows:

- i. That prior to the end of each of Jisc's financial years (currently 1 August to 31 July) Institutional Members shall agree to purchase services from Jisc in the subsequent year and shall actually purchase services from Jisc in that year;
- ii. That Institutional Members shall at all times continue to carry on activities which are themselves exempt from VAT or which are not business activities for VAT purposes (the "Relevant Activities"); and
- iii. That either (a) Institutional Members' relevant activities amount, and shall at all times amount, to at least 85% of the Institutional Members' total activities or (b) those supplies of services received

from Jisc shall be directly attributable to the relevant activities.

Membership of Jisc will be terminated automatically if an Institutional Member is no longer compliant with these conditions and VAT will be due at the prevailing rate on your Jisc subscription and any additional services to which your institution subscribes from that point. Whilst automatic termination may seem stringent, it is essential in order to protect the whole Cost Sharing Group by ensuring it continues to meet HMRC's conditions.

12 My institution has a significant proportion of commercial activities. In fact, we are on the borderline 85% of exempt activities vs 15% non-exempt activities. We think our commercial activities may increase slightly in future, pushing us across the threshold. Will this bar us from becoming a member of the VAT Cost Sharing Group?

No, your institution can still join as a member of Jisc and thereby the VAT Cost Sharing Group. Even if your institution's exempt activities are below 85%, it remains advantageous to join. Advice we received recently from PwC is that the 85% level is a guideline and not a statutory threshold test; the 85% figure appears nowhere in European or UK legislation. The key test is that the services being received by the member are "directly necessary" for the exempt (non-business) activity of your institution.

If there are specific commercial activities (perhaps a large conference centre) that do not consume significant amounts of the services to be supplied by the VAT Cost Sharing Group, and removing such activities reduces the overall recovery rate to less than 15%, this presents a strong case to HMRC that the services supplied by the VAT Cost Sharing Group should indeed be exempt of VAT.

Also, Jisc can, on request, provide your institution with separate invoices covering:

- a. The portion of Jisc subscription supporting exempt activities - and which will fall in the VAT Cost Sharing Group thus charged to you exempt of VAT.
- b. Another invoice relating to the portion of the Jisc subscription that support the institution's commercial activities - this will fall outside the VAT Cost Sharing Group so will be charged on a +VAT basis.

Similarly, Jisc can, on request, issue separate invoices for optional Jisc services supporting the exempt and non-exempt activities respectively of your institution.

13 My institution's VAT recovery rate is not calculated until at least 3 months after our year end, therefore we may not know we did not meet the terms and conditions until 18 months after Jisc has supplied us with services. What will be the retrospective impact?

If any of the conditions above are breached, Jisc will need to seek additional VAT from your institution for the period in question because this VAT had not been billed initially.

14 The membership conditions require members to agree to purchase services in advance of the year ahead and then to actually do so. In relation to cancellation the membership conditions say that institutions can cancel their membership by giving Jisc three months' written notice. Can this notice be given within the year or does it have to be at least three months prior to the start of the coming year in order for the membership conditions to be met?

Membership can be cancelled by giving three months' written notice at any point within a given year.

15 Will these conditions of membership change?

The membership conditions are based on current legislation relating to VAT as interpreted by HM Revenue

& Customs' latest guidelines. If there is a change to the applicable legislation or guidelines which requires amendments to be made to the membership conditions, we will notify all Institutional Members in writing detailing the amendments.

16 Where can I find more information about the constitution of Jisc?

The Articles of Association of Jisc can be found at

http://www.jisc.ac.uk/sites/default/files/holdco_charity_articles_27_february_2014_current.pdf

17 Are there different classes of membership?

Jisc's constitution allows for two classes of membership. One class comprises Representative Members, which includes Jisc's original members and guarantors - the Association of Colleges, GuildHE and Universities UK. Each of these Representative Members holds 30% of the voting rights. The other class of membership comprises Institutional Members, which is open to all higher and further education institutions across the UK. This class holds 10% of the voting rights.

18 Who can be an Institutional Member of Jisc?

Institutional Membership is limited to UK education, learning and research providers. Our core funders (the UK HE and FE funding bodies) determine who can access our services offered through the membership.

19 How will my institution be represented with regard to governance matters of Jisc?

As a formal necessity, the application form asks you to nominate a representative body (either Universities UK, GuildHE or the Association of Colleges) as a conduit through which membership matters are dealt with. We recommend that Institutional Members appoint the most applicable Representative Member of Jisc. If you do not wish to nominate a Representative Member to act in this way, please contact membership@jisc.ac.uk and we will discuss alternative arrangements with you.

20 Will selecting one of UUK, GuildHE or AoC as our representative body also require us to join one or the other of those bodies?

No, your institution will not need to join the selected representative body in order for them to act as your conduit for membership matters. Please select the body which you feel is most appropriate in order to complete the application process.

21 What are the membership matters referred to where AOC / UUK / GuildHE will be acting as our conduit?

These membership matters are those formal company law procedures relating to your membership of Jisc such as formal notice of General Meetings. There is no distinct disadvantage to you (in terms of reduced voting position) by operating via a conduit and this is merely being used to save compliance and administrative costs.

22 Does this mean our only contact with Jisc will be through the representative body?

No. Jisc is committed to ensuring we have a range of effective and clear mechanisms through which to engage with our members. As part of our governance, Jisc has established a Stakeholder Forum which meets twice a year to which your institution will be invited. We also work with a number of sector groups (such as SCONUL, UCISA, BUFDG, AoC and ETF) and we are working to put in place a new approach to customer engagement, whereby we are able to ensure a deep, personal relationship with

every university and college. We will be providing further information in the coming period on our different ways to connect with you.

23 What happens if the composition of my institution changes – e.g. it merges with another institution?

Any such change to the composition of your institution should be reported to membership@jisc.ac.uk as soon as possible to allow us to make the necessary changes to our records to ensure that you receive a seamless membership service.

24 Why won't every service that Jisc offers be exempt of VAT?

Whereas the Jisc subscription and some optional services will be invoiced without VAT, there will be some services which will still attract VAT. These VAT-able services arise when the charge is totally or substantially for third party costs and where there would be a significant adverse impact on Jisc's VAT recovery rate, and therefore our cost base, if they were invoiced within the Cost Sharing Group. We will ensure that this approach is reviewed continually in order to provide the maximum benefit for our members.

25 My institution has a second Janet fibre connection. Why is this not included in the Cost Sharing Group?

The cost of your institution's primary Janet connection is included within the Jisc subscription. Regarding additional connections, Janet leases telecoms circuits from the relevant local commercial telecoms provider on a +VAT basis and recharges these non-pay costs, without a mark-up, to your institution on a +VAT basis. There is thus no VAT advantage to either your institution or Janet from placing this in the Cost Sharing Group.

26 When will Jisc invoice me for the Jisc membership?

We will invoice HEIs for their contribution towards the cost of Jisc membership in the Autumn of each year, commencing in Autumn 2014. If Jisc is not already registered as a supplier in your system, you may wish to add the details at this point in preparation.

27 What about invoices for services I choose to buy outside of the Jisc subscription?

We will provide further information later in the year on a framework for Jisc invoicing from August 2014. Some services outside of the core subscription that you choose to purchase from the Jisc cost sharing group will also be VAT exempt in the future, providing you with additional savings. There may be instances where, for the mutual benefit of both you and the Jisc Group, we will invoice outside of the Cost Sharing Group. In those cases, the services will attract VAT and be invoiced by a Jisc subsidiary company such as Jisc Collections and Janet Limited. A full list of services and the VAT implications as a result of the cost sharing group can be found at <http://www.jisc.ac.uk/about/vat-cost-sharing-group>

28 My institution needs to budget for the costs of Jisc's optional services during the next financial year. Can the current charges excluding VAT be taken as a reasonable indicator of the charges for 2014-15?

In general we hope that the future base cost of optional chargeable services will be reasonably similar to current levels. However, many of the Jisc Group's services (and so particularly for digital content delivered by Jisc Collections) are procured from external third party suppliers - so if the Jisc Group itself receives higher input costs from external suppliers we will need to pass on these increased costs.

29 What happens to the assets if for any reason Jisc is dissolved?

Our Articles of Association indicate the following:

The members may at any time before and in expectation of its dissolution resolve that any net assets of the Charity after all its debts and liabilities have been paid, or provision has been made for them, shall on or before the dissolution of the Charity be applied or transferred in any of the following ways:

- *directly for the Objects; or*
- *by transfer to any charity or charities for purposes similar to the Objects; or*
- *to any charity or charities for use for particular purposes that fall within the Objects.*

Subject to any such resolution of the members, the Trustees may at any time before and in expectation of its dissolution resolve that any net assets of the Charity after all its debts and liabilities have been paid, or provision made for them, shall on or before the dissolution of the Charity be applied or transferred in any of the following ways:

- *directly for the Objects; or*
- *by transfer to any charity or charities for purposes similar to the Objects; or*
- *to any charity or charities for use for particular purposes that fall within the Objects.*

In no circumstances shall the net assets of the Charity be paid to or distributed among the members (except to a member that is itself a charity) and if no resolution in accordance with this article 67 is passed by the members or Trustees, the net assets of the Charity shall be applied for charitable purposes as directed by the court or the Charity Commission.

30 Can my membership of Jisc be cancelled in the future?

Institutional Members can cancel their membership by giving us three months' written notice. Once membership ends, you will no longer be able to benefit from the savings of the VAT Cost Sharing Group and VAT charges at the prevailing rate will apply to your Jisc subscription and any additional services to which your institution subscribes.

Jisc is within its rights to cancel an institution's membership if any subscription fee is not paid in full within three months of it falling due, or if Jisc becomes aware that an institution no longer complies with the membership conditions.

31 What if we choose not to join Jisc?

If you do not register as a member of Jisc, Jisc's range of services will still be available to you, but you will not be able to benefit from the savings of the VAT Cost Sharing Group. VAT charges at the prevailing rate will apply to your Jisc subscription and any additional Jisc services to which your institution subscribes.

32 Can Jisc give me tax advice?

Unfortunately, no. Jisc and its officers or employees cannot give you legal, financial or tax advice.

33 Who do I contact if I have any questions that are not covered here?

Please send any further questions to membership@jisc.ac.uk.