



GUIDANCE FOR FUND HOLDING SCHOOLS: VAT ADVICE

Introduction: This guidance is intended to assist any Fund Holding Academies, or academies considering taking on the fund holding roll. The issue of whether Partnerships should pay VAT on purchases of educational supplies and commissioned provision has been raised by school auditors.

VAT and The Partnerships

The view of the Chairs of Partnership based on advice received from Local Authority officers is that SEIPS expenditure should be treated for VAT purposes in exactly the same way as schools. This view is formed on the basis that:

1. Partnership students remain on roll of their mainstream school and:
 - a. Partnerships operate in support of schools allocating additional funds to students' individualised programmes.
 - b. Partnership staff are employees of the Fund Holding School acting on behalf of the Local Authority and local schools.
 - c. The responsibility for decision making about who should access these funds is shared by all secondary schools in the Partnership through the Partnership referral mechanisms.
 - d. The Fund Holding School operates as an agent for the Local Authority in the same way that SENA does to ensure that funds are allocated to meet individual students' additional needs.

Any spending on these students' education programmes is as a result of their mainstream school assessing their additional needs and securing additional resources to meet them in the same way that they draw down additional resources from the High Needs Block via the SENA process.

2. Questions about VAT have only arisen where auditors have raised the issue. The Partnerships have been operating their finances in this way since 2013 without any challenge.
3. Auditors have approached HMRC for clarification. No ruling to contradict the Leicestershire practice has been received from HMRC.