

VAT automation—delivering organisational savings

Breathing new life into back office services to deliver enhanced efficiencies to NHS organisations



A bespoke NHS automated VAT system – developed by NHS Shared Business Services (NHS SBS) as part of its Future Services Programme to transform business functions across the health service – has already saved one NHS organisation almost £40k in just 12 months.

WE'RE TRANSFORMING, BE PART OF IT.

NHS Dudley Clinical Commissioning Group (CCG), the body responsible for planning and buying healthcare services for 315,000 residents in the West Midlands town, is one of over 250 NHS commissioning bodies that benefit from the specialist finance and accounting service delivered by NHS SBS.

As part of the comprehensive service, which is provided to every single NHS commissioning organisation across the country, NHS Dudley CCG has access to the expert NHS SBS VAT team to ensure it is compliant with the complex rules that apply to the NHS.

The support ranges from helping to improve the CCG's cash flow, by identifying areas for VAT recovery, to keeping the finance team up-to-date with the latest and ever-changing HMRC regulations.

Kelly Holland, financial accountant at NHS Dudley CCG, explained: "Every month NHS SBS looks at the invoices we've paid and identifies any payments where VAT may be recoverable. We then provide further detail about any queried payments so that NHS SBS can investigate and advise us on the basis for recovery where it's possible.

"The VAT team at NHS SBS respond and deal with any queries quickly and are always on hand to provide advice when we need it."

In 2016, NHS SBS launched a major investment plan, known as the Future Services Programme, to enhance many of its current services and invest in the latest innovative back office technologies, driving further efficiencies and more modern ways of working in the NHS.

One of the service upgrades was the introduction of a new VAT system that is unique to the NHS. The technology was developed to create a consistent VAT approach across the NHS, resulting in the automatic treatment to over 90 per cent of NHS transactions, saving time and money as NHS finance teams spend less time reviewing VAT queries and less money on third party advisers.

The greater consistency and accuracy the system enables has also helped to further reduce VAT under claims.

NHS Dudley CCG went live with the new VAT system in the 2016-17 financial year and saved the best part of an additional £40k in under claims alone – a saving equivalent to the total annual healthcare budget for around 27 Dudley residents. The amount of its purchase invoices that now have VAT treatments automatically assigned, meanwhile, stands at an impressive 98%, leaving the finance team with more time to focus on more complex areas of work.

Kelly added: "The report we receive from NHS SBS looks at all of the transactions in the purchase ledger and sales ledger during the month, identifying what VAT is recoverable and what's not. It's pretty much perfect every month.

"The automated system means we are saving time by reviewing a lower number of VAT queries every month. We can be confident that suppliers – particularly new suppliers – are flagged with the correct VAT treatment and this will be carried forward automatically to subsequent months.

"The faster way of working also means we receive our monthly report from NHS SBS earlier, giving us more time to review before we have to submit our return to HMRC by its deadline."

In August 2017, NHS SBS launched a brand new VAT consultancy service to provide flexible support to NHS organisations based on their individual requirements.

Visit www.sbs.nhs.uk/fa-vat-consultancy to find out how your organisation can also achieve significant savings, or contact the expert NHS VAT team on 0113 360 9891 or email SBS.TaxConsultancy@nhs.net