

Case study

Savings of £2.8m for Midlands Acute Trust



£2.8m
additional
VAT recovery
secured



**VATflow services
success**



**Capital and
strategic planning**



**Strategic restructuring of
the procurement process**

Liaison Financial has successfully partnered with a Midlands Acute Trust to undertake VATflow reviews and add value to capital and strategic planning.

The Challenge

The Trust is undergoing a major construction project with the building of a new hospital facility. The original contractor went into liquidation having started the project leaving several issues for the Trust to resolve, including the VAT recovery position.

The construction had been contracted on a design and build basis with the contractor via an NEC4 framework contract. The Trust had initially budgeted for VAT recovery on the design fees and no VAT recovery on the construction costs.

The Solution

Following a regular strategy meeting with Liaison Financial, we reviewed copies of the relevant contracts and began investigating the nature of the various supplies, as well as the activities to be carried out within the hospital.

The Trust and their cost advisors had made some assumptions around VAT recovery where upon further investigation, VAT recovery was unlikely. Additionally, there were opportunities for VAT recovery that we identified that had not previously been considered. Our approach was therefore two-fold to address both aspects above and help the Trust proactively to secure as much legitimate VAT recovery as possible.

Following several meetings, Liaison Financial carried out a strategic restructuring of the procurement process for the hospital. This protected some of the VAT recovery assumptions that the Trust had made on design fees.

Consideration was also given to strategic aspects of the building such as option to tax, business activity input VAT and subsequent capital goods scheme adjustments that would be required in future years.

Activities such as car parking, retail outlets and hospital restaurant were considered, investigated and reported to the Trust. Via financial modelling, the Liaison Financial advisor was able to demonstrate the implications in each case, and the implications both from a capital and revenue perspective on the project.

The Benefit

Additional VAT recovery secured as a result of the work carried out by Liaison Financial is £2.8million.

The impact that Liaison Financial's work has had on this specific project has been significant. It highlights the expertise of our advisors and the value that we add on strategic projects.

It also demonstrates the importance of regular VAT strategy meetings and the value that these ongoing working relationships add to our clients.

