The University of Leeds
Policy on Consultancy and Other External Work

Introduction

This note brings together documents which previously have been published separately and clarifies what is consultancy, and therefore subject to the procedures contained in this document. They are part of the University’s Financial Procedures and are therefore part of contracts of employment for academic staff. Other members of staff may carry out consultancy work but only with the approval of the Dean of Faculty, Head of School as appropriate or Vice-Chancellor’s Executive Group member if the member of staff works in a Service.

The main points are:

- All consultancy work requires agreement in advance whether ‘Private’ or undertaken through the University regardless of whether it is performed in or out of ‘work hours’.
- All University consultancy must be carried out through University of Leeds Consulting Limited (now trading as “Consulting Leeds”).
- Faculties will recover their costs through the application of a transparent fixed daily fee model
- An annual declaration is now required for consultancy and for other external work. This will be combined with the annual return for related party transactions.

The last two are the only significant changes to the current policy.

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1 For the purposes of this policy, Academic staff are defined as those undertaking Teaching & Learning, Research, and Academic Leadership, and who hold the title of Lecturer A, Lecturer B, Senior Lecturer, Reader or Professor.
Policy on Consultancy

Consultancy is defined as ‘the provision of expert advice, analysis and interpretation, which draws upon and applies the expertise and knowledge of University members of staff’.

It is unlike research in that it does not have as its prime purpose the generation of new knowledge.

Consultancy contracts are thus usually short-term, from a day to a few months, and involve extra work for existing staff members rather than employment of new staff.

Consultancy does not include activities undertaken on behalf of the University and covered elsewhere in contracts of employment, such as:

- Research
- Teaching
- Training
- CPD
- Occasional scholarly work which may involve payment of modest fees for short periods, e.g. participation in external assessment procedures such as QAA, RAE, or external examining, course validation, book royalties and prizes, editing professional journals, media interviews, policy advice to government and related organizations
- Other activities defined in a member of staff’s job description.

If a member of staff is uncertain whether any activity falls within the scope of scholarly work they should consult their Head of School in the first instance. If they are providing professional advice to outside bodies that may have legal implications then it would also be advisable to discuss this with their Head of School. If the duration of the work is not short then staff are advised to seek advice.

All consultancy commitments, whether University or private, are limited to 30 days in any financial year (to 31 July) for each full time member of academic staff, pro rata for part time staff.

It is for individual faculties to decide if it is in their interests to recognise consultancy and other such work within the workload model. Time devoted to University consultancy, as defined below, should use all or part of any workload allowance for ‘other professional activities’ and the balance from the 30 days’ allowance for consultancy.

Any Private consultancy as defined below undertaken by an academic member of staff should not form part of any work measured by the workload model.

Non academic members of staff require the approval of the Dean of Faculty, Head of School as appropriate or Vice-Chancellor’s Executive Group member if the member of staff works in a Service.

The University encourages academic staff to undertake reasonable amounts of consultancy where appropriate to the discipline and where it does not interfere with the primary purpose of the School and proposes that positive encouragement be provided.

The direct benefits arising from consultancy are considered to include:

- Increasing the expertise and experience of University staff by involving them in ‘real world’ problems, thus enriching their teaching and research.
• Enhancing staff training and career development.
• Building links between the University and outside bodies which may subsequently help the University gain research contracts, place students for project work, recruit students for advanced or continuing professional education and many other similar benefits.
• Generating additional funds for the staff involved, for their School - a properly priced consultancy contract should be above full economic cost.

Academic Staff wishing to undertake consultancy projects can do so by one of three means and are subject to certain contractual safeguards, as detailed in these Procedures. Failure to use these Procedures may result in disciplinary action.

• University consultancy, which must be carried out using the services of University of Leeds Consulting Ltd (now trading as Consulting Leeds: www.consultingleeds.co.uk) where the contractual relationship is between the client and the University via Consulting Leeds, not the individual consultant. Only University consultancy provides a direct financial return to the School and the University in addition to the fees paid to the consultant.

• Clinical private practice, where clinical academic staff holding Honorary Consultant contracts within the National Health Service are permitted to engage in private practice subject to the extent of such practice being consistent with the overriding obligations of teaching, research and clinical service attaching to the holding of a full time post and to the approval of the relevant health authority.

• Private consultancy, where the individual acts entirely in a private capacity with no legal link to or liability on the University. No University resources may be used for this activity. Examples of such resources are equipment, IT equipment including PCs, telephone, space, University name, expertise and IP.

Agreement must be sought for all consultancy work, whether University or Private, prior to carrying out the work whether during normal hours of work or not.

Detailed procedures for carrying out these three types of consultancy are in Annexes 1 – 3 respectively, with a summary flowchart in Annex 5.

Each consultancy project needs prior agreement for the work to be undertaken and the resources to be used in carrying out the project from the Head of School by completing an CONS.APPROVAL Form (Annex 4). In cases where the consultant is the Head of School or Dean, approval should be sought respectively from the Dean or Deputy Vice-Chancellor. VCEG members should seek the approval of the Vice-Chancellor.

Consultancy work carried out by members of staff for companies owned by the University or in which the University holds shares requires formal authorisation from the Pro-Vice-Chancellor (Enterprise and Knowledge Transfer & International Strategy), the Finance and Commercial Director or the General Manager - Finance.

Policy on other external work

The University recognises that from time to time members of staff undertake external work outside their University duties. In order to identify potential conflicts of interest and in the interests of transparency the University requires every member of staff, academic and other, to make an annual declaration of external work undertaken during University time whether remunerated or not including a note of whether the member of staff may be perceived as
representing the University. This declaration will be combined with the annual related party disclosure and will be available for completion on line. An example is given in Annex 7.

Activities covered encompass directorships of companies, partnerships, employment by external bodies, private professional practice, sole practice and trusteeship (medical and non-medical), public appointments and duties, and charitable work.

**Approval and Declaration**

A CONS.APPROVAL Form (Annex 4) records the number of days members of staff conduct consultancy work, either privately or via Consulting Leeds. It is the responsibility of individual members of staff to maintain this record and ensure it is signed by the appropriate authority, usually Heads of Schools. Academics should return the Form to the Faculty Finance Office at the end of each financial year (up to 31 July) for record and audit purposes.

The pressures on HEIs from Government and other external agencies for greater public accountability in the use of financial and human resources have increased in recent years and are likely to become more formalised in future. Agreement and recording of consultancy activity is therefore essential to:

- Enable the University to meet formal monitoring and reporting requirements, both current and future, as they are introduced by Government or Government agencies (e.g. HEFCE)

- Ensure that the University can comply with the current terms of the Financial Memorandum between itself and HEFCE. This Memorandum applies to all HEIs in receipt of HEFCE funds and, inter alia, requires HEIs to estimate the institutional costs incurred in performance of all externally sponsored work including research, consultancy (including private consultancy) and other services rendered; and to recover such costs out of the overall price charged to external clients unless the institution considers it appropriate to do otherwise having regard to the circumstances of the particular case.

- Prevent uncontrolled or inadvertent transfer of University Intellectual Property to a client.

- Ensure proper insurance cover for the protection of individuals and the University to identify unduly high risk projects for special insurance cover.

- Enable Heads of School or equivalent who are responsible for workload allocation in the faculty to ensure that both private and University consultancy activity undertaken by staff accords with the School strategy and University procedures, and does not give rise to immediate or potential future conflicts of interest within the staff member’s terms of employment.

- Safeguard the University’s charitable status.
PROCEDURES FOR UNIVERSITY CONSULTANCY

Under its charitable status the University is not permitted to trade. Therefore Consulting Leeds has been formed as a wholly owned not-for-profit University company, to facilitate staff undertaking consultancy work.

The consultant acts as an agent of Consulting Leeds and the work is therefore being undertaken by Consulting Leeds which takes on the liability for the contract as well as handling all legal and financial aspects of the relationship with the client.

Members of staff wishing to undertake consultancy activities through Consulting Leeds must first complete a registration form, CONS-0. This registration form sets out the terms of appointment to be applied to any subsequent consultancy contract. It also enables the academic to be quickly identified by Consulting Leeds should a suitable opportunity arise.

Under existing procedures academic staff may, with agreement, undertake consultancy commitments up to 30 days in any financial year (to 31 July) for each full time member of academic staff, pro rata for part time staff. When calculating the number of consultancy days undertaken, one day is equal to 7.5 hours/half day is equal to 3.75 hours and consultancy days are recorded to the nearest half day.

The cost of a University consultancy contract carried out within the 30 day allowance will include all directly incurred and allocated costs, including equipment access charges where appropriate, Indirect and Estates costs at fEC rates and a charge for the use of the University Intellectual Property and name (currently £100 per day). These will, at the School’s discretion, be reimbursed to the School. Cost will exclude the consultant’s salary. The School will receive no further payment from the contract. Exceptionally any contracts where the 30 day allowance has been exceeded will include the consultant’s salary as a cost which will be reimbursed to the School in addition to the costs noted above. Consulting Leeds also receives a fee for administration, insurance, contract management and for the adoption of the legal risk.

The price of a contract will be the cost plus the consultant’s fee. The amount of the fee will be negotiated on a contract by contract basis, depending on the nature of the client and project. It is recommended, based on experience of external market conditions, that consultancy fees should usually be no less than 3 times the consultant’s gross salary costs. The full amount of the consultant’s fee will be paid to the consultant. Thus the consultant receives their salary plus the full consultant’s fee for the work carried out.

Case studies of the calculation of cost and price based on one day’s consultancy are shown for different categories of post using the average salary for that grade in Annex 6 for contracts both within and outside the 30 days’ allowance.

Consulting Leeds will issue quotations for all contracts. A short form, CONS-1, will be sent to the School prior to issue of the quotation. This should be approved by the Faculty Finance Manager to certify that all School costs have been included and to confirm that they are happy that the quotation should proceed. It will also ascertain payment arrangements for the School costs and consultancy fees. Where there are automated transfers to be made for use of School staff or facilities these should be indicated on this form.

The Finance Manager will be notified of all successful quotations by Consulting Leeds using form CONS-2. This form will set out the contract budget, the fees payable to the member of
staff, the School and Consulting Leeds and the number of consultancy days undertaken (if applicable).

Where a contract is received on the Client’s terms, Consulting Leeds will carry out a review of the terms, highlighting to the consultant and the School any terms that are less favourable than Consulting Leeds’ standard terms using form CONS-3. Both the consultant and the School are required to review and sign the CONS-3 to confirm they are able to work within the Client’s terms or request renegotiation. Once a signed CONS-3 is returned Consulting Leeds will make any necessary amendments to the contract and arrange for it to be signed.

Consulting Leeds will:

- Provide assistance with costing and pricing the contract
- Provide contractual and legal services to protect the financial and academic interest of the University and the Consultant
- In conjunction with the Commercialisation Services section of the Enterprise and Innovation Office, ensure that University intellectual property is protected
- Prepare and issue invoices; credit control
- Arrange payment of consultant’s fees and disbursements to Schools
- Issue regular financial reports on accounts as/when necessary
- Issue annual statement for taxation purposes
- Provide Professional Indemnity cover for consultancy projects
- Seek to assist in marketing core skills of staff and departments wishing to undertake consultancy
PROCEDURES FOR CLINICAL PRIVATE PRACTICE

Clinical academic staff holding Honorary Consultant contracts with the National Health Service are permitted to engage in private practice subject to a limit of 30 days in any financial year (to 31 July) and the extent of such practice being consistent with the overriding obligations of teaching, research and clinical service attaching to the holding of a full time post and to the approval of the relevant health authority.

Conditions for undertaking private practice are:

- Any member of staff wishing to undertake private practice must obtain permission in writing from the Faculty Dean, whose decision in the matter shall be final. The Faculty Dean should similarly obtain permission of the Deputy Vice-Chancellor.

- Charging for private practice will be done by the School, which will also be responsible for collecting payment. Payments should be made to ‘The University of Leeds’ and should be passed to Central Finance.

- A fee of 15% to be paid to the School of Medicine (or School of Dentistry if applicable) will be deducted from each payment as and when received, the remaining 85% being paid to the member of staff or credited to a School account as below

- The amount of the earnings for private practice which a member of staff may be paid in a tax year will be limited to 10% of the gross annual salary (including any distinction award) at 5 April of that year.

- A member of staff may direct all or part of the earnings from their private practice (after the deduction of the 15% fee and certified expenses) into an appropriate account within the School. Earnings above the 10% referred to in the previous paragraph must be directed into a School account

- Payments to members of staff will be subject to deduction of tax, unless the Inland Revenue has instructed Payroll otherwise in an individual case.

- If members of staff who wish to be paid any of the earnings derived from private practice apply to HMRC to be taxed under Schedule D (which they are encouraged to do) the University will, if approached by HMRC, confirm that it is in favour of such an arrangement in these circumstances.

The NHS indemnity scheme provides cover for University clinical staff in respect of their treating of NHS patients or undertaking research under their honorary contracts. University clinical staff are advised to maintain full insurance cover for professional work falling outside the scope of the NHS scheme. The basic rate provides cover for all non-NHS professional work subject to an earnings limit of £1000 a year. Provided that the School of Medicine/School of Dentistry certifies that it has received significant financial benefit from the work undertaken outside the scope of the NHS scheme, the University will reimburse the member of staff for two thirds of that part of the subscription relating to cover over the basic rate.

Private practice for the purpose of these procedures does not include: occasional lectures; external examinations; family planning; post-mortems; signing cremation certificates; forms of private consultancy work other than private clinical practice for personal gain; and administrative work undertaken on behalf of, and paid for by, the National Health Service.
However these activities combined with other consultancy should be limited to 30 days per annum and be consistent with their teaching and research commitments. The University’s policy on such matters is that the members of staff concerned are at liberty to retain any fees earned. Pathologists have agreed that fees for post-mortems will be paid into a University account and that individual pathologists receive income from this up to a total of 10% of their annual salary.

Medico-legal work is also excluded from the definition and terms for private practice set out above. Members of staff wishing to undertake such work should obtain, from the person to whom they are responsible, written consent to the extent of any such commitment, but earnings from this work may be retained without restriction. Senior staff should obtain the consent of the Faculty Dean and the Faculty Dean from the Deputy Vice-Chancellor as to the extent of their commitment to medico-legal work, which combined with other consultancy is limited to 30 days per annum and be consistent with their teaching and research commitments.
PROCEDURES FOR PRIVATE CONSULTANCY PROJECTS

These are where the individual acts entirely in a private (personal) capacity. The client contracts directly with the consultant, therefore the client has no link to the University or to Consulting Leeds and neither the University nor Consulting Leeds have any legal liability to the client. The consultant is responsible for their own insurance and professional indemnity cover.

If an initial enquiry for consultancy work is made to a member of staff through their University address, telephone or email address this is University Consultancy and may not be considered to be Private Consultancy.

The consultant must ensure that their client is aware that they are acting in a personal capacity and not on behalf of the University.

The consultant must not use any University address (mailing or email) in any communication with the client nor make use of any University resources in the course of the consultancy or do anything that might lead the client to believe that the consultant is acting in his/ her University capacity (e.g. by using University headed notepaper, University email address etc). The consultant may say that he/she is employed by the University, since this is a simple matter of fact.

The consultant must not compete with the University.

It is the consultant’s responsibility to account for any income tax, national insurance, VAT or any other taxes due to the appropriate tax authorities on amounts earned from Private consultancy work.

The consultant may not use any of the following:

- University staff other than the consultant.
- University facilities e.g. equipment, IT equipment including PCs, telephone, space, University name, expertise and Intellectual Property.
- The University’s name or stationery.
- University property for meetings as this may be legally interpreted as an association with the University and the University’s tacit approval of the consultancy services.
- The University owns IP generated by members of staff in the course of their duties at the University. Therefore consultants acting in a Private Capacity cannot, as part of any agreement they sign with a client, use or give rights to any University IP (since they do not own that IP).

In a Private consultancy, it is the consultant’s responsibility to:

- Negotiate his/ her terms and conditions with the client.
- Insert in all contracts the following disclaimer:
  The work undertaken under this contract is not undertaken on behalf of the University of Leeds and therefore the University owes no responsibilities or liability in relation to such work.
- Collect the fees from the client. Fees from a Private consultancy or private professional practice must not be paid into a University account. However, the consultant can make a charitable donation to the University under gift aid which will be credited to a School account.
● Account for his/ her income tax, national insurance, VAT or any other taxes due to the appropriate tax authorities on amounts earned

● Consider carefully the risks involved and where appropriate obtain adequate professional indemnity cover through personal insurance arrangements.
### CONS. APPROVAL FORM

**University and Private Consultancies** undertaken in the year ended 31 July 20____

This form must be completed prior to undertaking each individual project within a contract, retained by the consultant and returned to the relevant Faculty Finance Office annually by 31 August.

<table>
<thead>
<tr>
<th>Name:</th>
<th>School:</th>
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In accordance with the University’s Procedures on undertaking Consultancy and other external activities, academic staff must seek agreement from their Head of School prior to undertaking any consultancy work and other staff from the Dean of Faculty or Head of School as appropriate or Vice-Chancellor’s Executive Group member if the member of staff works in a Service. This applies to **ALL** consultancy work, either as a Private consultancy or through Consulting Leeds. The Procedures can be found at [http://www.leeds.ac.uk/finance/guidelines/policy_consultancy.html](http://www.leeds.ac.uk/finance/guidelines/policy_consultancy.html)

<table>
<thead>
<tr>
<th>TYPE OF CONSULTANCY</th>
<th>INTERNAL CHECKS</th>
<th>APPROVAL</th>
<th>‘30 DAY’ RULE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client full name and address and project title</td>
<td>Date From/to</td>
<td>Private Consulting Leeds</td>
<td>Potential Conflict Of Interests?</td>
</tr>
<tr>
<td></td>
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<td>(Y/N)</td>
<td>(Y/N)</td>
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</table>

_________________________________ signed (consultant)
CONSULTANCY FLOWCHART

Annex 5

Route A
University Consultancy

Route B
Clinical Private Practice

Route C
Private Consultancy

Written approval from HoS required

Roles
Consulting Leeds administer:
- Legal and contractual issues
- Cost and price
- Protection of University IP
- Credit control
- Financial management
- Payments and disbursements
- Indemnity insurance

Consultant arranges:
- Contractual disclaimer
- Consultant’s own insurance

Faculty Finance Office administer:
- Credit control
- Managing invoices and payment
- Completion of Form 50

Consultant arranges:
- Disclaimer stating that project not undertaken on behalf of the University, and the consultant is liable for all legal and financial liabilities.
- Consultant’s own insurance

Entitlement
The total of all consultancy work, University and Private, is limited to 30 days in any one financial year

Limited to be consistent with obligations of teaching, research and clinical service

The total of all consultancy work, University and Private, is limited to 30 days in any one financial year

Requirements
Department recovers indirect costs, estates costs and fee for use of University name and IP. Salary costs not recoverable under 30 days.

Consulting Leeds charges a cost-based management fee

No University staff other than the consultant may be used

No University resources, e.g. IP, equipment, IT equipment including PCs, telephones, space. University name may not be used

Indirect costs not charged - covered by 15% income returned to School

Privat and University Consultancy cannot be mixed in one project or connected projects

Fees
Consultant receives 100% of consultancy fee after costs. Fee can be taken through payroll or placed into any nominated University account

Member of staff receives 85% of income limited to 10% of gross salary per annum

School receives 15% of income

Member of staff retains all income

Annual Declaration to Financial Control
The CONS1 form below represents the financial breakdown for the first example above (Lecturer B):
**CONSULTANCY COSTING/Pricing Tool**

### 1. Contract Details

<table>
<thead>
<tr>
<th>Title of project</th>
<th>Advice on latest research relevant to client organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Organisation</td>
<td>UK Government</td>
</tr>
<tr>
<td>Summary of consultancy activity and objectives</td>
<td></td>
</tr>
<tr>
<td>Activity Type (please select)</td>
<td>Classroom</td>
</tr>
<tr>
<td>Start Date</td>
<td>Feb-03</td>
</tr>
<tr>
<td>End Date</td>
<td>May-03</td>
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</tbody>
</table>

#### How should we distribute your fees?

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<thead>
<tr>
<th>Consultants</th>
<th>Department</th>
<th>Faculty</th>
<th>Annual Salary</th>
<th>Gross salary with on-costs</th>
<th>Days expected</th>
<th>Recommended minimum price</th>
<th>Internal Account number</th>
<th>Through Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. A</td>
<td></td>
<td></td>
<td>£37,793</td>
<td>£41,241.65</td>
<td>1</td>
<td>£644.20</td>
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</tbody>
</table>

#### 2. Costs/Recommended Minimum Price:

- **Insured Costs where known:**
  - Travel and subsistence
  - Consumables
  - Fees at Students
  - Other
  - Estuaries
  - Indirect Costs £180.00
  - Use of University name
  - £100.00

<table>
<thead>
<tr>
<th>Cost Subtotal</th>
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<tbody>
<tr>
<td>Consulting Fees</td>
<td>£103.21</td>
</tr>
</tbody>
</table>

**Recommended price is:** £1,032.11

#### 3. If the recommended price is accepted, the fee breakdown will be:

| Consulting Fees | £103.21 |
| Direct Costs | £3.00 |
| Departmental allocation | £284.70 |
| Pay to | 12345678 |
| Consultants' Fees | £644.20 |
| Dr. A | £644.20 |