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# 1. Introduction:

The generation of a profitable income stream from a diverse range of activities is a crucial part of the University's long-term Corporate Strategy. Consultancy has been identified as a means to create resources which can aid the development of the core activities of the University, particularly Research. The University is therefore committed to supporting staff to make the most of Consultancy opportunities whilst ensuring that issues relating to contracts and institutional liability are managed effectively. Consequently, the University may allow staff the opportunity to embark on up to 40 days consultancy (of which a maximum of 20 days may be Private) in a single academic year.

Whilst University Consultancy is an activity which is to be supported at the University, it is appropriate to consider it in the context of the workload, the available resources and strategic priorities of the School.

## 1.1. Benefits

The benefits of undertaking University Consultancy are numerous – both to the member of staff and to the University itself.

Benefits for the member of staff engaging in approved University Consultancy can include:

- building links with private and public sector companies and bodies which may lead to impactful research relationships
- creating opportunities for generating additional personal income or funds for personal research to their SDA account
- additional funding for School activities
- access to new industrial and commercial opportunities for collaboration
- developing new skills and experience
- providing supporting information for Teaching and Research
- recognition for fostering enterprise activity and credit in an evaluation of academic performance.

For the University, benefits associated with its staff undertaking University Consultancy include:

- increased revenue levels with any resultant benefit from government funding
- good publicity leading to increased status
- the creation of links and relationships with private and public sector companies and other non academic organisations .

## 1.2. Objectives of the Policy

University Consultancy is an activity the University values and which it seeks to encourage. This document aims to increase transparency and clarity of the Consultancy Policy, as well as to facilitate procedures that will support members of staff in the delivery of the consultancy within a clearly understood framework.

The Policy outlines definitions, guidelines and requirements so that the University, Schools and staff may understand what is required in the conduct of all forms of Consultancy. It also aims to introduce clarity in terms of the definitions of Consultancy, Technical Services and Contract Research.

In addition, the Policy aims to simplify processes and clarify the use of documentation, as well as to ensure that appropriate attention is paid to:

- minimising risk for the individual through insurance coverage
- protection of the name and reputation of the University
- ensuring that, as a minimum, the full economic costs (FEC) of the activity are recovered by the University
- ensuring the activity is supported within the framework of the School workload and balanced between Research and Teaching priorities
- ensuring that Consultancy is carried out in a transparent and professional manner and in accordance with Inland Revenue and all appropriate legal guidelines.

For clarification on any issue in this Policy please contact Research & Enterprise Services.

This revised Policy replaces the existing Policy of 2008 and is effective from 1<sup>st</sup> September 2016. It applies to **all** members of staff of the University.

## 1.3. Definitions:

Consultancy fits within a range of activities, such as Technical Services and Contract Research, which the University supports. For the purposes of this document, this Policy only deals with Consultancy, its process and procedures.

To ensure visibility and accountability, it is important that we treat these activities within the appropriate contracted status. To aid this we can define Consultancy as follows:

- Consultancy is a defined service in which the member of staff's expertise is given, for a fee or in-kind benefit, to assist or advise in relation to problem-solving whilst applying existing knowledge.
- It does not create new knowledge through Research.
- Consultancy is not routine testing and analysis of samples (Technical Services) nor the interpretation of results.
- Consultancy contracts are generally of a short duration and are not normally carried out over a continuous, long period of time.
- Consultancy can be provided to Clients from public, private, charitable or voluntary sectors by individuals, consultancy units or groups of academics responding on behalf of an approach or tender.

Naturally, there may be occasions when activities do not fit exactly within these definitions. In these instances please contact Research and Enterprise Services (RES) for advice.

### **The University of Reading recognises two types of Consultancy:**

#### **1.3.1 University Consultancy**

Where a member of staff engages with a client for a fee or other benefit as an employee of the University, this is recognised as University Consultancy. They gain the full support of the University and professional indemnity insurance cover, as well as legal, taxation, marketing and business support services. The prior approval of the Head of School or equivalent must be obtained before the Consultancy is undertaken. In the case of the Deputy Vice-Chancellor, Pro-Vice-Chancellors, Deans, Heads of Schools or equivalents the prior approval of the Vice-Chancellor must be obtained.

University Consultancy should take place where a clear opportunity exists to provide benefits for the individual member of staff, the School or Function and the University.

In addition and for further clarification, if the activity embraces any of the following University and/or its subsidiary companies' resources, it is 'University' Consultancy:

- staff, including Technicians and Administrative Support, specifically when the Consultancy is derived from employment by the University
- space and/or facilities, including - office, lab, meeting rooms, lecture theatres, conference facilities
- resources or infrastructure: including IT infrastructure (email address/internet access)
- job Title
- crest/logo/University name or address.

### 1.3.2 Private Consultancy

Private Consultancy, in contrast, is undertaken by a member of staff who operates in a personal and private capacity in return for a fee or other benefit. It is an activity based on their reputation, knowledge or expertise as a member of the staff of the University that does not use the name of the University nor impinges on its reputation in any way.

The member of staff must obtain approval from the Head of School or equivalent (or in the case of the Head of School, the Research Dean) as well as from the Vice-Chancellor, to ensure that no conflict of interest exists and to ensure that the Private Consultancy is not carried out to the detriment of mainstream activities of the School or Function nor to the staff member's normal University duties.

A maximum of 20 days private consultancy is permitted in any single academic year.

Private Consultancies shall not be incorporated into any School or Function workload, incentivisation or promotion cases.

In addition and for further clarification, if the activity utilises any of the following University and/or its subsidiary companies' resources it is not Private Consultancy:

- additional Staff, specifically when the Consultancy is derived from employment by the University
- space and/or facilities, including office, lab, meeting rooms, lecture theatres, conference facilities
- resources or infrastructure including IT infrastructure (email address/internet access)
- job Title; where its use might be misconstrued by a Client
- crest/logo/University name or address.

This policy does not seek to comment on time spent outside of a member of staff's University contractual obligations.

## 1.4. Exclusions to University Consultancy Policy

Some activities will not be channelled through the standard Consultancy route as they are germane to the Teaching and Research missions of the University, and although outside the remit of core activities, the University still supports and encourages them. They may include services to the outside community and academic activities carried out on behalf of the University such as:

- lecturing
- Research Excellence Framework panel member
- research funded by UK Research Councils, Charities or EU Research Awards where the main aim is to conduct research without profit in an innovative manner
- Knowledge Transfer Partnerships
- Teaching Quality Assessors
- refereeing papers
- external examining
- reviewing books and manuscripts
- ad-hoc interaction with media e.g. comments to journalist regarding a specific topic
- serving on public, governmental and charitable bodies
- journal editorships
- invited lectures
- business training development, e.g. London Technology Network.

This list is not exclusive. RES can help you decide how to define the activity you propose to undertake and give guidance on the appropriate process if there is any doubt. RES will also provide the support required to set up contracts with external organisations, as well as set up budget codes for the activity.

The Head of School or equivalent must be satisfied that the appointment does not conflict with the performance of the staff member's University duties.

### 1.4.1 Restrictions to Consultancy activity by external bodies

Certain posts in the University are directly funded by external bodies under specific schemes which carry their own terms and conditions. The terms of such funding may mean that if staff in those posts were to undertake consultancy there could be a direct conflict with the funding for the post itself. To minimise the risk of endangering the funding for their posts, members of staff should consult with their Head of School or equivalent or with their Contract Manager for advice if they have any reason to question whether consultancy activity would put them in conflict with a known third party who funds their post.

## 2. The Policy

The Policy outlines the requirements for Consultancy so that the University, Schools, Directorates and staff may understand what is required in the conduct of all forms of Consultancy and related activity.

The University seeks to encourage Consultancy within the framework of this Policy and aims to:

- encourage meaningful links between the University and industry and business groups that may lead to impactful research
- build and maintain viable commercial relationships to develop, resource and add-value to the Research and Teaching activities of the University
- provide enhancements to encourage staff to undertake Consultancy activities
- ensure an appropriate return to the School for the deployment of its resources in line with the Corporate Strategy.

It is important to contact RES at an early stage of any potential Consultancy to take advantage of the support and expert advice that is available.

### 2.1. University Consultancy

A member of staff undertakes University Consultancy when they engage with a client as an employee of the University for a fee or other benefit. They gain the full support of the University, professional indemnity insurance cover as well as legal, taxation, marketing and business support services from RES and may call on appropriate resources of the School for the successful completion of their Consultancy contract.

#### 2.1.1 Costing/pricing

The University has established a Policy in regard to costing and pricing of Consultancy activities so that it is conducted on a fee for service basis and the fee is based on the University's full economic costing (FEC) model.

FEC is an amount which, if recovered, would recover the total cost (direct or indirect) including an adequate recurring investment in infrastructure. It does not include a profit above the cost of an activity. Price charged to the client however, should include additional factors which reflect the market rate whenever a market will bear this. The price charged to the client will therefore depend on a number of environment/market factors including the:

- extent of the client's needs
- urgency of the client's requirement
- level of expertise involved
- time involved on the project
- availability of competitive alternative Consultancy
- availability of public domain knowledge
- extent of convenience, intrusion and relevance to Research & Teaching activities to the member of staff, their School or equivalent
- expectation of knock-on benefits
- historic relationship.



Consultancy may be charged on a daily or hourly fee basis (plus additional other direct costs such as consumables, travel or expenses). Whilst the rate to be charged for Consultancy work is influenced by a variety of factors, it is useful to remember that many expert consultants to industry charge £1000 to £2000 per day (plus other expenses) for work in their field of expertise.

Staff must seek guidance from their Contract Manager on appropriate pricing.

If the activity is not going to recover FEC the member of staff must gain approval from their Head of School or Function. There is, however, no guarantee that they will agree to undertaking Consultancy below FEC.

## **VAT**

Please note that invoices for University consultancy are subject to VAT. VAT recovery is a normal activity for client organisations and as it is unlikely to affect the competitiveness of the proposed charge; it need not be viewed as an additional burden to competitiveness or cost to the contract.

### **2.1.2 Contracts**

The University is the proper party to a University Consultancy contract and, whether or not documentation refers to any individual employee as the principal consultant, the contract must be drawn up between the University and the Client. This will be done and signed by a Contracts Manager to ensure that the contract provides an appropriate framework and scope for the work to minimise risk for the individual and for the University.

It should be noted that if a member of staff signs a contract, or operates without a contract, they shall do so at their own risk.

### **2.1.3 Code of conduct**

Care should be taken to avoid arrangements that might result in conflicting obligations to different parties (or which will negatively affect the reputation of the University, either by the nature of the work or the reputation of the proposed client or in terms of the quality of the Consultancy work undertaken). For the avoidance of doubt it would be prudent to refer to the University of Reading's Code of Good Practice in Research, the University's Research Ethics Committee Notes for Guidance and its Code of Practice on Intellectual Property, Commercialisation and Financial Benefits.

### **2.1.4 Limitation of days**

There is a limit of 40 days (of which a maximum of 20 days may be Private) on the total amount of Consultancy work that staff may undertake in an academic year (pro-rata for part-time staff) - unless otherwise stated in individual contracts of employment; and/or undertaken with the approval of the Head of School or equivalent or Vice-Chancellor, as appropriate. In certain circumstances exceptions have been agreed, for example where Consultancy is already a core activity such as in some Centres.

There is no guarantee that permission for University Consultancy will be given as The Head of School or equivalent must be satisfied that the appointment does not conflict with the performance of the staff member's University duties.

### **2.1.5 Professional indemnity & public liability insurance**

All staff involved in University Consultancy work will be covered by the University's insurance policies for professional indemnity and public liability insurance, but only when a permission form has been formally authorised.

Cover is subject to the limit of the relevant policies in force at the time. Details of the levels and conditions of this cover are available from RES.

Staff members run the risk of personal liability if the University has no agreement in place before the Consultancy is undertaken, if an agreement has been made by them direct with the client with no involvement from RES or if they seek to set up the agreement retrospectively.

#### **2.1.6 Use of IT and/or Library networked services**

Any use of these University facilities in the delivery of Consultancy activity must be carried out in accordance with the 'Terms and conditions of use for library e-resources'

(<http://www.reading.ac.uk/library/about-us/policies/lib-eresources-terms.aspx>)

## 2.2. Private Consultancy

Private Consultancy is carried out by a member of staff in a personal and private capacity and in return for a fee or other benefit. Please refer to 1.3.2 for a definition of Private Consultancy.

Private Consultancy must be conducted without using University resources, infrastructure or name and must not conflict with the staff member's normal University duties.

### 2.2.1 Pricing and income from Private Consultancy

Individuals undertaking this form of Consultancy must set and collect fees and make their own returns to the Inland Revenue.

### 2.2.2 Private contracts

Members of Staff must undertake to include a statement in any written contract and on any written report/results/specifications produced in the course of the Private Consultancy, that:

- the Consultant is undertaking the Consultancy in a Private capacity
- the University is not involved in the Consultancy in any way
- the University is therefore not liable for any claim whatsoever arising out of the Consultancy arrangement.

### 2.2.3 Conflicts of interest

Private Consultancy must not be entered into if it results in a conflict of interest. The member of staff should confer with their Head of School or equivalent if they are in any doubt.

By example, a conflict of interest may occur if an individual is asked to embark on a Private Consultancy arrangement where the nature of the work is tangential to or adverse to the ethos or ethics of the University, or where that individual already has a University relationship with that organisation.

### 2.2.4 Limitation of days

There is a limit of 20 days on the total amount of Private Consultancy that staff may undertake in an academic year - unless otherwise stated in individual contracts of employment; and/or with the approval of the Head of School or equivalent.

Private Consultancy should be planned in advance and adequate notice given to the Head of School or equivalent so that any knock-on effects on core activities are planned for.

There is no guarantee that permission for Private Consultancy will be given as The Head of School or equivalent must be satisfied that the appointment does not conflict with the performance of the staff member's University duties.

### 2.2.5 Insurance:

The individual is the proper party to a Private Consultancy. Staff undertaking Private Consultancy are not covered by University insurance and it is therefore a recommendation of the University that the Private Consultant ensures he or she arranges their own insurance as appropriate.

In any case, the Consultant shall indemnify the University and its representatives from and against all actions, claims, loss, damage, costs and expenses arising directly or indirectly from, or in respect of his or her Private Consultancy activity by completing a Permission to undertake Private Consultancy Form (Appendix II).

### **2.2.6 Private Consultancy approval**

Before engaging in Private Consultancy a staff member must provide a Permission to undertake Private Consultancy Form (Appendix II).which acts as a signed declaration.

This declaration states that the Private Consultant will not use the University's and/or its subsidiary companies' resources in the provision of the Private Consultancy, namely:

- space and/or facilities, including office, lab, meeting rooms, lecture theatres, conference facilities
- resources or infrastructure including IT infrastructure (email address/internet access)
- crest/logo/University name or address
- Job Title; where its use might be misconstrued by the Client.
- business cards.

The member of staff must obtain approval for private consultancy from the Head of School or equivalent, as well as from the Vice-Chancellor.

In the case of a Head of School approval from the Pro-Vice-Chancellor Resource and Planning and Vice-Chancellor must be obtained. In the case of a Head of an Administrative Unit approval must be obtained from the Head of Function, as well as from the Vice-Chancellor.

### **2.2.7 Annual Declaration of Interests and Private Consultancy**

The University is committed to the highest standards of openness, accountability and integrity. As part of achieving this, senior members of staff, all members of the Council, and lay members of other University Boards and Committees are required to complete an Annual Declaration of Interests declaring any external interests, including positions held in external organisations, whether paid or unpaid and any relationships that immediate family members may have with the University or its subsidiary companies.

Professors, Grade 9 staff and Staff in Procurement who have undertaken Private Consultancy in the previous 12 months should include details of the nature of that activity and their Client. A 'nil' return is required to confirm that the staff member has not been involved in any such activity.

This information will be held in accordance with the terms and conditions of the Data Protection Act. The University's senior management and Council can use this information as the basis for future Policy changes, improvements in business practices and to monitor staff compliance.

## 2.3. Authority

Ultimate authority for this Policy resides with the Council.

## 2.4 Review of Policy

This Policy will be operated and maintained by CIKE (Committee for Innovation & Knowledge Exchange)

## 2.5 Enquiries

All enquiries concerning this Policy should be referred to the Director, Finance & Corporate Services (or their successor).

## 2.6 Non-compliance

Failure to comply with University Policy may render the member of staff liable to disciplinary action for misconduct or serious misconduct in accordance with the University's disciplinary provisions.

University staff should also note that, in appropriate cases, the University could pursue recovery of any costs and damages to which the University has been exposed as a result of a breach of this Policy.

## 2.7 Appeals

Should a member of staff have permission to undertake Consultancy (University or Private) declined by their Head of School or equivalent they will have the right of appeal to the Dean or Head of Function. In the case of the Deputy Vice-Chancellor, Pro-Vice Chancellors, Deans, Heads of Schools or equivalents, they have the right to appeal to the President of the Council.

Appeals must be lodged in writing within 10 working days of the approval for Consultancy being declined.

## 3 University Consultancy Process:

All members of staff are encouraged to discuss their plans to undertake consultancy, or any approaches from organisations for Consultancy, with their Head of School or equivalent at an early stage in the process. The purpose of such discussion will be to identify that the appointment is consistent with the School Operating Plan or does not conflict with the performance of the staff member's core University duties or the use of other School or equivalent's resources.

Staff are also encouraged to discuss, at an early stage, any such proposal with RES. RES will provide advice, support and co-ordination for all Consultancy activities, including scoping, pricing (along with Finance) and setting up contracts.

### 3.1 Permission

All staff members should complete a University Consultancy: Permissions and Payment Form (Appendix I) before undertaking consulting activities. This is a straightforward way of supplying the indicative information RES needs to start putting contract arrangements in place and to begin the financial process which will eventually result in raising an invoice and payment to the member of staff. Guidance notes are provided.

### 3.2 Distribution of fee income

Fees earned from University Consultancy will be paid to the School or equivalent.

The member of staff and the Head of School or equivalent should agree a distribution of income between the School and the individual at the time they discuss the activity and before they complete the permission form.

The School or Function may require a proportion of the fees earned, for instance where the nature of the Consultancy work requires additional resources to be paid for by the School or Function to cover the individual's normal duties.

Once the fee has been paid by the client, the income will be received by the School or equivalent and redistributed as per the percentage previously agreed on the permission form.

## 3.3 Payment to Consultant

Where the member of staff is to receive a fee as part of the financial arrangements for the University Consultancy undertaken, their fee may be paid in either of two ways:

- as salary with the normal deduction of income tax, employee's National Insurance Contributions (NIC) and the value of the University's Employer's NIC (no Superannuation will be payable).

or

- to the School or Function and then to the member of staff's Staff Development Account for research purposes.

Once the work has been completed the member of staff must advise Research Accounts Assistant and send them copies of all receipts associated with completion of the contract so that these can be included in the final amount invoiced. The member of staff cannot be reimbursed for expenses if receipts are not kept.

## 3.4 Roles and Responsibilities within University Consultancy

### 3.4.1. The role of the member of staff

As the Consultant, the member of staff is responsible for:

- instigating an early discussion with their Head of School or equivalent
- involving RES at an early stage in the process
- ensuring that the permission form is completed, appropriate discussion with Head of School or equivalent has taken place and approval given, before a contract is set up and work is undertaken
- carrying out the Consultancy in a professional, appropriate and timely manner, in accordance with the Contract specifics
- retaining receipts of expenses associated with the completion of contract
- Informing Research Accounts Assistant once the contract has been completed in order that payment can be made (if elected to receive the Consultancy fee through payroll).

### 3.4.2 The role of Head of School or equivalent

Each Head of School or equivalent is responsible for all Consultancy within their School or administrative unit and in signing the permission form is agreeing that there is no conflict with existing duties and responsibilities and that the Consultancy is likely to bring benefits in terms of those outlined in 1.1 of the Policy Document.

### **3.4.3. The role of Research & Enterprise Services (RES)**

RES is responsible for supporting and co-coordinating University activities in the area of Consultancy. RES will:

- assist with the development of proposals for Consultancy
- provide advice on costing and pricing
- support all consultancies to ensure that they confirm to University ethical policies
- provide advice in the areas of commercial contracts
- provide a contract and (with the Finance Office) financial management services for Consultancy and related activity.

## **3.4. Signing authorities**

The member of staff and the Head of School or equivalent must sign University consultancy permission forms. If the member of staff is a Head of School or equivalent, the Pro Vice Chancellor Resource and Planning or Head of Function must sign. If the Consultant's position is senior to the Head of School or equivalent, then the Vice-Chancellor should give approval by signing the form.

Only noted signatories of the University may sign Consultancy contracts. RES maintains a list of these signatories and will guide University staff through the process.

Please contact RES for clarification on any issue covered by this Policy.