

Consultants – Developing A New Definition with Examples

Definition

The term “consultant” has a dictionary definition of “a specialist who gives expert advice or information.” However a broader usage of this term has been applied within Leeds City Council and other public bodies and is often used to refer to use of contractors to undertake specific areas of work rather than provide consultancy advice. This can lead to the reported level of expenditure on consultancy advice being misleadingly over-stated as it includes such spending on contractors’ services. The Management Consultancies Association (MCA) defines consulting as “the creation of value for organisations, through the application of knowledge, techniques, and assets to improve performance. This is achieved through the rendering of objective advice and/or the implementation of business solutions.”

In order to foster more consistency and clarity as to what we should in future treat and report as consultancy expenditure within Leeds City Council, it is proposed that the following definition should be applied:

A consultant is a provider of professional services or expertise engaged

- *To provide expert analysis and advice which facilitates decision making or could potentially result in new business, funding or service transformation;*
- *To provide a specific, one-off task or set of tasks;*
- *To perform a task involving skills or perspectives which would not normally be expected to reside within the Council.*

All three criteria would have to be met for the service provided to be considered as a consultancy service.

For the purposes of financial accounting, Revenue expenditure on Consultants (as defined) should be charged to vote 259; Capital Expenditure on such services should be coded to CPRH 7 sub-code 62.

This is distinct from external professional services engaged in pursuit of the operational business of the Council. Such services should be charged to other suitable expenditure codes.

Illustrative Examples

The following items are examples of Consultancy Expenditure in terms of the above definition:

- *Legal, financial or technical external expertise used in developing PFI projects and negotiating their associated contracts;*
- *Research, advice and/or report on policy, operational or management issues.*

- *Provision of option appraisals, market research or other specialist management information to inform key business decisions.*

In contrast, the following examples would **not** be classified as Consultancy Expenditure in terms of the above definition. Instead, they would be regarded as expenditure on professional or hired services.

- *Professional legal advice on operational or governance issues.*
- *Use of special IT skills and advice e.g designing a web-site, devising or adapting software, addressing IT operational problems.*
- *Provide professional services that are not available in-house due to capacity limitations or timing.*
- *Devise and deliver training courses.*
- *Provide specialist skills in a an operational capacity where it is not economic to retain such specialists in-house on a permanent basis, e.g. expert input into the preparation of new displays and exhibitions.*
- *External involvement in recruitment to senior Council posts (vote 080).*

Above definition formulated May 2010.