

Appendix 2

Use of Consultants

Definition of Expenditure on External Consultants

Leeds City Council uses the services of external consultants to deliver professional expertise, support and advice for a number of purposes. A major use of their services has been in the delivery of some major capital projects. They have also been utilised to provide specialist professional technical, financial and legal expertise in the development, negotiation and delivery of major PFI contracts. Consultants have also been used to provide specialist services and to carry out a number of specific assignments, such as carrying out specific research projects and providing specialist advice on major transactions and operations. In some instances, these major transactions, including the expenditure on consultants, are funded from grants or other associated external income.

Whilst, Leeds City Council will strive to carry out project work internally whenever feasible, the services of consultants have often been procured because they can provide specialist technical expertise that is not available in-house or are used to supplement available internal capacity. In some cases, the use of external, independent professionals is a stipulated requirement.

For the purposes of financial analyses of Council use of external consultants, there is an assumption that such expenditure is appropriately charged to the specific designated revenue and capital subjective codes.

For revenue expenditure, the specific code is

Vote 259 Consultancy Services.

This vote was specifically created for this purpose in 2002/03 in order to facilitate monitoring and reporting of expenditure on consultancy services.

There is an awareness that substantive use of external consultants is made on developing and negotiating PFI schemes and contracts, so appropriate expenditure on other votes on PFI development cost centres is included in such analyses.

For capital expenditure, the designated code is

Cprh 7 (Other Costs), sub-code 62 (Other Consultants Fees)

For both Revenue and Capital expenditure, a distinction is made between bought-in external professional services and broader consultancy services. The former would cover normal professional services such as solicitors and recruitment and IT specialists that are engaged regularly as part of the Authority's ongoing business. Such expenditure is charged to subjective accounting codes for professional services rather than to the consultancy accounting codes.