

COMMERCIAL ACTIVITIES

SUMMARY OF PRINCIPAL CHANGES

General changes	
None	
Section	
4.5, 4.6,	Refer to text
5.3.4, 5.5, 5.6	Refer to text

(Amendments to version 02.0, UPR CA01, are shown in italics.)

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1 INTRODUCTION

This document had been approved by the Secretary and Registrar.

(Note:

Guidance notes concerning the operation of UPR CA01 are available on-line at:

<http://staffnet.herts.ac.uk/university-services/finance/finance-forms.htm>

[http://www.staffnet.herts.ac.uk/documents/finance/How To Guide AR Invoice Creation C.pdf](http://www.staffnet.herts.ac.uk/documents/finance/How_To_Guide_AR_Invoice_Creation_C.pdf)

<https://www.gov.uk/vat-record-keeping/time-of-supply-or-tax-point>.

Forms to be used in conjunction with UPR CA01 are published on-line at:

<http://staffnet.herts.ac.uk/academic-and-research-services/new-to-commercial-funding.htm>

2 **SCOPE**

- 2.1 This document deals principally with the provision of short courses and with consultancy activity. However, section 3 and the other general principles which this document (UPR CA01) contains, should be applied to all commercial activities undertaken on behalf of the University.

3 **DEFINITIONS**

3.1 **'Commercial Activity':**

The provision of training courses or consultancy or the exploitation of research findings or the provision of any other service or professional activity undertaken by Strategic Business Units which is carried out with a view to generating a profit.

3.2 **'Consultancy':**

Consultancy has been defined as follows by the University's Academic Board (Minute 80, Academic Board, 20 June 90, refers).

- i Consultancy is work of a professional nature, carried out by University staff in their field of expertise, for clients outside the institution and for which payment is made, either to the University or directly to the member of staff. Consultancy work may be undertaken by academic and professional staff.
- ii Consultancy can be distinguished from research in that it (consultancy) is often short-term, subject to VAT and does not involve the registration of research students.

The Academic Board has further classified and defined consultancy as follows (sections 3.2.1 and 3.2.2, refer):

3.2.1 **'University consultancy':**

- i University consultancy is work carried out by members of staff acting as employees of the institution. The work undertaken may be additional to normal duties (for which additional payment over and above the normal salary is made) or may be part of normal duties for which no additional payment is made.
- ii In either case the University is the consultant and is, therefore, fully liable for the success or failure of the project. The University holds Professional Indemnity Insurance against such liability.
- iii In the case of University consultancy, full use may be made of University resources within the limitations of requirements for teaching purposes. The University will deal with all contractual arrangements, documentation, invoicing and payments, where appropriate, via one of its subsidiary companies.

3.2.2 **'Private consultancy':**

(Note: Members of staff should refer to their contracts of employment.)

- i Private consultancy is carried out by members of staff entirely independently of the University. Such work is undertaken exclusively in the consultant's own time and makes no use of University resources.
- ii Private consultancy work is not covered by the University's Professional Indemnity Insurance.

- iii Members of staff may engage in private consultancy work but the consultant must ensure that his or her client is fully aware that the University is in no way responsible for or liable in respect of consultancy work which is carried out privately by members of its staff.

(Note - reporting requirements)

- i Members of staff must report any private consultancy work to their respective Heads of Strategic Business Unit (or nominee) in order to ensure that the work involved is not of such a nature or extent that it adversely affects the employee's performance of his or her normal duties for the University.
- ii **DECLARATION AND REGISTRATION OF INTERESTS BENEFITS AND GIFTS (UPR GV12¹, refers)**

Members of staff are also required to report private consultancy work in accordance with the requirements of UPR GV12¹.)

4 POLICY

- 4.1 The University of Hertfordshire is committed to undertaking commercial activities which are profitable, in keeping with the University's academic direction and supportive of the main activity of the University which is the education of students.
- 4.2 Such activities enhance both the professional standing of members of staff and the status of the University itself and provide opportunities for the institution to give service to the community. In addition, these activities contribute to a more efficient use of the University's facilities, equipment and other resources, and provide Strategic Business Units with opportunities to generate disposable income from a diversity of sources.
- 4.3 Consultancy and training activities provide opportunities for the University to initiate links with industry, commerce, the public sector and other external organisations; to develop further those links which already exist, and to enable members of staff to be more aware of the needs of external bodies, thus informing programme and curriculum development and delivery, as well as providing opportunities for staff development.
- 4.4 Within the University of Hertfordshire, the amount and nature of consultancy and training activity which is undertaken varies widely between Strategic Business Units. It is recognised that within certain areas or specialisms, such activity may be constrained by a limited market or by other factors.
- 4.5 **Costing and financial policy**
 - 4.5.1 *In determining the price to be charged for any commercial activity, Heads of Strategic Business Units will ensure that appropriate attention is given to the full cost of providing the service. The definition of 'full cost', including the overhead relating to the intended activity, will be determined from time-to-time by the Group Finance Director. Any exception to the recovery of at least full costing will require the prior consent of the Group Finance Director (or nominee) who will consider the circumstances of each case and may, at his or her discretion, grant an exception.*

¹ UPR GV12 'Bribery and Corruption'

4.6 **Payments to staff**

- 4.6.1 Where sufficient funding exists after all other commitments have been met, additional payments may be made to members of staff engaged in commercial work.

(The commitments referred to in section 4.6.1 would include, as appropriate, salaries, indirect costs or revenue required by the University, the Strategic Business Unit or subsidiary company which had an involvement in the project.)

- 4.6.2 Under certain circumstances, and subject to the Strategic Business Unit having satisfied its target for *financial contribution*, and any other commitments (section 4.6.1, refers), other employees of the University may receive such payments, subject to the approval of the relevant Head of Strategic Business Unit *and compliance with relevant Human Resources policies*.

5 **REGULATIONS**

5.1 **General**

- 5.1.1 Members of staff who engage in commercial activities must at all times comply with the requirements of UPR FR06², UPR GV12¹ and any other relevant University policies, regulations and procedures and with the agreed procedures which operate within their Strategic Business Unit.
- 5.1.2 All agreements must be made in writing. Where this is in the form of a purchase order issued by the client, prior to acceptance, the member of staff with responsibility for the work will ensure that any terms and conditions included in the client's documentation, for example, in the purchase order or other legal agreement, are consistent with the relevant University Standard Terms and Conditions (section 5.2, refers) and will obtain the necessary approval for any variations to these (section 5.2.3, refers).
- 5.1.3 Members of staff who engage in commercial activities will, at the earliest possible stage in the negotiations, inform the prospective client of the Standard Terms and Conditions of Business which are to apply and provide the prospective client with a copy of the University's notice to suppliers, contractors and clients (published from time-to-time by the Secretary and Registrar) concerning the University's policy and regulations relating to the declaration and registration of interests benefits and gifts (UPR GV12¹, refers).
- 5.1.4 Heads of Strategic Business Units will ensure that when considering whether to pursue a new commercial activity they inform the Business Development team at the earliest opportunity.

5.2 **Standard Terms and Conditions of Business**

- 5.2.1 The Secretary and Registrar (or nominee) or the Company Secretaries of companies within the UH Holdings Limited group (or nominees) will, as appropriate, determine from time-to-time, Standard Terms and Conditions of Business.
- 5.2.3 Any proposed variation to these Standard Terms and Conditions of Business requires the prior written consent, as appropriate, of the Secretary and Registrar (or nominee) or the relevant Company Secretary (or nominee) (UPR FR06², refers).

5.3 **Creditworthiness of proposed clients**

- 5.3.1 No contract will be signed with a company or a commercial organisation unless the creditworthiness of the proposed client has been established to the satisfaction of the Group Finance Director (or designated deputy).

² UPR FR06 'Corporate Governance and Financial Regulation'

- 5.3.2 *In accordance with instructions issued by the Group Finance Director, the Business Development team will carry out credit checks on all clients where the value of the proposed contract is £5,000 or above. For contracts below this value it is recommended that credit checks will be carried out.*
- 5.3.3 Each credit check will be signed-off by a Senior Business Development Co-ordinator or Business Development Manager who, in doing so, confirms the creditworthiness of the client concerned. In this regard, Senior Business Development Co-ordinators/Business Development Managers act on the authority of the Group Finance Director.
- 5.3.4 The Director of Business Development will establish appropriate procedures to ensure that the outcomes of credit checks and any authorisations given under the provisions of section 5.3.3 are properly recorded and are retained for not less than six (6) years after the date on which the authorisation was given.

(Note for guidance:

Information concerning credit scores and risk is provided in the guidance note available at:

<http://staffnet.herts.ac.uk/university-services/finance/finance-forms.htm>

However, in determining whether to proceed with a proposed relationship, other types of risk, for example, reputational risk, will be taken into consideration.

The Director of Business Development will, in consultation with the Group Finance Director and the Pro Vice-Chancellor (Business and International Development), draw up, publish and keep under review, a protocol to be applied in cases where credit scores cannot be obtained, for example, in the case of certain overseas organisations.)

5.4 Short courses

- 5.4.1 It should be noted that short course organisers are agents of the University of Hertfordshire/the wholly-owned subsidiary of UHHoldings Limited through which the short course is being provided.

5.4.2 Promotional literature and booking forms

All promotional literature and booking forms for short courses must carry the following statement:

“All bookings are subject to the standard terms and conditions of <the University of Hertfordshire*/name of wholly-owned subsidiary company*>. A copy of these standard terms and conditions is available on request from <insert name of member of staff from whom the terms and conditions can be obtained>.”

(*delete as appropriate)

5.4.3 Standard Terms and Conditions of Business

When the booking is accepted, a copy of the standard terms and conditions must be sent to the client even if the client has not requested them.

Where short course clients/delegates enrol ‘on spec’, prior to their signing a booking form, their attention must be drawn to the relevant terms and conditions of business and the following must be available for the client/delegate to inspect at the time at which the booking form is to be signed:

- i the relevant terms and conditions of business of the University/subsidiary company;
- and

- ii Regulations and Advice for Students' Particular Attention – Index (UPR SA07³, refers).

5.5 **Invoicing for commercial activities**

5.5.1 All clients should be invoiced via the finance system.

5.5.2 Guidance is provided at:

http://www.staffnet.herts.ac.uk/documents/finance/How_To_Guide_AR_Invoice_Creation_C.pdf

and sets out the process to be followed on the finance system and the details to be included on all invoices.

5.5.3 Staff raising invoices should ensure that:

- i the invoice is raised in accordance with HMRC regulations (ie that VAT is charged where applicable) and that the invoice is raised in a timely manner (within **14** days of the service having been provided)

<https://www.gov.uk/vat-record-keeping/time-of-supply-or-tax-point>

- ii where applicable, the client's purchase order number is quoted;
- iii to avoid payment delays, sufficient detail is included on the invoice to explain the services that are being invoiced.

5.6 **Credit control**

(Note:

This section is to be read in conjunction with section 27, UPR FR06².)

5.6.1 The emphasis will be on debt recovery at an early stage. The University's standard payment terms are **30** days from date of invoice.

5.6.2 The relevant credit controller will send a monthly aged debt report at each month-end to all staff involved in commercial activities across the University and to company's within the University of Hertfordshire Group (as defined in UPR FR06²)

(Note for guidance:

University and UH Ventures Limited

The Credit Controller – Commercial is a member of the Finance team and undertakes the role of credit controller for the University and for its wholly-owned subsidiary, UH Ventures Limited.

Wholly-owned subsidiary companies

For other wholly-owned subsidiary companies within the University of Hertfordshire Group (as defined in UPR FR06²) the role of credit controller is undertaken by a designated individual within the company concerned.)

5.6.3 No further work should be done for clients who have outstanding invoices more than **60** days overdue.

³ UPR SA07 'Regulations and Advice for Students' Particular Attention – Index'

- 5.6.4 *The credit controller will:*
- i send a statement at the beginning of each month to all clients with an outstanding debt, regardless of the age of the debt;*
 - ii deal with queries arising from clients as a result of these statements;*
 - iii chase outstanding debtors via email and telephone;*
 - iv as necessary, ask for assistance from the University's relevant sales contact in chasing unpaid invoices;*
 - v where a payment plan has been arranged with a client, ensure that the information is recorded on the client's account of the finance system.*
- 5.6.5 *Where a payment plan had been agreed by a sales contract, he or she will ensure that full information is provided to the relevant credit controller who will enter it on the client's account in the finance system.*
- 5.6.6 *Reminder letters will be sent to all clients as follows:*
- Level 1** - when the invoice is **30** days overdue
 - Level 2** - when the invoice is **60** days overdue
 - Level 3** - when the invoice is **90** days overdue
- 5.6.7 *Invoices that remain unpaid after **14** days from the date of the **Level 3** letter will be referred to the University's debt collection agency unless there is a payment plan in place. The debt collection agency will apply both late payment interest and recovery costs to the original outstanding amount and referral to the debt collection agency may result in legal action being taken against the client.*
- 5.6.8 *Debts will be written off in accordance with the provisions of section 27, UPR FR06² only after the debt collection agency has exhausted all debt recovery options.*

Mrs S C Grant
Secretary and Registrar
Signed: **1 August 2016**