Consulting Contract Example Contracting Direct with the End Client

The bullet point text in BLUE font beneath each clause of the consulting contract example is the narrative and explanation that I have added.

AGREEMENT between

Client GroupAddress: [Client Group](hereinafter referred to as "Client")

And

ConsultantAddress: [The **Consultant**](hereinafter referred to as "the **Consultant**")

Consulting contract example - narrative:

- Identifies the parties to the agreement
- Clarifies how each party will be referred to in the main body of the contract (below)

WHEREAS the **Consultant** has agreed to provide services set out in clause (2) hereof to **Client** AND the parties have agreed and do hereby agree that the terms of such agreement be put into writing NOW THEREFORE the parties agree to be bound by the following terms and conditions:-

Consulting contract example - narrative:

 Preamble; the parties have agreed that they intend to form a legally binding agreement

1. The Term

This agreement will commence and terminate on the dates specified in Appendix 1.

 There is an appendix attached at the foot of this consultant contract template; often an Appendix is used to record key information about the contract and the commercial relationship

2. The Services

The **Consultant** will or will ensure that its employees will perform the services as described in Appendix 1 ("the Service"). Nothing contained in this contract will be construed as or have the effect of constituting a relationship of employer and employee between the parties to this agreement.

Consulting contract example - narrative:

- Clear statement that the relationship is Business to Business rather than Employer to Employee
- Protects the Client by confirming that the **Consultant** will have no rights to the benefits and protections in law that are normally available to an Employee
- Implies that the Client will not deduct and withhold tax from fees paid to the **Consultant**; the **Consultant** is responsible for his own tax affairs

3. The Fee

The fee payable by **Client** to the **Consultant** will be the fee as is specified in Appendix 1. The fee will be payable at the frequency indicated in Appendix 1. All fees quoted are exclusive of [VAT / GST / SALES TAX]. Where it is indicated in Appendix 1 that Invoices will be submitted by the **Consultant** the **Consultant** will submit to **Client** invoices for fees payable adding the appropriate rate of [VAT / GST / SALES TAX] from time to time to each invoice (if it is appropriate to do so). **Client** will pay each invoice within [Insert payment period] days of the date of the invoice. The **Consultant** will submit invoices to the address specified in Appendix 1.

Consulting contract example - narrative:

General arrangements for invoicing and settlement of fees

4. The Location

Client will intimate to the **Consultant** the location at which **Client** requires it or its employee's or subcontractor's attendance. The **Consultant** will or will ensure that its employees or subcontractors provide the Services at the location as stipulated by **Client**.

Consulting contract example - narrative:

- Basic information on the main geographic location at which the consulting assignment is to be carried out
- If there will be a requirement for the Consultant to work in multiple Client locations and therefore a need for travel and related expenses such as accommodation, then details of all locations would be specified here

5. Timesheets

The **Consultant** will or will ensure that its employees or subcontractors complete a timesheet in respect of each day it provides the Service to **Client** and submit same to **Client** on a monthly basis. The **Consultant** will invoice **Client** upon receipt by **Client** of signed corresponding timesheets, a copy of which will accompany each invoice.

Consulting contract example - narrative:

- A summary of the procedure for completing timesheets to allow the Client to reconcile the Consultant's invoices to consulting days worked prior to authorisation for payment
- If the consulting assignment is to be undertaken on a fixed price basis then timesheets will not be required; timesheets would only be used if billing were to be on a Time and Materials basis

6. Meetings

The **Consultant** and the **Client** will attend meetings as required from time to time in order to discuss aspects of this agreement and the Services.

Consulting contract example - narrative:

- States the intention that the Consultant and the Client will meet if and as required to update on progress and discuss any matters relating to the agreement
- It is good practice to hold regular update meetings with the Client. The primary reason for this is to ensure that any issues, risks or problems are identified and fixed as early as possible in the assignment. The second reason is that if there is a problem or dispute at the end of the assignment then reference can be made to the minutes of the progress meetings

7. Expenses

Reasonable expenses when properly and necessarily incurred will be paid by the **Client**. The **Consultant** will ensure that expenses forms where appropriate and where provided by **Client** to the **Consultant**, are completed and delivered to **Client** as soon as practicably possible following upon the expense actually incurring.

- Arrangements for reporting, controlling and reimbursing expenses related to the delivery of the assignment
- Often the Client will prefer to use their own outsourced travel service / agency to book flights and accommodation on behalf of the Consultant. This gives visibility and control of expenses to the Client. Further the prices may be more competitive due to the purchasing power of the Client business
- Another advantage if the Client makes arrangements on your behalf is that it saves you time and effort
- However, a word of caution. If the client is reimbursing expenses to the Consultant on a regular basis then this may be suggestive of an employer / employee relationship. For more information refer to Contractor Tests.

8. Gifts or Commission

The **Consultant** will not, without the prior written consent of **Client** accept any gift, commission or other financial benefit or inducement from any person whatsoever and in whatever way connected directly or indirectly to the provision of the Service and will ensure that its employees, subcontractors and agents will not accept any such gift, commission, benefit or inducement and will provide **Client** with full details of any such gift, commission, benefit or inducement which may be offered.

Consulting contract example - narrative:

- This clause is intended to ensure that the Consultant remains completely impartial and independent in discharging his duties under the contract
- The only reward that the Consultant should receive in respect of this assignment should be specified within the contract
- Should any person, either in or outside the Client's organization offer any other reward of any type then the Consultant will notify the Client
- This applies equally to the lead Consultant and any employees, subcontractors or associates of the lead Consultant

9. Overtime

No minimum hours are promised and no overtime will be paid by **Client** to the **Consultant**.

The **Consultant** agrees to work within the agreed budget specified for the deliverables as set out in Appendix 1. At the discretion of the **Consultant**, the **Consultant** may work additional days as required to ensure the timely and complete delivery of the project, and, at own cost will carry out any steps necessary to make good the quality and suitability of the project deliverables.

By exception, and at the request of **Client**, the **Consultant** may be requested to work additional days to meet unforeseen requirements. In this circumstance additional days will be paid at the rate of [£, \$, €][Insert rate] plus [VAT / GST / SALES TAX] per day, or part day on a pro rata basis.

Consulting contract example - narrative:

- This is an important component of the contract it demonstrates the commercial risk that the Consultant is taking in accepting and delivering the assignment
- If the Consultant underestimates the time required to complete the work then any additional effort, resource or overtime required will be funded at the Consultant's own expense rather than at the Clients expense
- The exception to this would be if there were a change to the scope of the assignment at the Client's request or other unforeseen circumstances that are not the fault of the Consultant

10. Call-Out

In the event that a call-out service is required as indicated in Appendix 1 the **Consultant** will and will ensure that its employees or subcontractors will provide a

call-out service. The call-out service will not be provided without the express written consent of the **Client** line manager.

Consulting contract example - narrative:

- Typically a call out service would be associated with consulting assignments where business critical Client IT systems are being upgraded and then tested
- In such circumstances it may be necessary for the system to be tested outside of normal office hours and should there be a problem it may be necessary for the Consultant to be on call to assist with recovering the system in order to avoid disruption to the Client's core business activities

11. Training

In circumstances where **Client** considers it necessary that the **Consultant** or its employees or subcontractors attend a training course before the Service commences, **Client** will notify the **Consultant** accordingly. The **Consultant** will and will ensure that its employees or subcontractors will attend the training course. The **Client / Consultant** will pay the fee for the training course.

Consulting contract example - narrative:

- There may be specific aspects of the Client operations or change program that require specialized knowledge and therefore people working on the assignment may need training
- The Client may offer to pay for the training; alternatively it could be required that the Consultant meet the expense
- Again, be cautious around the provision and funding of training. If the client funds training for the consultant then that is suggestive of employee status. Check for more information at Contractor Tests

12. Warranties

The **Consultant** warrants that it has and that its employees and subcontractors have the necessary expertise, skill and experience to provide the Service and will provide unbiased and independent advice in respect of the Service. The **Consultant** warrants that it will and its employees and subcontractors will comply with representations and descriptions in respect of the Service including, but not limited to capabilities, performance, completeness, accuracy, characteristics and specification.

The **Consultant** warrants that the Service and any material or materials supplied or obtained by the **Consultant** or its employees or subcontractors in connection with this agreement will not in any manner or way infringe or violate any third party proprietary rights including but not limited to any copyright, patent, trademark, trade name, registered design, trade secret, proprietary information, contractual, property, employment or non-disclosure rights.

Consulting contract example - narrative:

• This section seeks to give comfort to the Client that the Consultant and any subcontractors or employees of the Consultant have the appropriate skills and

- experience to undertake an assignment of this type with a reasonable probability of a successful outcome
- In addition, the Client is seeking assurances that the Consultant and any subcontractors or employees of the Consultant will exclusively be using their own intellectual property rather than infringe or violate the intellectual property and / or other rights of third parties. Should this subsequently prove not to be the case and a third party seeks compensation or damages then this clause is intended to protect the Client from liability

13. Site Requirements

The **Consultant** will and will ensure that its employees and subcontractors will at all times comply with security regulations which are in force or which are generally or specifically imposed by **Client** from time to time and that its employees and subcontractors will comply with all statutory site requirements

Consulting contract example - narrative:

- The Client will have a number of legal and statutory responsibilities to ensure that all people operating and working on their premises comply with legislative and other premises related requirements for example, and clients with the Health and Safety at Work Act 1974.
- In addition, you may be required to participate in practice evacuations of the building as part of a routine fire drill and you are likely to be required to adhere to the client policy on building security, access controls and proof of identity

14. Indemnity and Insurance

The **Consultant** will indemnify **Client** against professional loss, damage, costs and expenses which **Client** may incur as a consequence of any act, omission, negligence or default of the **Consultant**, its employees, subcontractors, assignees or agents in connection with or in performance of the Services.

Without having the effect of limiting the **Consultant's** responsibilities in terms of this Agreement the **Consultant** will maintain in force Professional Indemnity Insurance with a reputable insurance company and if requested to do so by **Client** the **Consultant** will exhibit evidence of such insurance to **Client**.

- Another critically important element of the contract this seeks to protect the Client against loss or damage which might be incurred as a result of something the Consultant does, fails to do, or fails to do properly
- Ideally you would negotiate a cap or limit to your potential total liability, indeed this may be a mandatory requirement of your Professional Indemnity Insurance (PII) policy
- There will be a requirement for the Consultant to maintain PII cover and provide evidence of this cover to the Client if requested. There may be a further requirement to ensure that the cover meets an agreed financial minimum amount

15. Ownership

The **Consultant** nor its employees or subcontractors will not obtain rights in any data, materials, or systems otherwise utilised or provided by **Client** in connection with this agreement. At the request and expense of **Client**, the **Consultant** will do all such things and sign all documents or instruments reasonably necessary in the opinion of **Client** to enable **Client** to obtain, defend and enforce its rights in any such data, materials or systems. Upon request by **Client** and in any event promptly deliver to **Client** copies of such data, materials or systems that may be in the possession, custody or control of the **Consultant**.

All Intellectual Property Rights in and to any software, documentation, drawings, data, information, database or product created or produced by the **Consultant** in performing the Services under this Agreement will be the property of **Client**. The **Consultant** hereby assigns to **Client** absolutely its whole right, title and interest, present and future in and to such Intellectual Property Rights free from all liens, charges and encumbrances. The **Consultant** will provide **Client** with all information which **Client** may reasonably request for the purpose of allowing **Client** to fully exercise its proprietary rights in any jurisdiction.

The **Consultant** will at **Client's** request and expense undertake and execute all acts, deeds, documents and steps necessary to effectively vest such Intellectual Property Rights in **Client** and will, at **Client's** request and expense provide **Client** with all reasonable assistance required to vest the same in **Client** in any part of the world.

The provisions and requirements of this clause will survive the expiration or termination of this Agreement.

Consulting contract example - narrative:

- This Clause is essentially about the ownership, protection and custody of the intellectual property that will be used or created during the course of the consulting assignment
- The intent is that the Consultant will agree to take actions as specified to protect the Client's intellectual property, and for this requirement to remain in force on an ongoing basis beyond the end of the contract
- In practice, you may well wish to negotiate a variation to this clause since it is probable that during the course of your delivery of the assignment you will create, develop or enhance consulting models, methodologies and materials that are rightly your own intellectual property and that you would wish to take away and use again at the end of the assignment. Therefore, if the Client is asking for your agreement to something which is similar to clause 15 above, you may wish to challenge the point to protect your own position

16. Confidentiality

The **Consultant** will maintain as confidential all information obtained under or in connection with this Agreement and will not divulge such information to any person (except to their own employees or subcontractors and then only to those employees or subcontractors who need to know same) without **Client** prior written consent.

This clause will not extend to information which was rightfully in the possession of the **Consultant** prior to the commencement of the negotiations that led to this Agreement, which was already in the public domain or becomes so at a future date (otherwise than as a result of a breach of this clause or any other confidentiality agreement signed by the **Consultant** or which is trivial or obvious).

The **Consultant** will ensure that its employees, subcontractors, assignees or agents are aware of and comply with the requirements of this clause. If requested, the **Consultant** or its employees or subcontractors will sign a confidentiality agreement in a form specified and provided by **Client**. These obligations of confidentiality will survive the expiry or any termination of this agreement.

Consulting contract example - narrative:

- This is a fairly standard, and in my opinion a fairly reasonable confidentiality clause
- Understandably, the Client has an expectation that the Consultant and all others involved in delivery of the assignment will maintain confidentiality prior to, during and after the assignment
- This is simply what is expected of a Professional providing consulting services to a Client

17. Restriction

The **Consultant will not** and will ensure that none of its employees or subcontractors will directly or indirectly, whether on its or their own account, or on the account of any other person, firm or company, or as director, agent, partner, employee, manager, consultant or shareholder of or in any other person, firm or company, at any time during the period from the date of this Agreement to the expiry of six months after the date of expiration the or termination of this Agreement, for any reason and in any manner whatsoever **work on any assignment or project similar to the Services as specified in Clause (2)**, for any person, company or firm which is engaged in or conducts a business the same as or similar to or competitive with the business of **Client** as carried on at the date of this Agreement.

The **Consultant** or its employees will be able to perform Programme and Project Management services of a general nature for any person, firm or company, without restriction, at any point from the date of expiration or termination of this Agreement.

Consulting contract example - narrative:

 This states the requirement that the Consultant provides the consulting services exclusively to the Client, and that the Consultant specifically will NOT provide the same or a similar consulting service to a business that is a competitor of the Client for a period of six months following the end of the assignment.

18. Offers of Employment

The **Consultant** will not and will ensure that its employees or subcontractors will not make any approach to any member of staff of **Client**, nor will the **Consultant** offer

employment to any of **Client** employees or contractors either during this Agreement or for a period of six months from the termination or expiry of the Agreement.

Client will make no approach or offer relating to employment to any employees or subcontractors of the Consultant during this agreement. Client will not accept the services of any such employee or subcontractor for a period of six months immediately following the termination or expiry of this Agreement except (a) on further assignment from the Consultant or (b) as a permanent recruit in which event a fee of 15% (fifteen percent) of his or her initial base salary will be payable by Client to the Consultant at the discretion of the Consultant.

Consulting contract example - narrative:

- This gives protection both to the Client and to Consultant, as set out below
- From the perspective of the Consultant, the intent is to prevent the Client offering employment to the employees or subcontractors of the Consultant
- From the perspective of the Client, the intent is to prevent the Consultant (or his employees or sub contractors) offering employment to the employees of the Client

19. Independence

The **Consultant** and its employees and subcontractors are independent contractors and nothing in this Agreement will render them an agent or partner of **Client** and the **Consultant** will not and will ensure that its employees and subcontractors will not hold themselves out as such. The **Consultant** and its employees and subcontractors will not have any right or power to bind **Client** to any obligation.

The **Consultant** is retained or engaged by **Client** only for the purposes and to the extent set forth in this Agreement. The **Consultant's** relation to **Client** will, during the period or periods of this Agreement, be that of an independent contractor and as such the **Consultant** will be free to dispose of such portion of its time, energy and skill when the **Consultant** is not obligated under this Agreement in such a manner as **Consultant** sees fit.

This Agreement will not establish a joint venture, agency or partnership between **Client** and the **Consultant**.

The **Consultant** will not be considered under this Agreement or otherwise or in any way as having the status of employee or being entitled to participate in any plans, schemes, arrangements or distributions by **Client** pertaining to or in connection with any person, stock, bonus, profit sharing or other benefits provided ordinarily by **Client** to its employees.

- Basic statement that seeks to establish that the Consultant is not officer of the Client company (legal entity) and therefore is not able to make decisions on behalf of that entity nor bind the entity to any obligation or contract
- The remainder of this clause simply reinforces the Business to Business nature of the relationship between the Client business and consulting business

20. Publicity

The **Consultant** will not and will ensure that its employees or subcontractors will not publicise or advertise this Agreement or any of the terms of this Agreement without the prior written consent of **Client**.

Consulting contract example - narrative:

- The Consultant is required to request consent in writing from the Client before publicising the consulting assignment
- The Consultant may wish to refer to the assignment either in advertising or as an integral part of a proposal to another Client; the Client requires advance notice of any such publicity and this contract term prevents the Consultant going ahead without permission from the Client

21. Termination

- (a) This agreement may be terminated by **Client** by giving 28 days notice in writing of its intention to terminate. **Client** will have no liability in respect of costs incurred following the expiration of such notice.
- (b) This agreement may be terminated immediately by either party on giving notice in writing to the other, if the other party has a receiver or administrative receiver appointed or passes a resolution for winding up (otherwise than for a bona fide scheme of solvent amalgamation or reconstruction) or a court of competent jurisdiction makes an order to that effect or if the other party becomes subject to an administration order or enters into a voluntary arrangement with its creditors or ceases or threatens to cease to carry on business.
- (c) In the event that either party or any employee or subcontractor of the **Consultant** is in breach of this Agreement and that such breach is rectifiable, that party will have the opportunity to rectify said breach within 14 days of the occurrence of the breach. If the party in breach fails to rectify the breach within 14 days the other party will be entitled to terminate this agreement immediately.
- (d) Should the **Consultant** or any of its employees or subcontractors or agents commit, in the sole opinion of **Client** a gross breach of contract or be guilty of gross misconduct **Client** will be entitled to terminate this agreement immediately.
- (e) In the event that the **Consultant** or its employees or subcontractors are absent during the Service and in the sole opinion of **Client**, that **Consultant**, employee or subcontractor has been or will be absent for a period of time unacceptable to **Client**, **Client** will be entitled to terminate this agreement immediately.
- (f) Any termination of this agreement, however occasioned will not affect any accrued rights or liabilities of the other party, nor will it affect the coming into force, or the continuance in force, of any provision hereof which is expressly or by implication intended to come into or continue in force on or after such termination.
- (g) Upon termination of this agreement each party will promptly return to the other all materials, data and other property of the other held by it. The **Consultant** will

ensure that all such property held in possession by it or any of its employees or subcontractors are promptly returned to **Client** provided however that if the contract terminates as a result of a breach or breaches by the **Consultant** or its employees or subcontractors **Client** will be entitled to retain any such material, data or other property until **Client** has located a suitable and comparable replacement to perform the services performed by such material, data or other property.

Consulting contract example - narrative:

- This clause sets out the circumstances in which the agreement can be ended by either party and the impact of any termination of the agreement on the rights, liabilities and accountabilities of the parties to the contract
- Also, in the event of termination, there is a requirement for the return of all data, materials and other property held by one party to the other

22. Absence and substitution

Where the **Consultant** wishes to meet other commitments, which will require absence from the project, the **Consultant** will ensure that:

- (a) The Consultant gives Client reasonable notice (not less than 30 working days);
- (b) The **Consultant's** absence does not interfere with the performance and schedule of completion of the services as detailed in Appendix 1;
- (c) If appropriate, the **Consultant** offers substitute resources in accordance with the following terms to continue the project.

Where the **Consultant** is unable to perform the whole or any part of the project for whatever reason the **Consultant** will offer a substitute of equivalent expertise to work in the **Consultant**'s place. **Client** has the right on reasonable grounds to refuse to accept the proposed substitute **Consultant** and the right to review the Agreement and if appropriate, terminate the Agreement.

Consulting contract example - narrative:

- The right of substitution is an important component of an independent contractor agreement because it reinforces and demonstrates the commercial Business to Business nature of the relationship
- The Consultant has the right within the contract to substitute another resource for himself. Typically this will be subject to appropriate notice being given to the Client and the Client's agreement as to the suitability of the proposed substitute
- Contrast this element of the contract with a standard contract of employment in which substitution is typically NOT an option. If a business is contracting with an employee then there is usually an explicit requirement that the employee will personally carry out all of the duties associated with the role and therefore he does not have the option to bring in a substitute to work on his behalf

23. Force Majeure

Notwithstanding anything else contained in this Agreement neither party will be liable for any delay in performing its obligations herein, if such delay is caused by circumstances beyond its reasonable control (including without limitation any delay caused by an act or omission of the other party).

Subject to the party so delaying promptly notifying the other party in writing of the reason for the delay and the likely duration of the delay, the performance of such party's obligations will be suspended during the period that the said circumstances persist, and such party will be granted an extension of a time period for performance of duties and obligations under this agreement equal to the period of the delay.

This to be the case except where said delay is caused by the act or omission of the other party, in which event the rights, remedies and liabilities of the parties will be as conferred by the other clauses and terms of this Agreement and by law:

- (a) Any costs arising from such delay will be borne by the party incurring the same, and
- (b) either party may, if such delay continues for more than [X] weeks terminate this Agreement on giving notice in writing to the other in which event neither party will be liable to the other by reason of such termination.

Consulting contract example - narrative:

- Force Majeure simply translates to 'Superior Power'; the intent of this clause is simply to excuse a party from their obligations under the contract should any unexpected and disruptive event take place
- Typically such an event would be outside of the control of either party;
 examples would include civil unrest, war and natural disasters

24. Waiver of Remedies

No forbearance, indulgence or delay by either party in enforcing the provisions of this Agreement will prejudice or restrict the rights of that party, nor will any waiver of its rights operate as a waiver of any subsequent breach.

No right, power or remedy in the Agreement conferred upon or reserved for either party is exclusive of all other right, power or remedy available to that party and each such right, power or remedy will be cumulative.

Consulting contract example - narrative:

• In the event of a breach of contract, any delay (indulgence) by the party disadvantaged by such a breach will not in any way change or reduce the rights of that party to compensation, rectification or damages

25. Entire Agreement

This Agreement supersedes all prior arrangements, agreements and understandings between the parties. No addition to or modification of any provision of this

Agreement will be binding upon the parties unless made by written instrument and signed by an authorised representative of each of the parties.

Consulting contract example - narrative:

- This effectively 'sets the clock back to zero' or 'cleans the slate'
- All previous discussions, agreements or documents relating to the proposed consulting assignment will be set aside and superseded by this contract

26. Assignment

Neither party will assign or transfer this Agreement or any of its rights or obligations herein, whether in whole or in part without the prior written consent of the other.

Consulting contract example - narrative:

 The parties to the contract will remain the parties to the contract at all times, unless one party agrees that the rights and obligations under the contract (of the other party) can be transferred to a third party

27. Notices

All notices that are required to be given under this agreement will be in writing and will be sent to the address of the appropriate party as set out in this Agreement or such alternative address in [state country] as the recipient may designate by notice given in accordance with the provisions of this clause. Any such notice may be delivered personally, by first class pre paid letter, telex or facsimile transmission and will be deemed to have been served if by hand when delivered, if by first class post 48 hours after posting and if by telex or facsimile transmission when despatched.

Consulting contract example - narrative:

 Summarises the requirements and procedure for lodging written notices with respect to the contract – addresses, methods of transmission and communication

28. Headings

The headings to and numbering of the clauses of this Agreement are for ease of reference only and will not affect the interpretation, application or construction of this Agreement.

Consulting contract example - narrative:

 The headings in the consultant contract template are simply intended to give structure and act as points of reference for anyone reading the contract; they do not form an integral part of the meaning and intent of the agreement itself

29. Compliance by Employees

The **Consultant** will ensure that its employees, subcontractors or agents if any are aware of and comply with the terms of this Agreement.

Consulting contract example - narrative:

Self explanatory

30. Law

This Agreement will be governed by and construed in accordance with the Laws of [insert country name]. Any dispute which may arise between the parties concerning this Agreement will be determined by the [insert] Courts and the parties hereby submit to the exclusive jurisdiction of the [insert] courts for such purpose.

Consulting contract example - narrative:

• This is an important clause; commercial contract law varies considerably from one country to another, and potentially will also be different from one state to another within the same country. Therefore, it is important to agree in advance which (Country) Law will be applied in the event of a dispute

Signed by and on behalf of Client Group

By [Client Sponsor signature]

Dated [INSERT DATE]

Signed by and on behalf of **Consultant**

By [Consultant signature]

Dated [INSERT DATE]