

This resource was produced in partnership with Museum Freelance. It provides advice on developing clear contracts and plans to get the most out of your project.

Contracts

Why should organisations have a contract with a freelancer?

A written contract is there to benefit both parties, offering protection and reassurance. A contract should:

- Set out both parties' responsibilities;
- Include procedures to help you deal with things if they go wrong.

Some freelancers' professional indemnity insurance companies also insist on a contract for their insurance to be valid. Aim to have a contract in [plain English](#) to make it easier for everyone to understand what they are agreeing to.

Keep the contract as succinct as possible and proportionate to the scope and complexity of the project.

Who should provide the contract?

The contract can be provided by either the freelancer or the client organisation, as long as both parties are happy with the contents and sign it.

Do not have two contracts (one created by each party) – there needs to be one definitive contract that both parties sign.

There are free template contracts available online but it is advisable to seek professional legal advice in drawing up a contract for you to use.

What should the contract include?

There are many variables, and a contract should be tailored to each project, but matters that are typically included are:

- Who the contract is between – it should be between the client organisation and the freelancer or the freelancer's company if they have one;
- Any key definitions of terms if necessary;
- A start and end date for the contracted work, and any key deadlines in between;
- What the scope of the work entails (this may be specific deliverables such as a fundraising strategy, or a training session; or a certain amount of time to support the organisation) and potentially also what is *not* included;

Cont.

Top tips:

- This resource is correct at time of writing, March 2021. Organisations are responsible for ensuring they comply with relevant and up-to-date guidance.
- Find out more about freelancing and working with freelancers at [Museum Freelance](#).

Cont.

- Both parties' responsibilities:
 - For the freelancer this is likely to involve delivering the work to time and to budget, as well as being liable for their own insurance (you may want to specify a minimum level of coverage and ask to see a valid certificate of insurance), income tax and National Insurance contributions;
 - For the client organisation this may include providing any background materials and access to data that's needed, response times for feedback and paying on time;
- The total project budget, and whether this includes a) VAT and b) any particular expenses;
- The payment schedule and process (what amount or proportion of the fee will be paid when and how, where invoices should be sent to etc.);
- Who the contact for each party will be and any particular commitments for communication (such as weekly calls, fortnightly report emails, participation in monthly team meetings);
- Intellectual Property rights if appropriate – who owns the work, for how long and if it transfers to the client organisation, at what point the client own it (seek legal advice on this if necessary);
- An overview of liabilities and other legal matters relevant to your organisation and governance;
- Any confidentiality requirements for each party:
 - For the freelancer this might include not sharing any information or data from the organisation, such as financial information, audience research or expansion plans;
 - For the organisation this might include not sharing the freelancer's proposal, costings, methodology or templates;
- Any UK GDPR requirements, for example you can ask to see a freelancer's privacy policy; the freelancer will need to be registered with the [Information Commissioner's Office](#) if they are going to have access to personal data. If you are sharing a lot of data with the freelancer, you may want to develop and both sign a [data sharing agreement](#);
- A process for what happens if something doesn't go to plan or goes wrong (see examples below);
- Under what circumstances each party has the right to terminate the contract and what the consequences for the work and payment are;
- Whether the freelancer can mention publicly that they are working with you;
- The name, date and signature from the freelancer and from an authorised representative of the organisation.

Some example scenarios of things not going to plan are:

- You have to cancel a workshop a freelancer is booked to deliver (e.g. due to low bookings or Covid-19). The freelancer has already spent a day prepping the workshop, but now you will receive no income from it;
- The freelancer's research as part of the project throws up the need for some additional work which wasn't originally agreed to in the original work plan ('scope creep');
- Delays to the project that are not the fault of either party mean that the original deliverables can now not be completed by the original deadline.

Late payment

Be aware that freelancers have the right to charge statutory late payment fees if an organisation is late paying an invoice.

If you agree a payment date, it must usually be within 30 days for public authorities or 60 days for business transactions.

If you do not agree a payment date, the law says the payment is late 30 days after either the client gets the invoice or the freelancer provides the service (if this is later).

As of March 2021, freelancers can charge 8% of the value owed plus the Bank of England base rate (unless there is a different rate of interest in a contract), plus a payment to cover debt recovery costs (£40-£100 depending on the value of the unpaid invoice).

Work plan

Having an appropriate work plan will support your contract and be the basis of an effective working relationship between you and your appointed freelancer.

Whilst the contract sets out key timescales and deliverables, the work plan will go into more detail.

It will help both sides monitor progress and outputs, and can be used to identify and flag potential issues such as delays. The format and length it takes should be appropriate to the scale and scope of the project (from a simple Word document, Excel timetable to a Gantt chart).

It is of particular importance on bigger, multifaceted projects that stretch over several months and may also involve other stakeholders.

Typically, a freelancer will create a suggested work plan (often based on their original proposal) once they've had a kick-off meeting with the client and understood the project in detail. The client organisation can provide input into this and both parties will need to agree to it.



Effective working relationships

- Be prepared to invest time in the relationship and project: for briefing them, finding and providing materials, for feeding back etc.;
- Undertake appropriate onboarding of the freelancer at the start of the project e.g.
 - Set them up as a supplier on your systems and issue them with a purchase order promptly if needed to avoid payment delays;
 - Provide background information they need;
 - Introduce them to other team members they will be working with;
- Agree how you will communicate and who the main contacts are;
- Be open with the freelancer:
 - Share information they might need;
 - Keep them updated about factors that may affect the progress of the project;
- Agree clear outputs or deliverables, responsibilities, milestones and timetables;
- Have a contract that sets out key requirements and that both parties sign up to;
- Agree a time plan for payments and pay promptly;
- Agree requirements if the final invoice is to be paid on completion of the project;
- Agree a feedback and sign-off process and timescales so that the work isn't being held up;
- Trust the freelancer with your organisation's challenges, data and project information;
- Respect and value freelancers' expertise – they are generally knowledgeable and experienced in the field of work. You might not always agree with all of their recommendations, but be open to listening and understanding their ideas;
- If the scope of the project increases, consider paying the freelancer additional fees or discuss with them which areas should be prioritised;
- Agree how the freelancer will be credited if appropriate e.g. on reports, in exhibitions;
- Agree how the project will be evaluated and what success will look like.



Definitions

This guide refers specifically to freelancers, but the advice provided is also relevant to commissioning and working with consultants, agencies and other suppliers of services.

The terms 'freelancer' and 'consultant' are often used interchangeably by those individuals and organisations that appoint them – both are independent, working with multiple organisations and self-employed, responsible for their own tax and National Insurance through the self-assessment process. However, a freelancer is generally paid for a specific deliverable (e.g. write interpretation copy, run a family workshop) whilst a consultant's role is to provide professional or expert advice (e.g. develop a fundraising strategy, advise on governance models).

Glossary

- **Brief:** a formal, written outline of the work you are commissioning.
- **Contract:** a legal document that states and explains the work agreed and terms and conditions for both parties.
- **Consultant:** an independent providing professional or expert advice.
- **Force majeure:** force majeure events are usually defined as acts, events or circumstances beyond the control of the parties, such as natural disasters. Force majeure clauses are contractual clauses which alter parties' obligations and/or liabilities under a contract when an extraordinary event occurs beyond their control.
- **Freelancer:** independent self-employed individual, generally paid for a specific deliverable.
- **HMRC:** Her Majesty's Revenue and Customs.
- **ICO:** Information Commissioner's Office.
- **PAYE:** Pay as You Earn, a system of paying income tax and national insurance contributions. An employer deducts tax and national insurance contributions from employee wages before payment.
- **Procurement Portal:** a tool that organisations use to bring their purchasing processes online. Freelancers and consultants can register on procurement portals to access information about briefs and tenders, or submit proposals.
- **Professional Indemnity Insurance:** a commercial policy designed to protect the self-employed if clients claim a service is inadequate. If disagreements occur, professional indemnity insurance covers the cost of putting things right and any legal fees arising.
- **Project creep (also known as 'scope creep')**: when the timeline of a piece of work extends beyond the agreed scope and/or the required deliverables increase, usually caused by client delays or changing requirements.
- **Proposal:** a response a freelancer or consultant puts together in response to a brief or tender.
- **Tender:** an invitation to bid for a project (also known as ITT, an 'invitation to tender').
- **UK GDPR:** UK General Data Protection Regulations.
- **VAT:** Value Added Tax.

