

MF/4

A model form of
Terms and Conditions of Engagement

**Home or overseas agreements for
the provision of consultancy services
by Engineering Consultants**

Recommended by

The IEE

and

The Institution of Mechanical Engineers

2003 Edition

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CONSULTANCY AGREEMENT

THIS CONSULTANCY AGREEMENT is made on the [.....] day of [.....] 20

between

[.....] of

[.....]

(hereinafter referred to as "the Consultant")

and

[.....] of

[.....]

(hereinafter referred to as "the Client").

The Client shall pay to the Consultant such sums or at such rates, excluding VAT (if any), as are set out in Schedule 1 – Consultancy Charges.

In exchange for the Consultancy Charges, the Consultant undertakes to provide Consultancy Services particulars of which are set out in Schedule 2 – Scope of Services.

THIS AGREEMENT is subject to the following terms and conditions.

Nothing in this agreement will create any relationship of employer/employee. The Consultant is not the servant or agent of the Client.

1. DEFINITIONS

1.1 "Contract" shall mean this agreement between the Client and the Consultant for the provision of the Consultancy Services together with the Schedules.

1.2 "Consultancy Charges" shall mean the charges specified in Schedule 1 together with any additions thereto or deductions therefrom agreed in writing.

1.3 "Consultancy Services" shall mean the services set out in Schedule 2.

2. MISTAKES IN INFORMATION

2.1 If additional costs or delay are directly occasioned by any discrepancies, errors or omissions in the information and decisions supplied to the Consultant by the Client, the Client shall pay any such additional costs to the Consultant and shall allow an extension of any time specified in Schedule 2 to complete the Consultancy Services.

3. PREMISES AND FACILITIES

3.1 The Client shall arrange for or grant the Consultant access at all reasonable times to premises as may be necessary for the provision of the Consultancy Services and shall provide the Consultant with the facilities as set out in Schedule 3 – Facilities Provided by the Client.

4. VARIATIONS

4.1 If the Client requires any reasonable alteration, addition or omission to the Consultancy Services (hereinafter referred to as a "Variation") the Consultant shall identify the impact of the Variation on the Consultancy Services and the Consultancy Charges in writing within a reasonable period of his/her receipt of the Client's written request. The Contract shall remain unchanged unless and until the parties agree any Variation in writing.

5. CONSULTANT'S OBLIGATIONS

5.1 The Consultant shall exercise all reasonable skill, care and diligence in the performance of the Consultancy Services and agreed Variations.

6. ASSIGNMENT AND SUBCONTRACTING

6.1 Neither party shall assign any of its rights or obligations under the Contract without the prior written consent of the other party, which shall not be unreasonably withheld.

6.2 The Consultant shall not subcontract any part of the Consultancy Services without the written consent of the Client, which shall not be unreasonably withheld.

7. INDEMNITY AND INSURANCE

7.1 Save in respect of personal injury, the liability of the Consultant shall be limited to £.....

7.2 The Consultant shall maintain professional indemnity insurance that provides cover of not less than £..... and when so required by the Client shall produce evidence of that cover.

8. CHARGES AND TERMS OF PAYMENT

8.1 The Consultancy Charges shall be paid within 30 days of an invoice being submitted in accordance with the provisions of Schedule 1.

8.2 If the payment of any sum due under this Contract is delayed, the Consultant shall be entitled to charge interest of 4% above the base rate for the time being in force and to suspend performance of the Consultancy Services provided that no such suspension may take place unless the Consultant shall have given written notice requiring payment on an overdue sum within 7 days and the Client shall have failed to comply with the notice.

8.3 If any part of an invoice is disputed or queried by the Client, the payment of the remainder of the invoice shall not be delayed.

9. EXTENSION OF TIME AND ADDITIONAL COST

9.1 If the Consultant is delayed or impeded in the performance of his/her obligations by:

- a) any act or omission of the Client, its servants or agents,
- or
- b) by any circumstance that is specified in Schedule 2,

the Consultant shall be entitled to be paid any additional costs thereby incurred by him/her with an allowance for profit where specified in Schedule 2 and, where appropriate, be allowed an extension of any time specified in Schedule 2 in which to complete any outstanding Consultancy Services.

10. INSOLVENCY AND BANKRUPTCY

10.1 If either party shall become insolvent or bankrupt, or have a receiving order or administration order made against it or compound with its creditors or, being a corporation, commence to be wound up (not being a members' voluntary winding up for the purpose of reconstruction or amalgamation) or carry on its business under an administrator or administrative receiver for the benefit of its creditors or any of them, the other party shall be at liberty either

- a) to terminate the Contract forthwith by notice in writing to the other or to the administrative receiver or administrator or liquidator or to any person in whom the Contract may become vested,
- or
- b) to give such administrative receiver, administrator, liquidator or other person the option of carrying out the Contract subject to their providing of a guarantee for the due and faithful performance of the Contract up to an amount to be agreed.

11. TERMINATION

11.1 If either party is in breach of its obligations under the Contract and fails to remedy the breach within 14 days (or such longer reasonable period as may be specified) of receiving a written notice to remedy the breach, then the Contract can be terminated forthwith by the party not in default without prejudice to the accrued rights of the parties.

12. CONFIDENTIALITY

12.1 The Consultant and the Client shall keep confidential all information of the other party, whether designated as confidential or not, obtained under or in connection with the Contract and shall not divulge the same to any third party without the written consent of the other party. The provisions of this clause shall not apply to any information in the public domain otherwise than by breach of the Contract; or information obtained from a third party who is free to divulge the same.

12.2 The Consultant and Client shall divulge confidential information only to those employees who are directly involved in the Contract or have use of equipment and/or software used in connection with the Contract and shall ensure that such employees are aware of and comply with these obligations as to confidentiality.

12.3 The Consultant may refer to the Contract or to the fact that the Client is his/her customer with the prior consent of the Client which shall not be unreasonably withheld.

13. FORCE MAJEURE

13.1 If the Consultant is delayed in the performance of the Consultancy Services by circumstances beyond his/her reasonable control, he/she shall give immediate written notice of that fact to the Client and shall be entitled to an extension of any time specified in Schedule 2 for the completion of the Consultancy Services. If the Consultancy Services are so delayed by more than 45 days after the date of the notice, or such other period as the parties may agree, either party may terminate the Contract by giving written notice to the other party. In the event of such termination, the Consultant shall be entitled to that part of the Consultancy Charges applicable to the Consultancy Services provided prior to the receipt of the written notice of termination, including costs that are reasonably incurred in expectation of the Consultancy Services continuing and any additional costs reasonably incurred in terminating the services.

14. INTELLECTUAL PROPERTY RIGHTS

14.1 Unless otherwise agreed in writing, all intellectual property rights arising out of this Contract shall vest in the Consultant. The Client shall have a worldwide, non-exclusive, non-transferable, royalty-free licence to use, and have used, that intellectual property for any purpose.

15. RECORDS

15.1 The Consultant shall maintain records of all Consultancy Services provided under the Contract for a period of 2 years from the completion of the Contract. The Consultant shall provide copies of such records to the Client as may be reasonably required on request and the Client shall reimburse the Consultant with the reasonable costs incurred in preparing and supplying the copies.

16. ARBITRATION

16.1 Any dispute or difference which may arise between the Client and the Consultant arising out of or in connection with this Contract which cannot be settled amicably shall be referred to a single arbitrator to be agreed between the Client and the Consultant, or, failing such agreement within fourteen days, to be nominated by the President for the time being of The IEE / Institution of Mechanical Engineers*.

17. LAW

17.1 The Contract and the procedure of any arbitration under clause 16 (ARBITRATION) above shall be governed by English law.

* Delete as appropriate

Signed by

[.....] (Name)

[.....] (Signature)

[.....] (Title)

[.....] (Date)

for and on behalf of the Client.

Signed by

[.....] (Name)

[.....] (Signature)

[.....] (Title)

[.....] (Date)

for and on behalf of the Consultant.