

Self-employment guidance

Introduction

Cifa published its policy statement on self-employment in 2011. The policy does not attempt to dictate to Cifa members the employment models they should use but instead sets out the circumstances under which employment models might affect the ability of a member or Registered Organisation to comply with the codes, regulations and Standards and guidance of the Institute. The policy statement can be downloaded from www.archaeologists.net/codes/cifa.

Cifa continues to receive enquiries from archaeologists seeking guidance on setting day rates for their services and from members concerned that self-employed roles offered by Registered Organisations and others do not comply with HMRC rules and/or Cifa's minimum recommended salary rates. Cifa cannot advise directly on the setting of rates but it offers the following guidance and sources of further information to help members and Registered Organisations ensure that they comply with HMRC rules and Cifa's *Code of conduct*.

Employment models

Employment status is a complex issue. Despite being a matter of law, there is no clear legal definition of self-employment and status is judged by HMRC on a case by case (and contract by contract) basis. There are a series of tests that can be applied to help determine employment status and they can be found at www.gov.uk/topic/business-tax/self-employed. HMRC also has an online status indicator tool which can be used by workers and those seeking to hire their services to determine whether a role is genuinely self-employed or not. <http://www.hmrc.gov.uk/calcs/esi.htm>

It is, of course, possible to be both employed and self-employed at the same time and anyone intending to work on a self-employed basis should ensure that they are registered as such with the HMRC at www.gov.uk/working-for-yourself.

There are numerous different models by which self-employed archaeologists may choose to trade, from sole traders through to limited companies, limited liability partnerships, and cooperatives. Employment through agencies or intermediaries further complicates the situation. Further information on the various forms of self-employment and guidance on which may be most appropriate to you can be found on the Professional Contractors' Group website at www.pcg.org.uk/

Charge out rates

Cifa does not set or advise on specific charge out rates for self-employed staff. It is clear from the numbers of enquiries we get, however, that some guidance is needed and the following discussion of the factors which should be taken into account when determining day rates may be helpful. In this context, it should be

noted that one of the tests of self-employment used by HMRC is whether a worker sets his/her own charge-out rate or whether remuneration is set in advance by the organisation contracting their services.

The following is based on an article on charge-out rates for self-employed specialists by Phil Mills in *The Archaeologist* 63. You can read the full article by downloading issue 63 from www.archaeologists.net/publications/archaeologist. For further discussion on the advantages and disadvantages of self-employment, see Gerry Martin's article in *The Archaeologist* 77.

Factors to consider in building up a charge-out rate

1. What you want to earn: your charge-out rate should be based on an annual income which you consider will meet your needs or aspirations. ClfA members are also required to endeavour to meet or exceed the relevant ClfA recommended minimum salary level appropriate to the role. Bear in mind that, as a self-employed archaeologist, you are likely to have a high level of autonomy and responsibility for delivery
2. Premises: rental, lighting, heating, facilities including telephone and internet. Check with your mortgage lender or landlord and your home insurance provider if you are running a business from your home
3. Insurance: premises (may require business insurance), public liability, professional indemnity, personal accident, motor insurance
4. Business admin: accounting and secretarial support, stationery, printing, postage
5. Equipment/consumables: including Personal Protective Equipment (PPE)
6. Leave: public holidays, annual leave, sick leave, etc. You may also need to factor in allowances for maternity/paternity leave and parental leave
7. Training/CPD: minimum 5 days per year
8. Downtime: looking for work, preparing tenders, cancellations, delays and disruption, networking/developing contacts

Illustrative costing for MClfA level day rate¹

Remuneration	£ 30,000.00
On-costs (@26%)	£ 7,800.00
Overheads	£ 10,000.00
Total	£ 47,800.00

Days	365
Weekends	104
Holidays	28
Sick leave	8
Training/CPD	5
Non-productive days	50
Total	170

Day rate	£ 281.18
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¹ This costing is provided as an example only; remuneration, allowances for on-costs and overheads will vary considerably depending on individual circumstances and the nature of the work undertaken

To promote high quality work and ability to consistently comply with the *Code of conduct*, ClfA expects its members to give due regard to ClfA recommended minimum salaries. This applies equally to self-employed members when setting their charge out rates, and members and Registered Organisations seeking to contract the services of self-employed archaeologists. Although adherence to the minimum salary rates is not a pre-requisite for Registration, members and organisations not meeting the minimum salary rates will be questioned closely to ensure that they are able to attract, retain and develop appropriately skilled staff and thereby to maintain quality standards.

Self-employed members are encouraged to consider applying for Registration.

Contracting services from the self-employed archaeologists

In addition to ensuring compliance with the ClfA *Code of conduct* in relation to the fees paid to self-employed archaeologists, members and Registered Organisations need to ensure that work undertaken on their behalf is conducted in accordance with ClfA Standards and guidance. Registered Organisations, in particular, must ensure that they have systems in place to monitor quality standards for subcontracted work in line with the requirements of the Registered Organisation Scheme. This is particularly important where the services of non-ClfA members are used and forms part of the Registered Organisations Inspection process. Further advice on procurement responsibilities is contained in the ClfA *Standard and guidance for commissioning work on, or providing consultancy advice on, archaeology and the historic environment* which can be downloaded from www.archaeologists.net/codes/cifa

Guidance on the application and inspection processes for Registration can be downloaded from www.archaeologists.net/join/organisation

Further information and advice

ClfA strongly recommends that its members and Registered Organisations working in a self-employed capacity or seeking to engage the services of a self-employed archaeologist check with HMRC that they comply with its rules before agreeing an engagement. Where the terms of a specific engagement are not clear, members and Registered Organisations may be asked to provide clarification in the form of an opinion from an HMRC Status Inspector or a report from the online Employment Status tool.

Further information on self-employment for workers and employers can be found on the HMRC website.

For those seeking to work on a self-employed basis, the Professional Contractors Group website (see above) offers information and advice and, for its members, a range of useful tools for those starting up in business. Self-employed archaeologists can also find guidance on negotiating day rates at www.contractorcalculator.co.uk/negotiating_rates_considering_employee_salaries.aspx

The trade union Prospect has created a podcast and guidance for its members who might be seeking to work on a self-employed basis which can be downloaded from library.prospect.org.uk/id/2013/00831

Various government websites offer further information, for example www.gov.uk/set-up-sole-trader
businesswales.gov.wales/zones/starting-up/self-employment

Local Chambers of commerce can also provide advice, support and, in some cases, access to training for the self-employed and small businesses. To find yours, see www.britishchambers.org.uk

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