

Premises

Working From Home

Many businesses start out from home with no problems, but there are some issues which must be addressed :

- Some mortgage and especially tenancy agreements may prevent you from working from home. Check with your mortgage company, or landlord before you start.
- Your home insurance will probably not cover your business activities and parts of your cover may be invalidated if you start trading from home without their knowledge.
- Organise suitable insurance cover for your new activities. Some insurance companies will now extend household cover to include a small business run from home.
- Many businesses can be run from home without any reference to your Local Authority. The key questions are:-
 - Will your home no longer be mainly used as a private residence ? If not, you will need planning permission for change of use before you start.
 - Will there be an increase in traffic or people calling ?
 - Will your business create noise, smells & other pollution, or open at unusual hours ?
- Working from home in a dedicated area might create a capital gains liability if your property is sold.
- A dedicated workspace - whether planning permission is gained or not - might create a business rate liability.
- If you have staff, or dangerous or hazardous work or substances involved in your business or its processes, you must carry out a health & safety risk assessment.
- Your business may be able to claim for tax relief as an expense on some house expenses for the areas of the house used for the business ie electricity but this theoretically risks Capital Gains Tax liability.

Rented Property

Many businesses start life in Enterprise Centres or Seedbed Centres, these offer easy in, easy out arrangements and realistic rents and can be an ideal, low risk option. Colbea operate such centres in the Colchester area.

Commercial property is offered on either a license or lease arrangement.

- Licence agreements are relatively simple and normally have short notice periods.
- There are likely to be restrictions preventing any structural alterations to the premises and restraints on use.

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- Licences are more commonly used for office space, but incubator centres also offer workshop, storage and multi-purpose space on a licence basis.
- Leases are a longer term arrangement, usually over a term of years, anything up to 21 years.
- While it may be possible to transfer a lease to a new tenant, if one cannot be found, or if they default on the rent, the original tenant could be liable for the rent.
- Modern commercial leases usually have break clauses at fixed points, 3 / 5 years etc where the tenant can surrender the lease without penalty.
- Rent is also reviewed at fixed points.
- Tenants are able to make structural alterations, subject to landlords approval.
- Leases often contain full repairing clauses, making the tenant responsible for the upkeep of the fabric of the building, so a full structural survey may be necessary.
- Landlords will insist on adequate insurance.
- Landlords may require personal guarantees from the directors of newly established businesses.
- Changes of use will usually require planning permission.

Freehold Premises

- As freeholder you will have all of the rights, benefits and liabilities of a property owner.
- Mortgages can be obtained on commercial property but the level of deposit required will be higher than on residential property.
- Changes of use will usually require planning permission.
- Insurance will be your responsibility.

General Property Issues

When choosing property the rule is Location, Location, Location. Followed by condition, condition, condition. What makes a suitable location varies from business to business your market research will enforce this. For most retail units, footfall is the key, but for others road access and easy parking may be essential.

- Commercial property must comply with the disabled access regulations, you must make any necessary alterations.
- You must undertake a Fire Risk Assessment and make any required alterations.
- If you have staff, or if the public enter your premises undertake a Health and Safety Risk Assessment.
- Waste must be stored and disposed of suitably

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