

# Your business and the law

There are a number of regulations that can affect your business. Make sure you stay within the law by finding out about licences, business insurance, health and safety, data protection, intellectual property and employment law.

## Licences

Some businesses need to apply for licences from their local authority before they start trading. The rules are different depending on the type of business, for example:

- **food businesses** - such as restaurants, sandwich shops and caterers need a licence from the environmental health department of their local council. They have to apply for the licence 28 days before starting to trade.
- **pubs, restaurants and shops selling alcohol** - need two different licences from their local authority.
- **businesses dealing with children** (such as nurseries and childminders) - need a special licence which is renewed annually.

Your local authority will be able to tell you whether any special licences are needed for your business. You can find your local council by searching on the Directgov website at [www.direct.gov.uk](http://www.direct.gov.uk).

Remember to allow plenty of time for your local authority to process your application – it can take several weeks – and until the licences you need are approved you won't be able to start trading.

# Business insurance

All businesses need insurance as soon as they start trading. Some insurance policies are required by law and should be in place before you are up and running.

You're likely to need a combination of insurance policies:

- **buildings and contents insurance** (including cover for goods in transit) - this protects your goods and premises against damage by things like fire and severe weather, as well as theft.
- **public liability insurance** - this protects you against claims for injury or damage caused as a result of your business, like if a customer slips on your shop's wet floor.
- **product liability insurance** - this protects you against claims for injury or damage caused by the products you make.
- **motor insurance** (if you use a car or van for business) - this protects you against claims for any injury or damage caused in a car accident involving your business vehicle.
- **employers' liability insurance** (if you take on any staff) - this protects you against claims for any injury caused to one of your staff as a result of working for you.

**Liability:** being legally responsible for any problems that occur as a result of your business's activity

You may need other types of insurance, depending on the type of business you run. For example, if you provide advice for a fee in the way that a solicitor or consultant does, you should think about **professional indemnity insurance**.

An insurance broker will be able to explain which policies your business needs. The broker or insurance company you use should be registered with the Financial Services Authority - you can call 0845 606 1234 or visit [www.fsa.gov.uk](http://www.fsa.gov.uk) to find an authorised insurer. Endsleigh Insurance Services have a team that will help source appropriate quotes for Trust supported businesses - no purchase is necessary. Speak to your Prince's Trust contact for details.

## Health and safety

Health and safety law is there to make sure that your place of work is as safe as it can be. No matter what type of business you're planning to run, you will have to comply with a number of health and safety regulations.

The law covers things like:

- computer monitors
- heating
- lighting
- first aid
- assessing and understanding risks linked to your particular work

There are also special regulations for certain types of businesses that do one or more of the following things:

- work in a factory or workshop
- use heavy machinery
- use hazardous substances (like chemicals or pesticides)
- a lot of lifting and carrying
- work in dusty or dangerous environments - for example, in very high or very low temperatures

If you employ two or more staff, you have certain responsibilities when considering fire safety in your workplace.

The best place to get information on the requirements for your business is the Health and Safety Executive. It has factsheets and advice designed especially for small businesses. You can call the advice line on 0870 154 5500 or visit [www.hse.gov.uk](http://www.hse.gov.uk).

## Data protection

It doesn't matter how small your business is, the Data Protection Act 1998 will affect you if you are storing information about customers, suppliers or employees. If you break the law, you could face a fine and court costs. The law is the same whether you store information in a filing cabinet or on your computer.

According to the law:

- information you keep must be stored securely and responsibly. This means you must use passwords on computers and keep filing cabinets locked.
- you must explain what the information will be used for. For example, if you're making a list of your customers so that you can send them mailshots, you must first ask if they're happy for you to do this.
- you can only keep information for a specified reason.
- you can't keep information for longer than is necessary.
- you can't share the information without permission.
- people can request access to the information you hold about them. If they ask, you must provide it within 40 days, although you can charge them a fee of up to £10.

Some businesses have to register with the Information Commissioner, depending on why they are storing information. You can find more information about data protection, along with details of whether you need to register your business, at [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk) or call 01625 545745 for an information pack.

# Intellectual property

Intellectual property refers to things a business creates that can be protected by law, like inventions, music, drawings, photographs, books, articles and computer programs.

The four main types of intellectual property are:

- patents for inventions
- trademarks for brand identity
- designs for products
- copyright for written material or artistic works

The law explains the rights of intellectual property owners and helps them protect their rights. Some intellectual property rights apply automatically, like copyright, for example. But others, such as patents and trademarks, have to be registered.

Understanding the law surrounding intellectual property will mean you:

- can protect your own intellectual property.
- will benefit from your intellectual property – you can sell it, hire it, license it out and so on.
- don't steal other people's intellectual property or use it without permission. It's easy to steal intellectual property either deliberately (for example, by making copies of CDs to sell on), or accidentally (for example, a photographer taking a picture with someone else's artwork in the background).

The Patent Office gives explanations and advice on intellectual property. Go to [www.patent.gov.uk](http://www.patent.gov.uk) or call 0845 9500 505.

# Employment law






If your business employs people, you have to comply with a number of legal requirements. These are in place to protect the rights of the people who work for you.

Employment law covers:

- working hours and holidays
- pensions
- discrimination
- wages and conditions
- tax and National Insurance
- employment contracts
- job descriptions
- maternity and parental leave
- employers' liability insurance

It's best to get professional advice in order to avoid running into problems with your staff. The Department of Trade and Industry offers guidance and practical factsheets at [www.dti.gov.uk](http://www.dti.gov.uk) or call 0870 150 2500. Acas is also a good source of information on employment issues. Go to [www.acas.org.uk](http://www.acas.org.uk) or call 0845 747 4747.

# Top tips

-  Get professional legal advice before making any major business decisions. The Trust has a free legal helpline available to businesses it currently supports which can help with legal queries. Ask your Prince's Trust contact for the reference code and telephone number.
-  Contact your local authority well before you want to start trading to avoid delays with licences.
-  Make sure that you have all the relevant insurance policies in place at the right time. For example, you might need buildings and contents cover before you officially start to trade.
-  Understand how health and safety law applies to your place of work.
-  When drawing up your budget, remember to include the costs of any licences and insurance policies you need.

Many of our loans benefit from a guarantee provided by the European Investment Fund under the European Community's Multiannual Programme for small and medium sized enterprises.



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