

Finding premises

Finding a space for your new business is a key decision and can take a lot of time and effort. It's important to make the right choice because the wrong premises will lead to upheaval and expense when you have to move.

Business needs

There are a number of choices open to businesses looking for somewhere to start up. You could rent a business property, buy one or start out in your own home. But before you decide you'll need to think through the type of space your business needs and what you can afford. If you'll only use your premises for storage you won't need much more than space and security, but if customers or suppliers will be visiting your premises they'll need to look good too.

Before you make any decisions, think about:

- **how much space you need** - the more space you have, the more it will cost but don't feel you have to cramp yourself either. Draw a plan of how you want the furniture and equipment arranged, then try to estimate how much space it will all need – in square feet or metres.
- **location, location, location** - lots of businesses operate close to the centre of town but it's also worth looking at premises in the suburbs, in the countryside or in a business park.
- **your customers** - if you're planning to run a shop or office open to the public, you'll need to be somewhere convenient for customers and deliveries. Think about how many potential customers will pass by while you're open.
- **parking** - will this be important for your customers and suppliers?
- **secure storage space** - people like decorators, joiners, fitters or gardeners need a place to lock up their equipment – a small warehouse or garage would be ideal.

- **restrictions** - on where you can run your business - for example, the amount of noise you will make or the materials you use to make your product.
- **cost** - business premises can be a big expense for a new enterprise so it's important to get a space you can afford.

Home sweet home

There are lots of advantages to running your business from home but it's worth thinking about the potential problems too. Would your work get in the way of your personal life? Could your new business cause problems for family members who share your home?

Pluses	Minuses
<ul style="list-style-type: none"> → It's cheap. Your utility bills (electricity, phone) may increase a little but you will save a lot on rent. → It saves time that would otherwise be spent on looking for and arranging premises. → You don't have to commute! 	<ul style="list-style-type: none"> → A home address might not make a good impression on customers and suppliers. → Being at home all day and in the evenings as well means there's no escape from work. Try to make set times to take a break from your work and surroundings. → Using your home limits opportunities to expand once your business gets going. If you take on staff, you'll need to think about things like parking and health and safety regulations.

Legally speaking

Speak to your Prince's Trust contact or business adviser about any legal issues that apply to your situation. These are the type of things to think about:

- if running your business will significantly change the use of the building or have an impact on the surrounding area, you may need planning permission. Contact your local authority for more information.
- the Valuation Office Agency may decide that part of your home is being used for business purposes and will adjust the rateable value of the property accordingly. This means that instead of just paying council tax, you will also pay business rates. Contact the Valuation Office on 020 7506 1700 or visit www.voa.gov.uk to find your local branch.
- if you are renting, your tenancy agreement will probably forbid you from using your home as a business. Negotiating a change in the agreement will take time and could mean your rent will go up.
- if you have a mortgage you may be prevented from running a business from your home. Check with your lender before you start.

Renting

Renting is a good option if you want to have a proper business address but can't afford to buy. However, make sure it's the best option for you before

Lease: a legal agreement between you (the tenant) and the owner of the premises you will be renting (the landlord)

you sign a **lease** – it can be really difficult, if not impossible, to get out of a lease at a later date. A lease gives you certain obligations so speak to your Prince's Trust contact, business adviser or solicitor before you take the plunge.

Pluses	Minuses
<ul style="list-style-type: none"> → Most commercial properties are already set up for businesses with telephone lines, suitable lighting and security arrangements. → Renting premises will give your business the status of a proper address, which can be added to letters and business cards. 	<ul style="list-style-type: none"> → A lease binds you to a particular property and regular rental payments for a set amount of time. You may be able to transfer it to another business if you decide to move, but there's no guarantee you'll find another business willing to take it on. → It may be difficult to get consent from the owner to make alterations to suit your business.

Legally speaking

It's important to understand the terms of a lease so ask a legal professional who knows about your business to read it first and check that it will be suitable for you. Every business lease is different but expect it to:

- describe the property – specifying size in square feet or metres – and offer a list of the services included, such as electricity.
- say what the property can be used for according to local planning regulations and any limitations the landlord has chosen. Local councils have strict rules on what kinds of businesses can operate in certain areas. Nearly all business premises are classed as “A” or “B” use, depending on the type of business. Getting this changed can take time and might be refused so it's better to choose a property that is already in the class you need. Speak to your local council's planning officer for more information.
- specify how much rent you need to pay, how often and how long the agreement will last.
- explain when and how a rent review will be carried out.
- make it clear who is responsible for repairs and general maintenance.
- say who is responsible for charges such as heating and lighting.
- describe how insurance for the property is organised.
- give details of any extra amounts that might be charged.

Jargon-buster







- **Commercial lease or business tenancy** - the type of agreement made between a property owner and a business wanting to rent the property.
- **Duration or term** - the length of time the agreement lasts. A lease agreement may last for between six months and several years.
- **Break clause** - this is a section within a lease agreement that allows a tenant to end a lease at specific times during the period of the lease.
- **Rent review** - from time to time, your landlord will look at the current rental amount and decide if it should be changed. This means that in five years' time, your rent could be doubled, which is one of the risks of taking on a lease.
- **Service charge** - extra charges (which may be included in the rental payments) for things like window cleaning.
- **Full repairing** - a "full repairing" lease obliges the tenant to carry out all repairs inside and outside the property.

Budgeting

Before you decide to rent a business property think through all the costs:

- **deposit** - you'll need to pay the landlord a deposit before your business can move in.
- **rent** - payments are usually made every three months.
- **repairs** - your lease may require you to take care of repairs or general maintenance.
- **utilities** - will you need to pay for electricity or lighting? Utilities are sometimes shared between other business tenants so ask for a rough estimate.
- **insurance** - is the building insured already? Will you need to secure it against theft or vandalism?
- **phone and internet** - how much will you need to pay for line rental and call charges?

Top tips

-  Ask your Prince's Trust contact, business adviser or solicitor for advice about your choice of business premises. The Trust also 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.
-  Find out what the surrounding area is like at different times of the day. If you're setting up a shop you will need plenty of passing trade, but if your work needs peace and quiet you'll want somewhere far from traffic noise.
-  Find out if the council is planning any major changes to the area that could have a damaging effect on your business. For example, some cities are planning to limit the number of cars allowed or there could be major roadworks scheduled for your street.
-  If you are renting business premises ask other tenants about their experiences. Does the landlord make repairs promptly and do they keep the premises clean?
-  Are your business rates fair? A property surveyor will be able to look at the building and estimate what is a fair rate if you feel they are too high. Some small businesses are eligible for rate relief from the Government – go to www.mybusinessrates.gov.uk for more information.
-  Wherever you decide to run your business, make sure you have good insurance cover. 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.

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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