

Taking on new business premises

Supporting you on your business journey

Whether you're buying or leasing premises for your business, there are important technical and contractual priorities that will require your attention. Failing to address these implications properly could turn your new business premises from an asset into a liability.

This guide looks at:

The legal areas you need to focus on

Insuring your new business premises

The professionals who can help you

The legal areas to focus on.

- The survey.
- Service charges.
- Leases.
- Health and safety.

The legal areas to focus on

You are responsible for ensuring that your new premises are fit for business, although if you're a tenant, your landlord may also share this responsibility. To avoid the risk of unnecessary financial loss or legal action, you will need to focus on the following areas:

- The survey
- Service charges
- Leases
- Health and safety

The survey

As well as highlighting any costly structural problems, a survey is required to assess whether or not your premises comply with health & safety and planning regulations. You may also need to seek advice on disabled access for employees and members of the public, an important part of your obligations under the Disability Discrimination Act.

Who can help?

A chartered surveyor will advise you on the structural state of the building, and any alterations needed to make it sound. The Disability Rights Commission can provide information about accessibility.

Service charges

Assess the impact that service charges will have on your yearly outgoings. These costs cover things like maintenance, insurance, cleaning and security and, if they were to escalate, you could find yourself in a vulnerable financial position.

Who can help?

Ask existing tenants about the level of service charges and whether the landlord provides efficient services. Also, investigate whether significant expenditure is expected in the near future.

A solicitor or surveyor may be able to negotiate a cap on your service charge liability.

Leases

The terms of your lease can hold you back just when you need to expand and move on. They may include penalties or contingency charges triggered at unexpected moments.

Who can help?

A solicitor or surveyor will be able to spot any restrictive or unfair terms and suggest suitable break clauses or the right to sublet.

Health & safety

Failure to meet health & safety regulations could result in hefty fines or your business being shut down. Regulations cover both the state of the premises and working conditions, specifically things like machinery safety, noise, and fire procedures, as well as specific rules applicable to your industry.

Who can help?

Your trade association or industry lobby group may well be able to offer advice, and the Health and Safety Executive – www.hse.gov.uk – provides guidelines on specific working practices. For a comprehensive list of trade associations, go to <http://www.taforum.org>

Consider also taking advice from your solicitor and your local fire safety officer.

If you have employees in an office or shop, you will need to register with your local council (normally the Environmental Health department). If you have a factory, you must register with the Health and Safety Executive.

Insuring your new business premises

You are required to take out a number of different policies to safeguard your business. These include:

- Employers Liability Compulsory Insurance – Provides protection against liability to your employees for injury or disease arising out of their employment.
- Public Liability Insurance – Provides protection against claims from members of the public for injuries suffered on your premises or as a result of an employee's activity.
- Insurance for the premises and equipment – If you lease your premises, your landlord will normally be responsible for insuring the building, and your lease terms may include suspension of rent if something happens preventing you from using the site.

The professionals who can help you.

- Commercial agents.
- Chartered surveyors.
- Solicitors.

The professionals who can help you

Expert advice is essential when you're taking on new premises, and can help you source the right property or ensure you get the paperwork right. To help you through the legalities, your team of professional allies should include the following experts:

Commercial agents can search the market for you, telling you about any new developments, and also negotiate the deal on your behalf. Sign up with several commercial agents in your area to help you find the best premises.

Chartered surveyors know the market and are experienced in negotiating the price and terms of a contract. Talk to them about valuations and structural matters. They may also be able to act as your commercial agent.

To find a chartered surveyor, contact the Royal Institution of Chartered Surveyors:
www.rics.org.uk

A solicitor can advise you on the legal aspects of your contract, run legal checks and negotiate on your behalf. To find a solicitor, contact a network like Lawyers For Your Business (LFYB):
www.lfyb.lawsociety.org.uk

Useful links

- Business Link – <http://www.businesslink.gov.uk> – A Government site offering practical advice for businesses.
- The 2007 Code for Leasing Business Premises – <http://www.leasingbusinesspremises.co.uk> – Includes model terms designed to provide the basis for a fair lease.
- British Chambers of Commerce (BCC) – <http://www.chamberonline.co.uk> – Every Chamber sits at the centre of its local business community, providing services, information and guidance to its members
- Royal Institution of Chartered Surveyors (RICS) – <http://www.rics.org.uk> – A leading source of land, property, construction and related environmental knowledge.
- Lawyers for Your Business – <http://www.lfyb.lawsociety.org.uk> – A network of 1200 solicitor firms in England and Wales offering specialist advice to small and medium-sized businesses.
- Health and Safety Executive – <http://www.hse.gov.uk> – The organisation responsible for health and safety regulation in Great Britain.
- The Disability Rights Commission – http://www.drc.org.uk/employers_and_service_provider.aspx – The DRC website offers businesses extensive advice about accessibility.

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