Guide to premises

If your business needs trading premises to operate, the premises themselves become a key focus for your business advisor or loan assessor. Simply put: if there is no business without premises, there can be no loan without premises either.

At the same time, we recognise that committing legally and financially to commercial premises is a significant step.

The Start Up Loans scheme does not require you to commit financially to premises before your loan is approved. It does require clear evidence that the premises negotiations are progressing, and that there is good will on all sides to conclude.

IN THIS GUIDE

EVIDENCE

Evidence the scheme accepts

01

Signed lease

Not a requirement, but if you already hold a premises lease it is the best evidence you can provide of your right to trade at the location identified in your business plan. Upload a PDF copy in support of your application.

02

Draft lease

Typically an unsigned lease. You have agreed the terms and conditions with the landlord or their agents and the lease has been drawn up, though it remains unsigned. If your negotiations have reached this stage, provide a PDF copy in support of your application.

03

Heads of terms

Similar, if not identical, to a draft lease. Typically used once formal negotiations have commenced, to confirm the key terms and conditions of the lease to be produced and signed. If you have reached this stage, provide a PDF copy in support of your application.

No other evidence of premises will be accepted by the scheme. This includes estate agent or commercial agent property details, email correspondence, floorplans, and photographs.

CONSIDERATIONS

Other things to consider with commercial premises

Beyond evidencing your right to trade from your preferred location, the following factors also need thought before you sign.

Upfront payments of rent

The Start Up Loans scheme will not provide more than 3 months of premises rent within your loan. If you have agreed terms beyond this with your landlord, you must evidence your ability to afford these payments from your own cash stake, or you must renegotiate. If you are in any doubt, contact your business advisor.

Break clause

If there is a significant period in the lease during which you cannot break (cancel) it or renegotiate the terms, this may affect your application decision. If your business were to fail, you may be legally obliged to keep paying the rent, which in turn impacts your Personal Survival Budget (PSB). Contact your business advisor if you are in any doubt.

Change of use

You and your landlord may have agreed the lease terms, but is 'change of use' planning permission also required from your local council? For example, turning an estate agent's premises (A2) into a hot-food takeaway (A5) requires exactly such a permission, regardless of any lease agreed with a new tenant. Contact your business advisor if you need to apply for 'change of use' planning permission.

Market research or validation

If customers will need to visit your premises to buy your products or services, local market research or validation can only be carried out once the premises are established and the potential customer knows where they will need to travel to buy. Research conducted before the customer is aware of your business's site will have little or no value in terms of your loan decision.

NEED HELP?

Talk to an advisor today.

If you are in any doubt at any stage, we will walk you through every step, from enquiry to cleared funds.

0800 870 8739

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