



Start Up Lancashire

Social Enterprise

Toolkit

Workbook 3

Keeping It Legal



EUROPEAN UNION
Investing in Your Future
European Regional
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Regenerate
Pennine Lancashire

Selnet
Social Enterprise Lancashire Network

Disclaimer

Any information pertaining to the law, legislation and regulation is provided in good faith. You are advised to seek professional advice or consult with the relevant body to discuss the legal position as it relates to you and your enterprise before deciding upon your final course of action. Such bodies will include: Companies House, Charity Commission, HMRC.

The information supplied was checked in December 2012 and may be subject to change, especially legislative and monetary values, so you are advised to check for updates.

E&OE

Introduction

This Workbook has been written to run in conjunction with business adviser support and developed for the 2013/14 Start-up Lancashire programme part funded through European Regional Development Fund (ERDF). .

It has been designed to help you understand the regulatory and legal aspects of setting up a social enterprise.

We refer to the organisation as a 'business' throughout the workbook but even a small group run by volunteers will need to consider its legal position regarding health and safety, insurance, premises, etc. as they affect the people involved.

The information supplied was checked in 2012 and may be subject to change, especially legislative and monetary values, so you are advised to check for updates.

Some topics in the guide may not be applicable to you whereas others may require further in-depth professional advice on what they mean for you and your enterprise.

We always recommend that you seek professional advice.

How to Use this workbook

It is not necessary to read this workbook cover to cover. Follow the index links on the next page to read the sections that are of interest to you and your organisation.

Legal Considerations and Requirements

When setting up your business you need to be aware of all the legislation and regulations applying to your particular enterprise. Whilst certain legal requirements apply to all businesses, such as the need to pay taxes, others may not be as well known so it is important that you familiarise yourself with the specific legislation and regulations governing your business.

This workbook is intended as a basic guide to the legal considerations and requirements of the small enterprise and covers:

- **Insurance**
- **Ownership and Protection**
Intellectual Property, Patents, Copyright, Trade Marks, Designs
- **Data Protection**
- **Premises**
Working from home, Sharing accommodation, Commercial premises
- **Guidelines for Leasing**
- **Business rates**
- **Planning Permission**
- **Building Regulations**
- **Refurbishment/Building Work**
- **Premises checklist**
- **Health & Safety**
- **Environmental Issues**
- **Trading Regulations**
- **Company Tax, National Insurance and VAT**
- **Employing people (PAYE, NI & Pensions)**
- **CRB/DBS**

Insurance you must have, but how much and what to cover varies greatly.

Volunteers count as staff and employer's liability cover is necessary but to what extent and the cost depends on what the volunteers actually do and what your organisation does. A full consultation is necessary and we recommend that you review your cover every year.

Employer's liability insurance

If you employ people or work with volunteers you have a legal responsibility to have adequate employer's liability insurance cover, and to display a copy of your certificate of insurance at all of your business premises. You can be fined significant sums of money if you do not. This insurance offers you protection from liability for any injury or illness to your staff while they are working for you. It is no longer necessary to have this insurance if you are the only employee of your company.

This class of insurance is often packaged with Public Liability Insurance.

Public Liability

You have a duty of care to your customers, suppliers and the general public.

If members of the public visit your business premises, even if you work at home, this insurance will protect you from liability for any injury or damage to them or their property that occurs during the normal operation of your business.

Product liability

A product is defined as any physical item that is sold or given away. If you supply a product, even if you did not manufacture the product yourself, you are responsible for any damage or injury caused by something going wrong with it. This type of insurance usually covers you for unforeseen circumstances, not for inferior products that are not fit for purpose.

Professional Indemnity Insurance

This insurance is for people who sell their skills or expertise. This covers people who give advice or undertake design work, e.g. Solicitors, Accountants, Consultants and Architects. It protects against claims for poor or incorrect advice. It is compulsory in some instances. Because there can often be a long delay between the advice being given and any subsequent problem leading to a claim it's important to ensure that you are covered at the time the compensation claim arises. This could mean insuring yourself even if you are no longer operating in this line of business.

Motor Insurance

If you are intending to use a motor vehicle in connection with your enterprise then it is legal requirement to be insured against damages if an accident results in death or injury to other people or their property. You may choose Third Party, which only pays for damages to others, or Fully Comprehensive, which pays third party and your own costs. The latter is more expensive.

Sometimes employees use their own vehicles in their job - make sure that their own insurance for all such vehicles has been extended to include Business Use.

Other small business insurance you may consider

All-risks buildings and contents insurance protects against a range of risks, such as fire, flood and theft. **Contents Insurance** covers stock, fixtures, fittings and furniture within your premises.

The right level of cover for your premises is likely to depend on whether you own or lease your premises. Building insurance is often but not always included as part of your rental or lease costs. Check with your Landlord prior to signing any agreement. You do not always have to accept the Landlord's insurance and may be able to find a cheaper alternative yourself.

Equipment can be insured for the cost of replacing an item or its current worth, taking wear and tear into account. You can also get policies to protect machinery and IT equipment against breakdown.

Business interruption or **business continuity insurance** compensates you for costs incurred and loss of profits after a disaster such as fire or flooding or an IT system failure. If you are unable to trade due to fire, flood, etc., you will still have to maintain certain payments such as rent rates and loan repayments, even if you are not trading.

Insurance for businesses set up from home

If you run your business from home, you shouldn't assume that your existing household insurance covers you. You need to assess your business insurance needs separately. For example, your existing policy may not extend to cover:

- The full value of business equipment.
- Public liability if customers or members of the public visit your place of work.

Talk to your current insurers and explain your plans. They may require an additional premium on your current insurance, changes to your home - such as the installation of a safe or partitions - or cover for new areas of risk and liability.

Goods in transit cover, protects the value of goods lost or damaged when in your vehicle or sent by a carrier.

Credit insurance covers you against the risk of debtors becoming insolvent. But you'll need to bear part of the risk yourself.

Legal expenses insurance covers the costs - such as solicitors' fees and court costs- of defending a legal action.

Money policies cover cash, cheques and stamps. Different levels of cover apply depending on whether money is on your premises, in safes or transit.

Travel insurance will be required if you or your employees travel abroad on business.

There are a number of other insurance products on the market, some of which may be appropriate for your enterprise. Any reputable broker will be able to advise you on the most suitable package for your enterprise needs. Insurance brokers do not charge for their services but make money on the commissions received from insurance companies. As with any type of insurance, it is best to shop around as quotes can vary considerably.

The Yellow Pages Directory lists hundreds of insurance companies and brokers and look for advertisements that offer Commercial Packages, where you can combine all of the above insurances in one payment.

Protecting your business idea or invention (called your 'Intellectual Property')

Intellectual Property (IP)

The term intellectual property refers to original ideas and the rights of those people who had the ideas to benefit from them.

Intellectual property (IP) is any form of original creation that can be bought or sold - from music to machinery. You do not own your idea or thoughts, however if you put the idea on paper then this becomes a piece of property which you own and you can sell, rent or hire this property just like any other property. Your idea may apply to a story, article, invention or a design.

Why protecting yourself is important

It's important to protect all your business assets, but particularly your intellectual property because it's fundamental to your business offering.

If any other business or individual tries to copy anything you have protected, or uses it without your permission, it is an infringement of your IP. Any infringement can quickly destroy your market position and reputation as well as goodwill built up with existing clients. So it makes sense to have enough deterrents in place.

What are you protecting yourself against?

By protecting your IP, you're ensuring:

- Your idea is not used, sold or manufactured by anyone else.
- No-one uses your trade mark without your permission.
- No-one can copy or mimic your brand identity; this includes words, logos and other signs.
- Your work is not copied or reproduced in communication or performance.

The different types of IP protection

There are 4 main types of IP protection:

- Patents, which protect the processes that make things work
- Trade marks, which protect distinguishing logos for goods and services
- Designs, which protect the look of three-dimensional shapes
- Copyright, which protects material that is either written down or recorded

Patents

Patents protect a new invention. To get a patent your invention must be totally original. A patent will grant you protection for 20 years. During that time anyone wanting to use your invention will have to get your agreement.

If you have an idea for a new invention contact the patent office before discussing it with others. www.patent.gov.uk

Too often ideas for new inventions are stolen before a patent is granted.

Copyright

You will have noticed the symbol © on books, some newspaper articles, photographs, films, music or indeed any artistic or aesthetic creation. This symbol indicates that this product is subject to copyright and cannot be reproduced or copied without copyright. Copyright is free and all you have to do is put the symbol ©, your name and the date next to your work so that everyone knows who to ask for if they want to copy all or part of this work.

Trade Marks

Trade Marks are a badge of origin showing who makes a product. Sports wear manufacturers have clear and distinctive logos on their merchandise and these logos are registered as Trade Marks at the Patent Office- words, logos, signs, shapes, colours or pieces of music can be registered as trade marks. Unlike copyright trademarks are registered forever but a fee has to be paid every ten years.

Designs

If you have a design which is new and has an individual character of its own i.e. it does not resemble existing designs, you can register it with the patent office. A new design can be registered for up to 25 years, but you will have to pay a fee every five years. Again your design is not protected until you apply for registration so you should contact the patent office before discussing your idea with anyone else.

For further information on how to protect your work see - www.ipo.gov.uk

Data Protection

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If you hold personal details on paper or electronically about employees, clients, customers, contractors, suppliers, other enterprises, you must be aware of the Data Protection laws which cover the processing, storage and access to such information. Data Protection lays out guidelines for small enterprises and is designed to protect the individual.

You may need to register (notify) with the Information Commissioner's Office (ICO). Failure to notify is a criminal offence. However, there are some exemptions.

To see if you need to register work through the online self-assessment at:

www.ico.gov.uk/for_organisations/data_protection/notification/need_to_notify.aspx

For further information and to see what you need to comply with go to:

www.dataprotection.gov.uk

The 1998 Data Protection Act contains eight principles that a business needs to adhere to.

1. Personal data is processed fairly and lawfully
2. Personal data is held only for specified and lawful purposes
3. Personal data held is not used or disclosed except for registered specified purpose

4. Personal data is adequate and relevant but not excessive to your purpose
5. Personal data is accurate and kept current
6. Personal data is not kept longer than necessary
7. An individual is entitled on request to have details of any personal data you hold without delay or undue cost, to have access to it and where appropriate, have the data held corrected or erased
8. As registered under the act you hold data secure, inaccessible to unauthorised persons and protect it from accidental loss alteration, disclosure or destruction

Premises

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Work from home or take on commercial premises?

There are a number of questions regarding renting/leasing your premises that should have been answered during your market research in terms of customer needs.

Your market research should help you decide the most appropriate location for your enterprise. You have a choice to work from home or to take on commercial premises. Each option has advantages and some disadvantages.

Working from home:

Most social enterprises look for a base to work from.

It may be that for a new enterprise working from home has to be the most affordable option in the short-term. If you have sufficient space and don't have a real need for customers to visit you at your premises. If you occasionally need to meet customers or suppliers etc. you can always arrange to meet at an alternative venue. Initially working from home can mean that you can keep your overheads low.

You will however need to ensure that you will not have constant disruption from other family members and that you have the willpower not to be distracted by other things that need doing in the house.

If you are doing more than basic administration then you should inform your house insurers, as they may need to make additions or alter details in your home insurance policy. If your home is rented some tenancy agreements do not allow you to run an enterprise from there.

Sharing accommodation

A low cost option may be to share an office with an existing organisation and contribute to utility and shared office costs. This could be another social enterprise or a business that supports your activities. This can be formal (with a contract) or informal (word of mouth agreement) and could offer easy in and out arrangements for the new business.

Because it is likely to be based on a friendship you will need to carefully consider how the arrangement could work for you and what you may have to do if the arrangement turns sour.

However, it could be a very good option in the early days.

Commercial premises

Finding the right premises to rent for the new enterprise can be difficult. All buildings are classified into what they can be used for. For example some are restricted to office use whilst others may only be used as shops. It may be harder to find premises for some types of business than others.

The enterprise will need to check with an estate agent or local council as to what classifications it may use. Finding small premises with good disabled access and facilities can also be difficult. Deciding on the best premises can often mean compromise for a new business as it can be very difficult to find a building that has a suitable cost, location and accessibility.

Commercial premises are available on a lease or licence basis. To find suitable commercial premises you should contact an Estate Agent specialising in commercial property. You should also visit the area where you intend to locate as you might see 'To Let' signs indicating available property. The Local Authority, also hold a list of their own property which is available. The commercial section of the local press is often used by private landlords, not using an agent to advertise their commercial property.

Lease

If the property is rented on a lease basis then you will be asked to rent the property for an extended period of time. The period is determined by the Landlord but it will be for at least a year and could be up to 20 or 25. Don't sign a lease before you are sure you understand it and take advice from a professional business adviser and/or a Solicitor.

Full repairing lease

Many landlords insist on a full repairing lease which obliges the tenant to "keep the premises in a good and substantial tenable condition and repair". The wording sometimes varies but the obligation on the tenant is often same.

The tenant will most likely be responsible for maintenance and repair of the premises regardless of the cause necessitating that maintenance and repair. Usually the only exception will be damage caused to the premises by an insured risk i.e. a risk that the landlord has insured against in terms of the buildings insurance policy.

The repairing obligation on the tenant is therefore onerous and what a layman may consider to be good and substantial tenable condition and repair can differ quite substantially to what a court might consider constitutes that.

If you are a tenant considering leasing premises under a full repairing and insuring lease, and particularly if the building is old, you are likely to be advised to have a building surveyor report on the condition of the property. Properties may appear to be in good condition but can in fact suffer defects which only a surveyor may be able to identify. If the surveyor can point out necessary repairs before a tenant enters into the lease then these repairs can either be carried out by the landlord before the lease commencement date or, alternatively, rent may be reduced or a rent free period granted to enable the tenant to carry out the repairs at their cost.

How long do you agree the lease for?

This is a difficult question. Once you sign a lease you are liable to pay rent for that period regardless of whether or not your business is a success. If, for example, your business failed after 2 years and you had signed a lease for 5 years, you will have to find the money to pay the rent for the remainder of the term of the lease. You can sometimes agree what is called a "break clause" with the landlord. This will be an agreement written into your lease that in such circumstances you would agree to give for example 1, 3 or 6 months notice to quit, meaning that you would only have

to continue payments for 6 months after closing the business. Bear-in-mind this would also mean that the landlord would only have to give you the same amount of notice if he wanted you leave the premises, which if your business is successful you won't want to do.

This is an example of how important a thoroughly researched business plan is. In order to make a decision on how long to sign a lease for you need to be confident that your business will be successful and to have realistically calculated your fixed costs, cash flow and profitability.

Once you have signed the lease you will be responsible for paying legal costs that both yourself and the landlord incurred in signing the lease, be liable for the up-keep of the property, its security etc. **Always get professional advice.**

Licence

If you are renting premises on a licence then you will probably be able to terminate the agreement giving only one months notice. A licence is more flexible than a lease but may not provide the same security of tenure. **Always get professional advice.**

Business Rates *(information applies to England only)*

You will be responsible for paying business rates on any premises you buy or rent for business use. You should check this with the Local Authority before you sign any lease or licence. Do not rely on your landlord or the person in the premises before you to inform you of the correct amount that you will be liable for. You must find out yourself. Business rates can be almost as expensive as rent in some areas and therefore it is crucial that you find this out before signing your lease.

Small business rate relief

If you pay business rates, your property may be eligible for business rates relief.

Rural rate relief

If your business is in a rural area with a population below 3,000 you could get rural rate relief.

You're a small business but don't qualify for relief

If your property has a rateable value below £18,000 (£25,500 in Greater London) you're considered a small business.

Even if you don't qualify for small business rate relief, your business rates will be calculated using the small business multiplier instead of the standard one. This is the case even if you have multiple properties.

The multiplier shows the percentage (pence in the pound) of the rateable value that you pay in business rates. A list of current multipliers is on the Valuation Office Agency (VOA) website www.voa.gov.uk

Charitable rate relief

Charities and amateur community sports clubs can apply for relief of up to 80% if a property is used for charitable purposes.

Check with your local council to see if you are eligible.

You should also check if you can get additional 'discretionary relief' (up to 100%). This is sometimes provided by local councils to 'top up' certain reliefs to give businesses and charities extra help.

Planning Permission

Planning permission is granted by the planning department of the Local Authority and is required if you intend to undertake certain external building work, either refurbishment or new build, erect signage or change the use of the premises.

If you are intending to make external structural alterations contact the Planning Department of your Local Authority before undertaking any work. They will advise you as to whether you require planning permission and if so how to apply. If you undertake such work without their permission you may be required to demolish in the case of new build or undo what you have done, in the case of remodelling.

Change of Use Permission is required if the enterprise you are starting up is classified differently to the one that was there before.

If you are planning to open past normal office hours one or more days per week you should check that the planning permission for your premises allows you to stay open for the required hours.

Building Regulations

Building Regulations differ from Planning Permission as they govern the way in which the actual building work is undertaken as opposed to how it looks or the activity carried on within the building, which is governed by planning permission. Again if you are undertaking any building work contact the planning department to check whether building regulations are required. Do not assume that if you do not require planning permission you will not require building regulations.

Refurbishment/Building Work

If you need to remodel your premises make sure that you obtain at least two quotes for the work. If you require significant remodelling then you may wish to contact an architect or similarly qualified person who will advise on layout and design. Technical advice at this stage may save you significant amounts of money in the future.

Other considerations

- **Storage**

Will you be storing large amounts of stock or harmful chemicals, edible or perishable goods? If you are handling hazardous substances or food you will need to comply with the legislation surrounding them. This may include specialised licensing, specialist storage facilities, worktops, clothing, ventilation and training which might prove costly.

- **Check out the neighbours**

What kind of enterprises are they? Noise, smells, décor, cleanliness etc. can all impact on your enterprise. For example, a small gym opened recently only to be faced with a tirade of complaints from neighbours about the loud music. The situation is difficult to resolve, as the music needs to be fairly loud to enable exercisers to hear it

over the pounding feet and the instructor’s voice. This problem will eventually have a major impact on the success of the enterprise in its current premises.

- **Insurance**

Make sure that you have in writing exactly what you will be responsible for insuring, usually the landlord would insure the building itself but you would be responsible for contents. You may be asked to make a contribution towards the buildings insurance as well.

Guidelines When Choosing Your Premises

Once you have identified premises which appear to meet your requirements in terms of location, space, convenience, accessibility and passing trade, carry out the following assessment and discuss with your adviser or a solicitor **BEFORE** you sign the lease:

PREMISES CHECKLIST	Tick	Notes
What is the amount being asked for the lease?		
Does this include VAT and if not can you negotiate that the landlord will not introduce VAT for the term of your lease?		
Have you researched the going rate for premises of this type in the location?		
Have you received a draft copy of the lease from the landlord?		
What are the business rates?		
Is the landlord responsible for buildings insurance?		
Are you responsible for contents insurance?		
Who will have access to the property and are there any restrictions on the times you can use the premises?		
Who is responsible for general wear and tear and maintenance of the property?		
Are there any unusual terms in the lease?		

Is there a 'break clause' and if so what is it?		
Do you have the right to transfer and sub-let the premises?		
What is the period for rent review?		
Have you gathered feedback from other enterprises in the area?		
Has the landlord carried out a health and safety risk assessment on the premises?		
Are all utilities in a safe and working order e.g. toilets, heating, water?		
Are the premises in a good state of repair?		
Is there a lot of work that needs to be carried out at the premises?		
Have you got 2 quotes for any work that needs carrying out?		
Is the landlord prepared to negotiate to cover any of the costs of refurbishment or to offer a rent free period whilst the work is carried out?		
Have you checked with the local planning department that the premises has been classified for use as a enterprise and do you need planning permission for the type of enterprise you intend to run?		
Have you checked with the local planning department if there is any building work proposed in the immediate or surrounding area which might affect your enterprise?		
Have you visited the premises at various times of the day and on different days of the week, to assess the area?		
Have you taken professional advice?		

In general, health and safety laws apply to all businesses, no matter how small. As an employer, or a self-employed person, **you** are responsible for health and safety in your business. You need to take the right precautions to reduce the risks of workplace dangers and provide a safe working environment to protect you, your employees/volunteers and the public.

If you have five or more employees, you must have a written policy.

A policy will let your staff and others know about your commitment to health and safety. It should clearly say who does what, when and how.

HSE downloadable template www.hse.gov.uk/risk/health-and-safety-policy-example.doc

You may need to register your enterprise for Health & Safety purposes. This would be with the Health & Safety Executive, if you have a factory or workshops etc. or with the Local Authority for most offices, shops and other enterprises.

If food is being stored or prepared on the premises, or if during the course of running your enterprise you think you may cause pollution contact the Local Authority Environmental Health Department.

It is a legal requirement that you display a new Health & Safety Executive poster clearly and visibly at your premises, even if you only employ one or more people. You should ensure that everyone knows about their rights and their responsibilities.

For further information and detailed guidelines to all aspect of Health & Safety contact the Health & Safety Executive on Tel: 08701 545500 or visit their Website at www.hse.gov.uk

The Health and Safety Executive has very useful guide 'Health and safety made simple: The basics for your business' available to download at www.hse.gov.uk

You probably manage most aspects of your business yourself, or with the help of your staff. But if you are not confident of your ability to manage all health and safety in-house, you may need some external help or advice.

Deciding what help you need is very important. Unless you are clear about what you want, you probably won't get the help you need. Use the website links below to help you ask the right questions:

Get competent advice: www.hse.gov.uk/business/competent-advice.htm

Getting specialist help with health and safety (pdf) - www.hse.gov.uk/pubns/indg420.pdf

Manage the risks in your business

You must manage the health and safety risks in your workplace. To do this you need to think about what, in your business, might cause harm to people and decide whether you are doing enough to prevent that harm. This is known as a risk assessment. Once you have identified the risks, you need to decide how to control them and put the appropriate measures in place.

The law does not expect you to remove all risks, but to protect people by putting in place measures to control those risks.

Once you and your employees/volunteers have established any risks in the workplace then record the findings. If you have fewer than five employees you don't have to write anything down but it is good practice to keep a record. An easy way to record your findings is to use the risk assessment template. This template also includes a section for your health and safety policy so you can record everything in one place. You can find a copy of the template at www.hse.gov.uk/risk/risk-assessment-and-policy-template.doc

Don't forget to consider everyone who could be harmed

Some workers may have particular requirements, for example new and young workers, new or expectant mothers, and people with disabilities.

Think about people who might not be in the workplace all the time, such as visitors, contractors and maintenance workers.

Take members of the public into account, if they could be hurt by your work activities.

If you share a workplace with another business, you will need to consider how your work affects others and how their work affects you and your staff. Talk to each other and work together to make sure controls are in place.

Specific risks

For some risks there are particular control measures that are required by law. The HSE website www.hse.gov.uk has information on topics and industries to help you decide what you need to do about many common types of risk.

A few examples of activities that carry a recognised risk of harm are working at height, working with chemicals, machinery, gas, electricity and asbestos. Depending on the type of work you do, there may be other risks that are relevant to your business.

If you carry out a high-risk activity, check whether you need to obtain a licence or notify someone before you start work. See our website for further information and all the necessary notification forms:

www.hse.gov.uk/forms/notification/index.htm

First aid

You must have first-aid arrangements in your workplace.

You are responsible for making sure that your employees receive immediate attention if they are taken ill or are injured at work. Accidents and illness can happen at any time and first aid can save lives and prevent minor injuries from becoming major ones.

Your arrangements will depend on the particular circumstances in your workplace and you need to assess what your first-aid needs are.

As a minimum, you must have:

- a suitably stocked first-aid box;
- an appointed person to take charge of first-aid arrangements;
- information for all employees giving details of first-aid arrangements.

You might decide that you need a first-aider. This is someone who has been trained by an approved organisation and holds a qualification in first aid at work or emergency first aid at work.

More detailed information can be found at www.hse.gov.uk/firstaid

Display the health and safety law poster

If you employ anyone, you must display the health and safety law poster, or provide each worker with a copy of the equivalent pocket card. You must display the poster where your workers can easily read it.

The poster outlines British health and safety laws and includes a straightforward list that tells workers what they and their employers need to do.

You can get copies of the poster and pocket card from HSE Books www.hse.gov.uk/pubns/books/lawposter.htm

Environmental Issues

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You have a legal responsibility for the impact your enterprise has on the environment. For example, it's up to you to ensure that your waste is treated and disposed of properly. Going beyond environmental compliance can also bring enterprise benefits, for example selling your waste to an organisation that could reuse or recycle it could make you money and save on disposal costs.

Many businesses have realised that acting in a socially and environmentally responsible way is more than just an ethical duty. It affects your bottom line and the long-term success of your enterprise.

Complying with legislation and going further to adopt environmental and sustainable practices can benefit your enterprise. For example:

- Reducing your energy use can save you money. You can read about saving energy on the Carbon Trust website.
- Reducing your use of raw materials and water can cut your costs and lower your waste and waste water disposal bills. You can read about improving the efficiency of your enterprise on the Envirowise website.
- Recycling equipment and materials could make you money and save on disposal costs - you may be able to sell old equipment or parts to subsidise the cost of buying new ones.

Your business could also enjoy other benefits. Many government organisations and large companies will only work with suppliers who take their environmental responsibilities seriously. You may also find it easier to attract investment from banks and other sources of finance.

Envirowise Advice Line	0800 585 794
Carbon Trust Helpline	0800 085 2005
Environment Agency Helpline	08708 506 506

There are a number of other regulations that may be applicable to your business.

These include:

Construction Product regulations

Age-restricted products

Animal health and welfare

Consumers'/buyers rights

Fair Trading

Food

Safety

Weights and measures

This is not an exhaustive list and you will need to check for your particular business if in doubt.

More details at www.tradingstandards.gov.uk

Company Tax, National Insurance & VAT

It is likely that the business will be liable for some form of tax. This depends on the structure, size and type of business and could include Employers National Insurance and business rates.

There will also be a tax on the profits which the company makes. This is called Corporation Tax.

If the business has a turnover of over (£77,000 in the tax year 2012-13) you may be liable to register for VAT. Those under this threshold can choose to do so, if they wish to claim back VAT on their purchases and charge VAT on their services. Some goods and services are exempt from VAT or have a reduced rate.

If you have employees you register your company as an employer with the Inland Revenue www.hmrc.gov.uk. You will then receive a copy of the Employers' Guide to PAYE containing all the material you need to calculate and deduct PAYE and NIC accurately. They will also provide you with detailed help and advice on all aspects of payroll, including forms, processes, records and deadline.

Note: The business will also have to pay an element of National Insurance for their employees.

Value Added Tax (VAT)

If your sales exceed the VAT threshold (£77,000 in the tax year 2012-13) you may be liable to pay VAT. This is a tax enterprises charge when they supply their goods and services to the UK or Isle of Man. It is also charged on goods and some services that are imported from places outside the European Union and on goods coming into the UK from another European Union member state.

You are also required to register if you have an expectation of reaching the threshold within 30 days. You and not your enterprise, is registered for VAT. Your registration covers all parts of your enterprise.

If you do not anticipate reaching the threshold you may decide to register voluntarily. There can be certain advantages attached to voluntary registration, for instance if you are paying higher than average VAT on purchases and lower than average VAT on sales.

If you are registered for VAT you must charge VAT on all of your taxable sales. You are collecting this money on behalf of the Government, it is not yours to spend, you will at the same time be paying VAT on your purchases.

You must keep records of all your enterprise transactions so that you are able to fill in your VAT returns either monthly or quarterly. For further information contact HMRC.

Employing people (PAYE, NI & Pensions)

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If your business is a Limited company you will be a director of that company. As such, you will be considered to be an employee of the company. For directors there may be an option to be self-employed but you will need to discuss with your accountant to see which option suits you best.

Irrespective of whether you are self employed or on payroll you will pay income tax on your earned income, however the amount you will pay will depend on your personal circumstances and your level of earnings. You do not pay tax on all your earned income as each individual has what is called a Personal Allowance.

This means that you are allowed to earn an amount of money free of tax. See www.hmrc.gov.uk for details of current Personal Allowances.

PAYE

If you are an employee of the company, including directors unless you have self employed status, you will pay Tax through PAYE and National Insurance (Class One) (NIC) which is a % of earnings deducted from your gross salary/remuneration.

The company will also have to pay an element of National Insurance for their employees (including directors).

You will also pay contributions as the employer. Remember in this structure you are both the employer and employee. You must pay your National Insurance Contribution to the Inland Revenue on a monthly basis.

Inland Revenue Business Support Teams

The Business Support Teams can provide FREE support to new and small employers.

They offer help on all aspects of payroll and tax, explaining what you need to do, the deadlines you need to meet, the forms you need to fill in, and the records you need to keep. They will talk through any problems you may be experiencing and can, if you wish, check that your calculations are deducted accurately and recorded correctly.

Further information on all aspect of tax and VAT can be found from HM Revenue and Customs www.hmrc.gov.uk

Stakeholder pensions

For more details about whether these affect you visit www.pensions.gov.uk

National Minimum Wage

It is law that almost all workers in the UK are eligible for the national minimum wage. Minimum wage rates are

regularly subject to change and you can keep up to date at www.gov.uk/national-minimum-wage-rates

Note: Employment law is complex and subject to change. This information gives only general guidance and should not be regarded or relied upon as a complete and authoritative statement.

Outsourcing functions

Functions of the business such as running a payroll or accounting can be time consuming, costly and distract from the main purpose of the business. One option is to outsource them i.e. pay another specialist company to do those things for the business. This enables you to focus on the things that really matter like making revenue and the benefits it provides the community.

As it is often not cost effective for small business to do everything for themselves an alternative option may be to share resources with other small enterprises and community groups. For example a group of projects could share a payroll function that would be too costly and time consuming for an individual group to run alone.

Criminal Records Bureau (CRB)

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From the 1st December 2012 the ISA (Independent Safeguarding Authority) and the CRB (Criminal Records Bureau) merged together to become the DBS (Disclosure and Barring Service). The service is now referred to as DBS.

If your organisation plans to do any work with children, the elderly or individuals who might otherwise be classed as vulnerable it must have a procedure for obtaining criminal record checks for staff and/or volunteers.

There are two types of checks you need to consider standard and enhanced.

Information Included	Type of Disclosure	
	Standard	Enhanced
Unspent Convictions	Yes	Yes
Spent Convictions	Yes	Yes
Inclusion on children's lists (where relevant)	Yes	Yes
Inclusion on adult's lists (where relevant)	No	Yes
Other relevant information held by police forces	No	Yes

DBS checks for staff

There are a number of organisations that can process the DBS check for you. Many are third sector organisations that understand and support social enterprises. They are referred to as CRB Umbrella Bodies and these can be found at:

<http://www.homeoffice.gov.uk/agencies-public-bodies/crb/services/ub-search/>

There are also private companies offering the service. Prices may vary slightly but on average will be around £26 for a Standard check (about 2 weeks) and £44 for an Enhanced (about 4 weeks).

DBS checks for volunteers

Volunteers may receive a DBS check free of charge although there may be an administration fee from an umbrella body. The Criminal Records Bureau defines a volunteer as 'a person who performs any activity which involves spending time, unpaid (except for travelling and other approved out of pocket expenses), doing something which aims to benefit someone (individuals or groups) other than or in addition to close relatives'.

An employer must not apply for a check unless the job needs one. They must tell the applicant why they're being checked, and where they can get independent advice.

The changes to the service means that in due course, organisations will need to:

- Understand the new system, the different types of check, portability and the Update Service
- Understand the difference between supervised and unsupervised roles and how these distinctions relate to their organisation
- Make decisions about which roles constitute regulated activity
- Work out the implications for their organisation
- Implement changes

Note: In future certificates will be only issued to the individuals, even if the organisation applies on their behalf. There could be occasions where organisations find it challenging to access a certificate. Organisations will need to reflect on how to tackle these situations and ensure that they have sight of the certificate. Organisations will also need to carefully check the security of the certificates to ascertain that they are genuine.

Note: It is also important to remember that checking is only one part of safeguarding. It is vital that organisations have a comprehensive safeguarding policy and do not rely too heavily on the result of the check.

Further information at www.homeoffice.gov.uk/crbischanging

Stop press: January 2013

In 2013, employees and volunteers will no longer have to apply for a new criminal records check each time they apply for a job.

Instead they will only have to apply once to the Disclosure and Barring Service (DBS) for a certificate and can then go online for an instant check to find out whether their existing certificate is still up to date.

This will avoid the need for individuals to apply for multiple checks to work with different organisations and volunteers will be able to use the service for free when they apply for different volunteering opportunities.