

## Overview

This standard is for entrepreneurs who need to contract for business premises. Entering a contract for new premises is a significant commitment of cash a business will make. Being a financial commitment means taking on the responsibility of a property that needs to be agreed under the right contractual terms and over an appropriate period. It also needs to be insured, maintained, cleaned and heated. Negotiations with commercial landlords to secure the right premises are different to buying a house. Contracting for business premises involves negotiating beneficial terms and conditions of purchase or lease, identifying relevant sources of professional advice and information and getting commitment from backers or other relevant parties.

You might do this if you need to:

1. agree a contract for premises when starting up a business or social enterprise;
2. are considering moving into new business premises;
3. want to review the contract of your current premises.

## Performance criteria

### *You must be able to:*

1. identify the terms and conditions which your business needs to have
2. assess the terms and conditions of the premises you have chosen
3. define the negotiation targets you aim to achieve
4. negotiate premises contract terms and conditions with the landlord or their agent
5. work out the full cost to your business of getting and running premises before you sign the documents
6. use professional advice to help you make a contracting decision
7. record what has been discussed and agreed
8. ensure the contract shows the roles and responsibilities of all parties involved
9. get agreement from any backers or other relevant parties before you sign contracts for the premises

## Knowledge and understanding

### *You need to know and understand:*

#### Terms and conditions

1. the types of contractual terms and conditions for business premises, such as long-term lease, licence, short-term lease, rental, freehold purchase or managed work space
2. the services provided within the contract and who pays for them
3. the fixtures and fittings required for the premises
4. who is responsible for premises fit out, maintenance and decoration
5. the premises charges and costs to be paid, such as insurance, commercial rates, waste disposal and other local government charges
6. the laws and regulations applying to your business premises
7. why it is important to take legal advice before you sign any contracts

#### Negotiation

8. why you need to set negotiation targets before you start discussions
9. how to get the best deal for your business
10. the importance of negotiation skills
11. why you need to record what has been discussed and agreed
12. the relevant stakeholders and staff to be involved in the decisions or notified about the business premises

#### Finances

13. the estimated costs of the alterations, decorating, fittings, equipment and removal required for your premises

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**Relevant Occupations** Business, Administration and Law, Managers and Senior Officials

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**Suite** Business Enterprise

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