

With improved technology and shifts in work patterns, the number of people working from home is increasing each year.

The most obvious benefits are saving time and money traveling to work and adaptable work hours. However, while there are obvious advantages to leaving behind over-crowded trains and traffic jams it is well worth spending the time to research the pros and cons of home-working before deciding to set up your own business at home. Considerations such as tax implications, the effects on your family and how able you are to cope with working in isolation should all be given some thought.

While many people are choosing to set up their own home businesses, employers are also increasingly agreeable to their staff working from home. Research has shown that the offer of flexible working hours can be as effective at retaining staff as a pay rise.

By offering home working a company can hold on to staff for longer, reducing The cost of recruitment and training. For example if an employee moves away from the area, a home working agreement means that they can set up a home office and carry on working for the company.

Flexible working can be hugely important for working parents with young children and child care responsibilities. Since 2003, if you are the parent of a child under six (or under 18 if your child is disabled), you have the right to ask to work flexibly, which can include working from home, and your employer should consider your request seriously.

### **Advantages of Working from Home**

Working from home can have many advantages including:

- Saving time and money on commuting.
- You may find it helps you to save on start up costs, as you do not need premises.
- You can escape from the everyday disruptions of the office environment.

- You can improve the balance between work and home life and arrange your work around family commitments.

### **Potential difficulties**

However, there are disadvantages too:

- You may find you have trouble separating home and work life.
- The initial expense of setting up may be high.
- At times you may feel personally isolated and miss the sociability of the workplace.
- You may feel professionally isolated and miss the opportunity to generate ideas and solve problems by working with colleagues.
- If you work for an organisation, some of the difficulties might relate to how your employer manages you working from home.
- You may face domestic distractions and interruptions.

### **Using your Home as a Workplace**

If you are planning to use your home as a workplace, it is a good idea to check with the following:

- Your mortgage lender or landlord/freeholder. Your mortgage or tenancy agreement may prevent you from using your home to run a business.
- Your insurance provider. You may have to take out extra insurance.
- Your local branch of the Valuation Office Agency to see if you will be charged business rates.
- HM Revenue & Customs and an accountant to see what your income, VAT and Capital Gains Tax position is.
- A solicitor to check legal aspects.
- Your local HSE or local authority to find out the health and safety aspects of running your business from your home and how to do a risk assessment.

- Your neighbours, to make sure they have no objection to you running your business from home.
- The planning department of your local authority to see if you need to make structural changes to your home. You may need planning permission. You must also make sure you comply with building regulations.

## **Tax considerations**

Working from home can affect your tax situation:

- The room(s) of your property that you use for work may be charged business rates rather than council tax. Contact your local authority and the Valuation Office Agency for more information.
- If you have set aside a room solely for working in, you may be liable for capital gains tax if the property is sold. On the bright side, your business will be able to claim tax relief on domestic bills for the areas of the house used for your business.
- If your business is VAT registered, you may be able to claim back VAT on articles you buy for business use.
- If you install a separate phone line for your business, it will be easier for you to claim tax relief on business calls.
- Always consult an accountant or HM Revenue & Customs on taxation issues.

## **Health and safety risk assessment**

If you use your home as your business workplace, you must carry out a risk assessment to identify any possible hazards to yourself, workers, visitors and other members of your household. Possible hazards include using work equipment at home, including electrical appliances, your workstation set-up, handling loads, hazardous substances and materials, psychological hazards, such as stress or loneliness, fire, slips, trips and falls and excessive noise or vibration.

You need to evaluate whether a hazard is significant and if it is, whether you have taken enough precautions to make the risk as low as you reasonably can.

You also need to consider your home and those who live there (including vulnerable persons, e.g. children, elderly people, and new and expectant mothers)

## **Networking**

One of the biggest problems for people working from home is the feeling of isolation. Lack of contact with other people can affect you and your work. Discussions and feedback from colleagues in the same workplace is a valuable source of advice and motivation. It is therefore important to find a way of networking with other people in the same field or in similar circumstances. Being a member of a professional body, like the IEE, a trade association or union can also help and give you the opportunity to attend local meetings and make it easier for you to keep in touch with other businesses in your region.

You can also contact people through the internet via user-groups and e-mail. However, non-professional communication is also important and building a break into the day where contact with made with other people can also help.

Working from home can be hugely beneficial and allow for a more flexible lifestyle and a better work-life balance. But remember that you've got to be self-disciplined and work hard to make a success of it - both in terms of your finances and your happiness. Weigh up the pro's and con's and if you are happy working on your own and have the right skills, you can have the best of both worlds.

### **Sources of help:**

#### **Department of Trade and Industry**

<http://www.dti.gov.uk/bestpractice/people/flexible-working.htm>

**Business Link** [www.businesslink.org](http://www.businesslink.org)

**Working Families** - gives information on flexible working for parents.

<http://www.workingfamilies.org.uk/>

#### **The Home Business Alliance**

<http://www.homebusiness.org.uk>

#### **Health and Safety Executive Information Line**

0845 345 0055 <http://www.hse.gov.uk>

#### **Valuation Office Agency Helpline**

0845 602 1507

**The Work Foundation**

<http://www.employersforwork-lifebalance.org.uk/>

This article was written by Caroline Hobden, Welfare Manager for the IEE Benevolent Fund, which provides advice and support to IEE members. Please contact the Fund on 020 7344 5498 for more information or visit its website at [www.ieebenefit.org.uk](http://www.ieebenefit.org.uk).