

Dilapidations

[dih-lap-ih-DAY-shuhns] | noun (pl)

LAW, PROPERTY

Works required to a rented building, more often by the Tenant, due to alleged breaches of lease terms to maintain it, or to reinstate changes made during occupation.



THE SCHEDULE

Dilapidations is a term for the deterioration in the state or condition of a building falling below the standard agreed between the Landlord and Tenant in a lease.

This obligation can exist during a lease term, referred to as an 'interim dilapidations' claim, but most typically arises at the end of a lease and then issued as a 'terminal dilapidations' claim.

A terminal schedule of dilapidations identifies the items which fall below the standard agreed in the lease, 'the breaches'; and the work required to address them, 'the remedies'.

The items tend to cover not only repair works, but also typically include fully redecorating the property. There are also usually 'reinstatement' items requiring the Tenant to remove alterations it has made, as well as various testing (e.g. electrical tests) to comply with any legal or statutory obligations.

These items are then priced and totalled with any relevant additional sums added, such as contractor's overheads, access costs and professional fees associated with the claim itself.

THE PROCESS

Once the Landlord has issued a schedule, the Tenant is required to produce a response. Usually, a building surveyor will undertake this on their behalf. They will provide their position on each item including their opinion on the breach and remedy, and associated cost.

This 'response' provides the basis to start further negotiations, which ultimately aim to agree a settlement between the parties. Alternatively, if the Tenant has the time and resources to do the works before lease end, they can do so rather than offer a settlement sum.

THE OUTCOME

There are various legal considerations relating to dilapidations, which can affect the content of the claim and the outcome of the process and the input of professionals – both chartered building surveyors and qualified legal advisors – is crucial to the result achieved.