

BRIEF: To defend dilapidations claims and negotiate with the landlord.

PROPERTIES: Town centre shop.

INSTRUCTED BY: Outgoing tenant.

SCOTT SCHEDULE

- Our client came to us when they were served a terminal schedule of dilapidations for their rented retail premises.
- **The landlord's claim for the works amounted to over £75,000, with additional costs for professional fees bringing the total to over £100,000.**
- One of our dilapidations surveyors visited the property to assess the claims.
 - Our surveyors are all RICS qualified, and have detailed knowledge of the Dilapidations Protocol legislation, in addition to following the RICS Standard 'Dilapidations in England and Wales'.
- While there were some points of agreement, such as the need to redecorate, test and ensure light fittings are working and replacing damaged flooring and plasterboard, we disagreed with many of the estimated costs put forward.
- We found that the costings have been provided on a solely item-by-item basis, resulting in inflated costs. A large proportion of the works were reliant on unskilled labour, with only several key areas requiring a more specialist contractors.
 - Assuming the unskilled labour could all be done by one main contractor meant that the costs estimates could be substantially reduced.
- **We prepared a Scott Schedule, illustrating how the cost of repair works could be reduced by £55,000 compared with the landlord's estimates; a 73% reduction.**

DIMINUTION VALUATION

- The Landlord disputed the findings, and so our client instructed us to prepare a diminution valuation.
- We found that the property would be expected to achieve a rental value of £10,000 per annum.
- We prepared two valuations, in accordance with the requirements under Section 18(1) of the Landlord and Tenant Act 1927.
 - The first valuation was an assessment of diminution in value assuming the hypothetical purchaser would carry out the totality of the repairs and decorations.
 - The diminution in value in this case is £12,200
 - The second valuation was an assessment of diminution in value assuming the hypothetical purchaser would decide that an ingoing tenant would carry out the totality of the repairs and decorations.
 - The diminution in value in this case came to £877.50; around 1% of the Landlord's original claim.

Case Study Dilapidations Schedule and Diminution Valuation

