



Schedules of Condition

A Guide

What is a schedule of condition?

A **schedule of condition** is a report that is produced by a surveyor to define the state of repair of each element of a property at the start of a lease.

They are used to **negotiate** the terms of the lease before it is signed, and to **defend** against dilapidations claims when the lease term comes to an end.



Do I need a schedule of condition?



We have seen first-hand how a schedule of condition carried out at the start of a lease can save tenants £1000s come lease-end.



It will provide a complete, comprehensive snapshot of the property condition, including any defects present, at the start of the lease.



This can be used in evidence when a dilapidations is served by a landlord at the end of the lease.

In this way, the reports frequently prevent tenants from becoming liable at the end of the lease for repairs and rectifications that they are not responsible for.



A photographic schedule of condition will clearly show the condition of the property at the start of a lease term. This ensures that if a building element is leased in disrepair, there should be no requirement for the tenant to put the element in repair at the end of the lease term.



Who should get a schedule of condition?

We strongly recommend that a schedule of condition survey is carried out before entering into any commercial lease.

Schedule of condition reports are particularly important for tenants who will be required to return the property to its exact original state at the end of the lease term.

A typical full repairing (FRI) covenant requires the tenant to maintain the building fabric and finishes throughout the term. This could include the building structure, roof, external walls and load-bearing elements and/or the internal finishes, floor coverings, windows, doors and ceilings. In addition to the repairing covenant, the tenant will have further obligations relating to statutory compliance, decoration and alterations.

Without detailed evidence on the condition of the property at the start of the lease term, each covenant can apply a significant liability to the tenant.

Your solicitor will ordinarily recommend that a schedule is prepared as part of the initial lease agreement process.

Why is a schedule of condition important?



Commercial tenants normally have an obligation to keep the property they are renting in a good state of repair. Typically, this is a legal covenant associated with tenants taking on a full repairing and insuring (FRI) lease or an internal repairing and insuring (IRI) lease.



Importantly, the repairing obligations of either lease type can apply even if the repairs were already required when the lease was granted.



In the absence of a schedule of condition report, when lease end and dilapidations proceedings come around, it can be very difficult to ascertain the exact state of the building, and to prove what state the building was in when the tenant took the lease on.

What does a schedule of condition involve?

The surveyor will ensure that **every relevant aspect of the property is documented** through photographs and text.

A chartered commercial surveyor should have experience not only of schedules of condition, but also of dilapidations and full building surveys.

This means that they are experts in identifying defects, key indicators of property condition and any other aspects that are likely to be disputed by the end of a lease.



Schedule of condition reports

Schedule of condition reports are typically hundreds of pages long. They contain **hundreds or even thousands of photos**, along with explanatory text descriptions to complement the images and add detail.

Our reports **illustrate defects and items of disrepair evident externally and internally** to the structure, fabric and services of the property at the date of inspection.

The current condition and any defects are illustrated using photos accompanied by text describing the severity of the defects. Reports also include a description of the extent of the property and the land it's on, its construction, and its location.



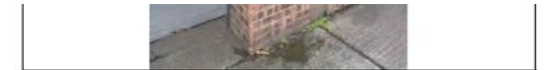
19.
Showing gutter. Guttering missing bracket, twisted and distorted.



20.
Showing PVC fascia. Heavily begrimed and stained.

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21.
View showing areas of impact damage to brick walling to right-hand side of roller-shutter door.



22.
View showing further impact damage to left-hand side of roller-shutter.

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24.



How a schedule of condition will save you money

Either during or at the end of the lease a landlord will serve a schedule of dilapidations. This schedule will list out the breaches that the landlord believes have been made, and will describe how the breaches can be remedied, along with costs for the remedial works (costs are provided in terminal schedules only).

We have acted for numerous clients – both large and small – who have felt very much aggrieved that they were being asked to repair or pay to remedy a defect which they recall having been an issue before they even signed the lease.

The preparation of a schedule of condition (and its annexation to the lease) provides protection from the scenario described above. When there is an item or element in disrepair at the start of the term, this is evidenced within the schedule. When a schedule of dilapidations is served upon the tenant, the schedule of condition can be referred back to, either during or at the end of the term, to ensure that the landlord is not requesting remedy of an item in disrepair that was clearly in disrepair at the start of the term.

It is our experience that the protection provided by a schedule of condition ensures that tenants are not made liable for potentially very costly items of disrepair at the end of the term.

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