

Dilapidations In The Public Sector – Are You Safeguarding Your Future?



As a public body, there is a requirement on local authorities to reduce costs and reorganise estates to improve efficiencies.

Understanding and limiting dilapidations liabilities is integral to this process and has never been so important given the introduction of the high performing property initiative and OGC benchmarking process. As of 1 April 2009, all office occupations over 500 sq m are required to participate in the property benchmarking service on an annual basis.

With the downturn in the market, landlords are increasingly focusing on maintaining rental income. Lease expiries therefore present a potential fall in income, as a result of which retaining tenants or maximising dilapidations settlements has become a high priority. Public sector occupiers are valuable assets to landlords and are therefore in a strong position to agree new favourable terms or they need to be well advised on dilapidations.

It is obvious that, when a correct exit strategy is implemented, it can achieve substantial savings, which apply to both standard Lease interests but also MOTO Agreements, which can be just as onerous.

GVA Grimley has extensive knowledge in the field of dilapidations, working for both tenants and landlords in the private and public sectors. We have developed services, tailored to the public sector to address the questions around dilapidations liabilities and are currently working for a number of authorities on implementation. We were reappointed to the Buying Solutions Estates Professional Services Framework 2008 and have a wealth of experience in advising the public sector on dilapidations issues and other wider property issues.

Dilapidations should now be at the forefront of any estate management strategy, particularly given the OGC benchmarking process and the increasingly onerous Audit Commission requirements to make appropriate provision for the future.

If a public body has sound advice when entering a new Lease interest, obtains commercial assessment advice to make appropriate provision for the future budget and implements a property strategy with effective solutions to



minimise Lease exit costs, this would meet all of the requirements of the OGC and would allow local authority estates to be run effectively and efficiently.

What Services Do We Offer?

As a leading provider in the field of dilapidations, we are well positioned to advise public sector clients of their future dilapidations liability at either acquisition or in advance of Lease expiry to enable appropriate provision to be made to satisfy the National Audit Office. We can then orchestrate successful exits to minimise the dilapidations liability and meet your exit requirements.

Our aim is to provide effective commercial solutions giving due regard to the client's situation and the property market. We utilise multi-disciplinary background gaining advice from our agency and valuation colleagues and also liaise with various other parties including solicitors and consultants. No matter what size of claim is being considered, we invest time to understand the Lease position, the property market and other factors around the Lease whether it be a break clause, surrender, determination or Lease end.

Our services and expertise include:

- The preparation of both Terminal and Interim Schedules of Dilapidations.
- Negotiation of dilapidations claims.
- Dilapidations assessments, providing an indication of the potential claim and defences that may be available.
- The development of dilapidations strategies.
- Advice upon service and future action in the event of repairs Notices, Section 146 Notices etc.
- The procurement and implementation of dilapidations works.
- Specialist advice in relation to break clauses and their implications.
- Expert witness and litigation support.

For further information,
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