



# Agricultural Holdings Act 1986

## 1986 CHAPTER 5

### PART V

#### COMPENSATION ON TERMINATION OF TENANCY

##### *Compensation to tenant for improvements and tenant-right matters*

#### **64 Tenant's right to compensation for improvements**

- (1) The tenant of an agricultural holding shall, subject to the provisions of this Act, be entitled on the termination of the tenancy, on quitting the holding, to obtain from his landlord compensation for an improvement specified in Schedule 7 or Part I of Schedule 8 to this Act carried out on the holding by the tenant, being an improvement begun on or after 1st March 1948.
- (2) In this Act "relevant improvement" means an improvement falling within subsection (1) above.
- (3) Subsection (1) above shall have effect as well where the tenant entered into occupation of the holding before 1st March 1948 as where he entered into occupation on or after that date.
- (4) The provisions of Part I of Schedule 9 to this Act shall have effect with respect to the rights of the tenant of an agricultural holding with respect to compensation for improvements specified in Part II of that Schedule carried out on the holding, being improvements begun before 1st March 1948.

#### **65 Tenant's right to compensation for tenant-right matters**

- (1) The tenant of an agricultural holding shall, subject to the provisions of this Act, be entitled on the termination of the tenancy, on quitting the holding, to obtain from his landlord compensation for any such matter as is specified in Part II of Schedule 8 to this Act.

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- (2) The tenant shall not be entitled to compensation under subsection (1) above for crops or produce grown, seeds sown, cultivations, fallows or acts of husbandry performed, or pasture laid down, in contravention of the terms of a written contract of tenancy unless—
- (a) the growing of the crops or produce, the sowing of the seeds, the performance of the cultivations, fallows or acts of husbandry, or the laying down of the pasture was reasonably necessary in consequence of the giving of a direction under the Agriculture Act 1947, or
  - (b) the tenant shows that the term of the contract contravened was inconsistent with the fulfilment of his responsibilities to farm the holding in accordance with the rules of good husbandry.
- (3) Subject to paragraphs 6 and 7 of Schedule 12 to this Act, subsection (1) above shall apply to a tenant on whatever date he entered into occupation of the holding.

## **66 Measure of compensation**

- (1) The amount of any compensation under this Act for a relevant improvement specified in Schedule 7 to this Act shall be an amount equal to the increase attributable to the improvement in the value of the agricultural holding as a holding, having regard to the character and situation of the holding and the average requirements of tenants reasonably skilled in husbandry.
- (2) The amount of any compensation under this Act for a relevant improvement specified in Part I of Schedule 8 to this Act, or for any matter falling within Part II of that Schedule, shall be the value of the improvement or matter to an incoming tenant calculated in accordance with such method, if any, as may be prescribed.
- (3) Where the landlord and the tenant of an agricultural holding have entered into an agreement in writing whereby any benefit is given or allowed to the tenant in consideration of his carrying out an improvement specified in Part I of Schedule 8 to this Act, the benefit shall be taken into account in assessing compensation under this Act for the improvement.
- (4) Nothing in this Act shall prevent the substitution, in the case of matters falling within Part II of Schedule 8 to this Act, for the measure of compensation specified in subsection (2) above, of such measure of compensation, to be calculated according to such method, if any, as may be specified in a written contract of tenancy.
- (5) Where a grant out of money provided by Parliament or local government funds has been or will be made to the tenant of an agricultural holding in respect of a relevant improvement, the grant shall be taken into account in assessing compensation under this Act for the improvement.

## **67 Compensation for long-term improvements: consent required**

- (1) The tenant of an agricultural holding shall not be entitled to compensation for a relevant improvement specified in Schedule 7 to this Act unless the landlord has given his consent in writing to the carrying out of the improvement.
- (2) Any such consent may be given by the landlord unconditionally or upon such terms as to compensation or otherwise as may be agreed upon in writing between the landlord

and the tenant; and the provisions of section 66(1) above shall have effect subject to the provisions of any such agreement as is made.

- (3) Where, in the case of an improvement specified in Part II of Schedule 7 to this Act, a tenant is aggrieved by the refusal of his landlord to give his consent under subsection (1) above, or is unwilling to agree to any terms subject to which the landlord is prepared to give his consent, the tenant may apply to the Tribunal for approval of the carrying out of the improvement, and the following provisions of this section shall have effect with respect to the application.
- (4) The Tribunal may approve the carrying out of the improvement, either unconditionally or upon such terms, whether as to reduction of the compensation which would be payable if the Tribunal approved unconditionally or as to other matters, as appear to them to be just, or may withhold their approval.
- (5) If the Tribunal grant their approval, the landlord may, within the prescribed period from receiving notification of the Tribunal's decision, serve notice in writing on the Tribunal and the tenant that the landlord proposes himself to carry out the improvement.
- (6) Where the Tribunal grant their approval, then if—
  - (a) no notice is duly served by the landlord under subsection (5) above, or
  - (b) such a notice is duly served, but on an application made by the tenant the Tribunal determines that the landlord has failed to carry out the improvement within a reasonable time,the approval of the Tribunal shall have effect for the purposes of subsection (1) above as if it were the consent of the landlord, and any terms subject to which the approval was given shall have effect as if they were contained in an agreement in writing between the landlord and the tenant.
- (7) In subsection (5) above, " the prescribed period " means the period prescribed by the Lord Chancellor by order.

## **68 Improvements: special cases**

- (1) The tenant of an agricultural holding shall not be entitled to compensation for a relevant improvement specified in paragraph 1 of Schedule 8 to this Act unless, not later than one month before the improvement was begun, he gave notice in writing to the landlord of his intention to carry out the improvement.
- (2) Where, on an application of the sub-tenant of an agricultural holding, the Tribunal have directed the immediate landlord of the sub-tenant to carry out work under section 11 above being work which constitutes an improvement specified in Schedule 7 to this Act—
  - (a) section 67 above shall not apply as respects a claim by the immediate landlord against his superior landlord for compensation in respect of that work, and
  - (b) if, on the failure of the immediate landlord to comply with the direction of the Tribunal, the sub-tenant has himself carried out the work, sections 64 and 66 above shall have effect for the purposes of a claim for compensation by the immediate landlord against his superior landlord as if the work had been carried out by the immediate landlord and as if any grant made to the sub-tenant in respect of the work out of money provided by Parliament had been made to the immediate landlord.

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- (3) Where the tenant of an agricultural holding has carried out on the holding an improvement specified in Schedule 7 to this Act in accordance with provision for the making of the improvement and for the tenant's being responsible for doing the work in a hill farming land improvement scheme approved under section 1 of the Hill Farming Act 1946, being provision included in the scheme at the instance or with the consent of the landlord—
- (a) the landlord shall be deemed to have consented as mentioned in subsection (1) of section 67 above,
  - (b) any agreement as to compensation or otherwise made between the landlord and the tenant in relation to the improvement shall have effect as if it had been such an agreement on terms as is mentioned in subsection (2) of that section, and
  - (c) the provisions of subsections (5) and (6) of that section as to the carrying out of improvements by the landlord shall not apply.
- (4) In assessing the amount of any compensation payable under custom or agreement to the tenant of an agricultural holding, if it is shown to the satisfaction of the person assessing the compensation that the cultivations in respect of which the compensation is claimed were wholly or in part the result of or incidental to work in respect of the cost of which an improvement grant has been paid under section 1 of the Hill Farming Act 1946, the amount of the grant shall be taken into account as if it had been a benefit allowed to the tenant in consideration of his executing the cultivations and the compensation shall be reduced to such extent as that person considers appropriate.
- (5) Where the tenant of an agricultural holding claims compensation in respect of works carried out in compliance with an improvement notice served, or an undertaking accepted, under Part VII of the Housing Act 1985 or Part VIII of the Housing Act 1974—
- (a) section 67 above shall not apply as respects the works, and
  - (b) if a person other than the tenant has contributed to the cost of carrying out the works, compensation in respect of the works as assessed under section 66 above shall be reduced proportionately.

## **69 Improvements: successive tenancies**

- (1) Where the tenant of an agricultural holding has remained in the holding during two or more tenancies, he shall not be deprived of his right to compensation under this Act in respect of relevant improvements by reason only that the improvements were made during a tenancy other than the one at the termination of which he quits the holding.
- (2) Where, on entering into occupation of an agricultural holding, the tenant—
- (a) with the consent in writing of his landlord paid to an outgoing tenant any compensation payable by the landlord under or in pursuance of this Act (or the Agricultural Holdings Act 1948 or Part III of the Agriculture Act 1947) in respect of the whole or part of a relevant improvement, or
  - (b) has paid to the landlord the amount of any such compensation payable to an outgoing tenant,

the tenant shall be entitled, on quitting the holding, to claim compensation in respect of the improvement or part in the same manner, if at all, as the outgoing tenant would have been entitled if the outgoing tenant had remained tenant of the holding and quitted it at the time at which the tenant quits it.

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- (3) Where, in a case not falling within subsection (2) above, the tenant, on entering into occupation of an agricultural holding, paid to his landlord any amount in respect of the whole or part of a relevant improvement, he shall, subject to any agreement in writing between the landlord and the tenant, be entitled on quitting the holding to claim compensation in respect of the improvement or part in the same manner, if at all, as he would have been entitled if he had been tenant of the holding at the time when the improvement was carried out and the improvement or part had been carried out by him.