



Agricultural Holdings (Scotland) Act 1991

1991 CHAPTER 55

PART V

OTHER PROVISIONS REGARDING COMPENSATION

Miscellaneous

43 Compensation for disturbance.

- (1) Where the tenancy of an agricultural holding terminates by reason of—
 - (a) a notice to quit given by the landlord; or
 - (b) a counter-notice given by the tenant under section 30 of this Act,and in consequence the tenant quits the holding, subject to subsections (2) to (8) below, compensation for the disturbance shall be payable by the landlord to the tenant.
- (2) Compensation shall not be payable under this section where the application of section 22(1) of this Act to the notice to quit is excluded by any of paragraphs (a) or (c) to (f) of subsection (2) of that section.
- (3) Subject to subsection (4) below, the amount of the compensation payable under this section shall be the amount of the loss or expense directly attributable to the quitting of the holding which is unavoidably incurred by the tenant upon or in connection with the sale or removal of his household goods, implements of husbandry, fixtures, farm produce or farm stock on or used in connection with the holding, and shall include any expenses reasonably incurred by him in the preparation of his claim for compensation (not being expenses [^{F1}arising from the determination of] any question arising under this section).
- (4) Where compensation is payable under this section—
 - (a) the compensation shall be an amount equal to one year's rent of the holding at the rate at which rent was payable immediately before the termination of the tenancy without proof by the tenant of any such loss or expense as aforesaid;
 - (b) the tenant shall not be entitled to claim any greater amount than one year's rent of the holding unless he has given to the landlord not less than one month's

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notice of the sale of any such goods, implements, fixtures, produce or stock as aforesaid and has afforded him a reasonable opportunity of making a valuation thereof;

^{F2}(c)

- (5) In subsection (4) above “rent” means the rent after deduction of such an amount as, failing agreement, the [^{F3}Land Court determines as] the amount payable by the landlord in respect of the holding for the year in which the tenancy was terminated by way of any public rates, taxes or assessments or other public burdens, the charging of which on the landlord would entitle him to relief in respect of tax under Part II of the ^{M1}Income and Corporation Taxes Act 1988.
- (6) Where the tenant of an agricultural holding has lawfully sub-let the whole or part of the holding, and in consequence of a notice to quit given by his landlord becomes liable to pay compensation under this section to the sub-tenant, the tenant shall not be debarred from recovering compensation under this section by reason only that, owing to not being in occupation of the holding or part of the holding, on the termination of his tenancy he does not quit the holding or that part.
- (7) Where the tenancy of an agricultural holding terminates by virtue of a counter-notice given by the tenant under section 30 of this Act and—
- (a) the part of the holding affected by the notice to quit given by the landlord, together with any part of the holding affected by any previous notice to quit given by the landlord which is rendered valid by section 29 of this Act, is either less than a quarter of the area of the original holding or of a rental value less than one quarter of the rental value of the original holding, and
 - (b) the holding as proposed to be diminished is reasonably capable of being farmed as a separate holding,
- compensation shall not be payable under this section except in respect of the part of the holding to which the notice to quit relates.
- (8) Compensation under this section shall be in addition to any compensation to which the tenant may be entitled apart from this section.

Textual Amendments

- F1** Words in s. 43(3) substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 28\(a\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)
- F2** S. 43(4)(c) repealed (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), [ss. 50\(1\)](#), 95(3), 95(4) (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)
- F3** Words in s. 43(5) substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 28\(b\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)

Modifications etc. (not altering text)

- C1** S. 43(3)-(6) applied (with modifications) (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), [ss. 52\(2\)](#), 95(3), 95(4) (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)

Marginal Citations

- M1** 1988 c. 1.

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44 Compensation for continuous adoption of special standard of farming.

- (1) Where the tenant of an agricultural holding proves that the value of the holding to an incoming tenant has been increased during the tenancy by the continuous adoption of a standard of farming or a system of farming which has been more beneficial to the holding than—
 - (a) the standard or system required by the lease, or
 - (b) in so far as no system of farming is so required, the system of farming normally practised on comparable holdings in the district,the tenant shall be entitled, on quitting the holding, to obtain from the landlord such compensation as represents the value to an incoming tenant of the adoption of that more beneficial standard or system.
- (2) Compensation shall not be recoverable under subsection (1) above unless—
 - (a) the tenant has, not later than one month before the termination of the tenancy, given to the landlord notice in writing of his intention to claim such compensation; and
 - (b) a record of the condition of the fixed equipment on, and the cultivation of, the holding has been made under section 8 of this Act;and shall not be so recoverable in respect of any matter arising before the date of the record so made or, where more than one such record has been made during the tenancy, before the date of the first such record.
- (3) In assessing the compensation to be paid under subsection (1) above, due allowance shall be made for any compensation agreed or awarded to be paid to the tenant under Part IV of this Act for any improvement which has caused or contributed to the benefit.
- (4) Nothing in this section shall entitle a tenant to recover, in respect of any improvement, any compensation which he would not be entitled to recover apart from this section.

Modifications etc. (not altering text)

C2 S. 44 applied (with modifications) (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), **ss. 53(1), 95(3), 95(4)** (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)

45 Compensation to landlord for deterioration etc. of holding.

- (1) The landlord of an agricultural holding shall be entitled to recover from the tenant, on his quitting the holding on termination of the tenancy, compensation—
 - (a) where the landlord shows that the value of the holding has been reduced by dilapidation, deterioration or damage caused by;
 - (b) where dilapidation, deterioration or damage has been caused to any part of the holding or to anything in or on the holding by;non-fulfilment by the tenant of his responsibilities to farm in accordance with the rules of good husbandry.
- (2) The amount of compensation payable under subsection (1) above shall be—
 - (a) where paragraph (a) of that subsection applies, (insofar as the landlord is not compensated for the dilapidation, deterioration or damage under paragraph (b) thereof) an amount equal to the reduction in the value of the holding;

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- (b) when paragraph (b) of that subsection applies, the cost, as at the date of the tenant's quitting the holding, of making good the dilapidation, deterioration or damage.
- (3) Notwithstanding anything in this Act, the landlord may, in lieu of claiming compensation under subsection (1)(b) above, claim compensation in respect of matters specified therein, under and in accordance with a lease in writing, so however that—
- (a) compensation shall be so claimed only on the tenant's quitting the holding on the termination of the tenancy;
 - (b) subject to section 46(4) of this Act compensation shall not be claimed in respect of any one holding both under such a lease and under subsection (1) above;
- and compensation under this subsection shall be treated, for the purposes of subsection (2)(a) above and of section 46 (2) of this Act as compensation under subsection (1)(b) above.

[^{F4}45A Compensation arising as a result of diversification and cropping of trees

- (1) Subject to subsection (2) below, the landlord of an agricultural holding shall be entitled to recover from the tenant, on his quitting the holding on termination of the tenancy, compensation where the landlord shows that the value of the holding has been reduced during the tenancy by the use, on or after the coming into force of this section, of the holding for a purpose which is not an agricultural purpose; and the amount of compensation payable shall be an amount equal to the reduction in the value of the holding.
- (2) Where there are trees on the holding which were planted—
- (a) by the tenant on or after the coming into force of this section; and
 - (b) for future cropping,
- the landlord or tenant shall be entitled to recover from the other, on the tenant quitting the holding on the termination of the tenancy, compensation calculated in accordance with subsections (3) and (4) below.
- (3) For the purposes of subsection (2) above, at the termination of the tenancy—
- (a) the trees shall be valued on the basis of their worth to a willing purchaser for future cropping; and
 - (b) there shall be evaluated any loss of rent to the landlord which would be incurred by his retaining the trees until the likely date of cropping added to the cost to him of returning the land to agricultural use after cropping.
- (4) If the value reached under paragraph (a) of subsection (3) above is—
- (a) greater than that reached under paragraph (b) of that subsection, the tenant shall be entitled to the difference between the values as compensation;
 - (b) less than that reached under paragraph (b) of that subsection, the landlord shall be entitled to the difference between the values as compensation.
- (5) Where the value of an agricultural holding has been increased during the tenancy by such use of the land or part of the land, or such change to the land, for a purpose that is not an agricultural purpose—
- (a) as occurred on or after the coming into force of this section; and
 - (b) as had been permitted under section 40 or 41 of the Agricultural Holdings (Scotland) Act 2003 (asp 11),

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the tenant shall, subject to subsections (6) and (7) below, be entitled, on quitting the holding on termination of the tenancy, to recover from the landlord such compensation as fairly represents the value of the use, change or carrying out of the activities to an incoming tenant.

- (6) In ascertaining the amount of compensation payable under subsection (5) above—
- (a) there shall be taken into account any benefit which the landlord has agreed in writing to give the tenant in consideration of the matters referred to in that subsection; and
 - (b) where a grant has been or will be made to the tenant in respect of those matters, subject to the conditions of the grant—
 - (i) if either the landlord or tenant has not made or will not make a contribution towards the cost of the improvement, or neither of them has made or will make such a contribution, the grant shall not be taken into account;
 - (ii) in any other case, there shall be taken into account such proportion of the grant as equals the proportion of the contribution by the tenant towards the cost of the improvement as a proportion of the total of his contribution added to that of the landlord.
- (7) No compensation is payable under subsection (5) above if, owing to—
- (a) any of the matters referred to in that subsection, the land is unsuitable for use for agriculture by an incoming tenant; or
 - (b) any use of fixed equipment in connection with any of those matters, the landlord would, at the commencement of an incoming tenant's tenancy, be unable to fulfil his obligations under the lease as to fixed equipment,
- in so far as those matters or, as the case may be, that use is attributable to those facts.
- (8) Where the tenant has remained in occupation of the holding during two or more tenancies, he shall not be deprived of his right to compensation under this section by reason only that the use of the land or change to the land did not occur during the tenancy on the termination of which he quits the holding.]

Textual Amendments

F4 S. 45A inserted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), **ss. 51(1)**, 95(3), 95(4) (with s. 95(2)); [S.S.I. 2003/548](#), art. 2(d) (with Sch.)

Modifications etc. (not altering text)

C3 S. 45A applied (with modifications) (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), **ss. 53(2)**, 95(3), (4) (with s. 95(2)); [S.S.I. 2003/548](#), art. 2(d) (with Sch.)

46 Compensation for failure to repair or maintain fixed equipment.

- (1) This section applies where, by virtue of section 4 of this Act, the liability for the maintenance or repair of an item of fixed equipment is transferred from the tenant to the landlord.
- (2) Where this section applies, the landlord may within the period of one month beginning with the date on which the transfer takes effect require that there shall be determined by [^{F5}the Land Court], and paid by the tenant, the amount of any compensation which would have been payable under section 45(1)(b) of this Act in respect of any previous

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failure by the tenant to discharge the said liability, if the tenant had quitted the holding on the termination of his tenancy at the date on which the transfer takes effect.

- (3) Where this section applies, any claim by the tenant in respect of any previous failure by the landlord to discharge the said liability shall, if the tenant within the period of one month referred to in subsection (2) above so requires, be determined by [^{F6}the Land Court], and any amount directed by the [^{F7}determination] to be paid by the landlord shall be paid by him to the tenant.
- (4) For the purposes of section 45(3)(b) of this Act any compensation under this section shall be disregarded.

Textual Amendments

- F5** Word in s. 46(2) substituted (27.11.2003) by *Agricultural Holdings (Scotland) Act 2003 (asp 11)*, s. 95(3)(4), **Sch. para. 29(a)** (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)
- F6** Words in s. 46(3) substituted (27.11.2003) by *Agricultural Holdings (Scotland) Act 2003 (asp 11)*, s. 95(3)(4), **Sch. para. 29(b)(i)** (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)
- F7** Word in s. 46(3) substituted (27.11.2003) by *Agricultural Holdings (Scotland) Act 2003 (asp 11)*, s. 95(3)(4), **Sch. para. 29(b)(ii)** (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)

47 Provisions supplementary to ss. 45 and 46.

- (1) Compensation shall not be recoverable [^{F8}by the landlord under section 45 or 45A] of this Act, unless the landlord has, not later than 3 months before the termination of the tenancy, given notice in writing to the tenant of his intention to claim compensation thereunder.
- (2) Subsection (3) below shall apply to compensation—
- (a) under section 45 of this Act, where the lease was entered into after 31st July 1931; or
 - (b) where the lease was entered into on or after 1st November 1948.
- (3) When this subsection applies, no compensation shall be recoverable—
- (a) unless during the occupancy of the tenant a record of the condition of the fixed equipment on, and cultivation of, the holding has been made under section 8 of this Act;
 - (b) in respect of any matter arising before the date of the record referred to in paragraph (a) above; or
 - (c) where more than one such record has been made during the tenant's occupancy, in respect of any matter arising before the date of the first such record.
- (4) If the landlord and the tenant so agree in writing a record of the condition of the holding shall, notwithstanding that it was made during the occupancy of a previous tenant, be deemed, for the purposes of subsection (3) above, to have been made during the occupancy of the tenant and on such date as may be specified in the agreement and shall have effect subject to such modifications (if any) as may be so specified.
- (5) Where the tenant has remained in his holding during 2 or more tenancies, his landlord shall not be deprived of his right to compensation under section 45 of this Act in respect of any dilapidation, deterioration or damage by reason only that the tenancy during

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which the relevant act or omission occurred was a tenancy other than the tenancy at the termination of which the tenant quit the holding.

Textual Amendments

F8 Words in s. 47(1) substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), **ss. 51(2), 95(3), 95(4)** (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)

48 Landlord not to have right to penal rent or liquidated damages.

Notwithstanding any provision to the contrary in a lease of an agricultural holding, the landlord shall not be entitled to recover any sum, by way of higher rent, liquidated damages or otherwise, in consequence of any breach or non-fulfilment of a term or condition of the lease, which is in excess of the damage actually suffered by him in consequence of the breach or non-fulfilment.

49 Compensation provisions to apply to parts of holdings in certain cases.

(1) Where—

- (a) the tenancy of part of an agricultural holding terminates by reason of a notice to quit which is rendered valid by section 29 of this Act; or
- (b) the landlord of an agricultural holding resumes possession of part of the holding in pursuance of a provision in that behalf contained in the lease;

the provisions of this Act with respect to compensation shall apply as if that part of the holding were a separate holding which the tenant had quitted in consequence of a notice to quit.

- (2) In a case falling within subsection (1)(b) above, the [^{F9}Land Court, in determining] the amount of compensation payable to the tenant, shall take into account any benefit or relief allowed to the tenant under the lease in respect of the land possession of which is resumed by the landlord.
- (3) Where any land comprised in a lease is not an agricultural holding within the meaning of this Act by reason only that the land so comprised includes land to which subsection (4) below applies, the provisions of this Act with respect to compensation for improvements and for disturbance shall, unless it is otherwise agreed in writing, apply to the part of the land exclusive of the land to which subsection (4) below applies as if that part were a separate agricultural holding.
- (4) This subsection applies to land which, owing to the nature of the building thereon or the use to which it is put, would not, if it had been separately let, be an agricultural holding.

Textual Amendments

F9 Words in s. 49(2) substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), **Sch. para. 30** (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)

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50 Determination of claims for compensation where holding is divided.

Where the interest of the landlord in an agricultural holding has become vested in several parts in more than one person and the rent payable by the tenant of the holding has not been apportioned with his consent or under any statute, the tenant shall be entitled to require that any compensation payable to him under this Act shall be determined as if the holding had not been divided; and the [^{F10}Land Court] shall, where necessary, apportion the amount awarded between the persons who for the purposes of this Act together constitute the landlord of the holding, and any additional expenses of the [^{F11}determination] caused by the apportionment shall be directed by the [^{F10}Land Court] to be paid by those persons in such proportions as [^{F12}it] shall determine.

Textual Amendments

- F10** Word in s. 50 substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 31\(a\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)
- F11** Word in s. 50 substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 31\(b\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)
- F12** Word in s. 50 substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 31\(c\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)

51 Compensation not to be payable for things done in compliance with this Act.

- (1) Notwithstanding anything in the foregoing provisions of this Act or any custom or agreement—
- (a) no compensation shall be payable to the tenant of an agricultural holding in respect of anything done in pursuance of a direction under section 9(2) of this Act;
 - (b) in assessing compensation to an outgoing tenant of an agricultural holding where land has been ploughed up in pursuance of a direction under section 9(2) of this Act, the value per hectare of any tenant's pasture comprised in the holding shall be taken not to exceed the average value per hectare of the whole of the tenant's pasture comprised in the holding on the termination of the tenancy.
- (2) In subsection (1)(b) above “tenant's pasture” means pasture laid down at the expense of the tenant or paid for by the tenant on entering the holding.
- (3) The tenant of an agricultural holding shall not be entitled to compensation for an improvement specified in Part III of any of Schedules 3 to 5 to this Act, being an improvement carried out for the purposes of—
- (a) the proviso to section 35(1) of the ^{M2}Agricultural Holdings (Scotland) Act 1923;
 - (b) the proviso to section 12(1) of the 1949 Act; or
 - (c) section 9 of this Act.

Marginal Citations

- M2** 1923 c. 10.

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52 Compensation for damage by game.

- (1) Subject to subsection (2) below, where the tenant of an agricultural holding has sustained damage to his crops from game, the right to kill and take which is vested neither in him nor in anyone claiming under him other than the landlord, and which the tenant has not permission in writing to kill, he shall be entitled to compensation from his landlord for the damage if it exceeds in amount the sum of 12 pence per hectare of the area over which it extends.
- (2) Compensation shall not be recoverable under subsection (1) above, unless—
 - (a) notice in writing is given to the landlord as soon as is practicable after the damage was first observed by the tenant, and a reasonable opportunity is given to the landlord to inspect the damage—
 - (i) in the case of damage to a growing crop, before the crop is begun to be reaped, raised or consumed;
 - (ii) in the case of damage to a crop reaped or raised, before the crop is begun to be removed from the land; and
 - (b) notice in writing of the claim, together with the particulars thereof, is given to the landlord within ^{F13}6 months of the giving of notice under paragraph (a) above].
- (3) The amount of compensation payable under subsection (1) above shall, in default of agreement made after the damage has been suffered, be determined by ^{F14}the Land Court].
- (4) Where the right to kill and take the game is vested in some person other than the landlord, the landlord shall be entitled to be indemnified by that other person against all claims for compensation under this section; and any question arising under this subsection shall be determined by ^{F14}the Land Court].
- (5) In this section “game” means deer, pheasants, partridges, grouse and black game.

Textual Amendments

F13 Words in s. 52(2)(b) substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), [ss. 50\(2\), 95\(3\), 95\(4\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)

F14 Word in s. 52 substituted (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), s. 95(3)(4), [Sch. para. 32](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(i) (with Sch.)

Modifications etc. (not altering text)

C4 S. 52 applied (with modifications) (5.1.1994) by [1993 c. 44, ss. 5, 64\(2\)](#), [Sch. 2 para.11](#) (with s. 64(3), [Sch. 6 para. 4](#)).

C5 S. 52 applied (27.11.2003) by [Agricultural Holdings \(Scotland\) Act 2003 \(asp 11\)](#), [ss. 53\(3\), 95\(3\), 95\(4\)](#) (with s. 95(2)); S.S.I. 2003/548, art. 2(d) (with Sch.)

53 Extent to which compensation recoverable under agreements.

- (1) Unless this Act makes express provision to the contrary, where provision is made in this Act for compensation to be paid to a landlord or tenant—
 - (a) he shall be so entitled notwithstanding any agreement, and
 - (b) he shall not be entitled to compensation except under that provision.

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- (2) Where the landlord and the tenant of an agricultural holding enter into an agreement in writing for such a variation of the terms of the lease as could be made by direction under section 9 of this Act, the agreement may provide for the exclusion of compensation in the same manner as under section 51(1) of this Act.
- (3) A claim for compensation by a landlord or tenant of an agricultural holding in a case for which this Act does not provide for compensation shall not be enforceable except under an agreement in writing.

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