

RENTING HOMES (WALES) ACT 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 7 - Provisions Applying Only to Fixed Term Standard Contracts

Chapter 3 - Variation of Contracts

Section 134 and 135 – Variation and Limitation on variation

331. The purpose of these sections is to ensure that the parties to a fixed term standard contract cannot, at any time during the life of the contract, vary the contract so as to subvert the provisions of this Act that deal with the incorporation and modification of fundamental provisions (see section 20 and 21). The paragraphs that follow summarise the effect of the sections in greater detail but, generally, no variation will be permitted during the life of the contract that would result in the contract including terms that would not have been permitted under section 20 or 21 had they been included at the outset, or not including terms that would have been required to be included at the outset under section 20 or 21.
332. Where a term of a fixed term standard contract incorporates section 134 without modification, it will provide that the contract may only be varied by agreement between the landlord and the contract-holder or as a consequence of legislation made by the National Assembly for Wales or Parliament. Again, the approach is similar to that for secure contracts and periodic standard contracts (see sections 103 and 122). Any variations must be made in accordance with the term of the contract that incorporates section 135. Section 134 is a fundamental provision, and section 134(1)(b) and (2) are fundamental provisions which must be incorporated without modification.

Section 135 - Limitation on variation

333. A fundamental term of a contract that incorporates this section will limit how terms of fixed term standard contracts can be varied (in the same way as terms that incorporate section 108 and 127 limit how secure and periodic standard contracts can be varied).
334. Fundamental terms incorporating subsections (1) and (2) will prohibit certain fundamental terms from being varied under any circumstances (unless they are varied as a result of legislation).
335. A fundamental term of a contract that incorporates subsection (3) will provide that a variation of any other fundamental term will have no effect unless, as a result of the variation, the fundamental provision which the term incorporated would still be incorporated without modification or, in the contract-holder's opinion, the non-incorporation or incorporation with modification improves his or her position. This means that, if a term of the contract does not incorporate one of the fundamental provisions listed in subsection (2), it can be modified or left out under certain circumstances. But unless the contract-holder is of the opinion that the modification (or removal) improves his or her position, only very limited changes are likely to be permissible.

*These notes refer to the Renting Homes (Wales) Act 2016
(c.1) which received Royal Assent on 18 January 2016*

336. Similarly, a variation will be of no effect if it would mean that the fundamental term would be incompatible with any of the fundamental terms that cannot be varied (that is, ones that incorporate the fundamental provisions listed in subsection (2)).
337. Fundamental terms of a contract that incorporate subsections (4) and (5) will limit the way terms can be varied so that they cannot conflict with any fundamental terms (unless the variation results from legislation).
338. To ensure that the restriction on varying terms cannot be altered, this section is itself a fundamental provision which must be incorporated into occupation contracts without modification.

Section 136 – Written statement of variation

339. Where this section is incorporated without modification, if a variation has been made in accordance with the contract, or as a result of legislation, the landlord must either provide a written statement of the terms varied or provide a written statement of the whole occupation contract with the varied terms included. This must be provided within 14 days of the date on which the contract was varied, and the landlord cannot charge a fee for providing it.

Section 137 – Failure to provide written statement etc.

340. A landlord who fails to provide a written statement in accordance with a term of the contract that incorporates section 136 is liable to pay the contract-holder compensation under section 87. This section also provides that interest accrues on the compensation if the landlord fails to provide the statement.