



Agricultural Tenancies Act 1995

1995 CHAPTER 8

PART III

COMPENSATION ON TERMINATION OF FARM BUSINESS TENANCY

Amount of compensation

20 Amount of compensation for tenant's improvement not consisting of planning permission

- (1) The amount of compensation payable to the tenant under section 16 of this Act in respect of any tenant's improvement shall be an amount equal to the increase attributable to the improvement in the value of the holding at the termination of the tenancy as land comprised in a tenancy.
- (2) Where the landlord and the tenant have entered into an agreement in writing whereby any benefit is given or allowed to the tenant in consideration of the provision of a tenant's improvement, the amount of compensation otherwise payable in respect of that improvement shall be reduced by the proportion which the value of the benefit bears to the amount of the total cost of providing the improvement.
- (3) Where a grant has been or will be made to the tenant out of public money in respect of a tenant's improvement, the amount of compensation otherwise payable in respect of that improvement shall be reduced by the proportion which the amount of the grant bears to the amount of the total cost of providing the improvement.
- (4) Where a physical improvement which has been completed or a change of use which has been effected is authorised by any planning permission granted on an application made by the tenant, section 18 of this Act does not prevent any value attributable to the fact that the physical improvement or change of use is so authorised from being taken into account under this section in determining the amount of compensation payable in respect of the physical improvement or in respect of any intangible advantage obtained as a result of the change of use.

- (5) This section does not apply where the tenant's improvement consists of planning permission.

21 Amount of compensation for planning permission

- (1) The amount of compensation payable to the tenant under section 16 of this Act in respect of a tenant's improvement which consists of planning permission shall be an amount equal to the increase attributable to the fact that the relevant development is authorised by the planning permission in the value of the holding at the termination of the tenancy as land comprised in a tenancy.
- (2) In subsection (1) above, "the relevant development" means the physical improvement or change of use specified in the landlord's consent under section 18 of this Act in accordance with subsection (1)(b) of that section.
- (3) Where the landlord and the tenant have entered into an agreement in writing whereby any benefit is given or allowed to the tenant in consideration of the obtaining of planning permission by the tenant, the amount of compensation otherwise payable in respect of that permission shall be reduced by the proportion which the value of the benefit bears to the amount of the total cost of obtaining the permission.

22 Settlement of claims for compensation

- (1) Any claim by the tenant under a farm business tenancy for compensation under section 16 of this Act shall, subject to the provisions of this section, be determined by arbitration under this section.
- (2) No such claim for compensation shall be enforceable unless before the end of the period of two months beginning with the date of the termination of the tenancy the tenant has given notice in writing to his landlord of his intention to make the claim and of the nature of the claim.
- (3) Where—
- (a) the landlord and the tenant have not settled the claim by agreement in writing, and
 - (b) no arbitrator has been appointed under an agreement made since the notice under subsection (2) above was given,
- either party may, after the end of the period of four months beginning with the date of the termination of the tenancy, apply to the President of the RICS for the appointment of an arbitrator by him.
- (4) Where—
- (a) an application under subsection (3) above relates wholly or partly to compensation in respect of a routine improvement (within the meaning of section 19 of this Act) which the tenant has provided or has begun to provide, and
 - (b) that application is made at the same time as an application under section 19(4) of this Act relating to the provision of that improvement,
- the President of the RICS shall appoint the same arbitrator on both applications and, if both applications are made by the same person, only one fee shall be payable by virtue of section 30(2) of this Act in respect of them.

Status: This is the original version (as it was originally enacted).

- (5) Where a tenant lawfully remains in occupation of part of the holding after the termination of a farm business tenancy, references in subsections (2) and (3) above to the termination of the tenancy shall, in the case of a claim relating to that part of the holding, be construed as references to the termination of the occupation.