

Agricultural Tenancies (E&W) - Factsheet

There are two main types of agricultural tenancies:

- Those subject to the Agricultural Holdings Act 1986;
- Those subject to the Agricultural Tenancies Act 1995.

Agricultural Holdings Act 1986

Most tenancy agreements made prior to 1st September 1995 are subject to this Act. These are commonly known as “1986 Act tenancies” or “full agricultural tenancies”.

Landlords and tenants can demand a rent review every three years.

Tenancies created before 12th July 1984, carry succession rights on the death or retirement of the tenant subject to certain criteria. Two tenancies by succession can be granted. This means that the grandchildren of the original tenant will be able to continue the farm business.

Tenants are entitled to receive compensation, at the end of the tenancy, for any improvements that they have made, any “tenant right” and for the use of any special system of farming which benefited the farm.

Improvements may include the erection or alteration of buildings, the planting of orchards and the repair of fixed equipment.

“Tenant right” may include the value of any crops that are growing when the tenancy ends, the cost of husbandry and compensation for disturbance where a landlord terminates a tenancy.

A special system of farming may include farming organically.

The amount of compensation is related to the value by which the farm increased as a result of the improvements.

Landlords can claim compensation against their tenants for any disrepair.

Disputes relating to the 1986 Act tenancies are generally dealt with by the First-tier Tribunal (Property Chamber).

See also the separate document [“New Agricultural Model Clauses”](#) applicable to England only.

Agricultural Tenancies Act 1995

Most tenancy agreements made after 1st September 1995 are subject to this Act. These are commonly known as “Farm Business Tenancies”.

The requirements of a Farm Business Tenancy (FBT) are as follows:

- at least part of the land must be farmed throughout the duration of the tenancy; and
- the landlord and tenant must have exchanged notices before the tenancy began confirming their intention for the tenancy to remain an FBT throughout the duration of the tenancy; or
- the tenancy must be primarily agricultural.

Under an FBT the landlord and tenant have the right to negotiate terms on rent levels and reviews as long as these terms do not preclude a reduction in rent. Where no such terms are agreed the landlord or tenant can demand a rent review every three years.

Tenants who have an FBT are entitled to receive compensation at the end of the tenancy

- for any physical improvements they have made to the farm as long as such improvements were made with the landlord's consent;
- for any other improvements which increase the value of the farm, as long as such improvements remain with the farm when the tenant leaves it.

Landlords and tenants are free to agree an upper limit on the amount of any compensation payable. Any upper limits agreed must be in writing.

Landlords and tenants are free to agree whatever maximum notice period they wish in relation to notices to quit. The minimum notice period is 12 months.

Disputes relating to Farm Business Tenancies are generally dealt with by way of arbitration.