



# Agricultural Tenancies Act 1995

## 1995 CHAPTER 8

### PART III

#### COMPENSATION ON TERMINATION OF FARM BUSINESS TENANCY

##### *Supplementary provisions with respect to compensation*

#### **23 Successive tenancies.**

- (1) Where the tenant under a farm business tenancy has remained in the holding during two or more such tenancies, he shall not be deprived of his right to compensation under section 16 of this Act by reason only that any tenant's improvement was provided during a tenancy other than the one at the termination of which he quits the holding.
- (2) The landlord and tenant under a farm business tenancy may agree that the tenant is to be entitled to compensation under section 16 of this Act on the termination of the tenancy even though at that termination the tenant remains in the holding under a new tenancy.
- (3) Where the landlord and the tenant have agreed as mentioned in subsection (2) above in relation to any tenancy ("the earlier tenancy"), the tenant shall not be entitled to compensation at the end of any subsequent tenancy in respect of any tenant's improvement provided during the earlier tenancy in relation to the land comprised in the earlier tenancy.

#### **24 Resumption of possession of part of holding.**

- (1) Where—
  - (a) the landlord under a farm business tenancy resumes possession of part of the holding in pursuance of any provision of the tenancy, or
  - (b) a person entitled to a severed part of the reversionary estate in a holding held under a farm business tenancy resumes possession of part of the holding by virtue of a notice to quit that part given to the tenant by virtue of section 140 of the <sup>M1</sup>Law of Property Act 1925,

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the provisions of this Part of this Act shall, subject to subsections (2) and (3) below, apply to that part of the holding (in this section referred to as “the relevant part”) as if it were a separate holding which the tenant had quitted in consequence of a notice to quit and, in a case falling within paragraph (b) above, as if the person resuming possession were the landlord of that separate holding.

- (2) The amount of compensation payable to the tenant under section 16 of this Act in respect of any tenant’s improvement provided for the relevant part by the tenant and not consisting of planning permission shall, subject to section 20(2) to [F1(4A)] of this Act, be an amount equal to the increase attributable to the tenant’s improvement in the value of the original holding on the termination date as land comprised in a tenancy.
- (3) The amount of compensation payable to the tenant under section 16 of this Act in respect of any tenant’s improvement which consists of planning permission relating to the relevant part shall, subject to section 21(3) of this Act, 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 original holding on the termination date as land comprised in a tenancy.
- (4) In a case falling within paragraph (a) or (b) of subsection (1) above, sections 20 and 21 of this Act shall apply[F2(subject to subsection (4A) below)] on the termination of the tenancy, in relation to the land then comprised in the tenancy, as if the reference in subsection (1) of each of those sections to the holding were a reference to the original holding.

[F3(4A) Where—

- (a) the landlord and the tenant have agreed in writing, after the commencement of this subsection, to limit the amount of compensation payable under section 16 of this Act in respect of any tenant’s improvement not consisting of planning permission,
- (b) that improvement is provided for both the relevant part and the land comprised in the tenancy after the termination date,
- (c) the case falls within paragraph (a) or (b) of subsection (1) above,
- (d) the tenant has already received compensation in respect of the improvement, determined in accordance with subsection (2) above, and
- (e) further compensation in respect of the improvement is payable under section 16 of this Act on termination of the tenancy,

the compensation limit referred to in section 20(4A) of this Act shall, for the purposes of determining that further compensation, be reduced by an amount equal to the amount of compensation already received by the tenant in respect of the improvement.]

- (5) In subsections (2) to [F4(4A)] above—

“the original holding” means the land comprised in the farm business tenancy—

- (a) on the date when the landlord gave his consent under section 17 or 18 of this Act in relation to the tenant’s improvement, or
- (b) where approval in relation to the tenant’s improvement was given by an arbitrator, on the date on which that approval was given,

“the relevant development”, in relation to any tenant’s improvement which consists of planning permission, has the meaning given by section 21(2) of this Act, and

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“the termination date” means the date on which possession of the relevant part was resumed.

#### Textual Amendments

- F1** Word in s. 24(2) substituted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **17(1)** (with art. 10)
- F2** Words in s. 24(4) inserted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **17(2)** (with art. 10)
- F3** S. 24(4A) inserted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **17(3)** (with art. 10)
- F4** Word in s. 24(5) substituted (19.10.2006) by [Regulatory Reform \(Agricultural Tenancies\) \(England and Wales\) Order 2006 \(S.I. 2006/2805\)](#), arts. 1(1)(b), **17(4)** (with art. 10)

#### Marginal Citations

- M1** 1925 c. 20.

## 25 Compensation where reversionary estate in holding is severed.

- (1) Where the reversionary estate in the holding comprised in a farm business tenancy is for the time being vested in more than one person in several parts, the tenant shall be entitled, on quitting the entire holding, to require that any compensation payable to him under section 16 of this Act shall be determined as if the reversionary estate were not so severed.
- (2) Where subsection (1) applies, the arbitrator shall, where necessary, apportion the amount awarded between the persons who for the purposes of this Part of this Act together constitute the landlord of the holding, and any additional costs of the award caused by the apportionment shall be directed by the arbitrator to be paid by those persons in such proportions as he shall determine.

## 26 Extent to which compensation recoverable under agreements.

- (1) In any case for which apart from this section the provisions of this Part of this Act provide for compensation, a tenant shall be entitled to compensation in accordance with those provisions and not otherwise, and shall be so entitled notwithstanding any agreement to the contrary.
- (2) Nothing in the provisions of this Part of this Act, apart from this section, shall be construed as disentitling a tenant to compensation in any case for which those provisions do not provide for compensation.

## 27 Interpretation of Part III.

In this Part of this Act, unless the context otherwise requires—

“planning permission” has the meaning given by section 336(1) of the <sup>M2</sup>Town and Country Planning Act 1990;

“tenant’s improvement”, and references to the provision of such an improvement, have the meaning given by section 15 of this Act.

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**Marginal Citations**

**M2** [1990 c. 8.](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 8A inserted by [2023 asc 4 s. 24\(4\)](#)
- s. 28(5)(za) inserted by [2023 asc 4 s. 24\(5\)](#)
- s. 36A inserted by [2023 asc 4 s. 24\(6\)](#)