



## **Agricultural Holdings (Amendment) (Scotland) Bill**

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Bill Number:	SP Bill 3
Introduced on:	31 October 2011
Introduced by:	Richard Lochhead (Government Bill)
Passed:	7 June 2012
Royal Assent:	12 July 2012

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### **Passage of the Bill**

The [Agricultural Holdings \(Amendment\) \(Scotland\) Bill](#) [SP Bill 3] was introduced in the Parliament on 31 October 2011. Stage 1 commenced on 11 January 2012 with the [Rural Affairs, Climate Change and Environment Committee](#) taking oral evidence. The Stage 1 (general principles) debate took place on 28 March 2012 and the Bill was passed following the Stage 3 parliamentary debate on 7 June 2012.

### **Purpose and objectives of the Bill**

According to the [Policy Memorandum](#), the policy objective of the Bill was to amend legislative provisions relating to succession and rent review in order to create a better environment for the letting of farmland to the tenant farming sector of the agricultural industry and to encourage new entrants into tenant farming. The changes included in the Bill had been agreed by the Tenant Farming Forum (TFF) an industry-led body made up of organisations representing tenant and landowning interests.

### **Provisions of the Bill**

The Bill proposed three changes to The Agricultural Holdings (Scotland) Act 1991 and the Agricultural Holdings (Scotland) Act 2003. These were as follows:

- to extend the definition of “near relative” (being the class of successors who are entitled to serve counter notice to a notice to quit) to include a grandchild of a deceased tenant farmer;
- to prohibit lease terms which provide for upward only or landlord only initiated rent reviews in Limited Duration Tenancies; and

- to provide that changes in rent resulting from the exercise or revocation of the option to tax by a landlord, or a change in the rate of VAT, do not qualify as a “variation of rent” (which would prevent parties from seeking a determination from the Land Court on the rent for three years).

## **Parliamentary consideration**

**Stage 1:** Stage 1 scrutiny of the Bill was undertaken by the Rural Affairs, Climate Change and Environment Committee. The [Stage 1 Report](#) broadly welcomed the three proposals contained in the Bill and had two comments on its content:

- On the issue of “near relatives” (section 1), it recommended that the Government seek further comment from the TFF on whether the definition should be extended, for example, to include nieces and nephews as well as grandchildren.
- The transitional provisions for section 1 did not follow the TFF recommendation and the report suggested that the Scottish Government look at this issue again, and consider bringing forward an amendment at Stage 2.

The Committee also heard evidence which went beyond the provisions of the Bill concerning other issues of interest to the tenanted sector such as conservation tenancies, investment in holdings, waygo compensation (when giving up a tenancy), land agents and dispute resolution. It therefore recommended that, following the completion of the Bill, the Scottish Government continue to work with stakeholders to review the operation of agricultural legislation and address other challenges facing the tenant farming community in Scotland.

**Stage 2:** Stage 2 was taken by the Rural Affairs, Climate Change and Environment Committee on 9 May 2012. One amendment was put forward by the Scottish Government and agreed to.

The amendment concerned the transitional provisions in relation to the extension of the definition of near relative (section 1). As laid, the Bill provided for the change in the definition of a “near relative” in section 1 to have effect only where the death of the tenant farmer occurred after the Bill came into force. The amendment changed the transitional provision so that it covered circumstances in which the death of the tenant farmer occurred before the Bill came into force, but the process of acquisition by the successor was not complete.

**Stage 3:** The stage 3 debate took place on 7 June 2012. No amendments were lodged. The Parliament agreed that the Agricultural Holdings (Amendment) (Scotland) Bill be passed on 7 June 2012.