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## COVID-19: Agricultural Tenancy Rents

Government introduced legislation protecting commercial business tenancies and residential tenancies protection from eviction for certain periods of time during the coronavirus pandemic. The same protections do not extend to agricultural tenancies under the Agricultural Holdings Act 1986 or the Agricultural Tenancies Act 1995. This means that agricultural tenants will still be liable to pay rent at the usual time despite perhaps their business being affected by the pandemic.

### What the NFU is doing

The NFU has been speaking with Defra in relation to this and have been asked to monitor the situation and report back to them should there be circumstances which arise where landlords refuse to negotiate with tenants who are unable to pay rent due to coronavirus.

The NFU has also sent a letter to a number of institutional landlords requesting that landlords apply flexibility to payment of rent in certain situations. Options suggested were a rent free holiday and rent reduction. The letter can be found online [here](#). The institutions to which the letter has been sent are:

The Crown Estate  
The National Trust  
The Church Commissioners  
The Duchy of Cornwall  
The Duchy of Lancaster

### Tenants

The immediate impact of the pandemic could affect tenants:

- Who carrying out work off their main holding
- Those now facing pressure on falling commodity prices
- Supplying processors who are heavily involved with the food service sector
- Who have diversification enterprises reliant on leisure and tourism

We are also aware that the coronavirus pandemic comes on the back of long periods of adverse weather meaning that agricultural operations have been delayed adding cost and expense to businesses which in itself may be a reason on its own to consider rent negotiations.

Should a tenant find themselves struggling to pay rent or anticipates that there may be a problem they should:

- Speak to their landlord / landlord's agent at the earliest opportunity
- Gather evidence to support why rent cannot be paid or is unlikely to be paid at this time or in the future eg contracts cancelled
- Keep records of any losses compared to previous years
- Investigate accessing the Government [small grant schemes](#) announced
- Investigate the Government self-employment support scheme



- Prepare an affordable repayment plan insofar as possible based on the facts known (review at the end of current isolation period and new subsequent periods)
- Ensure insofar as possible that you will be able to pay by any date agreed or agree to review the situation at the end of any period.
- Document anything agreed with your landlord in writing

Agreements between landlords and tenants could take various forms depending on what the exact situation is. Potential options are:

- Waive rent completely
- Agree a rent holiday for a specific period with outstanding rent to be paid back in a lump sum or through instalments at the end of the said period.
- Offer a reduced rent for a specified period with no obligation to make up the difference at the end of the period
- Offer a reduced rent for a specified period with the difference to be paid through a lump sum or instalments at the end of the period

## Landlords

Some landlords both private and institutional have been seen to be taking action either by proactively approaching tenants to reassure them that they will negotiate or by listening to the concerns of their tenants.

The National Trust have stated that they will not be carrying out any rent reviews in 2020 and will take individual specific needs into account. Cambridgeshire County Council and Cornwall Council have advised they are already having discussions with some tenants and are making decisions as regards rents on a fair and sympathetic case by case basis.

## Small Business Grants

For businesses which do not have a valid insurance policy covering them for pandemics, grants of up to £25,000 per business will be available to bridge the cash flow and fixed costs gap. Eligibility so far known for these grants is that the business must be in the retail, hospitality or leisure sectors as described above and must have a rateable value between £15,000 and £51,000.

The Budget announcement that all small businesses eligible for Small Business Rates Relief will be given cash grants of £3,000 has been increased to £10,000. This should apply to around 700,000 small businesses and is intended to help them meet ongoing costs. It is expected that these grants will be made available without delay.

## Self – employment support scheme

Direct financial support will be provided to the self-employed in the form of a taxable grant. This will represent 80% of average self-employed monthly earnings with a cap of £2,500 per month. The monthly earnings will be based on an average of the last three years profits, or where you have traded for less than three years, the reduced period of trading.

It will be paid initially for three months, backdated to March 2020, in the form of a lump sum in June. HMRC will contact those eligible inviting them to make a claim, but it is only open to those with trading profits of up to £50,000 per annum, where most of their income comes from self-employment, and where they were reporting as self-employed on their 2019 Self-Assessment tax return. (A 4-month extension to the tax return filing deadline will be given for those who missed the 31 January deadline).

