

What might reform of the Landlord and Tenant Act 1954 look like?



At the end of March, the Law Commission announced that it would be reviewing part of the Landlord and Tenant Act 1954 (the act). This is a key piece of legislation used by businesses who lease shops, offices and other commercial premises and which gives commercial tenants the valuable right to renew their tenancy at the end of the contractual term of their lease. This is known as “security of tenure”.

It has been nearly 20 years since the last significant review and update of the legislation when, amongst other things, changes were made to make it easier to contract out of the security of tenure provisions by removing the requirement to obtain a court order.

The government originally announced a review of this legislation in December 2020 but, as with many other things, the consultation was kicked into the long grass during the pandemic. The Department for Levelling Up, Housing and Communities has now commissioned the Law Commission to review the act under the slightly incongruous umbrella of the Anti-Social Behaviour Action Plan.

Why is the Landlord and Tenant Act 1954 being reviewed?

It is widely recognised that the commercial leasehold market has been through a significant evolution since the legislation was last reviewed. The rise of online retail, the 2008 financial crisis and the recent COVID-19 pandemic have all been contributing factors as has the increasing focus on the drive to net zero and the associated importance of ESG factors in the real estate sector.

These external influences combined with the fact that those who rely on the act report that it is “*inflexible*,



bureaucratic and out of date, causing extra cost and delay for both landlords and tenants – as well as preventing space in high streets and other commercial centres from being occupied quickly and efficiently” have been key drivers for reform.

What can we expect?

The question is whether we can expect any ground-breaking changes? The answer is probably not. The bottom line is that it does not appear, from the Law Commission’s remit, that the focus is on wholesale reform. It seems likely that security of tenure is here to stay albeit in a new, simplified and improved form with the ultimate aim of attracting investment into the commercial property sector. The review will focus on the problems with the existing law with a view to developing a modern legal framework with an emphasis on:

- creating a legal framework that is clear and easy to use and importantly that is widely used rather than opted out of;
- making sure the current legislation is fit for today’s commercial market, taking into account other legislative frameworks and wider government priorities, such as the “net zero” and “levelling up” agendas; and
- fostering a productive and beneficial commercial leasing relationship between landlords and tenants.

The Law Commission aims to publish a consultation paper by the end of 2023 and we will be carefully monitoring developments. In the meantime if you would like to discuss the details of the consultation or its potential impact then please do not hesitate to contact a member of our [real estate team](#).



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