

Environment, Food and Rural Affairs Committee

The Government's vision for farming: Government Response

Second Special Report of Session 2024–25

HC 1255

Environment, Food and Rural Affairs Committee

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Second Special Report

The Environment, Food and Rural Affairs Committee published its First Report of Session 2024–25, [The Government's Vision for Farming](#) (HC 906), on 16 May 2025. The Government Response was received on 16 July 2025 and is appended below.

Appendix: Government Response

Foreword

The Environment, Food and Rural Affairs Committee's first thematic inquiry into the future of farming, published on 16 May 2025, provides a timely and comprehensive review of the Government's emerging strategy for the sector. The report examines critical issues including the Government's vision and strategy for farming, farm funding and profitability, taxation and communication.

The Government's vision for farming is dependent upon three strands:

- a farming sector that has food production at its core
- a sector where farm businesses can diversify their income to make a fair profit and remain viable in challenging times
- a sector that recognises restoring nature is not in competition with sustainable food production, but is essential to it

As the report highlights, we are currently operating in difficult economic and geopolitical circumstances, but are committed to ensuring that:

- we have food that feeds the nation – the primary purpose of farming

- farmers turn a decent profit – with a New Deal for Farmers helping to address this
- we are restoring nature alongside food production, instead of having the two compete

We have already delivered early first-steps for British farmers, where we:

1. allocated a record £11.8bn to sustainable farming and food production over this parliament. We are investing more than £2.7bn a year in farming and nature recovery, the largest budget for sustainable food production in our country's history to put healthy, nutritious food on our tables.
2. protected our most productive farmland, whilst delivering the Government's commitment to building 1.5 million homes, through the Land Use Framework consultation.
3. committed nearly £250m in farming grants to improve productivity, trial new technologies and drive innovation in the sector through the Farming innovation Programme (FIP) and £46.7 million to help farmers invest in equipment and technology that improve productivity, manage slurry, and support animal health and welfare.
4. appointed former NFU president Minette Batters to recommend new reforms to boost farmers' profits.
5. protected farmers in trade deals and unlocked new markets for British produce, including with India and South Africa
6. are investing £30 million to increase payments rates for those in existing High-Level Stewardship agreements and committed to a Capital Grants offer worth £150m to support nature-friendly farming.
7. are reforming the planning system to support clean energy projects that align with our Clean Power 2030 ambitions, helping farm businesses to become more profitable and resilient.
8. provided a five-year extension to the Seasonal Worker route, giving farms certainty to grow their businesses. We will support farms while carrying out annual quota reviews to ensure the number of visas gradually reduce.
9. have set up a new National Biosecurity Centre and committed over £1 billion to bolster our defences against disease threats.
10. are using our own purchasing power to back British produce, with an ambition, where possible, for half of food supplied into the public sector to be produced locally or certified to high environmental standards.

The Committee's report raises concerns over the timing and coherence of some of our recent announcements. It expresses concern over the closure of the Sustainable Farming Incentive 2024 and Capital Grants schemes, as well as the changes to Agricultural and Business Property Reliefs.

We welcome the Committee's detailed review and Defra's response to the recommendations is set out below.

Recommendation 1: The Government should urgently set out its vision for the farming sector, achieving food security and the future of the Farming and Countryside Programme in its proposed 25-year Farming Roadmap, and in advance of making significant major changes to farming policy and support mechanisms. The 25-year Farming Roadmap should bring together Defra farming policy and programmes into a single vision outlining how they will work together to achieve measurable outcomes for food security and the environment. This vision should set out a coherent and signposted plan for change and details of the risks posed and support available.

The Government acknowledges the Committee's recommendation concerning the urgent need for a clear and coherent vision for the farming sector, encompassing food security and the future of the Farming and Countryside Programme. The Government recognises the importance of setting out a long-term strategic framework to guide farming policy and support mechanisms.

Defra is currently developing the 25-year Farming Roadmap, which will provide a vision for our farming sector and set the direction for how we get there, with a focus on delivering our food security and environmental objectives and supporting farms to be resilient and profitable. The Roadmap will bring together existing and emerging farming policies and programmes into a unified strategy, outlining how they will collectively contribute to measurable outcomes for food security, environmental sustainability and rural prosperity.

The Government is committed to ensuring that the Roadmap reflects the views and needs of stakeholders across the farming and countryside sectors. Defra continues to engage with farmers, industry representatives, environmental organisations and rural communities to inform the development of the Roadmap. This collaborative approach will help ensure that the vision is both ambitious and achievable and that it supports a resilient and productive farming sector.

The Government intends to publish the 25-year Farming Roadmap later this year.

The Government remains committed to protecting food security, enhancing environmental outcomes and supporting the farming sector through a period of significant change.

Recommendation 2: An alternative funding mechanism should be put in place to fill the gap in funding for those who missed out on the SFI24, no later than September 2025.

The Government is working closely with farmers and industry stakeholders to design a future SFI offer that fairly and responsibly directs funding towards the Government's priorities for food, farming and nature. The Government has committed to providing more information about the reformed SFI offer later this summer. The analysis and recommendations set out in the Committee's report will be considered in developing plans for the reformed SFI offer.

This Government inherited farming schemes which were underspent, meaning millions of pounds were not going to farming businesses. However, this Government also inherited an uncapped SFI scheme aimed at mass participation of farm businesses, despite a finite farming budget.

A record number of farmers are now in farming schemes, and more money is being paid to more farmers under the SFI than ever before. There are more than 39,000 live SFI agreements currently in place, under which money continues to be paid to farmers this year and over future years.

Earlier this year, the Government had successfully allocated the entire SFI budget and could therefore no longer accept new SFI applications. We closed the scheme to new applications on 11 March 2025. We did not give any advance notice because we needed to ensure fair access to the scheme and avoid creating a sudden increase in the level of demand. However, it later became clear that a message had been shown in error to people who had started an application and then saved it without submitting, telling them that they would be given 6 weeks' notice before applications closed.

The Government has addressed this situation, and further details were set out in a Written Ministerial Statement by the Minister for Food Security and Rural Affairs on [12 May 2025](#). The 2024 SFI scheme re-opened on 7 July 2025 for a limited period for applications from affected farmers and some previously announced exception groups only. These applicants have been written to by the RPA. For all other farmers, SFI currently remains closed for applications.

Recommendation 3: The Government should set out what the next iteration of SFI will look like and the date it will be open for applications in the response to this report. It must also state how it intends to increase farm profitability, using a sector-by-sector approach, no later than October 2025.

The Government has committed to providing more information about the reformed SFI offer later this summer. As set out in a Written Ministerial Statement by the Minister for Food Security and Rural Affairs on [12 March 2025](#), the reformed SFI scheme will:

- deliver the Government’s vision of a sector with food production at its core, supporting less resilient farm businesses while ensuring nature recovery
- ensure we deliver value for money for taxpayers as we invest in sustainable food production and nature recovery
- have a clear budget set and put in place strong budgetary controls so that SFI is affordable
- better target SFI actions fairly and effectively, focusing on helping less productive land contribute to our priorities for food, farming and nature

The analysis and recommendations set out in the Committee’s report will be considered in the development of the next steps and future communications on reformed SFI. The Government is also working closely with farmers and industry stakeholders to design the reformed SFI offer.

Additionally, Baroness Minette Batters, former NFU president and current farmer, [has been appointed](#) by Defra Secretary of State to lead a review of farming profitability. The work will be supported by the newly formed Farming Profitability Review Team within Defra. Baroness Batters’ review will sit alongside the work of the Food Strategy, Farming Roadmap and the Land Use Framework. It will build on the review of Defra’s regulatory landscape (led by Dan Corry) and wider Government missions and priorities – including growth.

Recommendation 4: The Government should delay announcing its final APR and BPR reforms until October 2026, to come into effect in April 2027, to provide more time for farming businesses to conduct succession planning and seek appropriate professional advice. The Government should use this time to consult on its proposed changes, conduct an impact and affordability assessment, and consider policy measures and mitigations to reduce any unintended negative consequences. This consultation and assessment must consider the best means to:

- A. prevent APR and BPR being used to avoid inheritance tax while allowing farms to be passed between generations intact.**

- B. protect the most vulnerable, including those with less access to financial and legal advice those who will pass away within the next seven years.**
- C. prevent negative impacts on tenant farmers.**
- D. ensure food security is not threatened but enhanced.**
- E. ensure its policies reflect specific challenges or circumstances in the devolved administrations, given variations in farming structures, land prices, economic conditions and legal systems.**

The Government should also publish its evaluation of and rationale for following or not following alternative policy measures presented by stakeholders such as the Institute for Fiscal Studies and the National Farmers Union.

As announced at Autumn Budget 2024, the reforms to agricultural property relief and business property relief will take effect from 6 April 2026. The Government's commitment to farmers and the vital role they play in feeding our nation remains steadfast. There is also an urgent need to repair the public finances which is why the Government is implementing these reforms.

The Government believes its reforms get the balance right between supporting farms and businesses and fixing the public finances. The reforms reduce the inheritance tax advantages available to owners of agricultural and business assets, but still mean those assets will be taxed at a much lower effective rate than most other assets. Despite a tough fiscal context, the Government will maintain very significant levels of relief from inheritance tax beyond what is available to others and compared to the position before 1992. Where inheritance tax is due, those liable for a charge can pay any liability on the relevant assets over 10 annual instalments, interest-free.

The Government set out its position on consultation and engagement with stakeholders in the Exchequer Secretary to the Treasury's letter to the Committee in February 2025. Ministers from multiple Government departments have had several meetings with agricultural organisations on this matter since Autumn Budget 2024, including the National Farmers' Union, the Tenant Farmers' Association, the Country Land and Business Association, the Central Association of Agricultural Valuers, the Ulster Farmers' Union, NFU Cymru, NFU Scotland, and the Farmers' Union of Wales. After listening, the Government believes the approach and timescale set out for these reforms is an appropriate one.

The Government has explained the basis of its analysis since the outset, including the importance of focusing on claims data in relation to estates rather than the total value of farms. The Government set out its position in the Exchequer Secretary to the Treasury's letter to the Committee in

February 2025 and in earlier correspondence from the Chancellor of the Exchequer to the Treasury Select Committee in November 2024. The reforms are expected to result in up to around 520 estates across the UK claiming agricultural property relief, including those that also claim for business property relief, paying more inheritance tax in 2026–27.

Almost three-quarters of estates claiming agricultural property relief, including those that also claim for business property relief, will not pay any more tax as a result of the changes in 2026–27, based on the latest available data. The independent Office for Budget Responsibility (OBR) certified at Autumn Budget 2024 that the reforms to agricultural property relief and business property relief are forecast to raise a combined £520 million in 2029–30. The OBR does not expect the reforms to have a significant macroeconomic impact.

Recommendation 5: The Government should review how it communicates with the farming sector and properly evaluate the impact recent communications have had on trust in the Department. It should provide its analysis and proposed solutions in its response to this report.

Our commitment to farming and food security is steadfast. As a result of the Government’s determination to get more farmers to participate, there are now 50,000 farm businesses and half of all farmed land now managed under our schemes – with more money being spent through these schemes than at any point. As such, we will continue to provide further details about our Environmental Land Management schemes.

The Government acknowledges the Committee’s concern around the closure of the Capital Grants scheme without notice, in November 2024. This decision was guided by financial and operational factors which dictated our communications approach. In Autumn 2024, we saw unprecedented demand for capital grants compared to previous years which risked unsustainable spending. The decision to close the main capital window helped to ensure further spending went towards the most benefit for food security and nature.

At the NFU Conference in February 2025, the Secretary of State Steve Reed confirmed that the Capital Grants offer would reopen with funding in summer 2025. We have delivered on this promise and the Secretary of State announced the opening of Capital Grants offer on 3 July 2025 at Groundswell Regenerative Agricultural Festival. This makes £150 million of funding available to farmers to buy equipment or services that help them make farming and environmental improvements across England.

We will monitor the uptake of the revised Capital Grants offer to ensure funding in this new round is allocated. We will manage the total farming budget carefully to make it go further to attain our goals for farmers and

Government. We have been clear in our guidance and communications to farmers that this round will also close to applications when the available funding is committed. At the point of closure, we will not accept any further applications including those started but not yet submitted. We will aim to give reasonable notice of scheme closure, but this may not be possible.

All communications with the farming sector are evaluated using the Government Communications Service Evaluation Cycle, which is a framework for measuring success across all communication activities, promoting continuous learning and innovation while integrating best practices for better impact and future planning.

The Government is committed to delivering correspondence to farmers and land managers which provides a clear, respectful tone of voice and is working with our arm's length bodies to drive greater co-ordination in communications.

The Government also carries out a regular survey tracking the opinions of farmers about Defra's vision for farming, business planning, relationships with farming groups and Defra and the future of farming. Our latest results show that over half (53%) of farmers say they have most or all the information they need to inform their business planning.

The Government is keen to maintain trust within the farming sector. That is why we are committed to ensuring the 25-year Farming Roadmap reflects the views and needs of stakeholders across the farming and countryside sectors, which will provide a vision for our farming sector and set the direction for how we get there.

The Government continues to engage with farmers, industry representatives, environmental organisations and rural communities to inform the development of the Roadmap. This collaborative approach will help ensure that the vision is both ambitious and achievable and that it supports a resilient and productive farming sector.

Recommendation 6: Defra should ensure that operational and policy decisions are clearly communicated to its arm's-length bodies and the farming advice service in advance of them being made public. It should investigate the causes of the leaks of its proposed changes to the Capital Grants and SFI schemes and put protocols in place to support proper and professional information sharing. Details revised protocols should be set out in the response to this report.

Government officials mark communications handling documents with sensitive information OFFICIAL SENSITIVE and only share on a need-to-know basis for colleagues delivering the work. On the day prior to an

announcement, we circulate the lines to take and handling approach more widely to Defra and arm's length body customer/stakeholder-facing colleagues so they can prepare for the announcement.

The Farming Advice Service (FAS) is provided with regular updates both in advance and following public announcements. For example, they receive embargoed Press Notices in advance of announcements from Defra's Press Office Team, and following each announcement, key information is shared from the Farming and Countryside Programme's Engagement team. Defra's Farming Communications team submits contributions for the FAS monthly newsletter every month, covering a range of topics for farmers to be aware of, including announcements made in that month.

The Environment Agency, Catchment Sensitive Farming (Natural England) and the Forestry Commission all work closely with the FAS; they also submit contributions including on abstraction licenses, water resources, reducing pollution & runoff, and upcoming grants for tree planting available to farmers. Prior to publication, the FAS newsletter is shared round with key external stakeholders and copy providers to ensure information is accurate.

We regularly review our communications protocols to ensure we strike the right balance between providing advance information to those who need to manage sector inquiries and that we make announcements in an appropriate and timely manner.

Recommendation 7: Defra must improve its communications with Parliament and ensure that statements regarding policy are made in the House and subject to voluntary and proper scrutiny. Defra should affirm its commitment to doing so in its response to this report.

The Government agrees that Parliamentary scrutiny is vital to effective policy development and good Government.

The Government always strives to keep Parliament updated, and Ministers act in accordance with the Ministerial Code, as circumstances permit.

Work is being undertaken across the Department to improve Parliamentary Capability following the Secretary of State's appearance before the Procedure Committee on 4 June regarding written Parliamentary Question performance.

Conclusion

The Government is grateful for the Committee's report. We recognise the importance of setting out a long-term strategic framework to guide farming policy and support mechanisms and the vital role farmers play in feeding our nation.

The Government appreciates the work undertaken by the Committee during its inquiry into the future of farming and will continue to take their recommendations into account as we deliver our future work programme