

Land Business Update

Week commencing 24 November 2025

What the Budget means for farmers and landowners

Chancellor Rachel Reeves has delivered her Autumn Budget after weeks of speculation about the contents. The following is a brief summary of some of the key announcements with implications for farmers and landowners and our understanding of them so far.

Inheritance tax on farms and estates – still planned but a positive amendment made

Despite lobbying, the Chancellor has decided to press ahead with her reforms so that from 6th April 2026 only the first £1m of qualifying property will continue to attract 100% APR or BPR and a 50% rate of relief will apply thereafter – equating to an effective tax rate of 20%. However, the £1m relief will be reformed to allow the transfer of an unused allowance between spouses. Also, the rules on lifetime gifting – known as Potentially Exempt Transfers (PETs) – and on capital gains tax hold-over relief, also remain unchanged, despite rumours to the contrary. This will be welcome as lifetime gifting is a valuable tool when tax and succession planning, alongside measures such as restructuring businesses or trusts, reviewing insurance options, or taking advantage of reliefs such as the Conditional Exemption Tax Incentive.

Our message remains that there is still time to act to reduce any liabilities. However, professional advice is essential, as every business is different and it is important not to take decisions today that could prove to have negative consequences in the future. For more read our recent blog posts on [valuations](#), the [likely IHT liability](#) and [IHT planning pitfalls](#).

New high value council tax surcharge in England

Owners of houses worth more than £2m will have to pay an additional £2,500 per year on top of their existing council tax, from April 2028, rising to £7,500 per year for properties valued above £5 million. It will be payable by owners, not occupiers. The Government says that it will affect less than 1% of houses and raise £400m a year. There is relief within the property agency profession which feared that the charge could have been higher. We do not think it is likely to have a significant effect on the farm and estate market in England. There will be a consultation in 2026 on the details of implementation, including on whether the payment can be deferred until sale or death.

Moving to equalise taxes on property and earned income

The taxation of income from property, dividends and savings does not include an equivalent of the National Insurance that employees pay on earnings. The Government has said this feels unfair and is introducing new tax rates for property income at 22% (property basic rate), 42% (property higher rate) and 47% (property additional rate), from 6th April 2027. There will also be an additional two pence on the tax rate payable on dividends and on savings. The government says that 90% of taxpayers will not pay any tax on their savings.

National Living Wage to rise and apprenticeships

The Government has confirmed a 4.1% increase in the National Living Wage from April 2026, taking it to £12.71 per hour. Workers aged 18 to 20 will get a bigger increase of 8.5%, to £10.85 an hour, and 16 and 17-year-olds will get a 6% increase to £8 an hour. The Government has also announced it will fully fund apprenticeships for small and medium sized businesses which could encourage their take up in the rural sector. The rise for workers over 21 is not unexpected as it was the recommendation of the Low Pay Commission, but it will add further pressure to farming businesses – particularly the horticulture sector which has high labour requirements.

This is a continuation of the long-term cross-party policy of raising the base level of earnings for the lower paid in society. The target remains that the NLW is not below two-thirds of median earnings and this has now been achieved, which means that, like this year, increases will more closely match wage inflation in the private and public sectors.

For farm and estate businesses, an effect of the significant NLW increases in recent years is that agricultural many workers (those at Basic Rate (grade 1), Standard (2), Lead Worker (3) and Craft Grade (4) of the old Agricultural Wages Board grades) are now within the scope of the NLW, and further increases in the next few years are likely to bring the remaining grades within its scope. Businesses should consider whether to maintain the differential between their higher paid staff and lower grades. Also, when



considering appropriate rates of review, we encourage clients to take into account not only the existing pay rate grading of their employees but also their career progression, and the value of other benefits provided, including bonuses where relevant.

Freeze in income tax thresholds

This is one of the biggest revenue raising elements of the Budget – raising @ £10bn a year – and will affect all employees. It is estimated that it will increase the tax payable by a household / family by £1,000 – 2,000 per year.

Further changes to business rates and some positives for retail, hospitality and leisure properties

A wide range of changes to business rates were announced:

- A permanent reduction in rates for retail, hospitality and leisure properties, by giving them a 5p lower business rates multiplier. This is expected to benefit 750,000 properties.
- To fund this, properties with rateable values of £500,000 and above, which is around 1% of all properties, will pay an additional 2.8p on their rates multiplier.
- There is also a support package for some businesses who will pay more business rates after the latest revaluation.
- Extension of the 100% business rates retention pilots in Cornwall, the West of England, and Liverpool City Region. This will enable the benefits of the policy to be assessed further and for the Government to develop new rates retention arrangements for places with mayors.
- Introduction of a 10-year 100% business rates relief for eligible EV charge points and EV-only forecourts.

Planning capacity and capability

An additional £16m a year will be provided to try to boost the capacity of planning departments, and central government, for the next three years. This will help the Government try to achieve its target of building 1.5m homes by the end of the parliament.

Energy costs

Energy bills may reduce as the government has cut some of the social and environmental levies on them. This will be criticised by many environmental organisations, as a negative sign of the government's attitude to the environment, although the energy efficiency programmes that the levies paid for will continue but will now be funded through general taxation.

Farming & food

Key points from the Secretary of State's speech at the CLA Rural Business Conference

There were no new announcements in the speech but there was some information on when schemes and plans are likely to open or be published, both from Emma Reynolds and the Farming Minister Angela Eagle speaking after the CLA Conference to Farming Today:

Before Christmas

- Publishing both the farming profitability review led by Baroness Batters and the Environmental Improvement Plan.

Early 2026

- Publishing the Rural Taskforce findings, with over 50 interventions to tackle the barriers affecting rural communities.
- Publishing the Land Use Framework.
- Publishing the Farming Roadmap / Pathway, which sets a 25-year framework for the sector.

Sometime in 2026

- Reynolds said that the reset of the SFI is 'top of my inbox' and that the changes being considered will be an 'evolution not a revolution'. Full scheme details, including the budget and eligibility criteria, will be published in 2026. Eagle said that there is a 'delivery issue with the tech so it's important to get the sequence right to move forward with the next iteration of SFI'.

Profits increase for most types of farm in 2024/25

On the face of it this is a positive set of data for the farming sector. However, it should be read with a number of factors in mind. Firstly, the data are averages for each farm type and there is an extremely large variation between high 25% level performance and low 25% performance. The average hides this. Secondly, despite the increases, the average profits for lowland and upland grazing farms remain just above what we would consider to be sustainable levels of profits that enable businesses to support a



family and reinvest in the business. We estimate this level to be around £34,500 per farm, which is the equivalent of ~ £250 / hectare or £100 / acre. Finally, these figures include Basic Payments that are well above the levels that farms will receive this year and into the future. Therefore, while positive, these figures should not distract from the fact that at least 50% of farms are not making sustainable levels of profits and that we expect that proportion to increase as Basic Payments are fully phased out, inheritance tax becomes liable and as climate change continues to lead to more droughts and extreme rainfall, so affecting crop and stock production. Please contact [Jason Beedell](#) or your local farming team if you would like to discuss future farm profitability.

The government commits to a new Horticulture Growth Strategy

Sustain and the UK Fruit and Vegetable Coalition have welcomed it. They have campaigned for greater support for domestic fruit and vegetable production for a number of years. It will form part of the government's wider Food Strategy, which Sustain and others hope will include improving routes to market, training for new entrants, and financial support to grow new and existing businesses.

Natural capital & environment

The Wildlife Trusts warns against Biodiversity Net Gain (BNG) exemptions

Exempting small and medium developments from BNG would result in a loss of funding for nature, and the wider economy, equivalent to around £250m per year. The analysis was carried out by eftec for The Wildlife Trusts. It has been produced to highlight the benefits of the scheme at a time when the government is reported as considering weakening BNG's application to smaller sites. Separately, the Environmental Audit Committee warned that exemptions from BNG for small sites would undermine the policy, adding to the growing evidence against the proposal.

Timber prices fall in real terms

The latest year-on-year timber price changes according to Forest Research in September 2025 are:

- Coniferous Standing Sales Price Index – rose 3.7% in nominal terms to £34.28 per cubic metre overbark, which is a 0.5% fall in real terms.
- Softwood Sawlog Price Index – fell 0.4% in nominal terms to £59.70 per cubic metre overbark (4.4% fall in real terms).
- Spruce Sawlog Price Index and Other Conifer Sawlog Price Index – fell 4.2% in nominal terms (10.3% fall in real terms).
- Small Roundwood Price Index – fell 12.4% in nominal terms to £44.55 per cubic metre overbark (15.9% fall in real terms).

National Tree Week – a future filled with trees

[National Tree Week](#) marks the opening of the tree planting season and this year's theme is 'A Future Filled with Trees', reflecting a commitment to creating lasting environmental change.

Rural economy & property

Village Halls Fund reopens with 20% grants available

The [scheme](#) provides grants of up to 20% towards the cost of improvements to village halls, including new roofs, insulation, extensions, upgraded heating systems, disability access improvements, toilet upgrades and installation of new kitchens. The grants are for £2,000 – 5,000 per application and all project spending must be completed by 31st March 2026. The scheme will remain open until the funding has been allocated and is being managed for Defra by Action with Rural Communities in England (ACRE).



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