

Land Business Update

Week commencing 12 January 2026

Farming & food

Inheritance tax U-turn as tax-free allowance per person raised to £2.5m from £1m

The change makes a significant difference when combined with the previous amendment to allow allowances to be transferred between spouses. It means that spouses or civil partners with combined farmland estates worth £5 – 6 m will pay no inheritance tax, when these allowances are used with existing nil rate bands. This means that most farms, apart from very large ones (say 220ha or 550ac or more), are unlikely to have an IHT liability. The government announced the change on 23rd December saying that it had listened closely to farmers; it was also facing a rebellion from some Labour MPs. The Financial Times quotes the government as saying that it will reduce the proportion of farmers who will pay inheritance tax from 25% to 15%. The change has been welcomed by most farming and landowner organisations. It may also have been spurred by the review of farm profitability led by Minette Batters (see below) which found nearly a third of farms in Great Britain were lossmaking in 2024. We are amending our models that calculate IHT liabilities and will publish the amended data shortly.

Policy announcements at the Oxford Farming Conference

Environment Secretary Emma Reynolds made a number of announcements in her speech to the Conference:

New Sustainable Farming Incentive (SFI) offer

- The scheme will reopen in 2026, with the aim of being simpler, fairer and more transparent.
- The point about fairness is due to the government saying that ‘a quarter of the money goes to just 4% of farms’. This seems extraordinary.
- There will be two application windows: one in June for farmers with small farms (which has not been defined yet) and those not already in any agri-environment scheme; and another in September for all other farmers. (This will be discussed with stakeholders, including the split of the budget between the two windows).
- There will be a smaller number of actions. (This feels like a good thing as having over 100 actions in the ‘simple’ scheme always felt too many. The government says that 90% of spending is made on fewer than 40 actions).
- There will be limits on the amount of land that can be put into actions that take land out of production. This was previously done through limiting the areas of 10 actions in SFI but the government says it is exploring whether actions should be limited to a set (small) proportion of a farm so that they work alongside food production. (NB S&P analysed the proportion of land taken out of production by SFI in early 2024 and it was low (7% of agricultural land on cropping farms, 3% on lowland grassland farms and 1% on upland grassland farms with SFI agreements. This is smaller than the fall in cropped area since the 1990s) and had a small effect on the amount of food produced (reducing crop production in England by @ 3%, meat by 3% on lowland grassland farms and 1% on upland ones)).
- Payment rates for actions with high uptake will be reviewed (but this has always been the case).
- There will be regular updates to provide greater clarity on when funding in an application window is close to being used up.
- Full scheme details will be published before the first window opens.

The proposal to differentiate between small and large farms has probably been the most controversial element. The NFU has said that if there has to be a funding cap, it supports a cap per hectare. We would agree, as environmental outcomes do not change dependent on whether a farm is small or large, and as a simplified scheme should be easy for any farm to apply to.

Other announcements

- A new Farmer Collaboration Fund of £30m over three years for encouraging working together and sharing best practice.
- Upland long-term partnerships, which are a new partnership with communities, starting in Dartmoor and then Cumbria.
- Extending the Farming in Protected Landscapes (FiPL) programme, for another three years, with £30m next year.

Minette Batters' Farm Profitability Review published in full  (some) 

As promised (eventually), the government has published the full review. It is a large and wide-ranging piece of work with the recurring themes of partnership and investing for the future. It is outcome focussed and makes a large number of recommendations, including many that re-wire how farming operates, is overseen and is regulated. If implemented in full (or largely), it could significantly change the sector. Key points include:

- The need for government to work in genuine partnership with farmers and the wider food industry. In response, the government has already agreed to establish a new Farming and Food Partnership Board to focus on opportunities across agriculture and the food chain, developing tailored growth plans for sectors including horticulture and poultry.
- Improving the use of data to boost productivity, simpler and smarter regulation, and more targeted support for innovation. A point that is repeated throughout the Review, and in her interviews since, is the need for data to help farmers identify where they can increase profitability and to make all commodity markets more transparent. One example she cites is the poultry sector, where there should be clarity about how much poultry meat should be produced, what retailers want to be produced, to what standards and what future demand might be. This is a sector that is currently under significant scrutiny for its impacts on water quality in rivers, which highlights the need for comprehensive nationwide plans.
- Increasing farmers' confidence to invest and plan for the long-term. This includes trying to create stronger links between farmers and their supply chains to enable investment and 'fair dealing'. It also involves continuing to make changes to planning rules to make it easier to develop infrastructure such as reservoirs, greenhouses, polytunnels and farm shops.
- The review recognises that climate change is already affecting the sector and that the nation and land managers need to respond quickly. She says there is a strong need to understand water availability and take actions quickly, including establishing a new regulatory framework for water.

S&P comment: we feel that the review has provided a much-needed focus on the significant changes needed in the sector to make it more profitable, fairer and fit-for-the-future. It may not be a blueprint but it should now stimulate significant thought and change. We particularly like its analysis (and acceptance) that many farmers could significantly improve their profitability through better use of information, advice and training, and working together. Everyone in the top 25%! The recommendation to establish agri-growth hubs feels exciting as local / regional focal points for sharing data and experience. We also like her suggestion of creating stronger links between plans on individual farms and national plans. There is also a needed recognition of the importance of outputs from land uses in addition to farm products, with Baroness Batters referring to timber production and the need to achieve a balance between food production and the environment.

There is a sense of urgency throughout the Review. She says that we have two or so years to make changes and, if they don't happen, she fears that we may see more monoculture farming and significant changes from the current structure of farm businesses as many may not survive. We feel that there should be more of a national debate on whether the current structure of businesses (the number of them and what they do) is fit for the future and whether there are better alternatives.

Livestock worrying  

The law on livestock worrying and attacks by dogs on livestock has been amended. The Dogs (Protection of Livestock) (Amendment) Act 2025 has been passed and comes into effect from 18th March. The Act amends the existing legislation to:

- Make the distinction between the more violent nature of attacks and worrying clearer.
- Extends the law to cover worrying and attacks that take place on roads and paths.
- Introduces a new defence for dog owners to exempt them from liability where someone else was in the charge of the dog at the time of the offence without the owner's consent, for instance if the dog was stolen.
- Increases the penalty from up to a £1,000 fine to unlimited.
- Gives police new and improved investigatory powers, including to seize dogs, take samples and enter and search premises.

Rural Payments Agency survey on helping farmers with measurement of agreement areas and lengths 

As part of its Delivering Successful Outcomes (DSO) initiative, the RPA is gathering data on how to make the measurement of areas and lengths in agri-environment schemes simpler and reduce errors. This includes issues with mapping tools, definitions of boundaries and measurement accuracy. The [survey has 11 questions](#), takes a few minutes and all responses are anonymous. It's a great opportunity to provide feedback to improve things.

Natural capital & environment

Big Garden Birdwatch – 23 to 35th January



Grab your binoculars and submit your [return](#) to the world's largest survey of its kind which helps to build a picture of how garden birds are faring in the UK. There is a free guide and ID chart if you follow the link.

Rural economy & property

Consultation to stop freeholders blocking requests for broadband cabling from flat owners



The proposals would mean requests from leaseholders could not be unreasonably refused by building owners, who can currently prevent upgrades by citing concerns over disruption or the administration required. The leaseholders would continue to have to pay for the costs of the upgrade work through service charges.

Landmatch England launching



Landmatch England is a new, non-profit landmatching service working to make more land available for agroecological food production across England. The [launch webinar](#), at 6.30 – 7.45 pm on 21st January 2026, is open to anyone interested in increasing land access and how the Landmatch England service works, including land seekers and landowners.

Government consulting on stripping Sport England of its right to be consulted before a playing field is built on



This is part of the programme to speed up planning decisions. The proposal is being opposed by a large number of sports stars, sport governing bodies and Fields in Trust, a charity that works with local authorities and communities to protect parks and playing fields from development. Sport England has had to be consulted on planning applications for the past 30 years, after around 10,000 playing fields were lost in the 1980s and early '90s. The government is also proposing to remove the Gardens Trust and the Theatres Trust as statutory consultees.

Government accused of breaking its nature protection promise



The Wildlife Trusts has said that the government, and Steve Reed in particular, has broken the manifesto promise made to promote nature recovery. The accusation is due to the government exempting developments under 0.2 hectares from Biodiversity Net Gain (BNG) requirements. The exemption is estimated to lead to at least 60% of all planning applications avoiding BNG obligations. The Trusts say that the exemption would result in a loss of funding for nature, and the wider economy, equivalent to around £250m per year, according to analysis by eftec. The Environmental Audit Committee also warned against the exemptions.

Contacts



Jason BEEDELL
Rural Research
Director

jason.beedell@struttandparker.com



Kate MOISSON
Head of Rural
kate.moisson@struttandparker.com



Nick WATSON
Land Management,
Lewes
nicholas.watson@struttandparker.com

© BNP PARIBAS REAL ESTATE ADVISORY & PROPERTY MANAGEMENT UK LIMITED. ALL RIGHTS RESERVED. No part of this publication may be reproduced or transmitted in any form without prior written consent by Strutt & Parker. The information contained herein is general in nature and is not intended, and should not be construed, as professional advice or opinion provided to the user, nor as a recommendation of any particular approach. It is based on material that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. The information contained herein should therefore not be relied upon for any purpose unless otherwise agreed with Strutt & Parker and Strutt & Parker shall have no liability in respect of the same. Strutt & Parker is a trading style of BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales (with registered number 4176965) and whose registered office address is at 10 Harewood Avenue, London NW1 6AA.