

COUNCIL

28 NOVEMBER 2024

PUBLIC DOCUMENT

TITLE OF REPORT: NOTICE OF MOTIONS UNDER STANDING ORDER 4.8.12

The following amendment to a motion has been submitted.

Impact of Family Farm Tax on Rural Communities in North Hertfordshire

In the Autumn Budget, the Chancellor of the Exchequer announced reforms to Agricultural Property Relief (APR) and Business Property Relief (BPR) from inheritance tax.

Currently, APR and BPR are available at a rate of 100% or 50% (based on eligibility criteria) with no cap to the total amount of relief. However, from April 2026 as a result of the Labour Government's policy, inheritance tax relief for business and for agricultural assets will be capped at £1 million, with a tax rate of 20% being charged above that.

HM Treasury has said that 73% of APR claims are below £1 million and so would be unaffected by this policy however, the National Farmers Union have highlighted figures from the Department for Environment, Food and Rural Affairs indicating that the true percentage of commercial family farms affected by the APR changes will be 66% – may be up to 75%. The NFU's analysis suggests that the "majority of estates protected by the £1m threshold are too small to be viable commercial family farms", and that the resulting payments would be "unmanageably large relative to the economic returns they earn."¹

North Hertfordshire is a rural district with 76% of land classed as agricultural, and with farming providing jobs for more than 2,500 people in Hertfordshire and contributing more than £160m to the economy of Hertfordshire and Bedfordshire, this policy will undoubtedly have a significant negative impact on the economy of rural communities across the district – communities already impacted by a 20% drop in farm subsidies since 2015², a botched Brexit deal which has imposed new barriers to agricultural exports to the EU making it harder to do business³, and a flawed trade agreement with Australia which even the Conservative DEFRA Secretary later admitted "gave away far too much".⁴

Faced with the disastrous economic inheritance left by the previous Government, Labour rightly wants wealthy landowners to pay their fair share – particularly those who are abusing the system. But they must also champion farmers as allies – vital partners in delivering food security, tackling climate change, and enhancing animal welfare and nature recovery.

¹ <https://www.nfuonline.com/updates-and-information/an-impact-analysis-of-apr-reforms-on-commercial-family-farms/>

² https://www.farminguk.com/news/farmers-hit-by-20-real-terms-cut-to-subsidies-figures-show_65660.html

³ <https://ukandeu.ac.uk/explainers/veterinary-agreements/>

⁴ <https://www.bbc.co.uk/news/uk-politics-63627801>

Moreover, the Government must deliver on its promise of a new veterinary agreement with the EU, removing unnecessary barriers to trade.⁵

By setting the threshold for this tax below the value of an average farm in our district, the Government risks damaging this vital partnership with farmers, and puts the future viability of many local farms at risk.

~~Not only does this policy present an existential threat to the families who have farmed the land in our communities for generations, and who had hoped to pass on their farm to the next generation, but with about 54% of food on the plates of people in North Hertfordshire being produced in the UK, this decision will significantly increase the cost of producing food, leading to higher food prices, as well as reduce British Food Security.~~

Therefore, Council resolves:

1. That the Leader of the Council writes to the Secretary of State for Environment, Food and Rural Affairs to outline the Council's dismay at the situation facing local farmers after years of Conservative neglect, whilst calling this decision and calls on the Government to stop the Family Farm Tax and bring forward further measures to support our local farming communities.
2. That the Leader of the Council writes to the Member of Parliament for Hitchin, the Member of Parliament for North East Hertfordshire and the Member of Parliament for Stevenage, recognising the challenges faced by urging them support farmers and rural communities in North Hertfordshire by calling on and urging them to call on the Government to reverse the Family Farm Tax and bring forward further measures to support these communities.
3. That the Executive Member for Community and Partnerships engages with local farmers and representatives from rural communities on what Council can do to support them.
4. To instruct Officers who are writing the North Hertfordshire Economic Development Strategy to work to identify potential opportunities to strengthen and grow the economies of rural communities in North Hertfordshire.

Proposed by Cllr Ruth Brown

Seconded by Cllr Matt Barnes

⁵ <https://labour.org.uk/wp-content/uploads/2024/06/Change-Labour-Party-Manifesto-2024-large-print.pdf>