



COTSWOLD

District Council

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	COUNCIL – 16 JULY 2025
Subject	REPORT BACK FROM THE BRITISH FARMING MOTION TASK AND FINISH GROUP
Wards affected	All
Accountable member	Chair of Farming Motion Task & Finish Group – Councillor David Cunningham Email: Democratic@Cotswold.gov.uk
Accountable officer	Andrew Brown, Head of Democratic and Electoral Services Email: Democratic@Cotswold.gov.uk
Report author	Paul James, Economic Development Lead Email: paul.james@cotswold.gov.uk
Purpose	To consider the report from the Task & Finish Group on the evidence they received from stakeholders during their inquiry into the proposed changes to Inheritance Tax (IHT) for farmers and the messages they recommend are included in the Council's representations to Government.
Annexes	Annex A – Motion debated by Council and related minute Annex B – Terms of Reference for Task & Finish Group
Recommendation(s)	That Council resolves to: REQUEST that the Leader writes to the Chancellor of the Exchequer expressing concerns that the proposed changes to Inheritance Tax rules as they relate to farms will have unintended consequences that could have far-reaching implications for the viability of the farming sector of the Cotswolds.
Corporate priorities	<ul style="list-style-type: none">• Supporting Communities• Supporting the Economy
Key Decision	NO



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Exempt	NO
Consultees/ Consultation	The Task & Finish Group consulted with a wide range of relevant stakeholders including the National Farmers' Union (NFU), a tax expert, a land agent, individual farmers and other interested parties.



1. EXECUTIVE SUMMARY

- 1.1** The Chancellor of the Exchequer has proposed changes to the treatment of farms in relation to Inheritance Tax in order to discourage the purchase of agricultural land as a means of tax avoidance by some wealthy individuals.
- 1.2** The Council is concerned about the unintended consequences of the proposals and as a result of a motion brought to Full Council in March 2025 requested that a Task & Finish Group be established under the Overview and Scrutiny Committee to look further into the detail of this issue and its local impacts. This report sets out the results of the Task & Finish Group's deliberations, noting the concerns of those who have given evidence and suggesting a number of potential alternative approaches for the Government to take.

2. BACKGROUND

- 2.1** The Chancellor of the Exchequer, in her Budget on 30 October 2024, proposed changes to the Inheritance Tax (IHT) rules for farmers. The proposed changes are quite complex but, in essence, it is proposed that IHT is levied on farm estates above a certain value at a rate of 20%, whereas currently there is no IHT payable. The changes are proposed to take effect from April 2026.
- 2.2** Council on 19 March 2025 considered a motion proposed by Councillor Julia Judd on this issue. The motion set out a number of concerns with the proposed changes, including a lack of consultation and the impact on the countryside and food security. In response to this concern, it was suggested that further investigation of this important issue affecting the district was undertaken.
- 2.3** A second motion was then proposed as an alternative, which was to refer the original motion to the Overview and Scrutiny Committee. This motion was passed by Council. The Committee was asked to consider the local impacts of the proposed changes to IHT and report back in July 2025 at the latest with suggestions as to how the Council can make strong representations to Government.
- 2.4** A cross-party task & finish group was established, comprised of 5 Members based on nominations made by political groups. The group has met on four occasions (three in-person and one online) to gather and consider evidence on this issue.



3. APPROACH

- 3.1** The Task & Finish Group took evidence from a range of interested parties at two face-to-face meetings. Interested parties were asked to complete a simple online survey prior to attending the meeting to enable key areas of concern to be properly explored. Any written representations received by interested parties was also considered by the Group.
- 3.2** Representations were sought from a wide range of interested parties. Representatives from the National Farmers' Union (NFU), Monahans Chartered Accountants, Taylor and Fletcher Chartered Surveyors/Land Agents and individual farmers gave evidence to the Task & Finish Group. Representations were also received from the South Cotswold Labour Party. A number of other organisations and individuals were contacted without response. Members also considered a number of resources including publications by the [House of Lords](#), the [House of Commons Library](#) and other bodies and experts.

4. KEY ISSUES

- 4.1** Agriculture is a major employer in the Cotswold District, accounting for 4% of jobs (2019 figures, ONS) compared with 1.4% average for England. Over 80% of land in the Cotswold District is agricultural and it plays a huge role in the beautiful landscape for which the area is renowned. Therefore, this issue is a legitimate subject for the Council to concern itself with.
- 4.2** The Government's rationale for proposing the changes is based on a concern that some wealthy individuals were buying up large amounts of land in order to minimise their IHT liability. Some people have also expressed concerns that land being bought for this purpose is not being as actively farmed as it should be.
- 4.3** The Council recognises the Government's motivation to address the tax avoidance issue, but is concerned that the measures they are proposing to deal with it will have significant negative unintended consequences.
- 4.4** The Council is concerned that the proposed measures would impact family farms disproportionately and, at the same time, not provide a sufficient disincentive to be used as an IHT minimisation vehicle by wealthy individuals.



5. KEY GENERAL POINTS RAISED BY THOSE GIVING EVIDENCE

5.1 The key general points raised by those giving evidence to the working group were:

- a) Agricultural land values in the UK are very high in relation to the returns available from farming. The purchase of agricultural land for the primary purpose of avoiding IHT is likely to contribute to distorted land values.
- b) There is an acknowledged issue of tax evasion by wealthy individuals, which has the effect of distorting the land market. Farmers are opposed to this.
- c) UK farmers are typically price takers selling into global commodity markets.
- d) Weather will impact farming more than most other businesses and there is concern that yields are becoming less reliable as a result of climate change.
- e) Most farms are barely profitable in normal years. Many depend on unreliable and reducing Government grants. Where farmers earn the minimum wage for the hours worked there will be generally be no profit.
- f) The UK has a managed countryside and farmers play a significant role as stewards of the land and in their local communities (ploughing snow, removing fallen trees, supporting wildlife, etc.).
- g) There is a need to encourage the next generation of farmers and ensure that young people enter the farming sector, given that it is a vocation which involves long hours and is relatively low paid.
- h) Farmers and others noted the benefit of encouraging succession planning, having regard to the particular issues and considerations faced by farmers. Succession planning is not a simple process for farmers and is about more than the transfer of wealth, it's a life-choice in a family setting and is about the management of the land for potentially decades to come.
- i) The farming sector benefits from a stable and predictable policy environment.

5.2 As a result of the above points, it is felt that there are strong arguments to treat agricultural land differently from other assets for the purposes of IHT.

6. KEY POINTS ABOUT THE PROPOSED CHANGES

6.1 In relation to specifics about the proposed changes, the following key points were raised:

- a) Retaining a 20% IHT on land acquired mainly to avoid death duty would not eliminate this incentive: it remains advantageous.



- b) The timing of the implementation of the changes does not provide sufficient opportunity for agricultural landowners to properly succession plan.
- c) The assessment of farm values for the purposes of IHT will be inclusive of livestock and machinery in addition to the value of the land. These often have significant value for a working farm and are needed for its viable future.
- d) The IHT thresholds are set at a level which is on the borderline of what is an economically sustainable farm in the Cotswold District.
- e) The ability to pay will vary across different types of farming but the proposed IHT rules takes no account of this.
- f) Many farmers who are heavily dependent on farm income to pay IHT will be unable to pay over a 10-year period as the economics are farming will not enable regular payments to be made each year. As a result, farmers will be forced to intensify farming practices and to sell parcels of land, which will make the residual land-holding less economically sustainable.
- g) The proposed IHT reforms are causing real and significant concern in farming communities across the Cotswold and beyond is already affecting the local agricultural economy, with investment decisions being delayed and businesses closing or laying off staff with negative consequences for employment. The Council is concerned about the mental health impacts on farmers.
- h) The Government has committed to UN Declarations regarding climate and biodiversity goals — and made its own — that require the government to encourage transition pathways for farmers. These involve medium or long-term commitments that adversely affect incomes in the short term. The Council considers it likely that transitioning will be adversely affected in Cotswold District and nationally.
- i) The Council is concerned about the impact of the IHT on the future of our National Landscape, which occupies some 80% of our land and its ability to contribute to key government goals.
- j) The Council understands that some (or many) farmers will feel forced to intensify farming practices because sustainable farming practices won't be economical in the short term.

7. ALTERNATIVE POLICY APPROACHES

- 7.1** It would not be realistic to expect a group of Members from a small district council to provide a detailed assessment of the potential policy options available to the



Government, but there are a number of alternative approaches the Government could pursue:

- a) Maintain the full value of 40% IHT on landowners who are not primarily farmers. This proposal would remove the incentive to buy agricultural land as a means of reducing an IHT liability and would likely increase tax revenues.
- b) Exempting farmers whose primary source of income derives from farming.
- c) Exempting farmers who are on transformation pathways as recommended in COP28 towards sustainable farming that mitigates climate change and biodiversity loss.
- d) The [National Farmers' Union \(NFU\)](#) has proposed that IHT is waived for land that remains in continuous ownership for 7 years. This may or may not be sufficient to deter those who wish to use it as an IHT avoidance/minimisation tool.
- e) The Government's wider aims may be better achieved by introducing a "pay if you sell" principle e.g. levying a capital gains tax on the sale of agricultural land rather than IHT on the death of the landowner. This would also support farmers to succession plan and keep more land in agriculture compared to the IHT proposal.
- f) Increasing the time period before which agricultural reliefs are applied from the current two years may discourage people from buying agricultural land as a form of tax avoidance.
- g) Significantly higher thresholds would be appropriate in the Cotswolds and many other parts of the UK.
- h) Providing joined up long-term support for integrated farming systems.
- i) Reviewing the system of roll-over reliefs whereby tax continually gets deferred.
- j) Considering ways to secure the next generation of farmers e.g. providing 100% exemptions where land is leased to young tenant farmers.

7.2 It is recommended that the Council requests that the Leader writes to the Chancellor of the Exchequer asking them to reconsider their proposals and to take account of the above points.



8. ALTERNATIVE OPTIONS

- 8.1** The Council could choose not to make representations to the Government, but this would not be in keeping with its community leadership role given the importance, economically and environmentally, of farming within the Cotswold District.

9. FINANCIAL IMPLICATIONS

- 9.1** There are no direct financial implications arising from the recommendation.

10. LEGAL IMPLICATIONS

- 10.1** There are no legal implications arising from the recommendation.

11. RISK ASSESSMENT

- 11.1** There are no risks associated with making the proposed representations to the Government.

12. EQUALITIES IMPACT

- 12.1** There are no equalities impacts arising from this report.

13. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 13.1** Farming is a major contributor to climate change and an important part of the solution. The proposed representation to Government suggests using the tax system to encourage sustainable farming that mitigates climate change and biodiversity loss.

14. BACKGROUND PAPERS

- 14.1** None.

(END)