

OPEN

Economy & Growth Committee

11 March 2025

Notice of Motion : Protecting Family Farms and Preserving Rural Communities across Cheshire East farms

Report of: Peter Skates Director of Growth & Enterprise

Report Reference No: EG/22/24-25

Ward(s) Affected: All

For Decision or Scrutiny: Decision

Purpose of Report

- 1 At the full Council Meeting of 11th December 2024, a notice of motion was proposed with regard to protecting family farms and preserving rural communities across Cheshire East and expressing concern in relation to the proposed changes to inheritance tax announced by Government in the Autumn budget, and the impact around Agricultural Property Relief (APR) and Business Property Relief (BPR) on farmland and business assets. This report responds to that notice of motion.

Executive Summary

- 2 A Notice of Motion a notice of motion regarding protecting family farms and preserving rural communities was presented to Council at its meeting on 11th December 2024. The motion was proposed by Councillor Janet Clowes and seconded by Councillor Alison Heler.

- 3 "The motion proposed that:

This Council notes with concern, the proposed changes to inheritance tax announced by the Labour Government in the recent Autumn budget, which would scrap Agricultural Property Relief (APR) and Business Property Relief (BPR) on farmland and business assets. This Council resolves to:

- *Oppose the Labour Government's changes to inheritance tax affecting family farms.*
 - *Advocate for the exemption of family farms to preserve the UK's food security, rural communities, and environmental initiatives.*
 - *That the appropriate service committee(s) proactively engage with local farmers and community representatives, to consider what support this Council may reasonably provide to this essential part of the Cheshire East economy.*
- 4 *This Council urges all Councillors to stand with Britain's family farms, to support our rural communities, the Cheshire East "Quality of Place" and to protect the environment by formally rejecting this proposed "family farm tax."*

RECOMMENDATIONS

The Economy & Growth Committee is recommended to:

1. Note the Notice of Motion
2. To note that engagement will be undertaken as part of the refresh of the Rural Action Plan throughout this year, and therefore to enable opportunities of support to be identified and included in the revised Rural Action Plan 2026-2030

Background

- 5 The full text of the Notice of Motion proposed to Council on the 11th December 2024 was as follows:
- 6 *"This Council notes with concern, the proposed changes to inheritance tax announced by the Labour Government in the recent Autumn budget, which would scrap Agricultural Property Relief (APR) and Business Property Relief (BPR) on farmland and business assets. This means an effective tax rate of 20% on agricultural assets valued over £1 million. Whilst the government claims that the new £1m threshold will mean three quarters of farms will not be impacted by the change, the NFU believes this is an underestimate and that at least 50% of all working farms may be impacted by the new tax rules. Secretary of State for the Department of Environment, Food and Rural Affairs Steve Reed has stated that already struggling farmers will have to "do more with less".*

- 7 *At a time when many farmers in Cheshire are struggling with soaring costs and energy prices, this tax rise will threaten the future of their farms and destroy confidence in the agricultural community. APR and BPR have been pivotal in allowing British family farms to remain intact across generations, supporting food security, sustaining rural communities, and aiding environmental stewardship.*
- 8 *The Family Farm is an important feature of the Cheshire countryside and this form of agricultural unit is recognised in Cheshire East Council's own Rural Strategy (2022 – 2027) that states;*
- 9 *"There is real economic value in the area's natural capital and landscape character, and the contribution of farming and land management should not be underestimated or forgotten. It is after all, what underpins our rural character, environment and communities, contributing to our 'quality of place', which is accepted as an economic attribute, supporting locational decisions and investment in the area"*
- 10 *Unfortunately, despite government assurances that "small farms" won't be affected, recent analysis identifies that this tax is estimated to impact over 70,000 family farms, leaving the average farming family with a tax bill of at least £240,000*
- 11 *Whilst family farms may be asset-rich in terms of workable land and/or buildings, annual profits are modest. A typical 200-acre arable farm owned by an individual with an annual profit of £27,300 would face a £370,000 IHT liability. If spread over 10 years, this represents 136% of their profit each year to cover the tax bill. At current land prices, successors would have to sell 16% of their land.*
- 12 *In short, this policy compromises the viability of family farms, will force many to sell portions of their land, or close entirely, paving the way for corporate ownership over family ownership.*
- 13 *The Council believes that this tax will have severe impacts on:*
 - *Food Security: Selling off land or closing farms will put our national food independence at risk, at a time when global stability is already fragile. British family farms are critical to ensuring a steady supply of homegrown food.*
 - *Rural Community Stability: Family farms are the foundation of rural Britain and represent the majority of farms across the borough of Cheshire East. They contribute to local jobs, schools, and essential services. Labour's proposed tax risks destabilising communities, eroding the rural way of life, and causing a negative ripple effect across the countryside.*

- *Environmental Stewardship: Farms cover 70% of the UK's land, with family farms playing a leading role in nature recovery, biodiversity, and sustainable land management. The sale and fragmentation of these lands would hinder conservation efforts and undermine environmental initiatives.*

14 *This Council resolves to:*

- Oppose the Labour Government's changes to inheritance tax affecting family farms.*
- Advocate for the exemption of family farms to preserve the UK's food security, rural communities, and environmental initiatives.*
- That the appropriate service committee(s) proactively engage with local farmers and community representatives, to consider what support this Council may reasonably provide to this essential part of the Cheshire East economy.*

15 *This Council urges all Councillors to stand with Britain's family farms, to support our rural communities, the Cheshire East "Quality of Place" and to protect the environment by formally rejecting this proposed "family farm tax."*

16 As part of tax measures in the Autumn budget 2024 it was announced that agricultural property relief (APR) and business property relief (BPR) will be reformed. Although not in the Finance Bill 2024-25, it is intended that these measures will be legislated by secondary legislation and future Finance Bills.

17 Agricultural property relief (APR) is a form of inheritance tax relief. It reduces the amount of tax that farmers and landowners must pay when farmland is passed to the next generation. Business property relief (BPR) is similar, but for business assets that are part of the estate.

18 From 6 April 2026, the full 100% relief from inheritance tax will be restricted to the first £1 million of combined agricultural and business property. Above this amount, landowners will access 50% relief from inheritance tax and will pay inheritance tax at a reduced effective rate up to 20%, rather than the standard 40%. This tax can be paid in instalments over 10 years interest free, rather than immediately, as with other types of inheritance tax. This is on top of the other spousal exemptions and nil-rate bands that people can access for inheritance tax too. More detail of these reforms is available on the gov.uk website: [Summary of reforms to agricultural property relief and business property relief - GOV.UK](#)

19 The Council owns approximately 4,800 acres of farmland set out in 16 clusters (called estates) across the borough, divided into 49 Farm

tenancies. There are no direct implications from the proposed reforms to APR and BPR for these tenanted Council assets or the Council.

Response

- 20 With respect to the first two resolutions of the proposal, namely;
- a. Oppose the Labour Government's changes to inheritance tax affecting family farms.
 - b. Advocate for the exemption of family farms to preserve the UK's food security, rural communities, and environmental initiatives.
- 21 Committee may wish to discuss and debate the proposal submitted.
- 22 The third resolution requests that the appropriate service committee(s) proactively engage with local farmers and community representatives, to consider what support this Council may reasonably provide to this essential part of the Cheshire East economy.
- 23 Committee is also considering on the agenda of this same committee, the Rural Action Plan 2022-26, and progress made over the past 3 years.
- 24 The Rural Action Plan update report also identifies the need to commence a review with the intention to produce a draft updated Rural Action Plan for 2026 – 2030 for consideration by this Committee prior to its confirmation.
- 25 As preparation and guidance for the new Rural Action Plan for 2026 – 2030 it is proposed that a Members Advisory Group will be set up in 2025 to review and inform this future plan. This is a similar approach to the last refresh in 2022.
- 26 As well as key members in the Member Reference group, officers will also seek to engage with other internal directorates and external bodies such as the Rural Strategy Group.
- 27 The sub-regional Rural Strategy Group (RSG) is an advisory body set up in 2020 to provide guidance and support to Cheshire East, Warrington, Cheshire West and Cheshire councils in developing and implementing strategies and action plans to support the long-term physical, social and sustainable economic development of the rural area. It has refreshed its terms of reference during 2024, and it is hoped that this forum will engage debate from a variety of stakeholders across the region to help inform the Council's rural agenda and priorities.
- 28 Membership of the RSG consists of individuals and representatives of organisations who possess the appropriate skills and knowledge relating

to rural matters including Council representatives from each local authority, the private sector, Cheshire Association of Local Councils, an environmental organisation, Enterprise Cheshire & Warrington, tourism, hospitality and visitor economy, farming sector, housing sector, education sector, voluntary sector, business start-up, community interest or social enterprise sector, community transport and health representative.

- 29 Further engagement with national farmers union, farmer representatives will be explored through this group and also the wider rural services network.
- 30 Therefore, as the lead committee for rural economy, and through the refreshing of the Rural Action plan, offices will seek to engage with local farmers and community representatives, to consider what support the Council could be identified and developed through the Rural Action plan 2026-2030.
- 31 It is also recognised that the potential of devolution across Cheshire & Warrington may provide additional opportunities to generate further investment and support into both rural economies and rural communities.

Consultation and Engagement

- 32 This report addresses the notice of motion submitted to full Council on the 11th December 2024, and referred to Economy & Growth Committee as the appropriate service committee with reference to the rural economy, the review of the Rural Action plan.

Reasons for Recommendations

- 33 The Cheshire East Council Constitution sets out the procedure for Notices of Motion submitted to Council. A motion referred to the relevant decision-making body must be considered within two meeting cycles. At the meeting to which the motion has been referred for consideration, the proposer of the motion if present shall be invited to speak first, followed by the seconder. The matter will then be opened up to wider discussion.
- 34 Although Rural Communities are impacted by all the Council services it was considered that the most appropriate committee would be the Economy & Growth committee as it has responsibilities around the Rural Action plan.

Other Options Considered

- 35 None - it is a requirement under the constitution that notices of motion should be referred to the appropriate service committee

Option	Impact	Risk
Do nothing	The council would not be in compliance with the constitution with regard to notices of motion	Democratic process and transparency

Implications and Comments

Monitoring Officer/Legal

- 36 The are no direct legal implications within this report, as it responds to the notice of motion, and identifies further actions to be undertaken as part of a future review of the Rural Action Plan, and the engagement associated with that review.

Section 151 Officer/Finance

- 37 The are no direct financial implications within this report
- 38 There are no direct implications on the Council's assets in terms of inheritance tax. The Council owns farmland across the borough and these are held under tenancies.

Policy

- 39 The Council owns approximately 4,800 acres of farmland set out in 16 clusters (called estates) across the borough, divided into 49 Farm tenancies. There are no direct implications on these tenanted Council assets in terms of inheritance tax.
- 40 A further report on Economy and Growth Committee agenda today is to update on the Council's Rural Action Plan 2022-2026 and includes the recommendation for a future plan refresh for 2026 - 2030, informed by a Members Advisory Board. A refreshed Rural Action Plan will continue to encompass rural matters across relevant Service Committees. This will therefore ensure engagement with rural communities and stakeholders to provide feedback on current concerns, including reaction to government legislation, and the ability of the policy to recognise new challenges and provide appropriate support.
- 41 The Rural Action Plan update supports the Council's aims to be open and fair and to enable its priorities to be a thriving and sustainable place, to empower and care about people and to be an open and enabling organisation. The Rural Action Plan update supports the Cheshire East

Green Infrastructure Plan (ED47), the Carbon Neutral Action Plan, the Local Plan Strategy and the Cheshire East Farms Policy and the Visitor Economy Strategy.

- 42 The Rural Strategy Group is an advisory body set up in 2020 to provide guidance and support to Cheshire East, Cheshire West and Warrington Councils in developing and implementing strategies and action plans to support the long term physical, social and sustainable economic development of the rural area. The involvement of the Council in this sub-regional forum will enable engagement with rural community and farming representatives to inform on impacts of government legislation and Rural Action Plan policy development.

Equality, Diversity and Inclusion

- 43 There is no direct implications on Equality, Diversity, and Inclusion within this report, but the wider Rural Action Plan will consider any impact within rural communities

Human Resources

- 44 There are no direct HR implications within this report

Risk Management

- 45 There are not direct risk implications within this report

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 46 There is no direct impact on Children and Young people within this report, but the wider Rural Action Plan will seek to identify how to support children and young people within rural communities.

Public Health

- 47 There is no direct impact on Public Health within this report, but the wider Rural Action Plan will seek to identify how to support improvements to public health within rural communities.

Climate Change

- 48 There is no direct impact on Climate Change within this report, but the wider Rural Action Plan will seek to recognise opportunities and challenges within rural communities

Access to Information	
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Appendices:	
Background Papers:	<p>Rural Action plan 2022-2026</p> <p>Report to the Economy and Growth Committee on 14th March 2025; Rural Action Plan -update</p>