# Labour spending review threatens future of family farms with drastic ELM subsidy cuts



The future of thousands of family farms in the UK hangs precariously as the Labour government, under Chancellor Rachel Reeves, contemplates substantial cuts to essential agricultural subsidies in an impending spending review. This move, expected to be revealed on June 11, is driven by a desperate need to close a financial gap of up to £30 billion, a crisis rooted in reckless financial miscalculations made last October. This fiscal oversight could be devastating for the farming community, as cutting the Environmental Land Management (ELM) fund—which assists farmers in adopting eco-friendly practices—threatens to precipitate widespread farm closures.

The ELM, introduced in the wake of Brexit to replace the approximately £2.6 billion once doled out under the EU's Common Agricultural Policy, provides roughly £2.5 billion annually to farmers undertaking environmentally beneficial activities. Currently, over 40,000 farms depend on this crucial scheme for supplementary income by implementing sustainable methods. This starkly contrasts with previous EU subsidies focused predominantly on food production. The National Farmers' Union (NFU) has vocally opposed what would be a catastrophic dismantling of ELM, with their policy director, Andrew Clark, emphasizing the impending disaster for family-run agricultural businesses, many of which are already grappling with significant financial strain.

Alarm bells have been ringing since the introduction of the so-called 'family farm tax,' imposing onerous inheritance tax obligations on agricultural properties. Labour's proposed cuts to ELM and other subsidies have drawn accusations of betrayal from within the farming community. Alistair Carmichael, chair of the Commons Environment, Food and Rural Affairs Committee, warned of the dire consequences these policies could have on national food security, suggesting that if farmers can't maintain their operations, the UK will increasingly turn to imports for essential food supplies.

Support for the agricultural sector has emerged from unexpected sources, including four former Conservative environment secretaries advocating for the preservation or even enhancement of the ELM budget. Their assertion that a proposed £100 million cut would jeopardise not only food production but also vital environmental recovery initiatives underscores the shortsightedness of Labour's plans. Concurrently, environmental NGOs and industry leaders have sounded alarms about the long-term risks associated with proposed funding cuts, which could threaten over half a million acres of ecologically managed land.

As the current fiscal challenges faced by the government come to light, the sustainability of agricultural subsidies remains in jeopardy. Cuts to delinked payments—which are meant to support farmers regardless of production levels—compound the anxiety in the agricultural landscape, with many fearing a steep decline in essential support. This uncertainty weighs heavily on tenant farmers already operating under severe financial constraints.

While some within Labour's leadership profess a commitment to environmental initiatives—pointing to proposed projects like a 'National Wealth Fund' aimed at stimulating green investments—the farming community remains deeply skeptical. Tom Bradshaw, president of the NFU, cautioned that any reduction to the ELM would be an outright attack on both the farming sector and the environmental initiatives it desperately seeks to uphold.

As the countdown to the spending review progresses, one pressing question looms: will the government sacrifice the long-term sustainability of the UK's agricultural foundation in favour of immediate fiscal relief? The forthcoming decisions could either bolster or dismantle an industry already beleaguered by relentless challenges, leaving many farmers questioning the viability of their livelihoods in a climate increasingly hostile to their survival.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/news/article-14759579/Rachel-Reeves-betray-farmers-cutting-massive-lifeline.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.bbc.co.uk/news/articles/c05j3q4mjv8o> - Four former Conservative environment secretaries have urged the government to maintain or increase the Environmental Land Management Scheme (ELMS) budget. The scheme, established post-Brexit to replace EU agricultural subsidies, compensates farmers for environmental practices like planting woodlands and enhancing water and soil quality. Reports suggest a potential £100 million cut to the fund, which the former ministers argue would negatively impact food security and environmental goals. They advocate for preserving the budget to support farmers in delivering public goods and achieving nature recovery targets.
3. <https://www.farmersguardian.com/news/4354225/governments-gbp100m-cut-nature-friendly-farming-budget-disastrous-shortsighted> - Farmers have expressed concern over a proposed £100 million reduction in the UK's annual £2.4 billion budget for nature-friendly farming schemes. Chancellor Rachel Reeves is reportedly considering this cut to address a £22 billion shortfall in the Treasury. Environmental NGOs and industry leaders warn that such a reduction would undermine efforts to promote sustainable farming practices and could lead to the loss of over 500,000 acres of land dedicated to environmental stewardship, negatively affecting future generations.
4. <https://www.gbnews.com/news/farmers-budget-reeves-iht> - The article highlights concerns over Chancellor Rachel Reeves' budget decisions affecting farmers. It discusses the acceleration of cuts to delinked payments, which are subsidies not directly tied to production, and how this impacts large claimants. The piece also touches upon the introduction of a 'family farm tax' and other tax changes, suggesting that these measures could lead to significant financial challenges for farmers, potentially pushing many into financial difficulties.
5. <https://www.endsreport.com/article/1840322/labours-national-wealth-fund-help-fund-nature-restoration-says-shadow-climate-minister> - In her speech to the Labour Party Conference, Shadow Chancellor Rachel Reeves outlined plans for a new 'National Wealth Fund' aimed at green investment. The fund is designed to co-invest in projects necessary for the energy transition and Britain's industrial future, excluding energy production. Shadow Climate Change Minister Kerry McCarthy mentioned that this fund would also include 'schemes for nature restoration', indicating a commitment to environmental initiatives alongside economic development.
6. <https://www.farmcontractormagazine.com/markets-policy/industry-responds-to-autumn-budget.html> - The article discusses the agricultural industry's response to Chancellor Rachel Reeves' autumn budget. It notes that the agricultural budget remains fixed at £2.4 billion, despite concerns that it might be cut to address a financial shortfall. The piece also highlights the continuation of the Environmental Land Management Schemes (ELMS) and Sustainable Farming Incentive (SFI), with an acceleration in cuts to delinked payments to help fund these initiatives. Additionally, it mentions changes to inheritance tax, particularly affecting agricultural property relief and business property relief, set to take effect in April 2026.
7. <https://www.theguardian.com/environment/2024/oct/29/hard-hit-defra-to-have-budget-slashed-further-despite-warnings> - The article reports on concerns that the Department for Environment, Food and Rural Affairs (Defra) may face further budget cuts, despite previous reductions during austerity. Analysis shows that between 2009/10 and 2018/19, Defra's budget declined by 35% in monetary terms and 45% in real terms, compared to an average cut of about 20% across other government departments. The piece highlights the potential impact of additional cuts on environmental and climate targets, urging the government to reconsider further reductions.