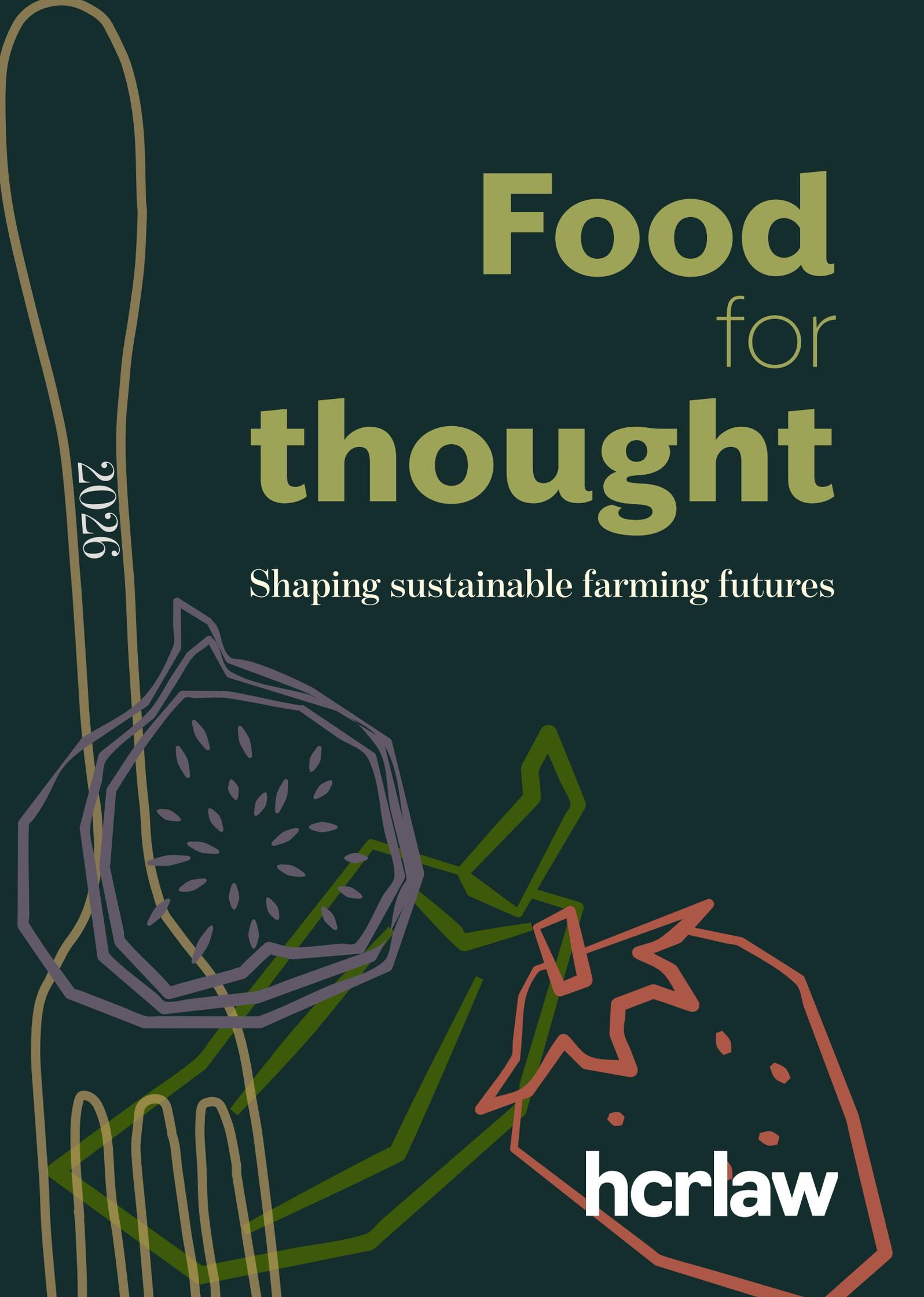


# Food for thought

Shaping sustainable farming futures

2026

The illustration features a watermelon on the left and a slice on the right, both rendered with thick, hand-drawn outlines. The watermelon is purple with small seeds, and the slice is red with a green rind. The background is dark green with abstract line art in gold, purple, and red.

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|    |   |
|----|---|
| 4  | Foreword  |
| 6  | Executive summary   |
| 8  | Why British farming matters more than ever                        |
| 14 | The global context and why British farming is so important        |
| 18 | Providing British farming with the platform from which to prosper |
| 21 | Land use classification and planning                              |
| 28 | Policies and regulations  |
| 32 | Labour availability   |
| 36 | Supplier and retailer contracts                                   |
| 42 | Agri-tech   |
| 46 | Conclusion  |



# Foreword

At a time of immense global turmoil and with supply chains reeling from the impact of armed conflict and trade wars, this country's ability to feed itself has, ironically, been badly undermined. As recent reports, such as *UK Food Security – Outlook to 2050*, have alluded to, UK food production could fall by more than a third by 2050, a figure that acts as a stark reminder of the pressures agriculture is under.

And yet with global tensions ramping up and war still blighting Europe's eastern fringe, UK farming's strategic importance, as well as food security more generally, should be at the top of the government priority list. However, several factors are causing UK farmers to feel maligned and lacking the confidence to make informed decisions for the long-term health of their businesses.

Most starkly, government policies incentivising environmental schemes, such as woodland creation, often take precedence over food production. The growth of large-scale renewable projects on Grade 1 farmland further erodes valuable agricultural land.

At the same time, UK farmers are facing severe margin pressures, with high input costs and a public unwilling to pay more for food. Climate change-related events, like last year's drought, are taking their toll, further threatening the resilience of the sector.

While farming undoubtedly has an important role in delivering positive environmental outcomes, we must also ensure that food production remains a priority. This is essential not only for national food security but also strengthening the UK's agricultural contribution to GDP. There is enormous potential within the sector, with the innovation, skills and ambition to not only provide the staples we need but to diversify into a broader range of products that suit changing consumer preferences.

To achieve this, a strategy of support which enables farmers to boost productivity in the most suitable areas, while preserving less productive land for environmental gain, appears to be the best way forward. However, there are significant barriers, including restrictive planning regulations, complex tax policies and a lack of investment that prevent the sector from realising its full potential.

At HCR, we work with farming clients across the country and see firsthand the challenges they face. This report explores these issues and offers solutions that can help UK agriculture thrive. Food security is not just a matter of producing enough food, but of ensuring the long-term sustainability and prosperity of the farming sector. The time to act is now, before the forecasts of reduced food production become a reality.

The future of UK farming depends on government recognising its vital role in both food security and economic growth. By removing the barriers that currently hold the sector back, we can unlock its full potential and secure a prosperous, resilient future for UK agriculture.

## Rory Hutchings

Partner, Head of Agriculture and Estates, HCR Law



**UK food  
production  
could fall by  
more than a  
third by 2050**



## Executive summary

This report acknowledges that British farming is facing a period of profound change, but also that the country's ability to produce its own food has become a matter of national resilience rather than convenience. Food security, rural prosperity and environmental stewardship are increasingly interlinked, yet policy uncertainty and structural barriers are eroding confidence across the sector.

As the report shows, headline figures suggest some recovery since the pandemic with Total Income From Farming (TIFF) rising significantly since 2020. However, these numbers mask deep volatility at farm level. Many businesses remain loss-making on food production alone and are increasingly reliant on diversification, agri-environment schemes and non-core income streams to remain viable. Sharp swings in profitability, rising input costs, labour shortages and extreme weather events continue to undermine long-term planning and investment.

Policy instability has intensified these pressures. Shifting approaches to Inheritance Tax, environmental schemes and land use priorities have left many farmers uncertain about the future direction of government policy and reluctant to

invest. While environmental delivery is essential, food production has too often been deprioritised, including through the loss of productive land to competing uses. At a time of increasing global instability, this imbalance risks weakening domestic food security.

Structural challenges further restrict growth. Inconsistent and complex planning systems hamper diversification and innovation, creating a postcode lottery for farm development. Labour availability remains a critical constraint, with immigration options ill-suited to modern farming and growing skills gaps emerging as technology adoption accelerates. Supply chain contracts frequently place disproportionate risk on farmers, limiting flexibility and resilience despite recent regulatory progress.

Agri-tech offers genuine opportunities to improve productivity, sustainability and labour efficiency, but adoption remains uneven due to high upfront costs, skills shortages and uncertainty around returns.

This report seeks to tackle this diverse farming and rural picture and propose where some of the solutions lie.

Arable Farm  
Business  
Income has  
fallen by  
**73%**

# Why British farming matters more than ever

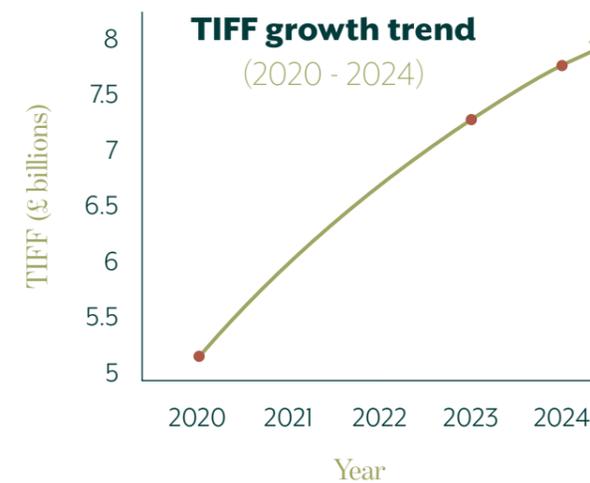


British farming has rarely been more strategically important than it is today. Against a backdrop of geopolitical instability, climate volatility and economic pressure, the UK's ability to produce its own food is no longer a comfortable assumption. It's a matter of national resilience.

Food security, farm income and self-sufficiency are not abstract policy ideas; they are the foundations on which rural businesses, communities and the wider food supply depend.

Recent Defra figures underline both the strength and the fragility of UK agriculture. Farm business consultants Andersons has often described TIFF as the 'profit of UK Agriculture plc' and the latest data shows a sector that has recovered strongly from the lows of the pandemic years.

TIFF stood at £5.1 billion in 2020, the weakest point between 2019 and 2024, before rising to £7.2bn in 2023 and £7.7bn in 2024 at current prices. In real terms, that represents an increase of around 31%.



But volatility remains a huge issue and it's particularly stark at farm level. NFU analysis of Defra's Farm Business Income (FBI) figures highlights how difficult it has become for businesses to plan with confidence as sharp reversals between years and sectors become the norm.

Arable farms illustrate the problem clearly: after strong conditions between 2021 and 2023, average arable FBI plummeted by 73%. The latest FBI figures (March 2024–February 2025) for England show cereal farms averaging £49,700 in FBI. But they are still loss-making in terms of agriculture itself, with diversification and agri-environment schemes doing much of the heavy lifting.

Elsewhere, the picture is mixed. Dairy incomes averaged £153,800 in this period as milk prices surged, more than doubling FBI on the previous year, while lowland grazing livestock farms rose to £41,300 from £18,500.



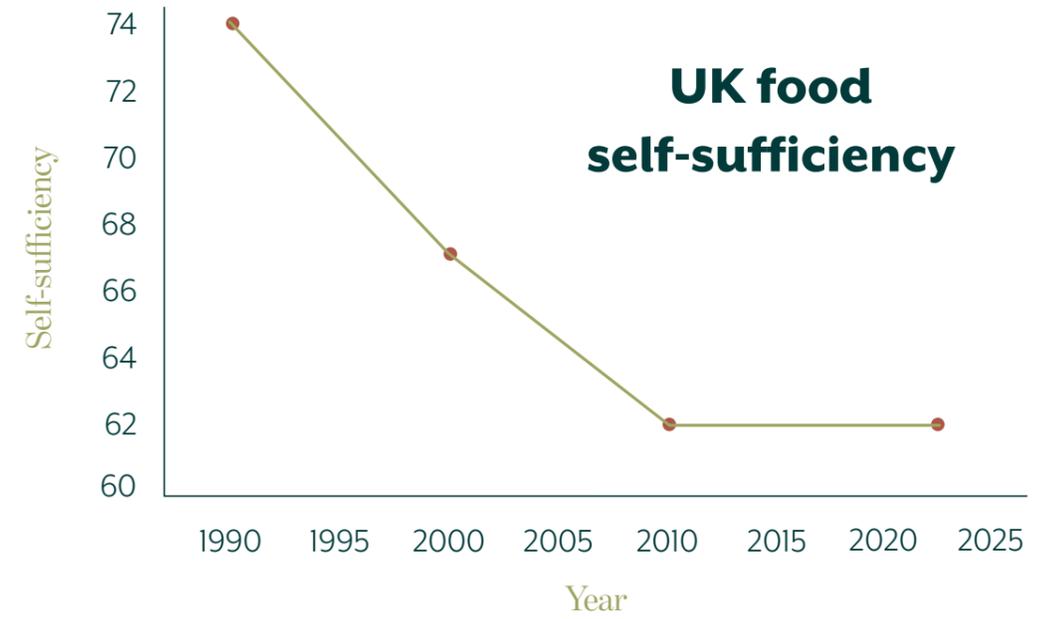
**Abi Reader**  
President of NFU Cymru

LFA grazing farms averaged £40,300, again with agri-environment payments forming a major share. These figures underline the fact that many farms are increasingly dependent on non-core income streams to remain viable. And that raises fundamental questions about the long-term sustainability of domestic food production and the nation's ability to feed itself, especially as current self-sufficiency levels sit around the 60% mark.

Abi Reader, who became President of NFU Cymru at the start of 2026, is clear the UK cannot afford to be complacent when it comes to food production.

“Food security is absolutely vital and governments are naïve if they lose sight of the importance of homegrown food right now,” she says. “We too often forget how safe our food is and, on the flipside, how little we know about the imports of food coming into this country and the standards they have been produced to.”

**The logistics of food production and how that produce arrives in the shop is not given the prominence it deserves**



\*Source = Defra

Her warning is timely. As global supply chains become more fragile, the risk of over-reliance on imports grows. Ms Reader also stresses that food security is about more than geopolitics alone.

She says: “While we can focus on the geopolitical influences at the moment, we must not forget that weather events continue to have a huge impact on our farmers and growers and that flow of produce.”

And she argues that policy discussions too often overlook the realities of primary production.

“Too often, government focuses on the food and drinks sector and that has been the area of conversation instead of farmers and growers,” she says. “The logistics of food production and how that produce arrives in the shop is not given the prominence it deserves.”

Uncertainty remains a major barrier to confidence. While recent announcements on Inheritance Tax (IHT) and the Wales-based Sustainable Farming Scheme have been welcomed, Ms Reader is candid about the damage already done.

**NFU surveys show that 80% of the public now back Britain's farmers**

**Our farming and rural communities and the support they can provide when they come together is absolutely incredible**

The reality is that farmers have had to deal with these ongoing hiccups for some time. The problem then becomes that they are bracing themselves for these potential issues and levels of uncertainty and being in that state is not positive for either the farmer or their business.

She adds that “some of the damage done by IHT in terms of the impact on outlook is irreversible.”

Despite this, Ms Reader believes there is reason for optimism, particularly when it comes to the strength and resilience of farming communities, and increasing public support.

“Our farming and rural communities and the support they can provide when they come together is absolutely incredible,” she says.

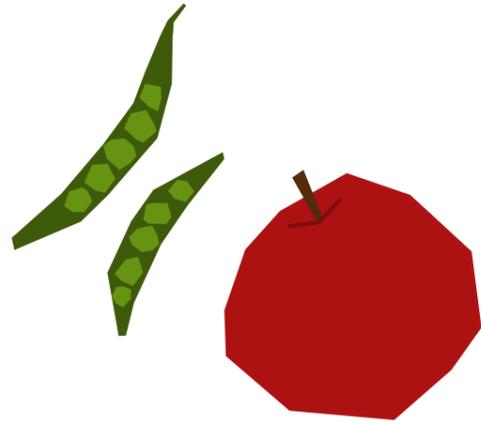
“Recent NFU surveys have shown that 80% of people are behind us as farmers,” Ms Reader adds, pointing to growing interest in public procurement as a way of reconnecting people with the value of homegrown food. That support is vital if domestic production is to be prioritised alongside environmental ambition.

The next generation also offers hope.

“Our young people and our next generation of farmers are hugely inspiring,” she says. “I have a young person working on my farm and having that different set of eyes there to tackle issues is absolutely invaluable.”

But she is clear that enthusiasm must be matched with the right incentives. “We have to make sure that we’re incentivising them correctly. It’s about ensuring we set up the industry and leave it in the right state for the long term,” she says.

British farming matters more than ever because it underpins food security, rural economies and environmental delivery. And while the recent improvement in headline income figures is welcome, it should not breed complacency. A resilient, confident farming sector must be treated as a strategic part of the country’s industrial and manufacturing sectors. Lose sight of that, and the cost will be felt far beyond the farmgate.



# The global context and why British farming is so important

UK farming has always been influenced by external factors, be that politics and price volatility or the whims of Mother Nature, but the past decade has been a rollercoaster by anyone's reckoning.

Whether it was the seismic shift of Brexit in 2016 and its aftershocks, the Covid-19 pandemic, conflict in Ukraine, the IHT havoc of 2024 and 2025, or the drought conditions of recent summers, it's been a time of immense impact and change.

And it's one that's had profound effects on the UK farming sector and, all too often, the outlook and enthusiasm of farmers within it.

For Cath Crowther, the CLA's Regional Director covering the east of England, the impact of these external factors cannot be understated. Whether it's tangling with the Treasury on tax, or the ongoing impact of climate change for water-starved growers, there are a number of challenges facing farmers.

**Lack of clarity and certainty has hit confidence hard, especially amid extreme weather volatility and the pressure of very low prices**



**Cath Crowther**  
Regional Director, CLA

"There is a lack of clarity and that lack of certainty has really impacted confidence, particularly at a time when there has been a lot of volatility in terms of the weather while, at the same time, farmers have been facing very low commodity prices," says Ms Crowther.

"The political landscape has really impacted CLA members since the Budget of late 2024 and Inheritance Tax overshadowed everything else. While the announcement in December 2025 was helpful in terms of increasing the IHT threshold, it hasn't gone far enough and you are still looking at a relatively small farm being impacted in terms of the Eastern region.

Many people are saying to me that they were planning on making an investment, but now they have got to save that cash for a potential future tax event. They are also afraid that if they do invest, then they are going to increase the value of those assets. So why would they do so?"

Sir Keir Starmer's government and the decisions made in the corridors of Westminster have certainly

been at the forefront of farmers' minds since Labour came to power in 2024. But for a long time before that it was the implications of Brexit that weighed heaviest.

Now, with the country edging towards greater alignment with the EU on issues such as food standards, green rules and security, it's clear that many in agriculture want some form of reset with our closest trading bloc.

Ms Crowther says: "A level playing field is really important. Time and again we see UK farmers having to meet very high standards, but a lot of our members, particularly the big vegetable producers, tell us it is so much easier for them to import when they are short of stock than it is for them to export.

It is clearly not fair if they have to produce to very high standards, especially with the associated costs, only to be undermined by products which might be sprayed with neonicotinoids or, where egg producers are concerned, by products from caged birds in Europe.

**There is certainly  
an opportunity  
to export more,  
but a level  
playing field is  
key**

There is certainly an opportunity to export more, but a level playing field is key.”

Away from politics and the impact of policy, that long held talking point among farmers – the weather – has become even more pointed in recent years as drought has brought the availability of water into stark focus.

For Ms Crowther’s members in the rich cereal-growing areas of eastern England, a long-term plan for access to water is vital and is a key focus for the CLA.

She says: “In the East water is really important but, unfortunately, agriculture is often at the bottom of the priority list compared to other uses. We need a reset and we know there’s a huge opportunity for us to be producing more fruit and vegetables in this country. We can only do that if we have access to water.

The CLA has been lobbying for a long time on the issue of abstraction licenses. We know we need to be clear that we can’t abstract if it’s unsustainable and it has an environmental impact, but doing proper assessments and ensuring greater flexibility is key.

Allowing wider abstraction windows depending on weather conditions is one example and, if there is

a flood, you should be able to abstract water, for example. That’s something that is beneficial to the environment and to the public, not just to the farm.

Permitted development rights are also a factor in this issue and we think there’s an opportunity to build many more on-farm reservoirs, which can then help farmers produce more food in areas where we need irrigation for cropping.

But you need three things to make this happen: planning permission, an abstraction license and funding. Our members often say that one of these is fine to secure; sometimes they can get two to work together; but they can never get all three to align. It is much more difficult than it should be.”

Many of these factors are referenced in the CLA’s Rural Powerhouse report, which shows the rural economy is about 16% less productive than the national average, a gap that, if closed, could add around £43bn to UK Gross Value Added and calls for targeted policy reforms to unlock rural growth.

And, as we highlight later in this report, whether it’s planning or poorly implemented regulation, many of these factors are major issues for farmers across the country, both in the eastern counties and beyond.



# Providing British farming with the platform from which to prosper

Greater regulatory certainty and an ambitious vision for the future of UK agriculture are key factors which will underpin growth. Yet both have been badly lacking for some time.

With conflict in Europe having had a profound effect on supplies of key farming inputs such as fuel and fertiliser, there seems to have been little recognition among politicians about the importance of home-grown food and the farmers who produce it.

Instead, UK agriculture has grappled with confusing and often contradictory policies which have done little to boost the confidence of farmers and growers and has, in some cases, led to drastic changes to farm businesses as a result.

The IHT saga is perhaps the prime example of political interference and its ability to negatively impact an entire industry. And while December 2025's announcement of an increase in the IHT threshold to £2.5 million was a welcome move, it did little to erase the anguish of the previous nine months as many farmers felt marginalised and lacking confidence to invest in the long-term health of their businesses.

Government policy in recent years has often prioritised environmental incentives at the expense of productive agriculture. And while positive environmental outcomes are vital, the balance has shifted too far in some cases, sidelining productive land and leaving farmers questioning where food production fits into national policy.

Coupled with this, severe margin pressures continue to squeeze farm incomes. Input costs remain high, yet the ability to pass these costs on is constrained by a consumer base unwilling or unable to absorb significant price rises. Climate change-related events, such as drought, further undermine resilience and reinforce the need for a farming sector that is both productive and adaptive.

It was against this backdrop that Baroness Minette Batters' Farm Profitability Review put forward a series of compelling asks aimed at revitalising UK agriculture. The former NFU president argues in the report that profitability must be at the heart of

farming's future and that farming's value must be seen within the context of the wider £150 billion agri-food sector, and not just through the lens of farming's 0.6% contribution to GDP.

This, the report suggests, means reframing policy to support commercially viable farming businesses rather than inadvertently penalising them. Key recommendations therefore include reforming agri-environment schemes to reward productive, sustainable food production; improving access to finance for investment in productivity-enhancing technologies; and supporting skills development across the sector. All require urgent attention.

Yet there is more that can be done. Restrictive planning regulations continue to hamper diversification and innovation. Complex tax policies create uncertainty around investment decisions. And access to capital remains limited, particularly for younger farmers seeking to adopt precision agriculture, renewables and other future-focused technologies.

By addressing the barriers that hold the sector back, implementing the key asks of the Farm Profitability Review, and consolidating progress such as the IHT threshold increase, we can unlock UK agriculture's full potential, securing a prosperous, resilient future for British farming. The time to act is now.



## Aled Jones

Chief Executive, Royal Welsh Agricultural Society



EXPERT VIEW

For anyone fortunate enough to have visited the Royal Welsh Show, they will understand that farming in Wales resonates not just because of its economic value, but also the value it brings to rural communities.

Perhaps more than anywhere else in the UK, farming is woven so tightly into the social fabric of Wales' rural communities that it's hard to imagine the culture existing without farmers in it. But farmers in Wales face many of the same challenges as their counterparts across the UK, with the same calls for clearer and more supportive government policies and a fundamental reset required when it comes to how food security is prioritised.

For the Royal Welsh Agricultural Society (RWAS), which organises the show at Llanelwedd every July, the promotion of farming's economic and cultural contributions is central to its ethos.

RWAS Chief Executive Aled Jones says: "The fundamental bedrock of our culture as a nation is underpinned by farming. The thing most farmers struggle with is communicating that to a government that might be looking quite narrowly at the industry through its contribution to GDP. The contribution of the industry is far greater than that, but we know that is hard to measure."

While the RWAS is not a lobbying organisation, it is a charity that has a sizeable membership that Mr Jones knows it must speak up for. He believes that, like their counterparts in England and Scotland, farmers in Wales just want the correct support which enables them to do what they are passionate about: farming and producing food.

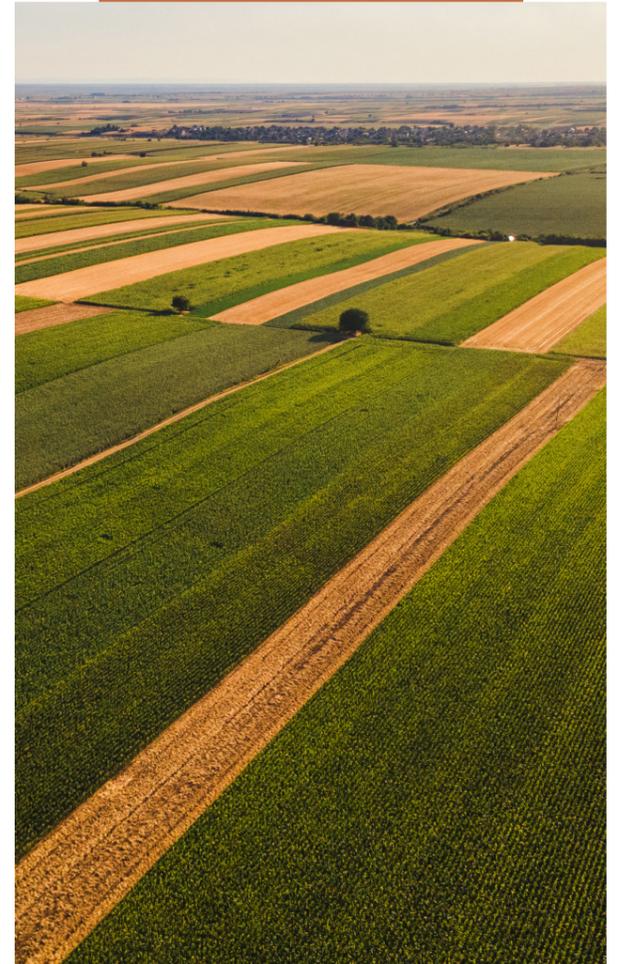
He says: "Fundamentally, I think it would be really refreshing to hear a government say, 'we want you to go out and produce more food'. We tend to miss that argument and, at a time of global uncertainty and conflict, we should build a bank of resilience for our own industry and acknowledge that it's not about producing food at the expense of something else. It's about doing what we're good at."

Positive about the future of the wider industry, Mr Jones acknowledges that it's crucial for farming to tell its own story and that the RWAS can play a key role in that.

He adds: "Ninety per cent of our visitors to the Royal Welsh Show say they leave with a better impression of Welsh farming. If that then translates into more public support and influences purchasing decisions, then that is a really positive result."

**Farming  
underpins our  
culture – we  
must support it**

# Land use classification and planning



The planning system in England and Wales plays a vital role in ensuring land development aligns with both community and environmental priorities.

However, for farmers looking to expand their operations and contribute to local food production, navigating the complexities of land use classification and planning can present significant challenges.

Despite the clear benefits of many diversification and/or planning projects to both the community, local food production and environment, farmers often have to jump through multiple hoops and work through several rounds of planning permission, with the process often spanning a number of years.

This is an issue faced by many UK farmers looking to expand their operations and highlights the unpredictability and complexity of the current planning system.

While planning stipulations and restrictions on land use are necessary to ensure sustainable and appropriate development, the system's inflexibility can sometimes stifle innovation and deter farmers from pursuing diversification opportunities.

For example, farmers looking to capitalise on unused assets such as old grain stores or sheds will need to navigate the complicated route of changing land use classifications.

And although land use changes might provide a foothold for the project, acquiring this can take time and full planning permission is often still required for the larger and more expansive version of the project to go ahead.

Unfortunately, there's a lack of clarity in planning regulations and varying interpretations between local authorities which can leave farmers feeling disillusioned, especially when they face delays and unpredictable outcomes.

The planning system in England and Wales presents a 'postcode lottery', where what's permitted on one farm may be refused at a neighbouring farm just three miles down the road just because it falls under a different local authority.

This is something which needs reform if we want UK farmers to remain operational and profitable.

**The planning system in England and Wales presents a 'postcode lottery,' where what's permitted on one farm may be refused at a neighbouring farm just three miles down the road just because it falls under a different local authority**



## Gareth Davies

Legal Director, Planning, Highways and Environment, HCR Law

The planning system is shaped by a complicated mixture of legislation, policy (national and local), guidance, and local interpretation. This creates a difficult landscape for farmers seeking to adapt and develop businesses that are both sustainable and resilient.

Planning applications and reliance on permitted development rights are crucial for supporting farm growth, but the process is often fraught with obstacles.

Traditionally, some farmers would 'ask for forgiveness rather than permission,' which is an approach that may have worked for minor developments but is no longer viable where projects are complex, costly or require external funding. Modern agricultural diversification demands clear, affordable and navigable planning processes.

One significant challenge, for example, is the ambiguity surrounding 'permitted development' and thresholds for prior approval. Although mechanisms like Class R are designed to make moves from agricultural to commercial use more straightforward, in reality local planning authorities interpret the rules differently.

This leads to uncertainty and inconsistency across the relevant jurisdictions (often across authorities within the same county), especially when farmers seek to establish farm shops, processing facilities or agri-tourism ventures.



## Ultimately, the planning system's complexity and inconsistency create barriers for farmers

The National Planning Policy Framework (NPPF) encourages diversification and rural economic growth, but its broad language sometimes clashes with restrictive local interpretations and, anecdotally, some planning officers seem very resistant to allowing farm businesses to push forward with development.

As a result, a project might be approved in one county and denied in another, or approved by the planning authority and denied by another in the same county, undermining both consistency and the spirit of national policy.

When proposals exceed permitted development rights, full planning permission is required. This process is often slow, costly and unpredictable, requiring professional support, extensive documentation and the navigation of environmental, traffic and amenity concerns. Local objections or vague guidance further complicate matters and discourage investment.

The timing and sequencing of applications can also be problematic. A farmer who wishes to change the use of a building and then extend it may be compelled to submit multiple applications, each incurring fresh fees and delays. This piecemeal process is especially frustrating for those hoping to take a phased approach to diversification.

Case studies from across England and Wales demonstrate that regional disparities persist. Proactive planning departments in some areas support farm diversification, while elsewhere rigid adherence to outdated local plans or a lack of agricultural expertise leads to unnecessary delays or refusals.

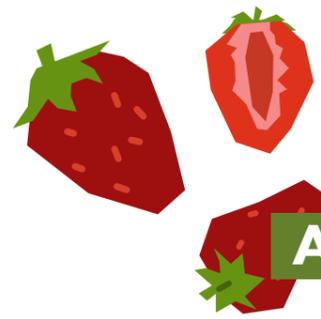
These inconsistencies hamper business development, threaten the viability of rural communities and can undermine food security.

Ultimately, while the planning system aspires to balance development with environmental and community interests, its complexity, ambiguity and regional variation present real barriers for farmers.

The cost, delays and uncertainty associated with planning applications remain significant obstacles to investment and, consequently, to the resilience, efficiency and sustainability of the nation's farms.

Streamlining regulations, improving guidance and ensuring greater consistency between local authorities would go a long way toward encouraging innovation and enabling rural enterprise. But, as ever, that golden goose remains elusive, sought after by governments and yet to be found.





**A streamlined,  
predictable  
planning system  
would better  
support farmers'  
diversification  
and innovation**

FARMER EXPERIENCE



**Johnny Wake**  
Courteenhall Farms,  
Northamptonshire

“My family has been farming at Courteenhall Estate in Northamptonshire for over 350 years. The estate operates a regenerative farming system that includes arable crops, poultry and beef production, alongside Countryside Stewardship initiatives and renewable energy projects.

Our recent plan to convert a grain store into a farm shop, café and community hub – designed to diversify the farm’s revenue streams, support local producers and strengthen community ties – faced a lengthy and intricate planning process.

While farmers understand the need for planning controls, a more streamlined and predictable system would better support those seeking to diversify, innovate and contribute to local food production.

Simplifying and clarifying the process would help UK farmers achieve our business goals, keep our farms profitable, and reduce the barriers that hinder progress in the agriculture sector.”



**Farming is  
one of the  
most heavily  
regulated  
industries in  
the UK**

## Policies and regulations

Effective regulation is central to public trust in British farming, underpinning food safety, environmental protection, animal welfare and fair trading standards.

But for farm businesses trying to invest in new systems, infrastructure and technology, the issue is often less about the principle of regulation and more about its implementation. Overlapping rules, uncertain interpretations and differing enforcement approaches can feel disproportionate to the risk being managed and, quite often, leave farmers feeling under attack from inspectors themselves.

Regulatory certainty is needed for confidence to invest. Where compliance requirements are unclear, open to interpretation, or applied more stringently than in competitor countries, the result can be delayed investment, higher production costs and an uneven playing field with imports.

It has become one of the defining issues of recent years, especially as the disparity in regulations applied to domestic production is often at odds with imported products, while the issue of farm assurance schemes can be a thorny one for some producers.

A litmus test of whether this approach is either effective or sustainable can be seen in the fact the UK imports a significant amount of chicken from Thailand which is often used in school meals.

There is clearly a disconnect between what is being produced domestically and the costs associated with our gold standard regulations, and what is imported from Thailand and other non-EU countries. Common sense suggests that cannot be right and should not be the foundation for a secure and resilient agricultural sector.



### Aled Owen

Partner, Agriculture  
Regulatory, HCR Law

Regulatory frameworks play a pivotal role in shaping the UK farming sector, influencing everything from operational standards to international competitiveness. In March 2025 both the Chancellor and the Prime Minister announced plans to cut red tape and regulation to boost growth.

But the impact has been underwhelming. And the reason for this is the established regulatory framework across key sectors such as food, agriculture, waste and transport.

Farming, by its nature, spans all these areas, making it one of the most heavily regulated industries in the UK. Regardless of government policy, regulators are fundamentally focused on maintaining oversight,

and they are unlikely to reduce or streamline regulations.

The regulators' pursuit of ever higher standards leads to a legitimate debate as to whether many regulations actually achieve that goal; often it feels that all it creates is bureaucratic headwinds for businesses that are essentially trying to comply.

The challenge lies in areas where no case law exists. While European regulations still in effect in the UK allow member states some discretion in their application, the regulations are often 'gold-plated'. As a result, the UK tends to adopt more stringent standards than those outlined in the regulations and enforces them with greater rigour.

The Egg Marketing Regulations provide a ready example of this challenge. A regulation created to ensure that eggs are marketed correctly in terms of size and quality of product has been applied to address food safety and hygiene; this was never the purpose of the regulations. It means the UK has more egg inspectors than the rest of Europe put together. In practice, this enforcement approach can result in UK eggs being destroyed for reasons producers consider unclear, while eggs imported from Poland, Italy and the Netherlands face far less scrutiny.

The egg sector is not the only sector affected. The impacts of diffuse pollution entering watercourses are applied differently in the UK to that across Europe. The level of nitrogen in water was a target of 50mg/L, or better.

The impact on farming has been significantly higher prosecutions and the need to create new infrastructure to deal with effluent, causing increased production costs. The intent may be laudable, but the effect is the creation of an uneven playing field.

Proper regulation is important, particularly to ensure food safety and to protect the environment. However, other European countries do not feel underregulated. It may be argued that having higher standards will benefit the economy and, by the UK having higher standards of welfare, environmental compliance and quality, this will allow the farming industry to achieve a gold standard compared to competitors.

However, by forcing increased production costs onto farmers and processors the result will be that imports will be cheaper and domestic products will not be competitive by comparison.

The first duty of government is to feed its people. In modern times the availability of cheap and plentiful food has been a given in the UK and in Europe. However, the world feels particularly unstable at the moment. If geopolitical or environmental events create food stress, the government risks failing in this duty without a sustainable, resilient and competitive agricultural sector.

There needs to be pragmatic input into policy making. The question needs to be: can higher costs associated with higher regulation be justified, or is there a case for a more nuanced approach as seen in many of the European agricultural economies?

There is a strong argument for reducing unnecessary regulatory burden to lower costs and unlock investment. While the issue has been recognised, the effectiveness of any reform will depend on whether it delivers practical change for farm businesses.

The real test is proportionality: regulation must protect food safety and the environment without creating avoidable cost and uncertainty that undermine competitiveness. Getting that balance right will be key to the long-term resilience of UK agriculture.



# Labour availability

For UK farmers to produce more food, they require access to a skilled and reliable workforce.

While labour challenges in agriculture are nothing new, recent shifts in labour availability, skills requirements and employment frameworks have intensified pressures across the sector.

Labour shortages now affect not only seasonal production but also permanent roles critical to the adoption of new technologies. They also have a

profound effect on business resilience and long-term productivity as some farmers, particularly those facing ongoing staff shortages, decide to exit the sector altogether.

To understand the scale and nature of the challenge, it's essential to consider both the availability of people entering the sector and the skills required to support modern farming systems.



**Lynne Adams**

Legal Director, Employment and Immigration, HCR Law

## The challenges of employing staff in the agriculture industry

The agriculture sector faces ongoing difficulties in securing and retaining a reliable workforce. Much of this is due to the seasonal, physically demanding nature of agricultural work and the rural locations in which it takes place, where local labour supply is limited.

The sector has long depended on seasonal and migrant workers, particularly from the EU, but the end of free movement significantly reduced this labour pool, leaving many farms struggling each year to meet demand.

### Immigration options

Immigration options for agricultural employers remain limited. The Seasonal Worker visa provides essential short term labour but has a narrow remit, covering only specific horticulture and poultry production roles.

Annual quotas restrict workforce planning, and the temporary nature of the route means employers invest in training workers who must leave just as they become most efficient.



The Skilled Worker route is rarely suitable for typical farm roles, which generally do not meet the required skill or salary thresholds. Only specialist positions, such as farm managers, may qualify, representing a very small proportion of workforce needs. The costs and compliance obligations linked to holding a sponsor licence can also be prohibitive for smaller farms without HR support, making sponsorship an unrealistic option for many.

#### Employment contracts

Agricultural employment brings several sector specific legal challenges. Employers must ensure seasonal and casual workers receive properly drafted contracts, are paid in line with National Minimum Wage rules, and that any accommodation for live-in workers is managed correctly.

Working time obligations can also be complex, particularly during peak seasons when longer hours are required. Failure to comply with these obligations can expose employers to legal claims and enforcement action.

#### Illegal working

Perhaps most concerning is the risk of inadvertently employing individuals without the legal right to work in the United Kingdom.

The legislation governing right to work checks is detailed and frequently updated. Any failure to conduct proper right to work checks or maintain adequate records is severe and can expose farmers to civil penalties of up to £45,000 per illegal worker for a first breach, alongside potential criminal sanctions for knowingly employing an illegal worker and reputational damage.

#### Opportunities

Despite the challenges, there are opportunities. Farms that invest in proper HR support and embrace compliant recruitment practices can position themselves as employers of choice.

Apprenticeship schemes and partnerships with agricultural colleges offer routes to develop home-grown talent.

Additionally, investing in automation and technology may help reduce reliance on seasonal labour in the longer term.

While the opportunities for overcoming these challenges are there, the scale of the workforce crisis requires significant, coordinated efforts across the industry.

**The sector lost vital seasonal and migrant labour after free movement ended, leaving many farms struggling to meet demand**

EXPERT VIEW



**Stephen Jacob**  
Chief Executive,  
Institute for Agriculture and  
Horticulture (TIAH)

### The role of labour in sustaining food production

“One of the biggest barriers holding back UK farmers’ desire to increase food production today is labour. And it can be distilled into two key issues: capacity and capability.

We simply do not have enough people coming into the industry and, at the same time, the skills required to run productive, technologically advanced farm businesses are changing rapidly.

Labour shortages now run through the entire supply chain, from seasonal roles in horticulture through to skilled farm managers, advisers and specialists in agri-tech.

Farming is no longer a short-term or seasonal occupation. With changing climates, production cycles in the UK are getting longer, systems are becoming more complex and farm businesses increasingly need people they can invest in and train over time.

Research commissioned by TIAH highlights the scale of the challenge.

A 2023 labour market study with Exeter University found 37% of respondents lacked confidence in the ability to find and retain staff who have the relevant skills within the 12 months following the survey<sup>1</sup>.



**37%**

of farmers lack confidence in finding and retaining staff with the relevant skills

More recent research commissioned with Warwick University shows significant future skills gaps linked to technology adoption, data management and return-on-investment decision-making<sup>2</sup>.

UK farmers are being encouraged to innovate, but without access to the right skills, that innovation cannot be fully realised.

Alongside skills shortages, the legal and financial complexity of employing labour is a real barrier.

It’s no secret that farm businesses operate on tight margins, and recruiting and training staff comes with significant costs and risks. If employers cannot guarantee continuity of labour or justify long-term investment in people, it directly limits their ability to expand, diversify or increase production.

If we are serious about food security, we need to think differently about how we attract people into agriculture, recognise it as a professional career and support ongoing skills development.

Without addressing both the availability of labour and the capability of the workforce, productivity gains will remain out of reach for many farm businesses.”

<sup>1</sup> Nye, C., Wilkinson, T. & Lobley, M. (2023). Labour and skills in the horticulture and agriculture sectors in England, 2023: Summary report. A report for The Institute for Agriculture and Horticulture (TIAH).

<sup>2</sup> Dickinson, P., Napier, R., Collier R. & Erickson E. (2025). Review of research and innovation that will impact the English agricultural and horticultural workforce. A report prepared for The Institute for Agriculture and Horticulture (TIAH).



# Supplier and retailer contracts

Supply chain contracts are central to how many farmers supply food into the UK market, setting the terms under which food is produced and processed.

In recent years, government and industry have taken steps to improve fairness in parts of the supply chain, such as through the Fair Dealing Obligations (Milk) Regulations 2024, but questions remain about whether the contractual framework is strong enough, and whether it's applied consistently across all agriculture sectors.

**Overlooking  
contract details  
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hard work**



## Steve Thomas

Partner, Commercial,  
HCR Law



Contracts have become an essential foundation of modern agriculture, shaping the relationships between farmers, producers and suppliers. Understanding these agreements is critical for protecting livelihoods, ensuring fair treatment and fostering business growth.

Overlooking contract details can expose farmers to risks that threaten their investment and hard work. For example, supply contracts in the dairy and egg sectors often underpin substantial investment, where a single contract issue can have catastrophic consequences.

In the past, farming communities often relied on trust and informal handshake deals, which fostered strong local relationships. However, the agricultural industry today is far more complex, and these traditional approaches are no longer viable.

Formal written contracts are now the norm and frequently contain detailed, restrictive terms. Without a clear understanding of these documents, farmers may inadvertently agree to conditions that limit their independence, flexibility, and ability to switch suppliers. While the law generally does not protect parties from making a bad bargain, except in some consumer contracts, most consumer protection does not apply to farm businesses.

Many agricultural supply contracts include lengthy notice periods, strict supply requirements and penalties for even minor breaches. Indemnity provisions and clauses limiting the liability of the other party are also common.

These terms can leave farmers trapped, unable to respond swiftly to unexpected market changes or adverse weather events. For instance, if demand drops or a harvest is poor, rigid contracts may still oblige producers to supply or pay penalties, even

when circumstances are beyond their control. This inflexibility can stifle innovation and limit growth opportunities, putting farmers in a no-win situation of either accepting unfavourable contract terms or facing costly litigation.

Consider a dairy farmer who has invested heavily in equipment and livestock based on a long-term supply contract. If market conditions shift or the buyer reduces their order, the farmer may be forced to supply milk at a loss or face penalties for non-compliance. Such scenarios highlight how restrictive terms can undermine even the most prudent business planning.

When equipment or housing is sourced from abroad, contracts may fall under foreign legal systems. This complicates dispute resolution, making it more expensive and time-consuming. Farmers are at a distinct disadvantage when dealing with other jurisdictions, increasing both risk and uncertainty.

To better support farmers and their industry, contracts should incorporate flexible terms that allow for changes in supply and demand, include shorter notice periods, and offer fairer exit clauses.

The Fair Dealing Obligations (Milk) Regulations 2024, for example, aim to improve transparency and balance power in supply chains, though their real-world impact remains to be seen as there have yet to be adjudicator decisions.

Farmers should always seek professional legal advice before signing contracts, understand the implications of foreign jurisdiction clauses, and negotiate for fairer terms wherever possible. Key contract terms to watch for include notice periods, penalty clauses, indemnities, liability limitations, supply requirements, and exit provisions.

**Farmers are often  
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It's easy to blame retailers or supply chain actors for the challenges faced by farmers, but supply chains are complex, and value is added at every stage before products reach consumers. While supply and demand remain fundamental drivers, they are increasingly influenced by global commodity prices, adverse weather, economic shifts, and trade tariffs.

Primary producers, such as farmers, are often 'price takers' rather than 'price setters', making it difficult to negotiate from a position of strength, particularly with perishable goods. What the sector needs most is stability, fairness, and transparency.

In theory, a free market should resolve these issues, but in practice, it hasn't done so for many years, leaving many primary producers at a disadvantage. In an increasingly unstable world, governments must take steps to ensure a sustainable and resilient domestic food supply chain. Ultimately, while avocados may be a luxury, bread and milk are essential. Ensuring fairness and support for farmers is fundamental to safeguarding the nation's food security for the future.





## Rory Christie

Chair of the Milk Suppliers Association (MSA),  
Scottish Agricultural Organisation Society (SAOS) and  
Association of Dairy Producer Organisations (ADPO)

“Contracts act as a basic framework, aiming to stop the worst of the worst of power abuse in the supply chain, but they are extremely vague and they are very flexible in favour of the processor.

Unfortunately for the farmer, their flexibility is much more limited meaning it's difficult to get out of contracts quickly, reducing the ability to move at the same speed as the market – a barrier for farmers wanting to grow food production and build business resilience.

However, where I think the real problem lies is between processor and retailer, because there is no contractual framework between those two. Contracts are needed throughout the length of the supply chain to help balance risk, otherwise it's the farmer who carries the greatest amount of risk.

It's evident from many farmers' experiences that retailers lack value of the supply chain beneath them and push risks to the processor. The processor then feels like they have no choice but to push it to the farmer, which in turn creates a very volatile situation.

There has been progress in addressing challenges in one part of the supply chain through the introduction of fair dealing obligations and regulations, and this has probably dealt with some of the worst behaviour. However, there is limited capacity to police those rules effectively, meaning problems do still persist.

If the Agricultural Supply Chain Adjudicator is expected to oversee fair dealing across multiple sectors in the industry, this requires a significantly

larger budget and a stronger enforcement framework. Without this, the risk is that poor practice continues unchecked, despite the existence of regulations intended to prevent it.

On this note, there needs to be whistleblowing legislation, with clear protection for those who raise concerns. At present, informal whistleblowing exists, but without legal safeguards it leaves individuals exposed – whistleblowers must be protected if fair dealing rules are to have real impact in practice.

In addition, processors should be legally required to recognise and engage with dairy producer organisations, much like trade unions, to help rebalance bargaining power and reduce intimidation.

But, reform cannot stop at the farmer–processor relationship alone and the processor–retailer relationship must be reviewed. Decisions made at this level have a direct influence on how risk and pressure are passed down the supply chain to the farmers and producers.

A more transparent, accountable relationship between processors and retailers is crucial for ensuring that farmers are not unfairly burdened with disproportionate risks, enabling them to plan and grow with greater confidence. Strengthening this part of the supply chain would further support efforts to create a fairer and more resilient agricultural sector for the UK.”

**A transparent,  
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risks**



# Agri-tech



**Agri-tech has plenty of ideas and expertise; the real challenge is fitting innovations into diverse commercial realities**

For some within agriculture we stand on the cusp of the fifth agricultural revolution, one powered by robotics, AI, mass data and advanced technologies to improve the efficiency, productivity, sustainability and resilience of farming.

With UK farming facing pressures from rising input costs, labour shortages, climate change and environmental regulation, some believe that agri-tech can fill these gaps.

Precision technologies can reduce fertiliser, pesticide and water use, lowering costs while supporting the UK's net-zero and biodiversity goals. Automation and robotics can help address labour gaps, particularly in horticulture. And data-driven systems also improve traceability and food safety, which are important for UK supply chains and exports.

Some farmers see it as a silver bullet to the sector's problems. Others are more cautious and ask how it can be applied in real-world settings.

As the existence of the government-funded UK Agri-Tech Centre illustrates, agri-tech and the wider role of advanced technology in UK business is a major focus of government and one they are happy to fund.

But for farmers on the ground, the prospect of making the most of agri-tech and huge swathes of data is both appealing and, at times, challenging.

Jonty Hay is a Herefordshire poultry and beef farmer and part of Hay Farms. He also sits on the NFU Poultry Board and the Red Tractor Poultry Board.

In Mr Hay's opinion, the opportunities afforded by agri-tech are vast but making it accessible and useable on-farm can be another thing altogether.

He says: "All our broiler sheds are climate-controlled and the data we capture covers environmental factors, bird growth and water consumption. The challenge comes when we try and analyse the data.

Because the dataset is so monstrous the challenge is making the outcome useable on-farm and in our system."

Facing barriers when it comes to interpreting the data, Mr Hay also believes the cost of investing in agri-tech is prohibitive for some farmers because business margins remain tight in the current climate.

It's that fact, perhaps, which has led Defra to launch the ADOPT fund to provide grant funding for farmers to trial, test and adopt innovative, sustainable farming technologies practices.

Mr Hay is hopeful, however, that the advances being seen with artificial intelligence (AI) will ultimately assist farmers when it comes to turning investments in agri-tech, and the data it produces, into ones which have tangible outcomes in the field and the farm shed.



**Jonty Hay**

Herefordshire poultry and beef farmer, Hay Farms

He is also confident that agri-tech will be a powerful tool for the next generation of farmers.

He adds: "I'm sure my daughter will grab agri-tech with both hands and make progress and not get lost down a rabbit hole. That's the biggest danger of it at the moment and the risk is that you spend time, money and energy on something that you are not sure is making a practical difference. There needs to be a tangible return on the investment."

Bridging the gap, then, between innovation and practical application is one of the major hurdles agri-tech needs to overcome and one that is focusing the minds of scientists, innovators and policymakers alike.



EXPERT VIEW



### Dr Sofia Hirscher

Technical Marketing and Communications Manager for the UK Agri-Tech Centre

## The role of agri-tech in supporting agriculture

“Agri-tech is a routine part of discussions about the future of UK farming and the wider food system. Digital tools, precision systems and automation are often highlighted as ways to respond to the practical pressures facing the sector.

From my experience working closely with agri-tech businesses and those they serve, the key questions are rarely about the technology itself. They are about relevance, reliability and whether solutions genuinely fit the contexts in which they are applied.

Across the agri-tech landscape, there is no shortage of ideas, products and technical expertise. The greater challenge lies in navigating how those innovations fit within different commercial realities.

Businesses are balancing development costs, investment horizons and skills requirements, while responding to the needs of farms operating under tight margins. In this context, adoption depends less on novelty and more on confidence that solutions deliver clear and repeatable value.

At the UK Agri-Tech Centre, our work focuses on the transition from potential to practice. We work alongside businesses, farmers and investors to explore where innovation aligns with market demand and commercial objectives.

**As the sector continues to navigate pressure and change, agri-tech has an important role in shaping what comes next**

Initiatives like the ADOPT programme reflect this approach, supporting the testing of technologies in real operating environments and helping businesses understand how their solutions perform and scale.

One consistent theme across this work is the importance of connection. Bringing together businesses across technology, farming, research and finance helps improve alignment and reduce friction in the system. These connections matter, particularly where progress depends on collaboration rather than standalone solutions.

As the sector continues to navigate pressure and change, agri-tech has an important role in shaping what comes next. Where adoption is supported by evidence and commercial clarity, it can help businesses move forward with greater confidence and contribute to the long-term resilience of UK agriculture.”

# Conclusion

This report clearly shows that British farming and food production stands at a crossroads. Whether it's across policy, planning, regulation, labour and supply chain structures there is a recurring theme: farm businesses are being held back from being fully productive, resilient and sustainable.

While caring for the environment remains a vital component of modern agriculture, the reality is that environmental sustainability cannot be achieved without economic sustainability. A farm that is unable to generate profit, plan ahead or invest with confidence is a farm that will fail to deliver food, care for the environment or support thriving rural communities.

Indeed, a country without a profitable and secure farming industry runs the risk of lurching into a food security nightmare at a time of heightened global geopolitical tension and climate-based challenges. If government's first job is to feed its people, then surely food security should have a higher priority.

'Food for Thought – Shaping Sustainable Farming Futures' illustrates how policy, overly complex planning systems, disproportionate regulatory burdens, labour shortages and restrictive supply chain contracts collectively erode the foundations of a productive agricultural sector. The furore around the IHT changes only exacerbated the challenges faced by farm businesses.

Given these burdens facing the sector we should not be surprised when domestic food production wanes, but this matters because food production, and therefore food security, cannot be taken for granted. Relying on imported food produced to unknown or lower standards is a strategically dangerous position which offshores our environmental impact.

Ensuring, therefore, that the UK can feed itself needs more than ambition; it requires a farming sector with the confidence and clarity to invest in productivity, skills, innovation and the next generation. And yet this clarity has been sadly lacking from policy makers for some time.

Quite a few years ago we were told by a Farming Minister that food production in the UK was no

longer important because food could be imported, with subsequent policies focusing less and less on food production and concentrating far more on 'public good' in return for industry support.

In a peaceful and stable world, importing food may seem like an attractive answer, but it leaves little room for manoeuvre during times of conflict or even pandemic, such as we have experienced in this decade alone. Farming is not an activity that is easy to reinvigorate if it's allowed to wither on the vine; it's very much in the use or lose it category. Sustainability and public goods should not be forgotten, but the core activity of food production must be prioritised more than it currently is.

The opportunity is clear. UK farmers have the capability, ingenuity and appetite to deliver more, be that more food, more environmental outcomes and more economic value. But they cannot do so while navigating systems that limit growth, distort risk and stifle innovation, as this report has highlighted.

To secure a resilient agricultural future, we believe there needs to be greater emphasis on food security, placing food production on at least an equal footing with environmental policy and creating the conditions for profitable, forward-looking farm businesses.

That means regulatory proportionality, a planning system that supports diversification, realistic labour solutions, fairer contractual relationships and sustained support for the adoption of productivity-enhancing technologies.

The message from across the industry is clear and consistent: sustainable farming is only possible when farms are financially viable. Food security is only possible when farms are productive. And resilience is only possible when businesses have the certainty and confidence to invest.

If the UK is serious about strengthening its food security in these turbulent times, now is the moment for government to unlock the barriers, back its farmers and build a future in which agriculture is not only environmentally sustainable, but economically strong and strategically protected.

A stylized line art illustration in the background. It features a hand in a white outline holding a large, elongated leaf with several smaller leaves attached. Below the hand is a tomato-like shape with a stem and leaf, outlined in a reddish-brown color. The entire illustration is set against a dark teal background.

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