DEMOS

GROWING STRONG

THE SUSTAINABLE FARMING DIVIDEND FOR ECONOMIC AND FOOD SECURITY

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CONTENTS

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Any errors remain the authors' responsibility.

Dan Goss, Abduraman Sesay and Lucy Bush

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ABOUT THIS REPORT

Demos is Britain's leading cross-party think tank. We put people at the heart of policy-making to create bold ideas and a more collaborative democracy. Our vision is for an upgraded democracy, powered by trusting relationships. To upgrade democracy, we call for a New Deal between citizen and state – one which asks something of us all, delivers for all citizens and is built through collaboration.

A key pillar of the New Deal is building what Demos calls a '**Citizen Economy**', whereby the shared interests of the state, businesses and the public are at the heart of decision-making.

A Citizen Economy demands that different economic actors work in genuine partnership, supporting one another to contribute to the wider national interest. In this report, we apply this model to the agricultural sector, which underpins the UK's food security.

As the report demonstrates, the sustainable farming agenda is critical for creating a secure food system – a fundamental expectation citizens have of a well-functioning state. To unlock the potential, the report makes the case for developing what we call 'economies of coordination' – strengthening partnership and mutual benefit across the sector. In this way, collaboration between economic actors could help deliver the sustainable farming agenda, which in turn would deliver for citizens - exemplifying the New Deal.

FOREWORD
BY DANIEL ZEICHNER MP

Some of the most rewarding moments of my public life have come from standing on farms across the country, seeing first-hand the skill and quiet resilience that define British agriculture. But in recent years, those visits have taken a sharper edge, with conversations often focused on the underlying unease about the future of their industry. I have spoken to families who have fed this country for generations, now wondering if their farm can survive the effects of climate shocks and the rising input costs.

Working on these issues for a number of years, I have always maintained that there is no silver bullet. However, this report by Demos demonstrates clear opportunities to overcome the highly complex and interwoven challenges farmers face. It is clear that we must stop treating "sustainable farming" as a niche environmental concern, and start seeing it as a cornerstone of our national food security. In an increasingly volatile world, a nation that cannot guarantee its own food supply is a nation at risk.

This isn't just about high-level policy: the challenges faced by farms in the 21st century have a direct impact on the household budgets of every family in Britain. Food security is a cost-of-living issue, and just like energy prices, the most vulnerable in our society are hit hardest by rising food costs.

This report goes to the heart of addressing these challenges. It demonstrates that regenerative farming is about more than just protecting our landscapes – it is about strengthening our nation's economic security – and putting more money into people's pockets. Regenerative practices simply make business sense. By building resilience into our soil and reducing our reliance on expensive and volatile global markets for fertilisers and fuel, we can lower risks for our farmers and ensure more stable and affordable prices at the supermarket checkout.

Change requires more than political will: it requires industry to lead. I am grateful to McCain Foods for sponsoring this report, and for demonstrating what that leadership looks like in practice. Their commitment to implementing regenerative agriculture practices across 100% of their global potato acreage by 2030, and their recent announcement of the launch of the McCain Farm of the Future UK are prime examples of the bold, long-term thinking we need to secure our food future.

There is no doubt that the challenges we are facing are significant, but so is the opportunity to build something better. I hope this report serves as a catalyst for both Government and industry to move from concept to reality, including in the forthcoming 25-year Farming Roadmap, securing a farming sector that is profitable, resilient, and capable of serving our communities and our country for generations to come.

EXECUTIVE SUMMARY

The UK's food system is under strain. In the past five years, food prices have risen by more than 37%, eroding living standards for millions of households and destabilising our economy. Farmers have faced a series of unexpected challenges since the pandemic, from rising input costs to persistent uncertainty about the policy environment. The natural systems that underpin food production – healthy soils, clean water, biodiversity and a stable climate – continue to deteriorate, in part because of intensive forms of food production. Nature degradation could see a 6% drop in GDP by the 2030s – a decline that would exceed the impact of the 2008 financial crisis and undermine Government efforts to drive growth.[1]

These pressures are not temporary shocks. Climate change, geopolitical instability and degraded land threaten to lock the UK food system into a future of higher prices, greater volatility and declining resilience.

To safeguard our economic and food security, action is needed now. The solution demands a sustainable overhaul in how we farm our land. We need to move away from short-termist approaches to practices that protect the land, revitalise nature and build resilience in the decades to come. This agenda is critical to ensure our food system, and the support that the Government provides it, delivers effectively on citizens' long-term priorities - reflecting what Demos call a 'citizen economy'.

Our 2023 report, *Sowing Resilience*, focused on the barriers to scaling regenerative farming methods across the UK. This subsequent research brings together new evidence and original modelling to assess the impacts of sustainable farming, and how to realise its benefits. We recognise that sustainable farming is interpreted in many different ways – with its scope spanning nature-friendly agriculture, farming practices that drive wider social and economic outcomes (such as food security and profitable farms), and structural changes to the types of food we produce. In view of the Government's efforts to help farms work more sustainably, this report focuses largely on *methods of farming* that protect our natural assets, such as land and water.

The evidence demonstrates that an expansion in sustainable practices would offer dividends far beyond the agricultural sector. The sustainable farming agenda would create substantial dividends for the security of our food system and economy both at the national level (by strengthening our natural capital, domestic production, trade position and agricultural profitability) and the household level (by mitigating food price rises). The case for action is clear.

Agriculture policy is devolved across the UK. For the purpose of this report, we focus primarily on reforms in England.

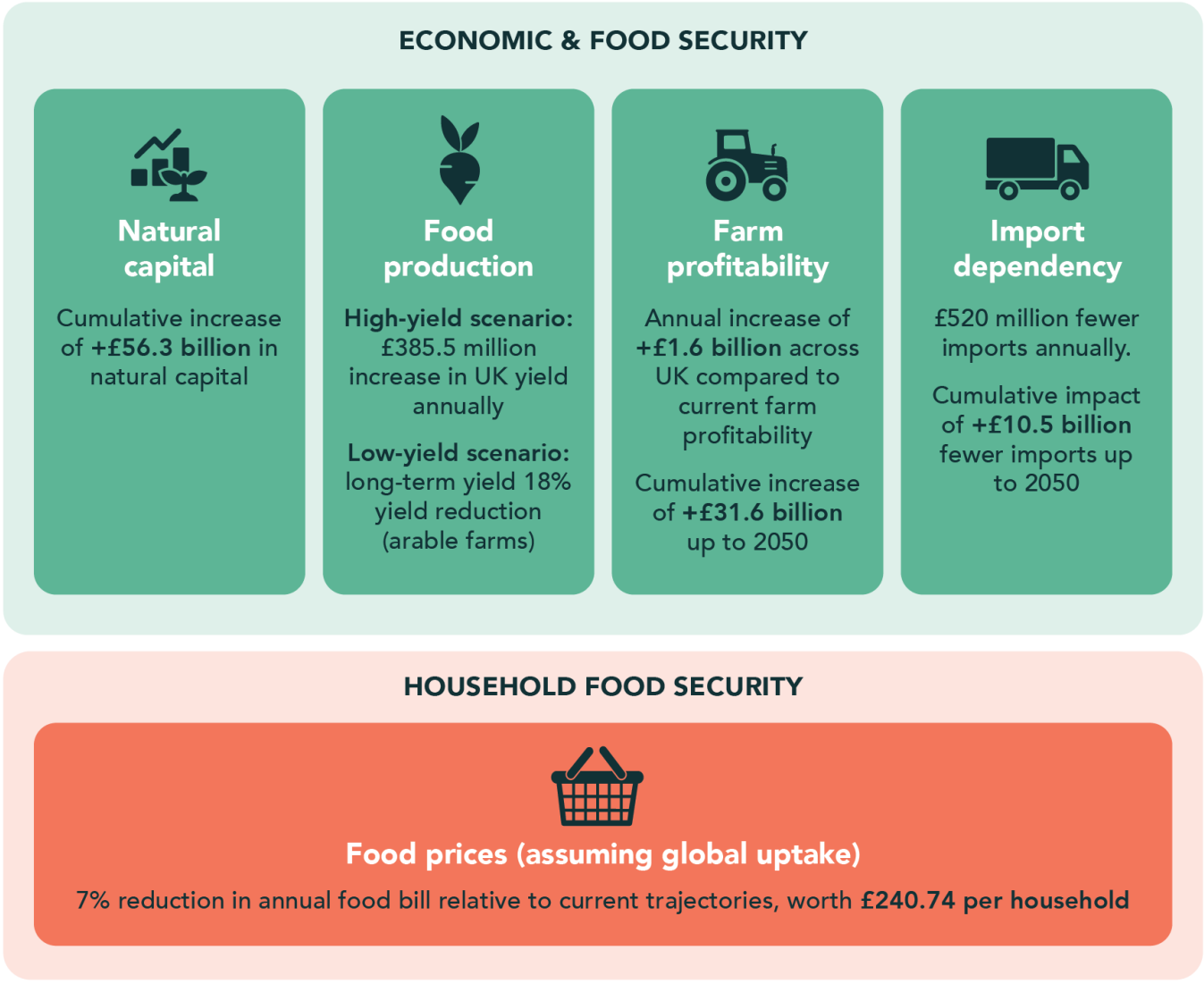
1 Green Finance Institute. Assessing the Materiality of Nature-Related Financial Risks for the UK. April 2024. https://www.greenfinanceinstitute.com/wp-content/uploads/2024/06/GFI-GREENING-FINANCE-FOR-NATURE-FINAL-FULL-REPORT-RDS4.pdf

PROGRESS ON SUSTAINABLE FARMING IS STALLED BY A LACK OF CLARITY AND INCENTIVES

Section 1 shows that many farmers in England have engaged with the Government's initiatives to encourage sustainable farming, particularly the Environmental Land Management Schemes (ELMS). Yet, progress remains uneven – held back by weak economic incentives and lack of policy clarity or stability since the transition away from the old system began. Changes to ELMS and uncertainty around the long-term direction of travel have made investment in sustainability challenging and risky. Farms facing higher transition costs when adopting sustainable methods – or those with insufficient financial means to absorb those costs – face particular challenges.

SCALING SUSTAINABLE FARMING WOULD OFFER DIVIDENDS FOR BOTH ECONOMIC AND NATIONAL FOOD SECURITY, AND HOUSEHOLD FOOD SECURITY

Section 2 demonstrates why overcoming these barriers matters. Drawing on extensive academic research, we have built original quantitative models that indicate the scale of the benefits of sustainable farming by 2050.[2] It reveals a substantial and far-reaching sustainable farming dividend.



2 Due to gaps in the data and the variation across contexts, the models should be interpreted as indicative of the direction and order of magnitude of effects, rather than precise predictions.

The sustainable farming agenda is critical to the Government's vision for Britain. The agenda is set to play an essential role in delivering legally binding targets across the Net Zero Strategy, the National Biodiversity Strategy and Action Plan and the Environmental Improvement Plan (EIP).

However, the benefits for Government objectives extend far beyond this, with Emma Reynolds, Secretary of State for the Department of Environment, Food and Rural Affairs (Defra) highlighting how "British farming is a key growth sector".[3] As sustainable farming will underpin the sector's long-term productivity – and in turn its economic growth and the stability of Britain's £150 billion agri-food supply chain – it will help drive the Government's growth mission.[4] The importance for Britain's economic growth is compounded by the benefits to our natural capital, which are essential to a huge range of supply chains for sectors across Britain, such as renewable energy production and our water system.

The sustainable farming agenda also underpins both the Government's national and household food security objectives, by reducing our exposure to external shocks and building a more profitable farming sector. As Reynolds says, "Protecting the environmental foundations of farming isn't separate from profitability. It's essential to it".[5] It simultaneously sits at the forefront of Government efforts to reduce the cost of living. Sustainable practices will mitigate long-term increases in the cost of producing food and if scaled internationally, would play a key role in limiting food price rises for struggling families.

In parallel to Government objectives, the sustainable farming agenda sits firmly within the public's vision for Britain. Drawing on original nationally and politically representative polling from 2026, we find strong alignment between the sustainable farming agenda and public opinion:

- **Six in 10 people polled support greater investment in sustainable farming practices**, compared to just one in nine who oppose it. In addition, **45% also support prioritising investment in sustainable farming** over other areas of spending, compared to 14% who disagreed with this.
- A net **31% of the public say they would feel more favourably about the Government if they invested more in sustainable farming.**[6] This rises to 41% when the public are told about the benefits of sustainable farming to farm profitability.

3 Secretary of State's address to 2026 Oxford Farming Conference. 8 January 2026. https://www.gov.uk/government/speeches/secretary-of-states-address-to-2026-oxford-farming-conference

4 Department for Environment, Food & Rural Affairs. Farming Profitability Review 2025: an independent review. 18 December 2025. https://www.gov.uk/government/publications/farming-profitability-review-2025-an-independent-review

5 Secretary of State's address to 2026 Oxford Farming Conference. 8 January 2026. https://www.gov.uk/government/speeches/secretary-of-states-address-to-2026-oxford-farming-conference

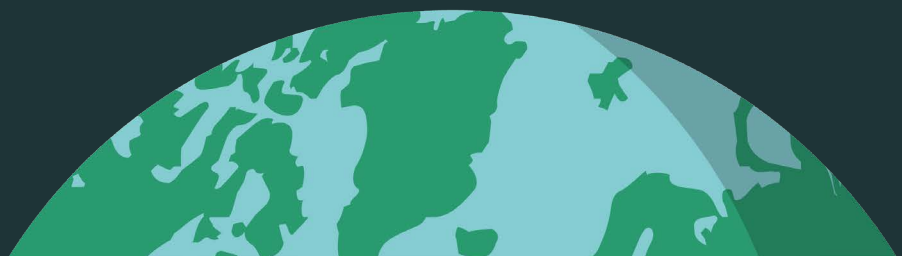
6 Net figure is the percentage who agree minus the percentage who disagree.

There remains, however, a substantial opportunity to improve public awareness of the benefits of sustainable farming. **Our polling shows that:**

The impact of climate change on food bills is often underestimated by the public.

The public typically estimates that climate change drove a **£150-£200 increase** in food prices in 2023, when the true figure is calculated to be **twice as high (£361).**[7]

Just **one in five people (19%)** think sustainable farming would decrease our reliance on imports and just a quarter think it would increase farm profitability long-term – **despite both outcomes being likely.**



TO DELIVER ECONOMIC AND FOOD SECURITY THROUGH FARMING, THE GOVERNMENT MUST TAKE A SYSTEMS APPROACH

Section 3 turns to delivery. It acknowledges the critical steps that the Government is taking, with the forthcoming 25-year Farming Roadmap and Land Use Framework set to strengthen policy stability and clarity, and the Farming Profitability Review laying a path to build farm profitability. These initiatives create real opportunity.

Yet, history shows that the levers pulled in Whitehall have to be matched by action across the farming system. The UK's 209,000 farms need to be empowered to engage with the policy agenda and build productive partnerships across the sector that facilitate change.

The Government is, applaudably, gearing itself towards such system change. Reflecting the proposals in our 2023 report – for example to convene the food industry around commitments to action and strengthen farmer peer-to-peer networks – the Government has recently announced a new Farming and Food Partnership Board and a Farmer Collaboration Fund, which will expand collaborative forms of working across the agricultural system.[8,9] Such actions build the bedrock of the systems change we need.

Building on Demos's 2023 paper, this report offers a new framework to give direction and momentum to the Government's approach. We make the case for a novel economic approach for the farming sector: developing 'economies of coordination'.

7 Climate, Fossil Fuels and UK Food Prices: 2023. Energy and Climate Intelligence Unit. 23 November 2023. https://ca1-eci.edcdn.com/food-prices-nov-2023-ECIU.pdf?v=1701056760
8 Secretary of State's address to 2026 Oxford Farming Conference. 8 January 2026. https://www.gov.uk/government/speeches/secretary-of-states-address-to-2026-oxford-farming-conference
9 Goss D and Bush L. Sowing Resilience: Unlocking the potential for regenerative farming. Demos. 13 Sep 2023. https://demos.co.uk/wp-content/uploads/2023/09/Regenerative-Farming-Report_Sept-23.pdf

In the sustainable transition, larger businesses can benefit from 'economies of scale' (where greater size enables more efficient processes). They have more capacity to build new data systems to understand their land, hire specialist staff to understand the Government payments, manage transition costs (such as short-term hits to profitability), and engage with external investors to raise the capital necessary. However, farms are typically small businesses; on average, farms in England have just 2.8 workers.[10] To ensure the UK's small farms can efficiently transition to sustainable methods, they must pool their skills and capacity together. They must learn from one another efficiently and strategically coordinate their activities to attract investment. This is the essence of what we are calling 'economies of coordination' - a new framework for improving efficiency among smaller farm businesses.

We already see economies of coordination being successfully developed, from the many farm clusters through which farms collaborate, to organisations which connect groups of farms with investors. The Farmer Collaboration Fund will build momentum for this model, but stronger foundations can be laid to ensure economies of coordination thrive. This demands:

1. **BUILDING STRONG PARTNERSHIPS** – raising the scope and ambition of the Farmer Collaboration Fund by:

   a. Using the Land Use Framework to scale up Farm Environmental Delivery Groups (e.g. farmer clusters) across the UK and develop Agri-Growth Hubs at a regional level.

   b. Partnering with local authorities and anchor institutions to convene farmers and investors to develop productive partnerships.

   c. Embedding co-design models into the management of council-owned farmland, partnering with local farmers, food businesses and community groups and supporting adoption of sustainable practices.

4. **PLUGGING KNOWLEDGE GAPS ON:**

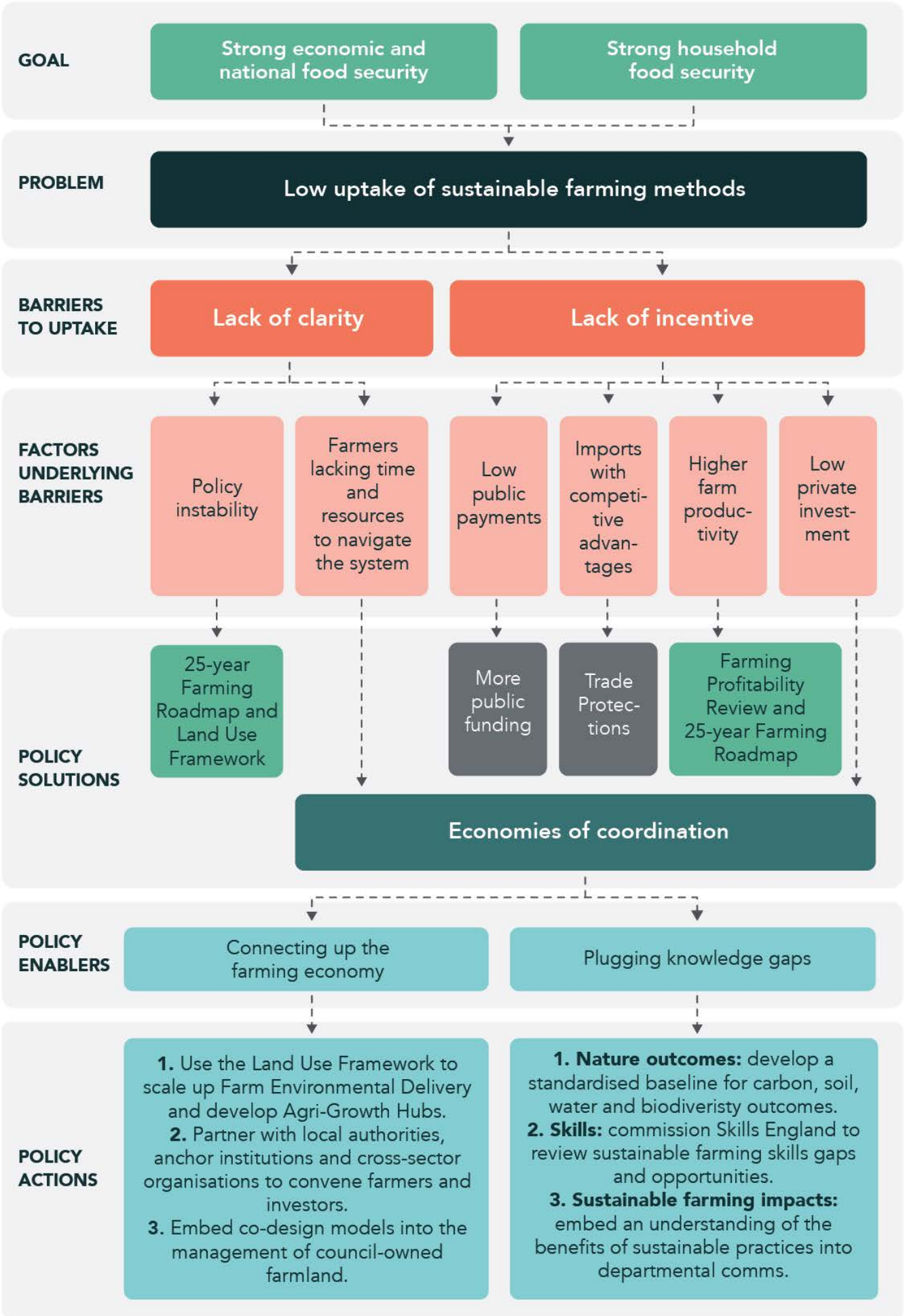
   a. Nature outcomes: develop a standardised baseline for carbon, soil, water and biodiversity outcome, i.e. standard metrics and targets to enable knowledge-sharing and attract greater investment.

   b. Skills: commission Skills England to review sustainable farming skills gaps and opportunities and disseminate the knowledge to training providers, Farm Environmental Delivery Groups and Agri-Growth Hubs.

   c. Sustainable farming impacts: embed an understanding of the benefits of sustainable practices into departmental communications, workshops and training.

The way forward is clear. Decisive action can unlock the sustainable farming dividend and deliver a more secure economy and food system. What is needed now is continued momentum on system-level reform, and the courage to act at scale.

10 Department for Environment, Food & Rural Affairs. Agricultural facts: East of England region. 30 October 2025. https://www.gov.uk/government/statistics/agricultural-facts-england-regional-profiles/agricultural-facts-east-of-england-region


GOAL
Strong economic and national food security
Strong household food security
PROBLEM
Low uptake of sustainable farming methods
BARRIERS TO UPTAKE
Lack of clarity
Lack of incentive
FACTORS UNDERLYING BARRIERS
Policy instability
Farmers lacking time and resources to navigate the system
Low public payments
Imports with competi-tive advan-tages
Higher farm produc-tivity
Low private invest-ment
POLICY SOLUTIONS
25-year Farming Roadmap and Land Use Framework
More public funding
Trade Protec-tions
Farming Profitability Review and 25-year Farming Roadmap
Economies of coordination
POLICY ENABLERS
Connecting up the farming economy
Plugging knowledge gaps
POLICY ACTIONS
1. Use the Land Use Framework to scale up Farm Environmental Delivery and develop Agri-Growth Hubs.
2. Partner with local authorities, anchor institutions and cross-sector organisations to convene farmers and investors.
3. Embed co-design models into the management of council-owned farmland.
1. Nature outcomes: develop a standardised baseline for carbon, soil, water and biodiveristy outcomes.
2. Skills: commission Skills England to review sustainable farming skills gaps and opportunities.
3. Sustainable farming impacts: embed an understanding of the benefits of sustainable practices into departmental comms.

INTRODUCTION

> *Healthy soil. Clean water. Thriving pollinators. These aren't nice to haves. They're business fundamentals, environmental necessities and the foundations of our food security."*
>
> **– Emma Reynolds, Defra Secretary of State, 2026**

The UK's food system has been shaken to the core in recent years. A global pandemic, geopolitical disruption, and extreme weather have all tested its resilience. As shortages and bottlenecks appeared across the supply chain, the cost of our food system rose and put strain on our national food security.

With pressure on national food security comes pressure on household food security. We have seen food prices rise by over 37% from 2020-2025,[11] and the cost of living has remained the UK public's biggest concern for the past three years.[12,13]

This has enormous political ramifications. Every developed country that held elections in 2024 – after prices rose at the fastest rate in a generation – saw the incumbent government lose votes, with many removed from office.[14] Bank of England research shows that public perception of inflation is driven by food prices more than anything else, as they are disproportionately perceptible to the public.[15]

The lesson of the last few years is clear: the public demands a secure and stable food system. If governments do not deliver that, public discontent will remain.

11 Mistry P and Moreau E. Why are food prices still rising by so much? BBC News. 20 August 2025. https://www.bbc.co.uk/news/articles/cyvn9z3y78lo
12 Ibid.
13 Smith M. Britons and the cost of living, January 2026. YouGov. 7 January 2026. https://yougov.co.uk/politics/articles/53823-britons-and-the-cost-of-living-january-2026
14 Burn-Murdoch J. Democrats join 2024's graveyard of incumbents. Financial Times. 7 November 2024. https://www.ft.com/content/e8ac09ea-c300-4249-af7d-109003afb893
15 Anesti N, Esady V and Naylor M. Food prices matter most: sensitive household inflation expectations. Staff Working Paper No. 1,125. Bank of England. May 2025. https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2025/food-prices-matter-most-sensitive-household-inflation-expectations.pdf

THE BAD NEWS

The unfortunate reality is that there is more disruption to come. Climate change is expected to increase the average UK family's food bill by 9% by 2050, or 13% for families in the lowest income decile.[16] Just as environmental degradation threatens the food system, the current structure of the food system threatens the environment. Intensive agriculture harms our soils, waterways, woodlands, hedgerows, and biodiversity – for example, arable soils lose 40% to 60% of their organic carbon.[17] Across the economy, this degradation disrupts businesses, harms productivity, and fragments supply chains – affecting sectors from tourism and renewable energy to housebuilding and essential utilities like water supply. Modellings suggest that these effects could drive a 6% fall in GDP by the 2030s (£150 billion) – an even bigger decline than that seen during the 2008 Global Financial Crisis, when between 4% and 6% was wiped off GDP.[18] Such effects could almost wholly undermine Government progress on driving economic growth.

And it is not just environmental changes that we must guard against. Our geopolitical order is rapidly changing, and may well intensify. Conflict and trade-related disruptions could become the norm, detrimentally affecting our food imports, the supply chains for farmers and food businesses, and global food prices. Again, struggling families will feel the brunt of it all.

THE GOOD NEWS

The vulnerabilities of our food system are not fixed. The extent to which changing weather patterns affect our food production depends largely on the resilience of the land. Building truly sustainable agricultural land in the UK – land that is rich with biodiversity and nature, healthy soils, clean and efficient water systems, and that is less dependent on artificial inputs – could offer our food system a vastly more stable, secure future. Not only would the transformation deliver richer nature and reduced greenhouse gas emissions, but the social and economic dividend would be extensive:

- **Stronger economic and national food security** – with our natural capital strengthened, domestic food production protected, farms made more profitable, and a reduced reliance on imports.
- **Stronger household food security** – with lower, more stable food prices easing pressure on family finances.

This pathway may sound optimistic, but it is well within reach. The Government has laid out a strong and positive direction – underpinned by recent announcements by the Defra Secretary – and further developments are coming soon. Success now rests on effective delivery. The farmers who work on 69% of the UK's land and produce almost two thirds of the UK's food must be the custodians of that delivery.[19,20] The Government must build the foundations for farmers to act on that.

16 Watkiss et al. (2016). Climate Change Impacts on the Future Cost of Living (SSC/CCC004). Paul Watkiss Associates. March 2016. https://www.climatejust.org.uk/sites/default/files/FINAL%20Watkiss%20report%2030032016.pdf
17 Goss D and Bush L. Sowing Resilience: Unlocking the potential for regenerative farming. Demos. 13 Sep 2023. https://demos.co.uk/wp-content/uploads/2023/09/Regenerative-Farming-Report_Sept-23.pdf
18 Green Finance Institute. Assessing the Materiality of Nature-Related Financial Risks for the UK. April 2024. https://www.greenfinanceinstitute.com/wp-content/uploads/2024/06/GFI-GREENING-FINANCE-FOR-NATURE-FINAL-FULL-REPORT-RDS4.pdf
19 Department for Environment, Food & Rural Affairs. Agricultural land use in the United Kingdom. 17 December 2025. https://www.gov.uk/government/statistics/agricultural-land-use-in-the-united-kingdom
20 Department for Environment, Food & Rural Affairs. Chapter 14: The food chain. 10 July 2025. https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2024/chapter-14-the-food-chain#food-production-to-supply-ratio

THE GOVERNMENT HAS LAID OUT A POSITIVE VISION FOR REFORM

For many decades, there was little public direction about how farmers' custodianship should be exercised. With the 2016 EU Referendum meaning the UK would exit the EU's Common Agricultural Policy (CAP) and its payments system of directly subsidising farming based solely on the size of land farmed, the Government charted a new pathway. In 2018, the Conservative Government (under the then-Defra Secretary Michael Gove), laid out its vision of 'public money for public goods' in agriculture, whereby Government payments to farmers should be used to provide direction for how the public want that land to be managed. At its crux was directing payments to put farming on a more sustainable path.

Action to advance change is continuing. From the commissioning of last year's Farming Profitability Review to the upcoming Food Strategy, 25-year Farming Roadmap and Land Use Framework, the Government plan is developing. A lot hinges on whether these strategies are fully geared to drive a pro-growth, sustainable farming future. This is not a time for half-measures.

THERE IS MORE WORK TO BE DONE

This report is not our first time exploring this agenda. Our 2023 report, *Sowing Resilience*, laid out the benefits of regenerative farming for the public, farmers, and our economy, and uncovered the barriers to expanding it across the UK.[21] But as the analysis in the present report shows, sustainable farming has been adopted too slowly, and in some areas has declined.

Farmers continue to lack enough clarity and incentives, and the policy environment has not been stable or supportive enough. The ongoing Government work in this policy area could help (with the Farming Profitability Review an important contribution to that), but change depends on the continued prioritisation and momentum for the agenda among the current and future governments.

With many competing pressures on Government time, it is never an easy task but the evidence in this report demonstrates that it is essential. The sustainability of our food system – on which our citizens, economy and nature depend – cannot be compromised.

To drive the agenda forward, we need to reaffirm its importance. That demands a stronger understanding of:

- (1) The scale of benefits of sustainable farming – the dividend for long-term economic growth, food prices, farm profitability, and the environment and nature.
- (2) How the benefits of sustainable farming align with the public's priorities for the economy and nature in 2026.
- (3) The frontier policies needed to make the Government's planned actions on sustainable farming a success.

This report aims to advance the sustainable farming agenda by demonstrating its importance not just for our environment, but for the security of our economy and food system.

21 Goss D and Bush L. Sowing Resilience: Unlocking the potential for regenerative farming. Demos. 13 Sep 2023. https://demos.co.uk/wp-content/uploads/2023/09/Regenerative-Farming-Report_Sept-23.pdf

WHAT IS SUSTAINABLE FARMING?

Farming is not a homogenous sector. It produces a myriad of different products – largely but not exclusively food – in different ways, while pursuing a variety of environmental, social and economic outcomes. With this backdrop, there is no single definition of 'sustainable farming'. **It is widely understood to include methods of farming that support positive outcomes for the land, nature, and the environment – for instance, lower emissions, higher biodiversity and better natural capital – which ensure the long-term viability of farming.** Such an approach is often referred to as regenerative farming. Sustainable farming can also be understood as a system that supports wider social and economic outcomes – such as food security, innovation and resilience, profitable farms, and thriving communities – or involves structural changes to the types of food we produce.

The outcomes, practices and adjustments that any farm will focus on will be specific to that farm, and different policymakers will focus on those that align with their policy objectives. Sustainable methods often include:

- Soil health practices (reduced tillage, cover crops, herbal leys, composting)
- Nature-friendly practices (measures to boost biodiversity such as hedge restoration, wildflower margins, beetle banks, woodland creation, water management)
- Integrated Pest Management (IPM)
- Diversified or circular systems (crop-livestock integration, rotations, agroforestry)
- Organic approaches
- Decarbonising vehicles and machinery

Our aim in this research is not to point towards a specific set of practices or outcome metrics. Instead we highlight the range of positive social and economic outcomes that a variety of sustainable farming methods can create.

Our focus is largely on the benefits of particular *methods of farming*, rather than the benefits of wider agricultural institutions or infrastructure. Similarly, while we do consider the sustainable impacts of structural changes to UK farming, such as shifting from livestock to more crop production, our primary focus remains on the adoption of certain farming methods.

SECTION 1
THE STATE OF UK SUSTAINABLE FARMING

Our 2023 report, *Sowing Resilience*, made the case for an expansion of regenerative farming methods (a subset of sustainable methods) and laid out how to overcome the barriers to that change in the UK. Three years on, we review the progress on this agenda. The evidence shows that:

1. While we see positive signs in farming outcomes like soil health, biodiversity and emissions, the UK lags behind many of its international peers, while the agricultural sector lags behind other sectors.[22] More ambition is needed.
2. While there has been a strong uptake of sustainable farming methods, substantial gaps remain (particularly among low productivity farms) and progress is sometimes heading in the wrong direction.
3. Two central barriers continue to prevent farms from taking up sustainable methods: (1) weak economic incentives, and (2) policy instability and complexity.

1.1. UK FARMING HAS BECOME MUCH MORE SUSTAINABLE, BUT FURTHER AMBITION IS NEEDED

UK farmland soils tend to hold excessive nitrogen and phosphorus, causing a raft of environmental problems.[23] These excesses disrupt the balance of nutrients and microbes in soils, slow decomposition rates, and harm crop growth. A substantial proportion of these excesses are lost to the environment, polluting rivers and sensitive habitats.[24] Around 70% of nitrates in groundwater and surface water in England can be attributed to agricultural soils.[25]

22 Evidence in this section refers to a mixture of the UK and England. The area is made explicit where relevant, but the data for England is also seen as indicative of the data for the UK

23 Department for Environment, Food & Rural Affairs. Chapter 11: Agri-environment. 10 July 2025. https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2024/chapter-11-agri-environment

24 Green Alliance blog. Clean Air Day: nitrogen pollution from agriculture has been overlooked for far too long. 17 June 2021. https://greenallianceblog.org.uk/2021/06/17/clean-air-day-nitrogen-pollution-from-agriculture-has-been-overlooked-for-far-too-long/

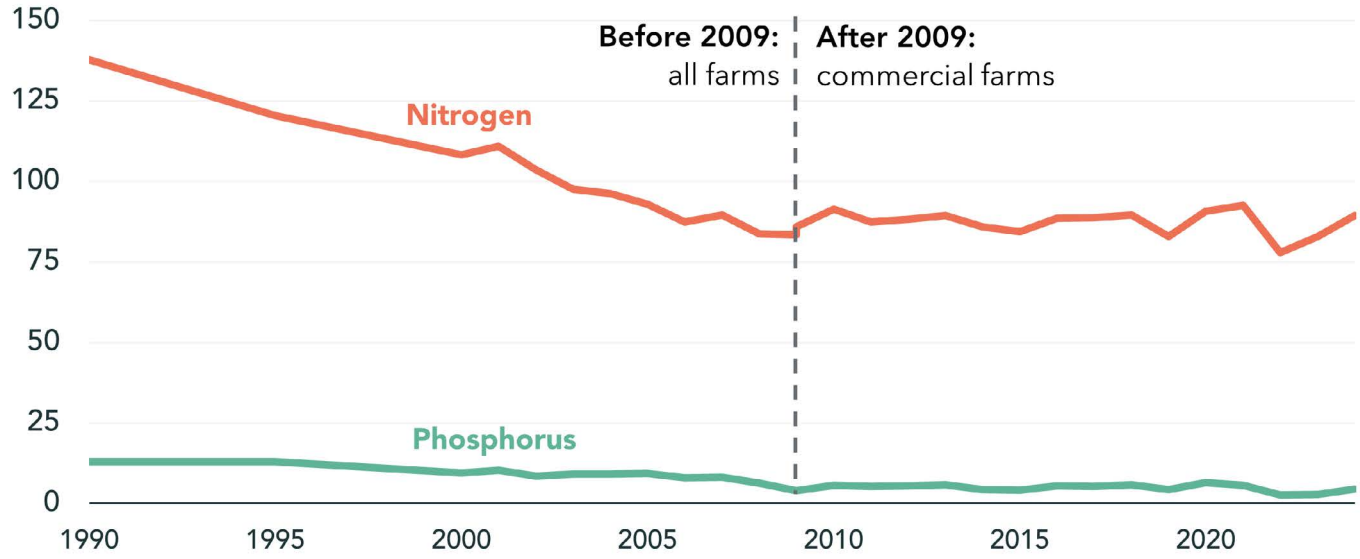
25 Wang, L. et al. (2016). The changing trend in nitrate concentrations in major aquifers due to historical nitrate loading from agricultural land across England and Wales from 1925 to 2150. Science of The Total Environment, Vol 542, 694–705. sciencedirect.com/science/article/pii/S0048969715309438?via%3Dihub&__cf_chl_rt_tk=y4DKQvvI9b6iFQEWTIARl43I6jbn6J97afd456h9ERo-1769790102-1.0.1.1-fQ2ojzsLrt02YCqqSqP2K5OUhVePCUuLuhIm8z8DHQo

Long-running monitoring of UK farmland soils shows progress is being made to reduce those excesses. Defra's national nutrient balance data shows that the UK nitrogen surplus on farms fell by 36% between 1990 and 2024, while the phosphorus surplus fell by 61%.[26] These trends are consistent with improving soil function. Research by the UK Centre for Ecology & Hydrology (UKCEH) and Natural England shows how these reductions in excess nutrients support healthier soil biology, improve structure and water retention, and lower nutrient losses to rivers and habitats.

CHART 1

Nitrogen and phosphorus in UK soils has reduced over the decades - indicating healthier soils

Kg/hectare of nutrients in UK soils over time



Source: Department for Environment, Food & Rural Affairs. Soil nutrient balances UK, 2024 statistics notice. 30 October 2025. https://www.gov.uk/government/statistics/uk-and-england-soil-nutrient-balances-2024/soil-nutrient-balances-uk-2024-statistics-notice

The ambition must now increase. UK nitrogen fertiliser use per hectare of cropland has decreased substantially from its 1996 peak more in percentage terms than Australia, Canada, France, Ireland, the USA, or the EU-27 as a whole.[27] Despite this, use per hectare remains higher than in most comparable countries. In 2022, UK fertiliser application averaged 194 kg/ha – around twice the rate as Australia or the USA, 77% more than Canada, 68% more than Germany and 44% more than France. This reflects the UK's relatively intensive cropping systems and high livestock densities, and goes some way in explaining why nutrient pollution remains a major constraint on water quality and biodiversity recovery.

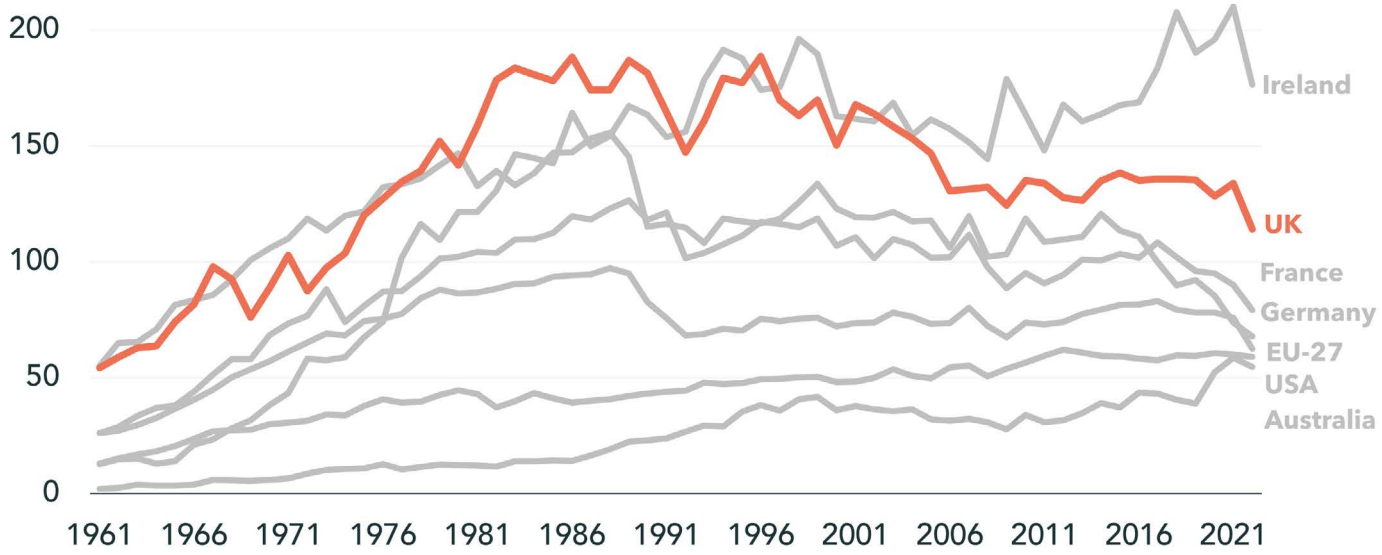
26 Department for Environment, Food & Rural Affairs. UK and England soil nutrient balances, 2024. 30 October 2025. https://www.gov.uk/government/statistics/uk-and-england-soil-nutrient-balances-2024

27 Our World in Data. Nitrogen fertilizer use per area of cropland. February 25 2026. https://ourworldindata.org/grapher/nitrogen-fertilizer-application-per-hectare-of-cropland?tab=line&country=Eastern+Asia~GBR~FRA~DEU~OWID_EU27~IRL~AUS~USA~NZL~CAN

CHART 2

Nitrogen fertiliser use has fallen since its peak, and in recent years, but remains higher than in most comparable countries

Nitrogen fertiliser per hectare of cropland, by country



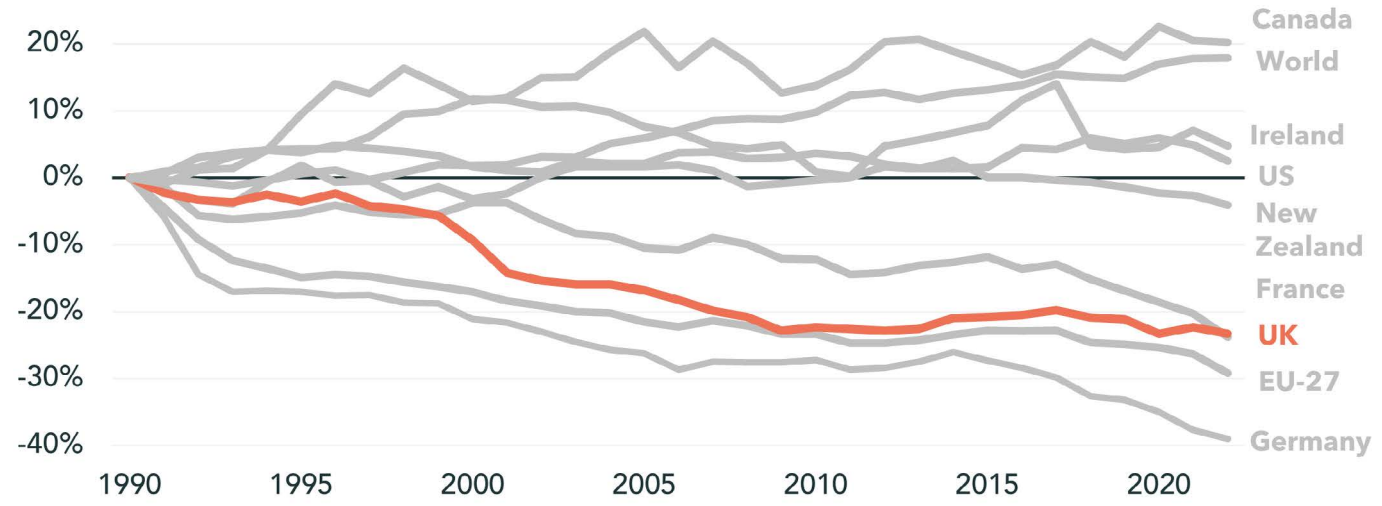
Source: Our World in Data. Nitrogen fertilizer use per area of cropland. February 25 2026. https://ourworldindata.org/grapher/nitrogen-fertilizer-application-per-hectare-of-cropland?tab=line&country=Eastern+Asia~GBR~FRA~DEU~OWID_EU27~IRL~AUS~USA~NZL~CAN

The sector's impact on emissions tells a similar story. When assessed against international comparators, such as Canada and New Zealand, the UK farming industry's adoption of sustainable agricultural practices seems impressive. While agricultural emissions in Canada grew by 20% between 1990 and 2021, those in the UK decreased by more than 20% over the same period, despite no reduction in the total area of agricultural land. However, when the UK's performance is benchmarked against those of the EU-27 nations – particularly Germany – it's evident there's room for improvement.

CHART 3

The UK has performed well against most international peers in terms of agricultural emissions reduction

Change in agricultural emissions since 1990



Source: Our World in Data. Greenhouse gas emissions by sector, World. 10 February 2026. https://ourworldindata.org/grapher/ghg-emissions-by-sector

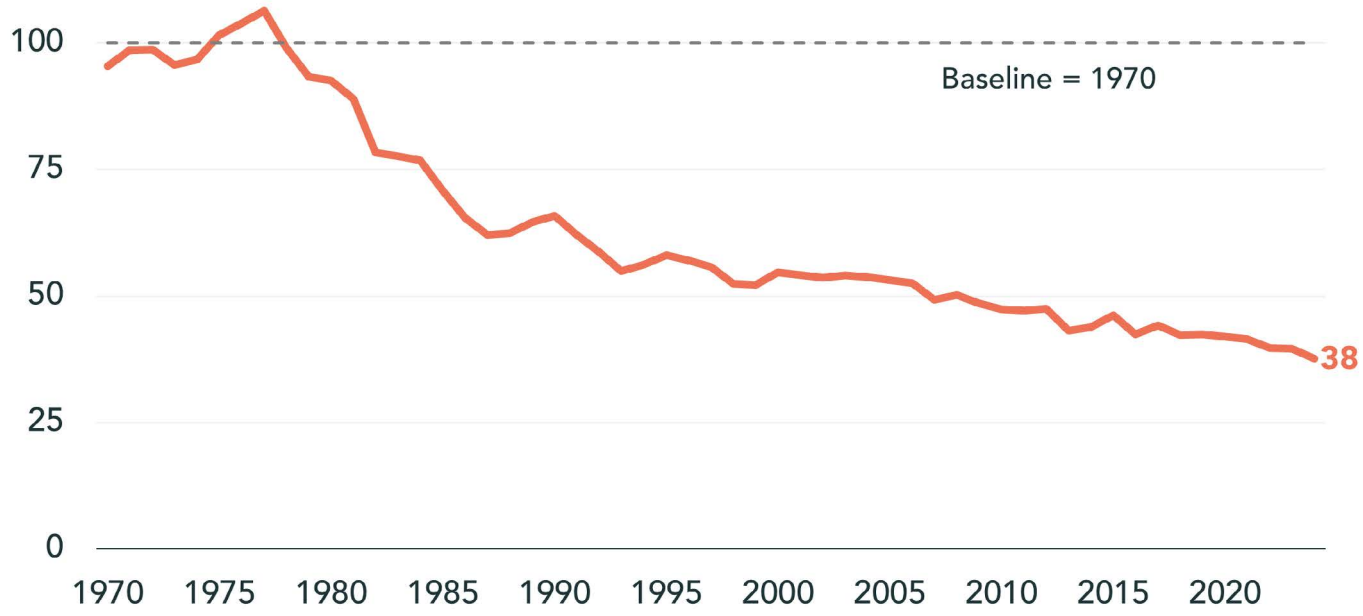
Stronger uptake of sustainable farming practices could help address the gap. Modelling from the World Wide Fund for Nature (WWF) indicates that if regenerative farming practices were delivered across the UK, they could lead to an estimated 10% reduction in national greenhouse gas emissions by 2030, or around 7% by 2050, relative to current trajectories.[28] These reductions would represent one of the largest single contributions agriculture could make to net zero.

The sector's impact on the UK's biodiversity has been more severe. Farmland bird populations - often seen as a key indicator of farming's impact on biodiversity - have fallen by 62% since 1970, including an 11% drop between 2019 and 2024,[29] though the UK's farmland bird populations have fallen at similar rates as the EU since 1990 (the years where data is available), at 38% and 42% respectively.[30]

CHART 4

UK farmland bird populations have fallen significantly in the past 50 years

Index of UK farmland bird populations



Source: Department for Environment, Food & Rural Affairs. Wild bird populations in the UK and England, 1970 to 2024. 23 September 2025. https://www.gov.uk/government/statistics/wild-bird-populations-in-the-uk/wild-bird-populations-in-the-uk-and-england-1970-to-2024

Again, sustainable farming could play a key role in addressing the challenge. Modelling from Green Alliance suggests that if sustainable farming methods expanded to around 60% of UK farmland by 2050, biodiversity loss could halt by 2030, with wild bird populations increasing by up to 80% by the middle of the century.[31]

28 World Wide Fund for Nature. Land of Plenty: A Nature-Positive Pathway to Decarbonise UK Agriculture and Land Use. February 2022. https://www.wwf.org.uk/sites/default/files/2022-02/WWF_land_of_plenty.pdf

29 Department for Environment, Food & Rural Affairs. Wild bird populations in the UK and England, 1970 to 2024. 23 September 2025. https://www.gov.uk/government/statistics/wild-bird-populations-in-the-uk/wild-bird-populations-in-the-uk-and-england-1970-to-2024

30 European Environment Agency. Common bird index in Europe. 15 Jul 2025. https://www.eea.europa.eu/en/analysis/indicators/common-bird-index-in-europe

31 Collas L and Benton D. Shaping UK land use. Green Alliance. January 2023. https://green-alliance.org.uk/wp-content/uploads/2023/02/Shaping-UK-land-use.pdf

STRUCTURAL CHANGE IN AGRICULTURE

While improving farming methods is essential, much of the opportunity to improve sustainability in the food system depends on structural changes in what we produce and what we eat. Animal products provide only about a third of calories consumed domestically and less than half of protein intake. Yet, livestock directly accounts for nearly two-thirds of agricultural emissions (largely from the digestive processes in cattle and sheep) and – alongside livestock feed – accounts for 85% of agricultural land, with a substantial negative impact on biodiversity.[32,33] With a small proportion of the food supply constituting such a high proportion of agricultural emissions and land use, it's clear there are inefficiencies in the food system.

Reducing livestock production in the UK would both reduce emissions and release land for environmental activities (such as woodland creation, peatland restoration, and growing energy crops) or lower-emissions food production. These changes are critical. The Climate Change Committee (CCC) emphasises how "reaching net zero across the agriculture and land sectors requires a reduction in livestock numbers, particularly cattle and sheep."[34] The CCC's scenario of a 'balanced pathway' sees a third of the reduction in agricultural and land-use emissions arising due to reduced livestock numbers, driven in part by a fall in meat consumption by 25% by 2040 and 35% by 2050 compared to 2019 levels. WWF modelling separately finds that a reduction in meat and dairy production of 30% by 2030 and 50% by 2050 could reduce agricultural emissions by 26% and 43% respectively (relative to a 2018 baseline).[35]

In summary, Government efforts to make farming more sustainable remain essential if we are to reverse the harms of intensive farming and match the progress of our international peers.

1.2 UPTAKE OF SUSTAINABLE FARMING PRACTICES IS STRONG, BUT KEY GAPS REMAIN

Uptake of sustainable practices is strong across the sector, as evidenced across multiple sources.

- According to the Government's Farm Business Survey (FBS), in 2022/23, 46% of farms in England engaged in soil management practices (e.g. cover cropping and reduced tillage), 36% in nature-friendly farming (e.g. laying winter bird food or planting wildflowers), and 20% in woodland creation or management (e.g. tree planting or hedge laying), with smaller numbers engaging in water quality measures (18%), habitat creation (12%), Integrated Pest Management (IPM – 11%) and others.[36]

32 Climate Change Committee. The Seventh Carbon Budget. 26 February 2025. https://www.theccc.org.uk/publication/the-seventh-carbon-budget/#post-49721-_Toc187753737
33 Cottee et al. (2022). The Future of Feed: How Low Opportunity Cost Livestock Feed Could Support a More Regenerative UK Food System. World Wide Fund for Nature. June 2022. https://www.wwf.org.uk/sites/default/files/2022-06/future_of_feed_full_report.pdf
34 Climate Change Committee. The Seventh Carbon Budget. 26 February 2025. https://www.theccc.org.uk/publication/the-seventh-carbon-budget/#post-49721-_Toc187753737
35 Cottee et al. (2022). The Future of Feed: How Low Opportunity Cost Livestock Feed Could Support a More Regenerative UK Food System. World Wide Fund for Nature. June 2022. https://www.wwf.org.uk/sites/default/files/2022-06/future_of_feed_full_report.pdf
36 Department for Environment, Food & Rural Affairs. Agri-Environment Activities. 19 September 2024. https://www.gov.uk/government/statistics/agri-environment-activities

- More recently, McCain's 2025 Farmdex report finds that 71% of farmers in Britain have invested in sustainable farming practices in the past five years, with reduced tillage at 55%, crop rotation at 36%, and cover cropping at 35%.[37]
- The Government's Farm Practices Survey (FPS) found that, in 2025, 49% of farmers in England were actively taking action to reduce emissions from their farms.[38]

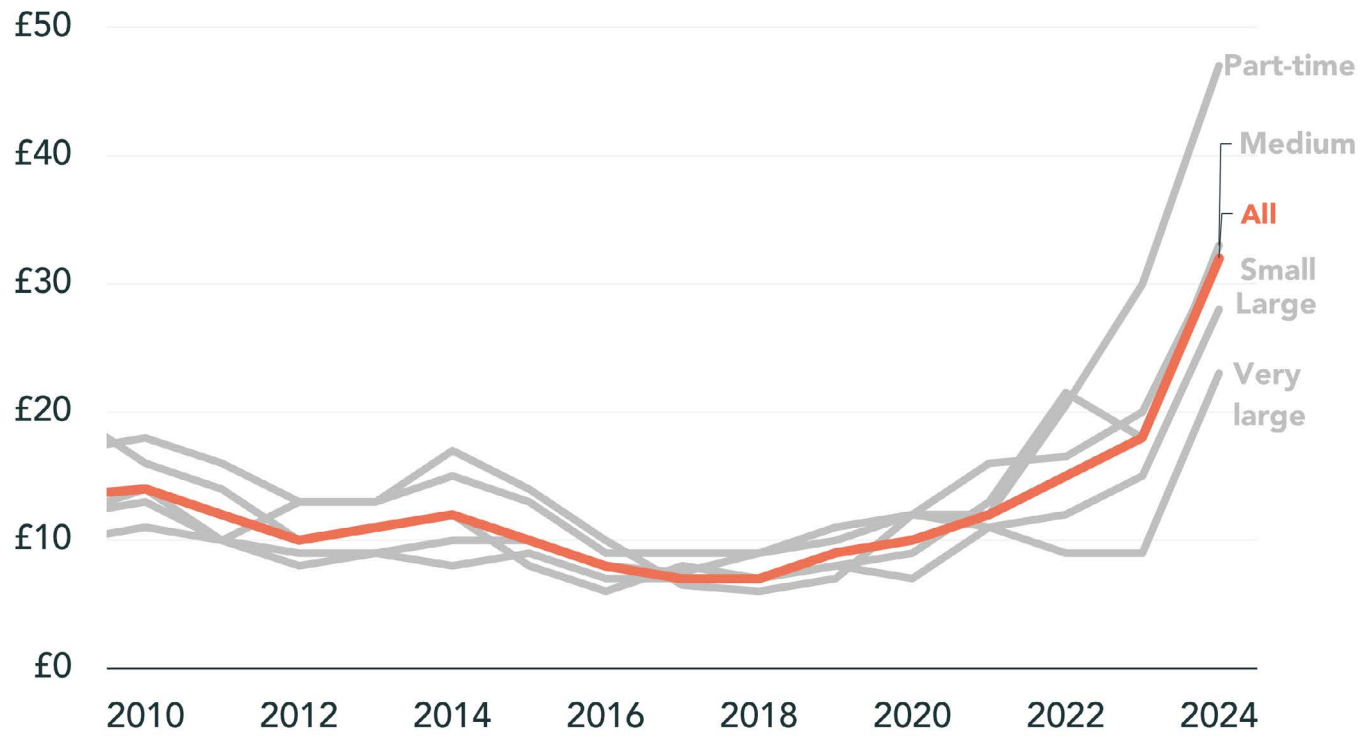
Strong uptake reflects substantial increases in investment in recent years. The FBS demonstrates that the cost of agri-environment activities per hectare of farmland in England - a reflection of the amount farms spend on such activities - stayed broadly level between 2010 and 2020, suggesting little additional investment in sustainable farming practices.

Some increases were then seen between 2020 and 2023, particularly among small, medium, and part-time farms, with progress rapidly accelerated between 2023 and 2024. The cost of agri-environment activities per hectare (across all farms in England) rose from £18 to £32. This was matched by similar substantial increases in the income per hectare for agri-environment activities, driven largely by higher payments.[39]

CHART 5

There has been a rapid increase in farms' spend on agri-environment activities since 2023

Cost per hectare of agri-environment activities over time, by farm size



Source: Department for Environment, Food & Rural Affairs. Farm Business Survey Data Dashboard. 2025. https://shiny.farmbusinesssurvey.co.uk/

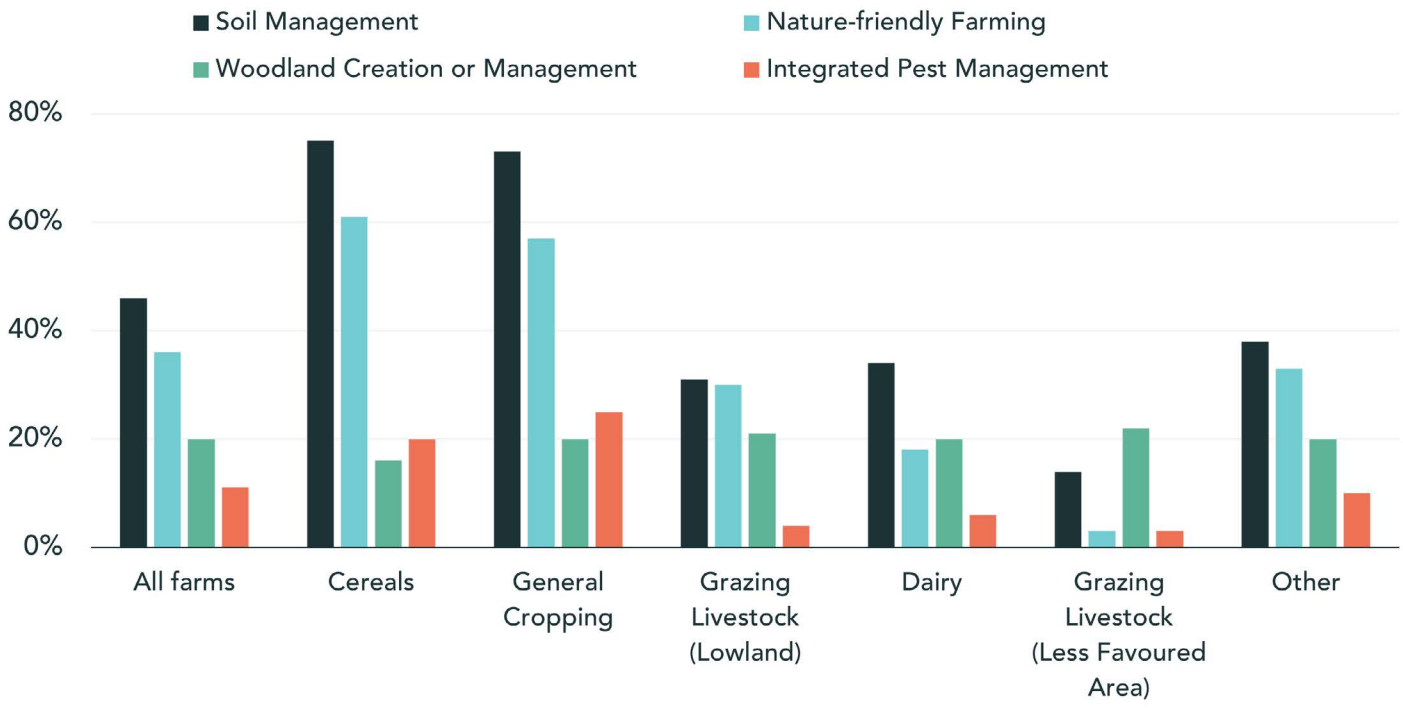
37 McCain. Farmdex Report 2025. 14 October 2025. https://www.mccain.co.uk/media/s0wjuwhn/mccain_farmdexreport.pdf
38 Department for Environment, Food & Rural Affairs. Farm practices survey February 2025. 12 June 2025. https://www.gov.uk/government/statistics/farm-practices-survey-february-2025
39 Department for Environment, Food & Rural Affairs. Farm Business Survey Data Dashboard. 2025. https://shiny.farmbusinesssurvey.co.uk/

However, the uptake of sustainable farming practices is far from universal – driven in part by inconsistent uptake across the sector. Arable farms demonstrate the highest levels of engagement with soil management and nature-friendly practices, as they typically have greater flexibility to adopt measures such as cover cropping, reduced tillage, and crop diversification. Livestock systems show a much lower take up of sustainable practices and dairy farms participate at relatively low levels across most sustainable practices. Grazing livestock farms in lowland and Less Favoured Areas (LFAs) also show very low uptake of soil measures (14%) and nature-friendly farming measures (3%). Nonetheless, livestock farms do tend to have higher rates of uptake than arable farms for woodland creation (22%) and habitat creation (31%).

CHART 6

There is more work to do to encourage sustainable practices on livestock farms

Proportion of farms currently undertaking sustainable practices, by farm type



Source: Department for Environment, Food & Rural Affairs. Agri-Environment Activities. 19 September 2024. https://www.gov.uk/government/statistics/agri-environment-activities

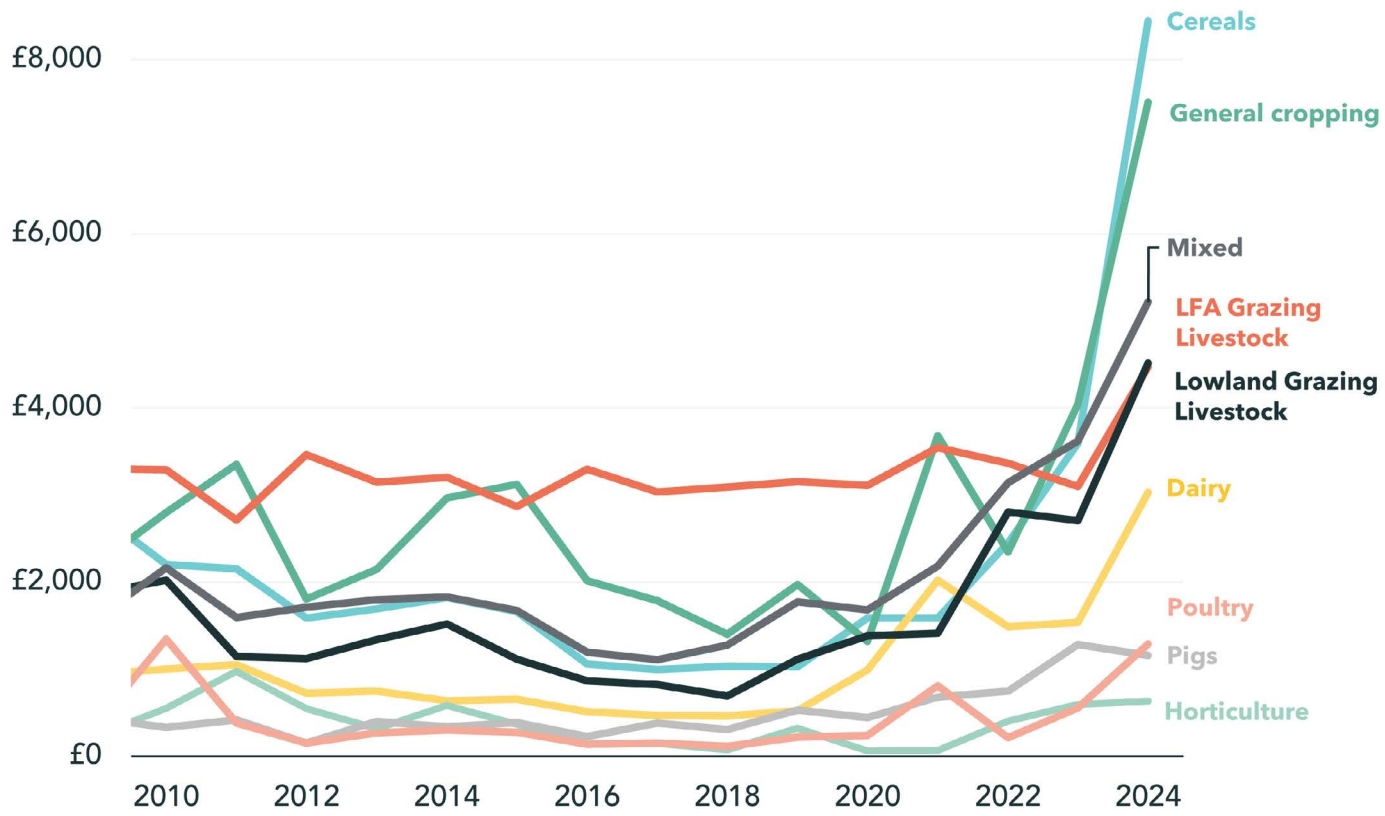
Lower uptake among livestock farms aligns with lower spending per farm on agri-environment activities – with arable and livestock farms diverging in recent years.[40] For example, in 2022/23, general cropping farms and cereal farms spent £2,828 and £2,275 respectively per farm on agri-environment activities. The figures for grazing livestock were similar; £3,303 for LFA and £2,631 for lowland. But by 2023/25, spending among general cropping farms and cereal farms had increased by 165% and 270% respectively, while spending for grazing farms had increased by just 35% (LFA) and 73% (lowland). There are clear reasons for this; arable farms have options to practice many sustainable methods (such as cover cropping and reducing tillage) that are often not available to livestock farms. Nevertheless, given the environmental impacts of livestock farming in the UK, it is important to increase the rates of spending on agri-environment activities that are applicable to livestock farms and would have positive impacts.

40 Department for Environment, Food & Rural Affairs. Farm Business Survey Data Dashboard. 2025. https://shiny.farmbusinesssurvey.co.uk/

CHART 7

There has been a rapid increase in farms' spend on agri-environment activities since 2023, but arable farms have outpaced livestock farms

Cost per farm of agri-environment activities over time, by farm type



Source: Department for Environment, Food & Rural Affairs. Farm Business Survey Data Dashboard. 2025. https://shiny.farmbusinesssurvey.co.uk/

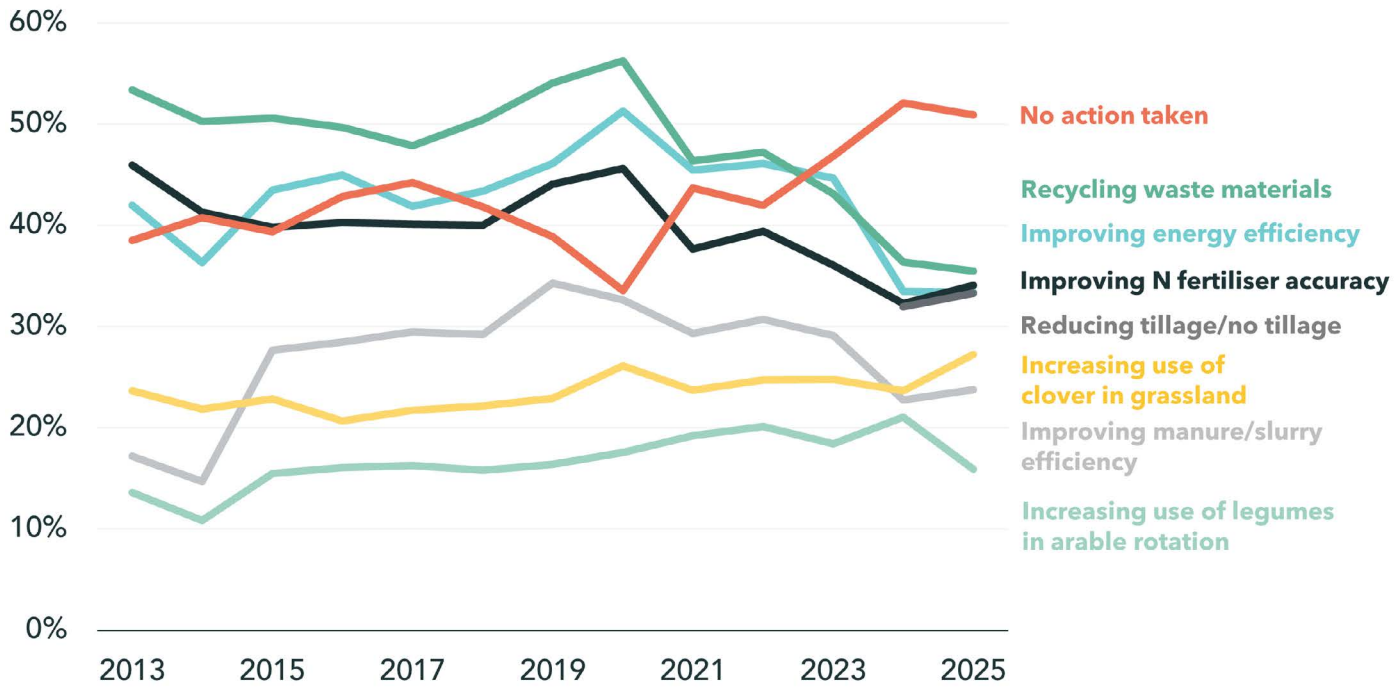
The data also indicates that some trends are heading in the wrong direction. For example, we see an increase in the proportion of farms taking no action to reduce emissions since 2020. There are particular declines in terms of recycling waste materials, improving energy efficiency, and improving nitrogen fertiliser accuracy.[41]

41 Department for Environment, Food & Rural Affairs. Farm practices survey February 2025. 12 June 2025. https://www.gov.uk/government/statistics/farm-practices-survey-february-2025

CHART 8

The number of farms taking no actions to reduce emissions has risen substantially in recent years

Proportion of farms adopting measures to reduce emissions over time



Source: Department for Environment, Food & Rural Affairs. Farm practices survey - greenhouse gas mitigation. 12 June 2025. https://www.gov.uk/government/statistical-data-sets/farm-practices-survey-greenhouse-gas-mitigation

In summary, progress in making farming more sustainable demands that sustainable practices are adopted by a wider range of farms – particularly farm-types where uptake is lower – and that we reverse concerning trends which point to fewer farms taking action.

1.3 UPTAKE OF SUSTAINABLE METHODS IS LIMITED BY WEAK ECONOMIC INCENTIVES AND POLICY INSTABILITY AND COMPLEXITY

Farmers broadly want a sustainable farming future. Over three quarters of farmers surveyed in the Farmdex report (77%) see sustainable practices as essential to the future of farming. But expanding sustainable farming practices across UK farms requires tackling two primary barriers. Firstly, the economic incentives to transition – underlined by Government payments, external investment, or market incentives for the specific farm – are often insufficient. Secondly, the policy landscape has become increasingly complex and hard to navigate, compounded by uncertainty about its long-term stability.

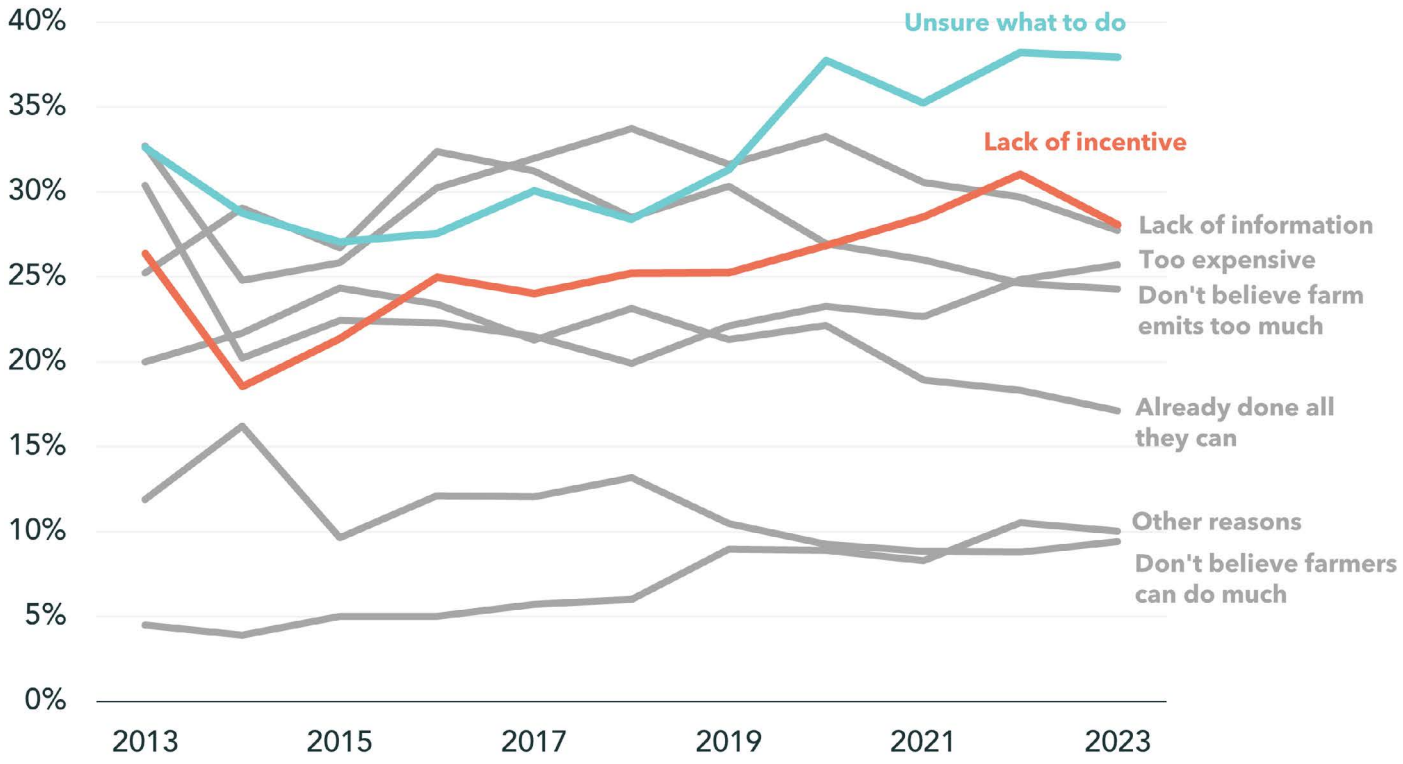
The dual barriers of lack of clarity and lack of incentive are typical of the reasons farmers give for not taking action to reduce emissions on their farm (see Chart 9).[42] Since the mid-2010s, farmers in England have felt increasingly unsure about what to do to reduce emissions (rising from 27% to 38% of those surveyed), and increasingly felt a lack of incentive (rising from 21% to 28%) when it came to making changes. A lack of information and the high cost of implementing practices were also cited as key reasons.

42 Department for Environment, Food & Rural Affairs. Farm practices survey February 2025. 12 June 2025. https://www.gov.uk/government/statistics/farm-practices-survey-february-2025

CHART 9

Lack of clarity and incentive have become the key reasons why farmers don't take action on emissions

Reasons preventing farmers from taking action to reduce GHG emissions from their farm



Source: Department for Environment, Food & Rural Affairs. Farm practices survey - greenhouse gas mitigation. 12 June 2025. https://www.gov.uk/government/statistical-data-sets/farm-practices-survey-greenhouse-gas-mitigation

The Farmdex report echoes these concerns with 93% of respondents reporting that uncertainty over Government policy is negatively impacting their farm, while 75% of those receiving Sustainable Farming Incentive (SFI) payments report that uncertainty over the scheme's future has affected their approach to sustainable farming.[43]

Time is another issue that is impacting farmers, especially when it comes to navigating the complex system. Our 2023 report highlighted how many farmers could not access the relevant information to enable them to adapt to the new system of payments, including the conditionalities, the administration, and farming methods.[44]

> *"There's a question of do we have advisers and enough advisers to give advice in the first place…and we need support for those advisers to reach farmers, which we haven't had so far, and it's ended up really fragmented." (Farming policy expert)*

These challenges are not evenly distributed across the sector. Smaller farms are often particularly affected, as they typically lack the financial resources to hire private advisers or absorb the administrative burden associated with scheme participation. For many, navigating the system competes directly with day-to-day operational demands.

43 McCain. Farmdex Report 2025. 14 October 2025. https://www.mccain.co.uk/media/s0wjuwhn/mccain_farmdexreport.pdf
44 Goss D and Bush L. Sowing Resilience: Unlocking the potential for regenerative farming. Demos. 13 Sep 2023. https://demos.co.uk/wp-content/uploads/2023/09/Regenerative-Farming-Report_Sept-23.pdf

The Government has recognised these pressures. Its intention to prioritise smaller farms and those without active ELMS agreements within the 2026 SFI offer reflects an effort to broaden access.[45] Similarly, the stated rationale behind recent Agricultural Property Relief (APR) and Business Property Relief (BPR) reforms is to ensure that support is better targeted towards small, active farmers.[46] Whether these reforms reduce barriers to participation in practice will be critical to achieving more consistent uptake across the sector.

Beyond understanding the system, it is critical that farmers have the economic incentives to engage. The transition to sustainable farming involves a series of costs, including capital investment, skills development, and short-term hits to productivity. The incentive to endure these for medium-to-long-term gains comes largely from Government payments. However, Government payments are, for many farms, insufficient. In April 2025, almost a third (31%) of the farms in England who did not intend to engage in agri-environment schemes in the year ahead felt the financial incentives were not attractive enough.[47]

Yet, economic incentives can be driven elsewhere, namely from (1) external private finance, (2) higher farm productivity, or (3) trade protections. In parallel, it is also important to address misperceptions about the economic incentives. Each of these factors is discussed below.

1. External private finance

External private finance could provide farms with the capital to weather the transition costs involved with adopting sustainable practices. It could come, for example, from:

- **Carbon trading:** companies can pay farmers for practices that result in carbon savings either through direct payments or carbon credits.
- **Water catchments:** companies – particularly water companies – can pay farmers to reduce diffuse pollution and prevent nutrients or active ingredients from entering water courses. This would help water companies fulfil their commitment of investing £3 billion in green and nature-based solutions between 2025 and 2030).[48]
- **Biodiversity Net Gain (BNG):** if a developer submits a planning application on a greenfield site, they must do a BNG assessment, outlining how they will offset losses in habitat from developments. Some developers (e.g. those in the housing sector) offset this off-site and this is where farms could come in.
- **Product contracts:** some buyers create contracts that fund farmers to meet specific criteria. In Scotland, for example, the whisky industry has committed to net zero by 2035, and some distillers are already offering contracts for carbon-audited spring barley, sometimes even paying farmers to do the audit.

We should be encouraged by existing examples of private investment in sustainable farming, across a diverse range of investors. For example:[49]

45 Department for Environment, Food & Rural Affairs. The Farming Blog. SFI26: details, definitions and what to expect. 24 February 2026. https://defrafarming.blog.gov.uk/2026/02/24/sfi26-details-definitions-and-what-to-expect/
46 HM Revenue & Customs. Agricultural property relief and business property relief reforms. 21 July 2025. https://www.gov.uk/government/publications/reforms-to-agricultural-property-relief-and-business-property-relief/agricultural-property-relief-and-business-property-relief-reforms
47 Department for Environment, Food & Rural Affairs. Farmer Opinion Tracker for England: April 2025. 30 July 2025. https://www.gov.uk/government/statistics/farmer-opinion-tracker-for-england-april-2025/farmer-opinion-tracker-for-england-april-2025#key-messages-for-april-2025
48 Department for Environment, Food & Rural Affairs. Expanding the role of the private sector in nature recovery: call for evidence. 27 October 2025. https://www.gov.uk/government/calls-for-evidence/expanding-the-role-of-the-private-sector-in-nature-recovery/expanding-the-role-of-the-private-sector-in-nature-recovery-call-for-evidence
49 Esmée Fairbairn Foundation. Financing the future of UK sustainable agriculture: from policy to investment. 17 June 2025. https://esmeefairbairn.org.uk/latest-news/financing-future-of-uk-sustainable-agriculture/

- **Lloyd's Clean Growth Financing** lent to UK farms for energy-efficient equipment, water and waste management, and broader environmental schemes.
- **Royal London Asset Management and South Yorkshire Pensions Authority** formed a £260 million joint venture, purchasing 21,000 acres of arable land for regenerative conversion.
- **Octopus Investments** launched a Natural Capital Strategy focusing on afforestation, peatland restoration, and carbon credit generation.
- **Routes to Regen**, a private sector coalition, consolidated financial incentives, technical advice and risk-sharing mechanisms into a single support framework for 100 farms in East Anglia, with the aim of de-risking and scaling investment.[50]

The Government has set a target to raise at least £500 million in private finance to support nature's recovery every year by 2027 in England, rising to more than £1 billion per year by 2030.[51] It is currently consulting on how to expand finance, focusing on "increasing the incentives for private sector actors to invest in nature in line with the benefits they draw from the natural environment and the impacts they have on it".[52]

However, levels of private investment are still much too low, and headed in the wrong direction. The level of private investment in sustainable agriculture is unclear, but the UK Infrastructure Bank (now the National Wealth Fund) put all private investment in nature in 2022 at £95 million annually, while analysis by money.co.uk put all private investment in agriculture at £19 million in 2024.[53] These figures pale in comparison to the billions of pounds we need over the next decade. Money.co.uk also found that the agricultural sector saw a huge fall of more than 90% in private investment from 2023 to 2024.[54] The experts we spoke to widely agreed that more needed to be done.

The reasons underlying the shortfall are varied: from uncertainty due to data and knowledge gaps, to the high transaction costs for small loan and investment volumes. The barriers, and ways to overcome them, are discussed in detail in Section 3.

2. Higher farm productivity

Farms that are more productive are far more likely to invest in more sustainable practices. High performing farms in England were more than twice as likely as low productivity farms to engage in soil management activities (62% vs 29%) or nature-friendly farming (49% vs 22%). Woodland creation is an exception to this rule, where less productive farms are more likely to adopt these practices (because they take more land out of production, which is less of a challenge for them).[55]

This pattern is consistent with higher performing farms having greater headroom to finance equipment changes, pay for advice and absorb transition risk, while lower-performing farms may prioritise lower-cost, lower-risk actions. It suggests raising the productivity of UK farms would enable more farms to transition to sustainable practices.

50 The Royal Countryside Fund. Routes to Regen: The Pilot. Impact and Learnings. January 2026. https://www.royalcountrysidefund.org.uk/wp-content/uploads/2026/01/RCF-Routes-to-Regen-The-Pilot-Impact-and-Learnings.pdf?_gl=1*1nxs51q*_up*MQ..*_ga*MTMwODU3NTU5Ny4xNzcyNzk0MzMy*_ga_EE3JHX9F4X*czE3NzI3OTQzMzIkbzEkZzAkdDE3NzI3OTQzMzIkajYwJGwwJGgw

51 https://www.gov.uk/government/news/green-finance-boost-for-nature-in-uk

52 Department for Environment, Food & Rural Affairs. Expanding the role of the private sector in nature recovery: call for evidence. 27 October 2025. https://www.gov.uk/government/calls-for-evidence/expanding-the-role-of-the-private-sector-in-nature-recovery/expanding-the-role-of-the-private-sector-in-nature-recovery-call-for-evidence

53 UK Infrastructure Bank. Our role in Natural Capital Markets. 16 November 2022. https://infra-bank-prod.s3.eu-west-2.amazonaws.com/s3fs-public/download/Natural-capital-discussion-paper.pdf

54 Farming Online. Private investment in UK farming drops by £260m as Gov looks to offset with grants. 22 August 2025. https://farming.co.uk/news/private-investment-in-uk-farming-drops-by-260m-as-gov-looks-to-offset-with-grants-

55 Elliott J, Collas L and Benton D. Land of opportunity: A new land use framework to restore nature and level up Britain. Green Alliance. August 2022. https://green-alliance.org.uk/wp-content/uploads/2022/08/Land-of-opportunity.pdf

3. Trade protections

Most countries in the world subsidise their agricultural sector. Yet, many countries do not condition these subsidies on farmers delivering environmental benefits, as the UK's system does. This means international trade can open the UK market – and UK farmers – up to overseas farmers with a competitive advantage (receiving similar subsidies but with fewer demands for environmental measures). When asked to choose the most important type of support that the Government could provide to the agricultural industry, farmers surveyed for the Farmdex report were most likely to point to trade policies to protect British farmers (44%).

Alongside competitive advantage from subsidy systems, imports may benefit from legal advantages. Imports of food may be produced at standards that are illegal in the UK, and it is not clear whether the Government has addressed this. The National Farmers' Union (NFU) has argued that the Government's 2025 Trade Strategy fails to address concerns "around food being imported into the UK that would be illegal to produce here".[56] Similar criticisms were raised in relation to trade agreements negotiated under the previous government, including deals with Australia and accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).[57]

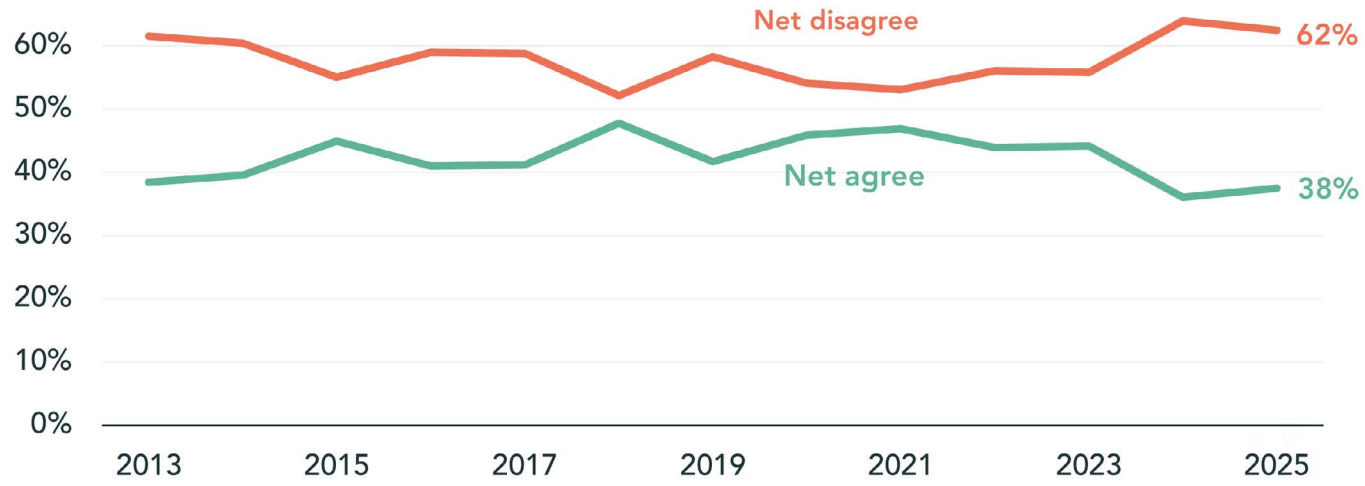
4. Misperceptions about the economic incentives

In recent years farms have become increasingly sceptical that adopting practices that reduce emissions is a reliable route to profitability, despite widespread evidence that more sustainable methods tend to raise profitability long-term. This underscores the need for clearer communication about how sustainable farming can cut costs, protect yield, and thus raise profitability.

CHART 10

Farms increasingly disagree that reduced emissions will increase profitability

Belief that reducing GHG emissions from the farm will contribute to improving the overall profitability



Source: Department for Environment, Food & Rural Affairs. Farm practices survey - greenhouse gas mitigation. 12 June 2025. https://www.gov.uk/government/statistical-data-sets/farm-practices-survey-greenhouse-gas-mitigation

56 National Farmers' Union. Trade strategy a 'missed opportunity'. 27 June 2025. https://www.nfuonline.com/news/government-trade-strategy/

57 Taylor-Smith K. New trade deal raises concerns over safety of UK food. Chartered Institute of Environmental Health. 13 April 2023. https://www.cieh.org/ehn/food-safety-integrity/2023/april/new-trade-deal-raises-concerns-over-safety-of-uk-food/

SUMMARY

This section shows that UK farming has made meaningful progress towards sustainability, but that there is more work to be done. When benchmarked against leading countries and against the scale of environmental challenge, ambition remains insufficient. The evidence points to two binding constraints. Firstly, economic incentives are often too weak to justify transition costs, particularly for financially fragile farms. Secondly, policy instability, complexity and uncertainty – especially around post-Brexit support schemes – have undermined confidence and capacity. Addressing these barriers presents a clear opportunity: unlocking faster, broader adoption of sustainable farming, with significant benefits for productivity, resilience and the environment, explored in the sections that follow.

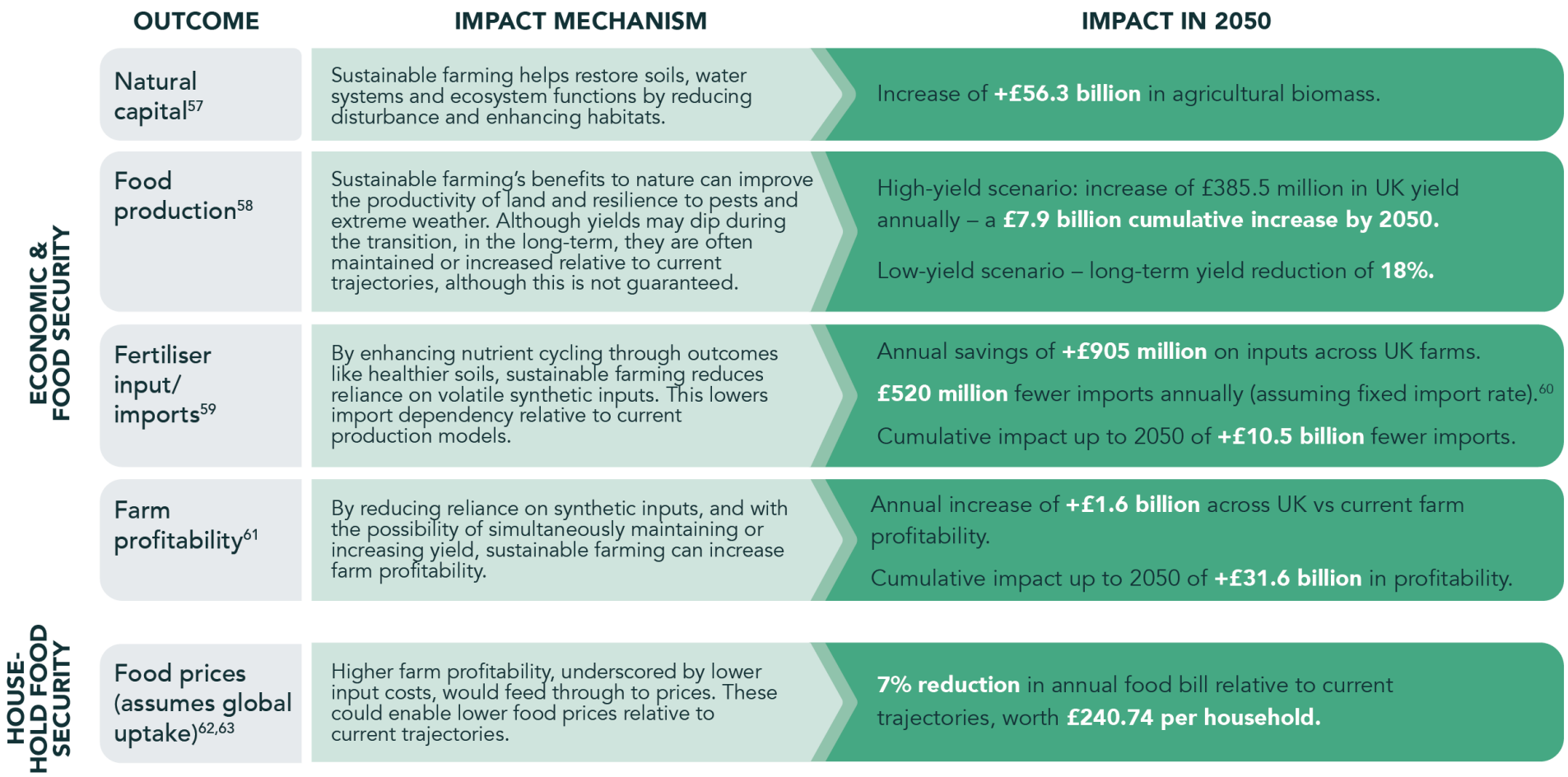
SECTION 2
THE POTENTIAL FOR SUSTAINABLE FARMING

Section 1 demonstrated the opportunities that stronger clarity and incentives on sustainable farming could deliver. But what would these opportunities actually mean for our citizens, economy, and environment?

Our 2023 report reviewed evidence on the benefits of regenerative farming. This report builds on that, synthesising key evidence together into original quantitative models that project the scale of the benefits. Due to gaps in the data and the variation across contexts, the models should be interpreted as indicative of the direction and order of magnitude of effects, rather than precise predictions. Nevertheless, the evidence shows that, although switching to sustainable methods often involves upfront costs and a short period of adjustment, the long-term gains go far beyond the environmental benefits.

A detailed description of the methodology can be found in the separate Appendix.

FIGURE 2
SUMMARY OF MODELLED IMPACTS



58 Dunn L et al. Impact of farming practices on soil microbial biomass: An international synthesis. Agriculture, Ecosystems & Environment Volume 383. May 2025. https://www.sciencedirect.com/science/article/abs/pii/S0167880925000453
59 Eory V et al. (2025). Greenhouse gas abatement in UK agriculture, 2024-2050. Climate Change Committee. March 2025. https://www.theccc.org.uk/wp-content/uploads/2025/02/Greenhouse-gas-abatement-in-UK-agriculture-2024-2050-Scotlands-Rural-College-2.pdf
60 Bowles L. Understanding the financial and climate impacts of regenerative farming practices. Financial and Climate Impacts of Regen Farming. Farm Carbon Toolkit. March 2024. https://farmcarbontoolkit.org.uk/wp-content/uploads/2024/05/Final-report-Financial-and-Climate-Impacts-of-Regen-Farming-for-SOS-March-2024-updated.pdf
61 Imports as a percentage of total consumption
62 Bowles L. Understanding the financial and climate impacts of regenerative farming practices. Financial and Climate Impacts of Regen Farming. Farm Carbon Toolkit. March 2024.
63 De Pinto et al. Climate smart agriculture and global food-crop production. Plos.one. April 29 2020. https://journals.plos.org/plosone/article?id=10.1371%2Fjournal.pone.0231764
64 Halunga A. Explaining UK Food Price Inflation. (Transparency of Food Pricing (TRANSFOP) Working Paper 1). Academia. 2012. http://d1wqtxts1xzle7.cloudfront.net/93605212/46571848-libre.pdf

ECONOMIC & NATIONAL FOOD SECURITY

Economic and national food security is foundational to the UK's long-term prosperity and political stability. Food is a basic necessity, and so shocks to the food system transmit rapidly through household budgets, inflation expectations and public confidence. As climate change, geopolitical shocks and trade disruptions all risk driving volatility through our food system in coming years, the challenge is severe. The Government has recognised this: Daniel Zeichner, former Minister of State for Food Security and Rural Affairs, emphasised that "food security is national security", adding that the national security assessment had found that "ecosystem degradation or collapse will put UK food security at risk". The Food Security Report lays out a plan for change.[65,66,67]

The sustainability of the food system is inseparable from our economic and food security. Long-term adoption of sustainable farming strengthens our natural capital, enabling farms to maintain – and in many cases raise – their yield (the amount of food their land can produce). It also systematically reduces reliance on synthetic inputs as well as the sector's dependence on imports.

There is a substantial opportunity to improve public awareness of the links between the sustainability of farming and economic and food security. Demos's survey in January 2026 shows that just over one in three members of the public (36%) think sustainable farming would increase our reliance on imports, while around one in five (19%) think it would decrease our reliance. While the public are more divided about the impact on farm profitability, just a quarter think profitability would increase, while 23% think profitability would remain stable and another 28% actually think it would decrease.

65 Department for Environment, Food & Rural Affairs. Written Statement. UK Food Security Report 2024. 11 December 2024. https://questions-statements.parliament.uk/written-statements/detail/2024-12-11/hcws297

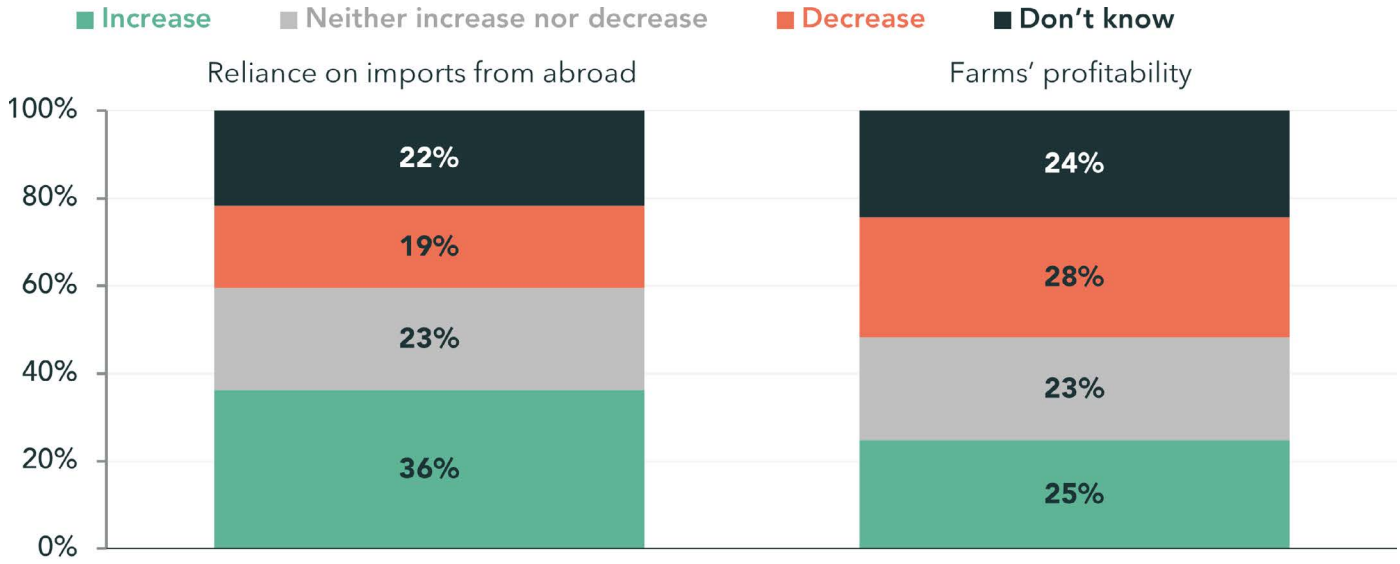
66 Department for Environment, Food & Rural Affairs. Global biodiversity loss, ecosystem collapse and national security. 20 January 2026. https://assets.publishing.service.gov.uk/media/696e0eae719d837d69afc7de/National_security_assessment_-_global_biodiversity_loss__ecosystem_collapse_and_national_security.pdf

67 Department for Environment, Food & Rural Affairs. United Kingdom Food Security Report 2024: Annexes. 11 December 2024. https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2024/united-kingdom-food-security-report-2024-annexes#annex-ii

CHART 11

The public incorrectly assume that sustainable farming would raise reliance on imports and reduce farm profitability long-term

How do you think an expansion in sustainable farming would affect the following outcomes in the UK in the long-term



Source: Demos survey

2.1 STRONGER NATURAL CAPITAL

The problem

Natural capital is a foundation of both long-term economic value and food production. Intensive UK farming – with heavy synthetic fertiliser use and soil compaction – has damaged our natural capital through widespread soil degradation, declining water quality and biodiversity loss. Around 58% of agricultural soils in England and Wales are estimated to be at risk of compaction or erosion, reducing productivity and increasing flood risk and water pollution.[68] Agriculture also affects 45% of all water bodies in England - equivalent to the water industry.[69] Around 60% of nitrates and 25% of phosphorus found in water bodies, two major pollutants, are estimated to come from farming.[70] River Action UK states: "Despite popular claims that sewage is the leading cause of the UK river's poor health, agriculture is the biggest culprit".[71]

Losses in natural capital could severely undermine efforts to drive economic growth. The Government-commissioned Dasgupta Review warns that degrading natural capital undermines future prosperity by eroding the productive base of the economy and increasing systemic risk.[72] Modelling corroborates this. The Green Finance Institute models multiple scenarios, finding that nature degradation alone (without climate change) will drive a loss of 1%-3% of GDP relative to the baseline by the late 2020s, rising to around 6% if the degradation then goes on to trigger an acute shock of severe heatwaves and drought in 2030 (worth £150 billion).[73]

68 Environment Agency. Summary of the state of the environment: soil. 26 January 2023. https://www.gov.uk/government/publications/state-of-the-environment/summary-state-of-the-environment-soil
69 Environment Agency. Natural England.State of the water environment indicator B3: supporting evidence. 22 May 2025. https://www.gov.uk/government/publications/state-of-the-water-environment-indicator-b3-supporting-evidence/state-of-the-water-environment-indicator-b3-supporting-evidence
70 Holden J et al. Agriculture's impacts on water quality. Global Food Security programme. March 2015. https://www.foodsecurity.ac.uk/?s=Agriculture%E2%80%99s+impacts+on+water+quality
71 River Action UK. River Action launches new Agricultural Water Pollution Strategy. 18 December 2025. https://riveractionuk.com/news/river-action-launches-new-agricultural-water-pollution-strategy/
72 HM Treasury. Final Report - The Economics of Biodiversity: The Dasgupta Review. 2 February 2021. https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review
73 Green Finance Institute. Assessing the Materiality of Nature-Related Financial Risks for the UK. April 2024. https://www.greenfinanceinstitute.com/wp-content/uploads/2024/06/GFI-GREENING-FINANCE-FOR-NATURE-FINAL-FULL-REPORT-RDS4.pdf

Reduced productivity, fragmented supply chains, business disruption and increased costs of insurance all contribute.

Sustainable farming as a solution

Sustainable farming mitigates these risks by rebuilding the natural systems on which farming depends. Meta-analyses show that nature-friendly farming systems consistently deliver higher soil biological activity, improved ecosystem services and greater species richness compared with conventional systems.[74]

Alignment with Government priorities

Restoring natural capital through farming directly supports the Government's Environmental Improvement Plan (EIP), which aims to enhance the quantity and state of our critical natural capital assets (to help drive long-term economic growth).[75]

By underpinning sectors from tourism and renewable energy to housebuilding and essential utilities like water supply, natural capital is essential to the UK's economic growth.

The potential impact

We model the impact of sustainable farming on natural capital using two methods. Firstly, we calculate the impact on soil biomass using analysis by Dunn et al on how the following sustainable farming methods increase soil microbial biomass (taking central estimates):[76]

- Organic farming: +70%
- Reduced tillage: +36.5%
- Increased crop diversity: +28.5%

We combine this data with our analysis of the maximum percentage of UK agricultural land that each method could feasibly be applied to. We use this to determine the total percentage increase in soil biomass across UK agricultural land across maximum potential uptake. Taking the ONS's valuation of agricultural biomass provisioning in the UK in 2023 (the most recent year available) at £207 billion, we then calculate the increase in value of agricultural biomass for each method.[77] We then aggregate the benefit across different methods – recognising that this overlooks potential overlaps and synergies between the benefits of different methods, which we were unable to account for.

Our analysis reveals that, with maximum uptake of sustainable methods, UK farming would add an extra £56.3 billion in agricultural biomass relative to current value. This will come alongside additional natural capital benefits for water quality services, flood regulation services, and climate regulation services.

74 Tuck, S.L. et al. (2013). Land-use intensity and the effects of organic farming on biodiversity: a hierarchical meta-analysis. British Ecological Society. Journal of Applied Ecology. 30 December 2013. https://besjournals.onlinelibrary.wiley.com/doi/10.1111/1365-2664.12219
75 Department for Environment, Food & Rural Affairs. Environmental Improvement Plan 2025. 1 December 2025. https://www.gov.uk/government/publications/environmental-improvement-plan-2025
76 Dunn L et al. Impact of farming practices on soil microbial biomass: An international synthesis. Agriculture, Ecosystems & Environment Volume 383. May 2025. https://www.sciencedirect.com/science/article/abs/pii/S0167880925000453
77 Office for National Statistics. UK natural capital accounts – detailed summary tables. 5 December 2025. https://www.ons.gov.uk/economy/environmentalaccounts/datasets/uknaturalcapitalaccountsdetailedsummarytables

2.2 MAINTAINED LONG-TERM FOOD PRODUCTION

The problem

UK agricultural food production faces mounting pressure from environmental degradation. Decades of intensive farming have eroded soil health and biodiversity, leaving food production vulnerable to increasingly frequent droughts, floods and pest pressures.

Climate change is set to rapidly exacerbate problems in the future. Analysis forecasts global crop yields to reduce by 8% by 2050.[78] By 2100, global crop yields are expected to be dragged down 11% if we rapidly move to net zero and 24% if emissions continue to rise unchecked. Yield losses are expected to be particularly high in modern breadbaskets that now enjoy some of the world's best growing conditions, with yield losses averaging 41% in the wealthiest regions.

Sustainable farming as a solution

Sustainable farming practices counter risks to food production by rebuilding the foundations of productivity on farms. Techniques such as diverse crop rotations, cover cropping or reduced tillage can, after a period of transition, help increase soil organic matter, improve nutrient cycling and enhance water retention – protecting and promoting yield in the long-term. However, the evidence on the long-term yield impacts is mixed – ranging from positive to negative effects – with variability across different methods. For example:

- A 2022 meta analysis found that reducing tillage intensity, cover cropping and including a grass-based phase in arable rotations all had no effect on yield.[79]
- A 44-year experiment of reduced tillage in Switzerland found that yield is maintained.[80]
- A 2022 global meta-analysis of crop diversification using legumes found that yield increases by 20% on average.[81]
- A 2023 global meta-analysis of organic farming found yield reductions of 18.4% compared to conventional farming.[82]
- Modelling from 2025 finds that grass cover crops with no tillage reduces cumulative crop yields by 4.8%.

The evidence suggests that building or maintaining yield is possible, but not a certainty. A strong understanding of the different effects alongside effective management and implementation will be needed to ensure yield is maintained or increased.

78 Garthwaite J. Climate change cuts global crop yields, even when farmers adapt. Stanford Doerr School of Sustainability. June 18 2025. https://sustainability.stanford.edu/news/climate-change-cuts-global-crop-yields-even-when-farmers-adapt
79 Jordon, M.W. et al. (2022). Temperate Regenerative Agriculture practices increase soil carbon but not crop yield—a meta-analysis. Environmental Research Letters. 17 August 2022. https://iopscience.iop.org/article/10.1088/1748-9326/ac8609/meta
80 Büchi L et al. (2017). Long and short term changes in crop yield and soil properties induced by the reduction of soil tillage in a long term experiment in Switzerland.Soil and Tillage Research. Science Direct. December 2017. https://www.sciencedirect.com/science/article/abs/pii/S0167198717301290?via%3Dihub
81 Zhao et al. (2022). Global systematic review with meta-analysis reveals yield advantage of legume-based rotations and its drivers. Nature Communications. 22 August 2022. https://www.nature.com/articles/s41467-022-32464-0
82 de la Cruz V. et al. (2023). Yield gap between organic and conventional farming systems across climate types and sub-types: A meta-analysis. Agricultural Systems. Science Direct. https://www.sciencedirect.com/science/article/abs/pii/S0308521X23001373

Alignment with Government priorities

Food Strategy: building or maintaining yield resilience would align with the UK Government's Food Strategy for England White Paper, which emphasises the importance of a robust production base to support national food security over the long term.

Food Security Index: higher and stable domestic food production would reinforce Indicator 3 of the UK Food Security Index, which tracks the contribution of domestic production to overall food availability.

The potential impact

To assess the potential impact of sustainable farming, we offer both a high-yield and low-yield scenario, reflecting differences in the data. The high-yield scenario draws on analysis from Scotland's Rural College (SRUC) – produced for the CCC's Seventh Carbon Budget – on the yield impact for a range of sustainable methods for crops, grass, and soil.[83] We then determine the monetary value of those increases in yield, and aggregate across each method. The low-yield scenario focuses exclusively on the Savills Virtual Farm – a model of an 810-hectare arable farm produced by Savills Rural Research.

Our analysis for the high-yield scenario shows sustainable farming driving an increase in yield across UK farms of £385.5 million annually. This reflects a 1.7% increase in food production for the UK, and would generate a cumulative £7.9 billion of additional food production by 2050.[84] In the low-yield scenario, however, we look to Savills' analysis that yields on their Virtual farm reduce by 26% in the first year of the transition to sustainable methods, with some recovery by year six, as yield rises back up to 18% below conventional levels.

Across these two scenarios, we see substantial variation in yield impacts, reflecting uncertainty across the data. The risk of the low-yield scenario will of course have to be managed, which is why the Government's plans to raise farm profitability are critical. Importantly, the overall yield impacts will also come alongside a stability dividend, with extensive evidence demonstrating that sustainable methods reduce volatility in yields over time, which is essential for food security.[85,86]

2.3 HIGHER FARM PROFITABILITY

The problem

Farm profitability has become an acute problem in UK agriculture. With geopolitical tensions, climate shocks and policy instability raising farmers' costs or eroding their income, many farms are now unprofitable. As feed, fertiliser and energy prices have risen sharply since 2021, many farms remain locked into high-input systems that leave them vulnerable to inflation they cannot control. In 2024, 19% of farms reported a loss, and a further 16% broke even.[87]

83 Eory V et al. (2025). Greenhouse gas abatement in UK agriculture, 2024-2050. Climate Change Committee. March 2025. https://www.theccc.org.uk/wp-content/uploads/2025/02/Greenhouse-gas-abatement-in-UK-agriculture-2024-2050-Scotlands-Rural-College-2.pdf
84 Department for Environment, Food & Rural Affairs. Agriculture in the United Kingdom 2024. Summary. 10 July 2025. https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2024/summary
85 Stockdale O., Prabhala P. and Brennan T. (2024). Revitalizing fields and balance sheets through regenerative farming. McKinsey & Company. 4 December 2024. https://www.mckinsey.com/industries/agriculture/our-insights/revitalizing-fields-and-balance-sheets-through-regenerative-farming
86 López-Angulo J et al. (2023). Ecological and evolutionary effects of crop diversity decrease yield variability. Journal of Ecology. British Ecological Society. 6 March 2023. https://besjournals.onlinelibrary.wiley.com/doi/full/10.1111/1365-2745.14092
87 McCain. Farmdex Report 2025. 14 October 2025. https://www.mccain.co.uk/media/s0wjuwhn/mccain_farmdexreport.pdf

This matters not only for farmers but for the wider economy. Persistently low or unstable profitability can reduce reinvestment and drag on the UK's economic growth. Farming contributes around £15 billion to the UK economy each year, but also underpins the much larger agri-food sector – including food processing, retail, and hospitality – which contributes almost £150 billion, worth around 6% of the total economy. The Farming Profitability Review warned that without structural change, the persistence of unprofitable farms will threaten resilience across the food system.[88]

Sustainable farming as a solution

Sustainable farming offers a pathway to rebuild profitability, largely by reducing the input costs and slowing the decline in yields, which may be maintained or increased in the long term. While the transition involves upfront costs (investing in and learning new methods alongside short-term falls in productivity before ecosystem benefits are fully realised), evidence broadly shows that once established, farms adopting more sustainable methods achieve higher and more stable net margins.[89,90] Particularly in the short term, strong profits may depend on effective management of the transition, for example using IPM approaches to suppress pests and disease.

Alignment with Government priorities

Raising farm profitability through sustainable farming closely aligns with the Government's central growth mission and its approach to food security.

- **Emma Reynolds, Defra Secretary of State**, said in a farming conference speech: "Protecting the environmental foundations of farming isn't separate from profitability. It's essential to it."[91]

- **Food Security Index:** improving profitability through lower costs and greater resilience directly supports Indicator 4 of the UK Food Security Index - the productivity of UK agriculture.[92]

- **Defra Secretary of State**, Emma Reynolds, has also stated: "Backing British farmers is the backbone of all work to support rural economic growth and boost the UK's food security."[93]

88 Department for Environment, Food & Rural Affairs. Farming Profitability Review 2025: an independent review. 18 December 2025. https://www.gov.uk/government/publications/farming-profitability-review-2025-an-independent-review
89 Sánchez, A.C. et al. (2022). Financial profitability of diversified farming systems: A global meta-analysis. Ecological Economics. Science Direct. November 2022. https://www.sciencedirect.com/science/article/pii/S0921800922002579
90 British Ecological Society. Regenerative Agriculture in the UK: An ecological perspective. 2025. https://www.britishecologicalsociety.org/wp-content/uploads/2025/04/BES_Regenerative-agriculture-report_2025.pdf
91 Secretary of State's address to 2026 Oxford Farming Conference. 8 January 2026. https://www.gov.uk/government/speeches/secretary-of-states-address-to-2026-oxford-farming-conference
92 Department for Environment, Food & Rural Affairs. UK Food Security Index 2024. 11 July 2024. https://www.gov.uk/government/publications/uk-food-security-index-2024/uk-food-security-index-2024
93 Department for Environment, Food & Rural Affairs. Press release. Former NFU President and farmer Baroness Minette Batters appointed by Defra to lead Farm Profitability Review. 7 April 2025. https://www.gov.uk/government/news/former-nfu-president-and-farmer-baroness-minette-batters-appointed-by-defra-to-lead-farm-profitability-review

The potential impact

To assess the potential impact of sustainable farming methods on farm profitability, we use inputs from the Farm Carbon Toolkit, which assesses the impact of various methods on profit per hectare across different farm types, once full benefits are realised.[94]

When transitioning to sustainable farming methods, evidence broadly suggests a period where costs increase before benefits are fully realised. The exact shape of this trend varies between farming methods and farm types. To account for this, we assume a drop in profitability for the first two years, and a linear increase after that.

Our modelling suggests that widespread adoption of sustainable farming could increase aggregate farm profitability by around £1.6 billion per year by 2050, relative to current trajectories, with cumulative gains of approximately £31.6 billion over the period to 2050. These gains are driven not by higher consumer prices, but by reduced input costs, lower volatility and improved resilience - strengthening farm businesses while supporting food security and economic growth.

94 Bowles L. Understanding the financial and climate impacts of regenerative farming practices. Financial and Climate Impacts of Regen Farming. Farm Carbon Toolkit. March 2024 https://farmcarbontoolkit.org.uk/wp-content/uploads/2024/05/Final-report-Financial-and-Climate-Impacts-of-Regen-Farming-for-SOS-March-2024-updated.pdf

FARM FOCUS
BENEFITS OF REGENERATIVE GRAZING TO DAIRY FARM PROFITABILITY

The WWF models regenerative dairy farms to illustrate how sustainable farming can improve long-term profitability once transition costs are absorbed.[95] The WWF compares a baseline **extensive grazing dairy farm** model (a smaller UK dairy business of around 88 hectares that maximises pasture output but still relies heavily on high fertiliser use, silage production and imported feed concentrates) with its **regenerative equivalent** (focusing on spring-calving cross-bred cows kept outdoors as much as possible, using mob-grazing, flexible milking routines and **herbal leys**).

Because the regenerative transition for this farm type is less drastic than for housed systems, investment needs are relatively modest at approximately £60,400 over three years (about £700 per hectare) – or £24,000 after proceeds from cattle sales and grant payments. Though profit margins drop from 9% to 0% for years one and two of the transition, they are returned to pre-transition levels by year three, and the farm becomes more profitable than before the transition from the fourth year onwards. WWF also looks at the operational cash flow margin (how efficient farms are at converting their revenues into cash). This rises from 3% pre-transition to 5% by the end of the transition.

95 World Wide Fund for Nature.Regenerative Dairy: Modelling the Transition Costs for Farmers in the UK. March. 2025. https://www.wwf.org.uk/sites/default/files/2025-03/transition-costs-and-benefits.pdf

CHART 12

After an initial decrease, the dairy farm's profit margin was higher from year four onwards

Case study farm, profit margin and cash flow margin after transitioning to sustainable methods

Source: World Wide Fund for Nature.Regenerative Dairy: Modelling the Transition Costs for Farmers in the UK. March. 2025. https://www.wwf.org.uk/sites/default/files/2025-03/transition-costs-and-benefits.pdf

2.4 REDUCED IMPORT DEPENDENCY

The problem

The UK's farming system remains structurally exposed to global supply chains and their potential volatilities, and relies heavily on imports of fertilisers and pesticides. For nitrogen fertiliser, in particular, the UK relies on imports for 60% of its fertiliser consumption.[96]

Recent years have shown how quickly our exposure to international supply chains translates into instability. Nitrogen fertiliser markets are tightly coupled to natural gas, which contributes 80% of its cost.[97] When gas prices surge – as happened following the invasion of Ukraine – fertiliser prices follow. A multitude of other geopolitical disruptions could produce the same risks so the UK's fragility in terms of fertiliser imports needs to be addressed. The recent escalation of conflict in the Middle East has reinforced these vulnerabilities. Disruption around key energy transit routes, particularly the Strait of Hormuz - through which around 20% of global oil and gas shipments pass - has driven up global energy prices.[98] As fertiliser production is heavily dependent on natural gas, there's concern that volatility in these markets will translate into rising fertiliser and fuel costs for UK farmers. NFU President Tom Bradshaw commented: "This conflict underlines why it's so important that we build resilient farming and growing businesses in the UK – businesses that can continue to produce food for the 70 million consumers of the UK and withstand shocks from global volatility."[99]

96 Agriculture and Horticulture Development Board (AHDB). Where does the UK import fertiliser from? 25 March 2024. https://ahdb.org.uk/news/where-does-the-uk-import-fertiliser-from

97 Agriculture and Horticulture Development Board (AHDB). Energy inputs – Natural gas and fertiliser prices: Grain market daily. 17 July 2025. https://ahdb.org.uk/news/energy-inputs-natural-gas-and-fertiliser-prices

98 National Farmers Union.Middle East conflict triggers impact on UK fertiliser and fuel. 10 March 2026. https://www.nfuonline.com/news/middle-east-impact-on-fuel-and-fertilisers/

99 National Farmers Union.Middle East conflict triggers impact on UK fertiliser and fuel. 10 March 2026. https://www.nfuonline.com/news/middle-east-impact-on-fuel-and-fertilisers/

Beyond the food system, high dependency on imports creates structural vulnerabilities for the UK economy. The UK has a trade deficit worth around £22 billion, underpinned by a £206 billion goods deficit.[100] To fund our trade deficit, the UK is reliant on substantial capital inflows from abroad, which come in the form of foreign investors buying UK Government debt and wider private assets. This reliance on foreign ownership means less profits and economic control are left in the UK, diminishing our economic resilience.[101]

Sustainable farming as a solution

Sustainable farming can reduce farms' dependency on imported fertiliser and pesticides by shifting the nutrients for crops from purchased synthetic inputs to natural inputs (like manure and crop-based nutrients). The change can prompt a virtuous cycle, whereby improved soil health means more of the nutrients applied are used by crops rather than lost to water and air, which results in lower application rates for the same output.

Alignment with Government priorities

- Reducing import dependency directly supports Indicator 6 of the UK Government's Food Security Index, which treats import reliance as a vulnerability – particularly under climate and geopolitical shocks.[102]

- Raising economic resilience and reducing exposure to external shocks are central themes within the Chancellor Rachel Reeves' framing of 'securonomics', which argues for rebuilding domestic capacity so the UK is less at the mercy of global disruptions.[103]

The potential impact

We draw on analysis from the Farm Carbon Toolkit on how various sustainable methods affect fertiliser and pesticide costs or savings per hectare.[104] We scale these up to understand the total cost for maximum uptake of each across the UK.

Our analysis indicates that widespread uptake of sustainable practices could reduce the cost of annual synthetic fertiliser inputs across UK farms by £905 million by 2050 – £748 million from fertiliser and £157 million from pesticide. If farms used these savings entirely to reduce imports, this would also represent £905 million fewer imports per year.

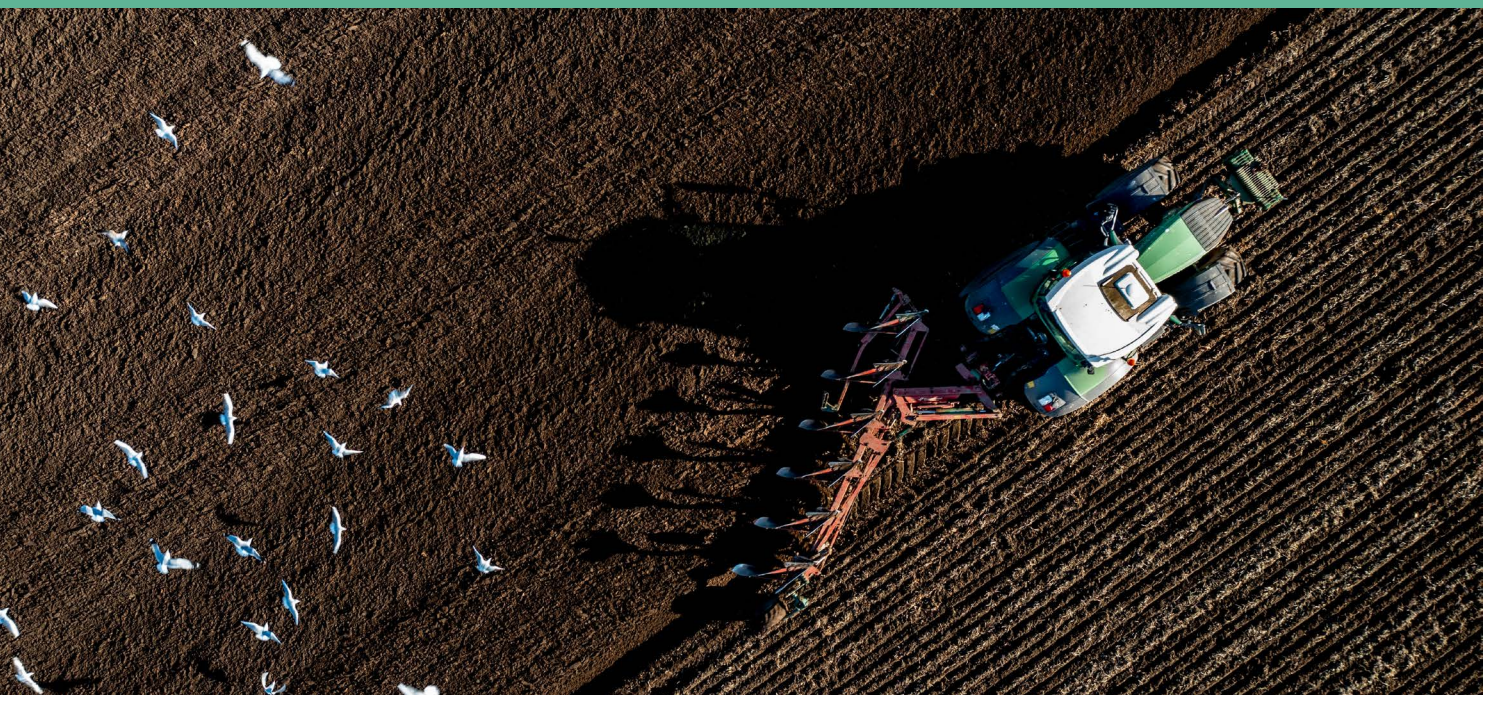
If we instead assume that the proportion of consumption that is imported remains the same (60% for fertiliser and 45% for pesticide), it would represent £520m fewer imports per year, and £10.5 billion cumulatively to 2050.[105] These savings are best understood not only as efficiency gains, but as a resilience dividend: insulating UK farming from the next global fertiliser shock, and reducing a key driver of cost volatility across the food system.

100 Jozepa I. Trade in goods and services: Economic indicators. Research Briefing. Trade: Key Economic Indicators. House of Commons Library. 12 February 2026. https://commonslibrary.parliament.uk/research-briefings/sn02815/
101 Hanton A. (2024). How America Runs Britain. Vassal State.
102 Department for Environment, Food & Rural Affairs. UK Food Security Index 2024. 11 July 2024. https://www.gov.uk/government/publications/uk-food-security-index-2024/uk-food-security-index-2024
103 Reeves R. 'Securonomics'. The Labour Party. May 24 2023. https://labour.org.uk/updates/press-releases/rachel-reeves-securonomics/
104 Bowles L. Understanding the financial and climate impacts of regenerative farming practices. Financial and Climate Impacts of Regen Farming. Farm Carbon Toolkit. March 2024 https://farmcarbontoolkit.org.uk/wp-content/uploads/2024/05/Final-report-Financial-and-Climate-Impacts-of-Regen-Farming-for-SOS-March-2024-updated.pdf
105 Agriculture and Horticulture Development Board (AHDB). Where does the UK import fertiliser from? 25 March 2024. https://ahdb.org.uk/news/where-does-the-uk-import-fertiliser-from

THE IMPORTANCE OF GLOBAL FOOD PRODUCTION TO NATIONAL FOOD SECURITY

Food security is not solely about bolstering domestic production. It also depends on secure, diversified global supply chains that allow countries to access a broad array of food products and buffer against domestic shocks, or shocks abroad that may affect a certain country or set of countries. This is particularly the case for products where the UK remains more dependent on imports, including fruit, vegetables and seafood.

The UK Food Security Index makes this clear. It states: "Imports from diverse sources make a positive contribution to UK food security as they support the UK's ability to respond flexibly to supply shocks".[106] Reflecting this, its first indicator of food security is the level of global food supply for human consumption, while the second is the share of global cereals and soybeans internationally traded. The approach is supported by historical evidence. For example, analysis of import shocks occurring to different crops from 1995 to 2018 finds that "high import diversity and a low import dependency ratio buffer economies against import shocks, resulting in a low shock rate and a high recovery rate".[107]



106 Department for Environment, Food & Rural Affairs. UK Food Security Index 2024. 11 July 2024. https://www.gov.uk/government/publications/uk-food-security-index-2024/uk-food-security-index-2024

107 Zhang Y-T, Nguyen, D.K. and Zhou W.-X. Spatiotemporal characteristics of agricultural food import shocks. Annals of Operations Research. Cornell University. 2 March 2023. https://arxiv.org/abs/2303.00919

HOUSEHOLD FOOD SECURITY

Our food system matters to citizens because it shapes daily life, living standards and long-term wellbeing. It determines whether families can afford nutritious food, how they can plan their finances, and their resilience to shocks. A sustainable food system underpins public health, happy communities and our national sense of security.

2.5 REDUCED LONG-TERM FOOD PRICES

The problem

Food affordability has moved from being a background economic concern to a central feature of political and economic debate. The rate of food inflation has been higher than anytime in the past forty years, exceeding wider inflation (28%) and matching UK median wage growth (cancelling any real terms growth for a typical households' food budget).[108,109]

Unlike discretionary spending, food purchases are unavoidable, and so the rising cost of food has become one of the most harmful ways in which citizens experience instability.[110]

It is no surprise then that 91% of the British public feel concerned about food prices (including 56% who are highly concerned) – more than double the rate of 42% in 2021, and higher than the 87% reported in 2024.[111] On the sharp end of this, almost one in four people (23%) now feel worried about being able to afford food, and almost one in 10 report not being able to afford a healthy balanced diet. Climate change is expected to compound these problems in the coming decades.[112]

The impact of climate change on food bills is often underestimated by the public. Our survey asked members of the public to guess the extent to which climate change impacted average food bills in 2023. The median estimate was £150-£200. In fact, the Energy & Climate Intelligence Unit calculated the true figure to be £361, over twice as much.[113]

108 Jung C and Alvis S. A war on bills: Why the government should focus relentlessly on the cost of living. IPPR. 12 November 2025. https://www.ippr.org/articles/a-war-on-bills

109 Office for National Statistics. Average weekly earnings in Great Britain: December 2025. 16 December 2025. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/december2025

110 Anesti N, Esady V and Naylor M. Food prices matter most: sensitive household inflation expectations. Staff Working Paper No. 1,125. Bank of England. May 2025. https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2025/food-prices-matter-most-sensitive-household-inflation-expectations.pdf

111 Food Standards Agency and YouGov. Consumer Insights Tracker (July 2025 – September 2025). Food Standards Agency Research and Evidence. October 28, 2025. https://science.food.gov.uk/article/145735-consumer-insights-tracker-july-2025-september-2025

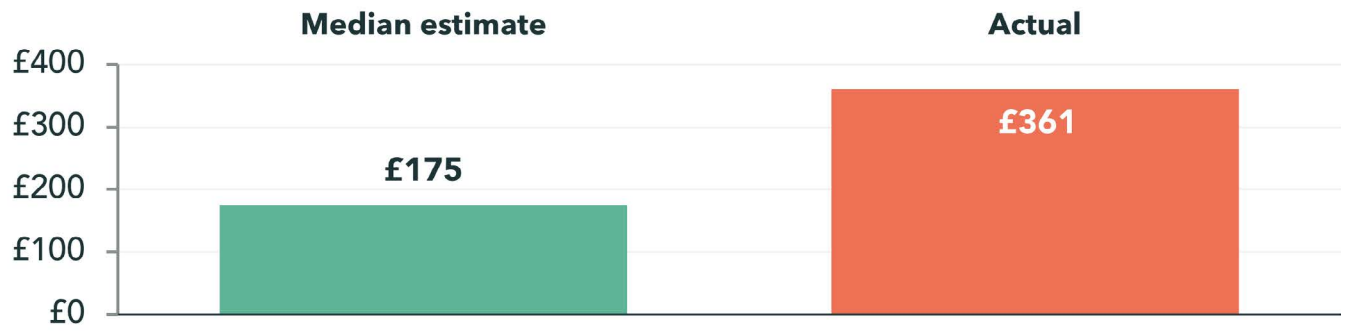
112 Watkiss et al. (2016). Climate Change Impacts on the Future Cost of Living (SSC/CCC004). Paul Watkiss Associates. March 2016. https://www.climatejust.org.uk/sites/default/files/FINAL%20Watkiss%20report%2030032016.pdf

113 Climate, Fossil Fuels and UK Food Prices: 2023. Energy and Climate Intelligence Unit. 23 November 2023. https://ca1-eci.edcdn.com/food-prices-nov-2023-ECIU.pdf?v=1701056760

CHART 13

Climate change's impact on food bills is twice as high as what the public guess

Median public estimate of the impact of climate change on food bills in 2023, vs. actual impact (modelled by the Energy & Climate Intelligence Unit)



Source: Demos survey

Sustainable farming as a solution

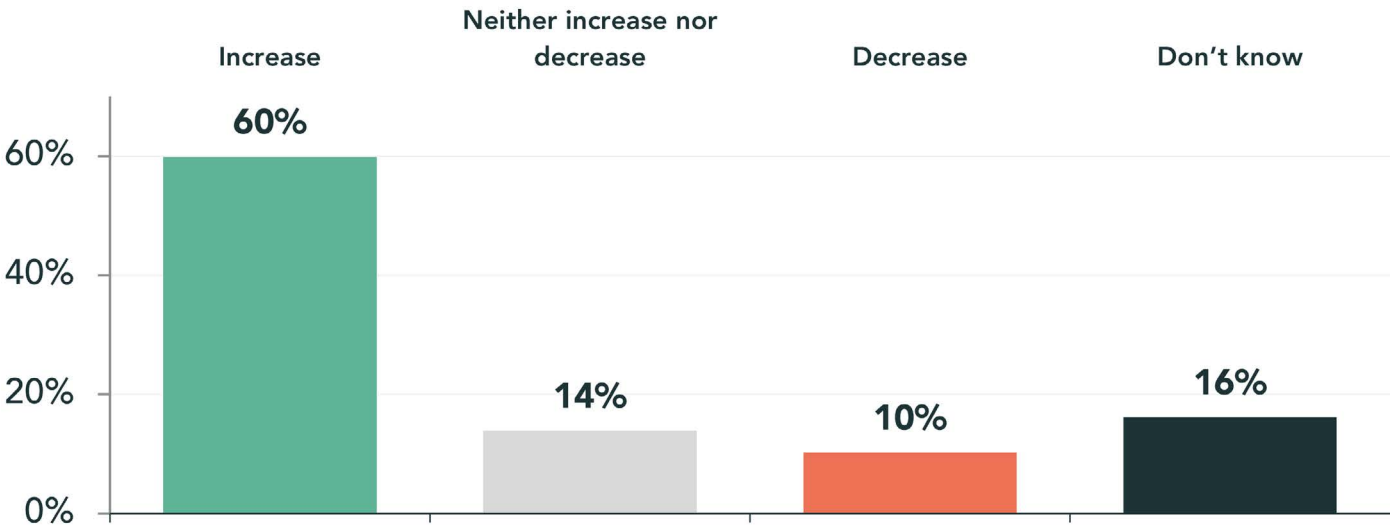
As we have demonstrated, sustainable farming reduces farm costs, reduces the exposure of our farms to fragile supply chains, and has the potential to protect yields. The resulting surplus gets passed, in part, on to farmers through higher profits. Evidence shows that the surplus also gets passed on to consumers through food prices.

There is an important job to be done to improve public awareness of how sustainable farming can result in lower long-term food prices. Six in 10 people think that adoption of sustainable farming practices would raise food prices in the long term (i.e. after five years), while just one in 10 think it would lead to a reduction in food prices. Addressing this inaccuracy would likely boost public support for the transition.

CHART 14

The public incorrectly assume that sustainable farming would raise food prices in the long term

How do you think an expansion in UK and global sustainable farming would affect UK food prices in the long term?



Source: Demos survey

Alignment with Government priorities

In the Autumn Budget 2025, Chancellor Rachel Reeves reiterated the Government's commitment to "bring down inflation and provide immediate relief for families," noting that economic stability is "our best defence against rising prices and the best way to improve living standards".[114]

Good Food Cycle: the Government's Good Food Cycle – the principles which will underpin its upcoming Food Strategy – sets the explicit objective to deliver an "affordable food system".[115]

The potential impact

UK food prices are largely set globally, so mitigating food price rises through sustainable farming largely requires global adoption. To assess the impact of global adoption of sustainable farming on UK food prices, we draw on modelling from De Pinto et al (2020), which projects key global food prices to increase substantially – by 80% for maize, 35% for wheat, and 52% for rice. However, under widespread adoption of Climate Smart Agriculture (CSA) practices, the growth of food prices is expected to be reduced by 8% for maize, by 11% for wheat, and by 27% for rice.[116]

Following Joseph Rowntree Foundation's analysis (which assumed that the modelled food items in Nelsen et al (2013) apply equally to the full basket of food types consumed in the UK including foodstuffs, processed food and non-alcoholic drinks), we assume that the change in food prices modelled into De Pinto et al, weighted to their relative consumption in the UK, could apply equally to all food prices in the UK.[117] Given this assumption – alongside the fact that global food prices are influenced by a wide array of factors and highly uncertain – our analysis should be considered as indicative of the direction and scale, rather than a forecast. Following Halunga (2012), we assume that changes in global food prices have a transmission elasticity onto UK food prices of 60%.[118]

Our modelling suggests that by 2050, global adoption of sustainable farming practices could reduce the average UK household's food bills by around 7% relative to current trajectories, equivalent to approximately £240 per household per year in today's prices. These savings are not driven by suppressing farm incomes; rather, they arise from lower input costs, reduced price volatility and fewer supply disruptions. In this sense, sustainable farming functions as a form of insurance against future cost-of-living shocks.

114 HM Treasury and Reeves R. Budget 2025 speech. 26 November 2025. https://www.gov.uk/government/speeches/budget-2025-speech
115 Department for Environment, Food & Rural Affairs et al. (2025). Press release. Government launches "Good Food Cycle" to transform Britain's food system. 15 July 2025. https://www.gov.uk/government/news/government-launches-good-food-cycle-to-transform-britains-food-system
116 De Pinto et al. Climate smart agriculture and global food-crop production. Plos.one. April 29 2020. https://journals.plos.org/plosone/article?id=10.1371%2Fjournal.pone.0231764
117 Watkiss et al. (2016). Climate Change Impacts on the Future Cost of Living (SSC/CCC004). Paul Watkiss Associates. March 2016. https://www.climatejust.org.uk/sites/default/files/FINAL%20Watkiss%20report%2030032016.pdf
118 Halunga A. Explaining UK Food Price Inflation. (Transparency of Food Pricing (TRANSFOP) Working Paper 1). Academia. 2012. http://d1wqtxts1xzle7.cloudfront.net/93605212/46571848-libre.pdf

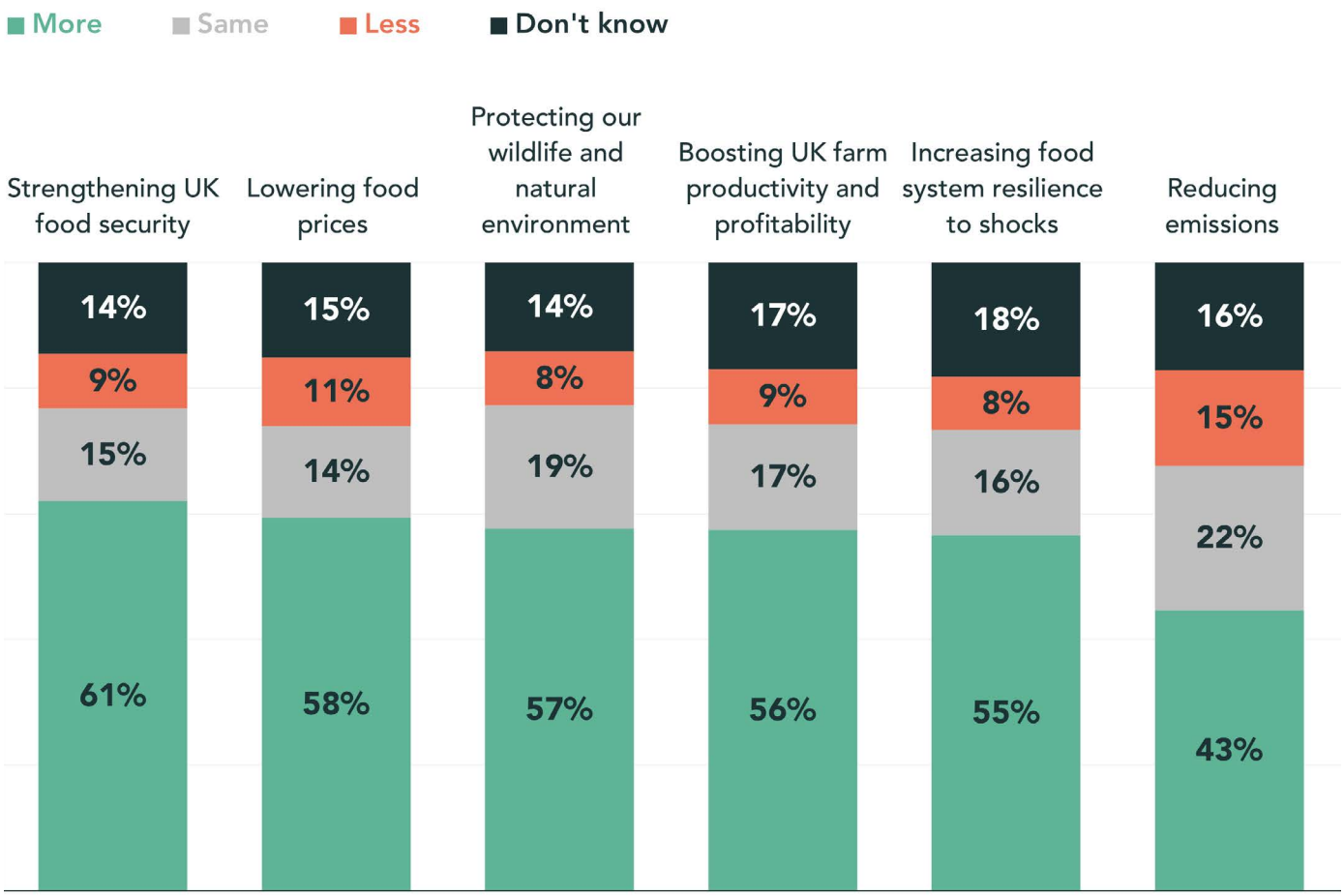
PUBLIC SUPPORT

The benefits of sustainable farming are, as this section shows, broad and deep. The impetus is on the many stakeholders in the farming system to act, be it the Government, industry, farmers and others. Doing so would not just benefit our economic and food security, consumers, citizens, the environment and nature. It would also align with the public's priorities. The public overwhelmingly supports the Government investing more to (1) strengthen our food security, (2) lower food prices, (3) protect our wildlife and nature, (4) boost farm profitability and productivity, (5) increase our food system's resilience to shocks, and (6) reduce emissions.

CHART 15

The public broadly support the government investing more in the outcomes that sustainable farming supports...

To what extent do you think the government should be investing more money to deliver the following goals?



Source: Demos survey

Given the level of support for the benefits of sustainable farming, it's no surprise that the public tends to support greater investment in the agenda. Six in ten supported greater investment, compared to just one in nine opposing. It is notable, however, that the public also tend to think that the Government should prioritise investment in making farms more sustainable *over other areas of spending.* Without any statement about the benefits of sustainable farming, 45% of the public supported more investment over other areas of spending, compared to 14% who disagreed with this.

As the public is calling on the Government to invest more in sustainable farming, it would likely reward the Government for doing so. Without any description of the benefits, a net 31% (agree minus disagree) say they would feel more favourably about the Government if they invested more in sustainable farming. We also tested public perspectives after they had read about various benefits of sustainable farming, with focuses on:

- The boost to farm profitability
- The reduction in import dependency
- The reduction in emissions

A focus on farm profitability drove the largest increase in support, with a net 41% saying they would feel more favourably about the Government if they invested more in sustainable farming with this aim. The focus on import dependency also increased support (though to a lesser extent, at 37%), while the focus on emissions led to no change in support.

This demonstrates that focusing on the impact of sustainable farming on farm profitability could amplify the public reward to the Government.

SECTION 3
HOW TO UNLOCK THE POTENTIAL

Section 2 demonstrated the importance of expanding sustainable farming and why now is the time to drive that change. Our 2023 report laid out a series of recommendations to power the agenda. The current and previous Government have delivered on many of our recommendations:

PILLAR OF CHANGE	OUR 2023 RECOMMENDATION	GOVERNMENT ACTION	DATE
Financial security	*Defra should increase the Sustainable Farming Incentive (SFI) 'management payments'*	Doubled management payments for the SFI.[119]	May 2024
	Defra should engage with the Treasury to maintain the current farming budget up to 2029	Maintained the current farming budget up to 2029.[120]	June 2025
Bring farmers into the movement and enable the change	*The Government should implement a grant programme to support the formation of peer-to-peer networks for knowledge sharing and network building.*	Funded a £30 million Farmer Collaboration Fund "to support farmer groups in growing their businesses, building partnerships and sharing best practice".[121]	Jan 2026

119 Marsden J and Lewis T. This year's Sustainable Farming Incentive offer. Department for Environment, Food & Rural Affairs. 22 May 2024. https://defrafarming.blog.gov.uk/2024/05/22/this-years-sustainable-farming-incentive-offer/

120 Department for Environment, Food & Rural Affairs. Spending Review 2025: a commitment to farming. 16 June 2025. https://defrafarming.blog.gov.uk/2025/06/16/spending-review-2025-a-commitment-to-farming/

121 Department for Environment, Food & Rural Affairs and Reynolds E. Press release Reynolds: Backing farmers with a new era of partnership to boost farm profitability. 7 January 2026. https://www.gov.uk/government/news/reynolds-backing-farmers-with-a-new-era-of-partnership-to-boost-farm-profitability

PILLAR OF CHANGE	OUR 2023 RECOMMENDATION	GOVERNMENT ACTION	DATE
Bring farmers into the movement and enable the change		Funded projects to create farm clusters, alongside landowners and investors.[122]	
	The Government and Task Force should establish a food industry working group to explore ways to proliferate regenerative farming	Established a Farming and Food Partnership Board to "bring together senior leaders from farming, food production, retail, finance and Government to take a practical, partnership-led approach from farm to fork to strengthen our food production."[123]	Jan 2026
	The Government should develop a biodiversity strategy to enhance the salience of biodiversity and concern about its relationship to food production	Developed a biodiversity action plan.[124]	April 2025
	Publish the promised Land Use Framework	Made progress on publishing the Land Use Framework.[125]	Jan 2025

The Government's efforts are applaudable. It is clear, however, that more needs to be done. Section 1 showed how a lack of clarity (underpinned by policy instability and farmers' struggles navigating the system) and lack of financial incentive (underpinned by low public payments, farm productivity and private investment) continue to limit farmers' uptake of sustainable methods. A sustainable transformation demands we address these problems.

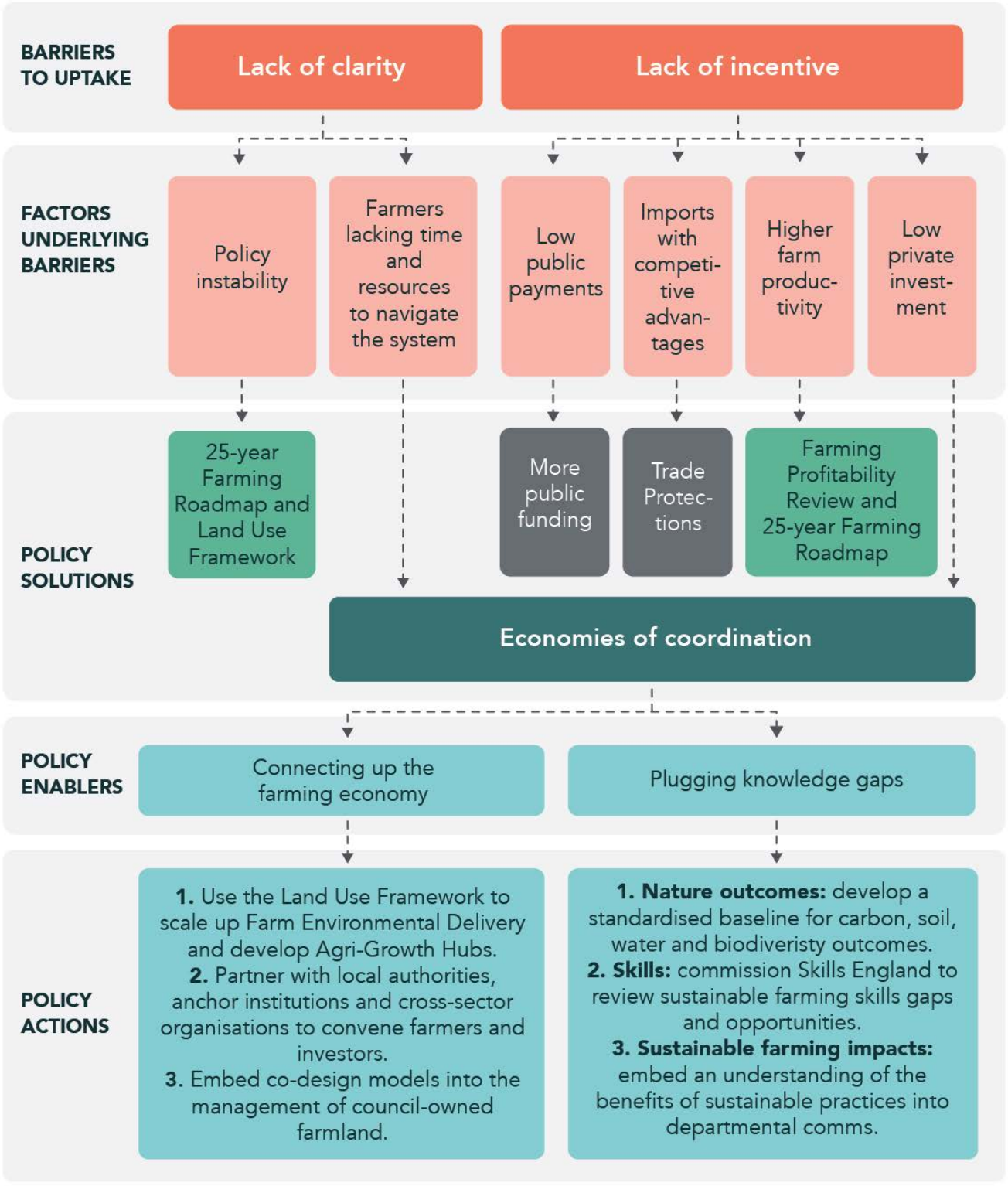
In this section, we first demonstrate that the Government is set to take important steps on two underlying barriers. It is aiming to (1) stabilise policy long-term (to address the lack of clarity) and (2) support farm productivity (to strengthen financial incentives). If executed well, this work could make a big difference. But four other barriers remain:

a. **On lack of clarity:**
   1. Farmers' lack of time and resources to navigate the system

b. **On financial incentives:**
   2. Low Government payments
   3. Imports with competitive advantages
   4. Low private investment

122 Environment Agency. The EA-funded farm group bringing people together to improve sustainability. 9 May 2024. https://environmentagency.blog.gov.uk/2024/05/09/the-ea-funded-farm-group-bringing-people-together-to-improve-sustainability/
123 Department for Environment, Food & Rural Affairs and Reynolds E. Press release Reynolds: Backing farmers with a new era of partnership to boost farm profitability. 7 January 2026. https://www.gov.uk/government/news/reynolds-backing-farmers-with-a-new-era-of-partnership-to-boost-farm-profitability
124 Department for Environment, Food & Rural Affairs et al. (2025). UK national biodiversity strategy and action plan. 26 February 2025. https://uk.chm-cbd.net/sites/gb/files/2025-04/31.03.2025_UK_National_Biodiversity_Strategy_and_Action_Plan.pdf
125 Department for Environment, Food & Rural Affairs et al. (2025). Press Release. Government launches "national conversation" on land use. 31 January 2025. https://www.gov.uk/government/news/government-launches-national-conversation-on-land-use

Addressing these barriers, we repeat the call for (1) higher public payments, but recognise the challenges for the Government in doing so given financial pressures, and (2) trade protections, but recognise the challenges associated. Our attention then primarily focuses on strengthening farmers' capacity to navigate the system and attracting more private investment. Building on the calls in our 2023 report for a collaborative approach and peer-to-peer learning – and with the aim of making Government efforts in this approach a success – we make the case for developing 'economies of coordination', whereby farms, investors, and the supply chain align their incentives and activities much more closely. Doing so would radically improve farmers' ability to (1) learn and manage policy complexity and (2) build collective investment opportunities to attract private investment. We then outline the policy actions needed to build these pillars, as summarised below.



THE GOVERNMENT IS ACTING TO IMPROVE CLARITY AND INCENTIVES

The Government is taking bold steps to deliver more clarity for the farming sector. The upcoming Food Strategy will outline the Government's high-level vision for the UK food system, its key goals and its approach to delivering that. This will feed into three critical strategies:

- **The Food Strategy** – building on the principles outlined in the Good Food Cycle, the strategy will set out how the Government will drive a "healthier, more affordable, sustainable, resilient food system", supporting British food culture and heritage and the national missions.[126]
- **The 25-year Farming Roadmap** – a long-term plan for the farming sector, with a focus on "making farming and food production more profitable in the decades to come".[127]
- **A Land Use Framework** – outlining the principles, data and tools "to support decision-making by local government, landowners, businesses, farmers, and nature groups to make the most of our land", supporting the different objectives for England's land, including on food, housebuilding, and nature.[128]

If successful – and stable over the long term – these strategies will provide much-needed clarity and certainty for farmers. Farmers who feel worried about future uncertainty will have the long-term perspective of a 25-year government plan. Farmers who have been cautious about certain uses of land – and how the central and local government will engage with that over time – should gain a much better understanding of how the Government intends to manage such decisions. Additional positive reforms announced by Defra Secretary Emma Reynolds, such as the creation of new collaborative bodies to boost planning certainty, should also ease concerns.[129]

At the same time, the Government has signalled that improving farm profitability is a central priority. Alongside existing measures to support productivity and resilience, it commissioned the independent Farming Profitability Review to examine structural barriers to farm performance. The review outlines a range of proposals, including better use of data and innovation, simpler and smarter regulation to reduce administrative burdens, and more targeted support for technology adoption and capital investment. While the review itself does not constitute Government policy, ministers have indicated that its findings will inform ongoing work, with a fuller response expected later in 2026.

The Government has already acted to create a Farming and Food Partnership Board to give farmers a stronger voice and drive tailored growth plans for sectors such as horticulture and poultry. As Section 1 discussed, higher productivity would give farms greater headroom to finance equipment changes, pay for advice and absorb transition risks, enabling more farms to transition to sustainable practices.

126 Department for Environment, Food & Rural Affairs. A UK government food strategy for England, considering the wider UK food system. 15 July 2025. https://www.gov.uk/government/publications/a-uk-government-food-strategy-for-england/a-uk-government-food-strategy-for-england-considering-the-wider-uk-food-system

127 Department for Environment, Food & Rural Affairs and Reed S. Steve Reed speech at the 2024 CLA Conference. 21 November 2024 https://www.gov.uk/government/speeches/steve-reed-speech-at-the-2024-cla-conference

128 Department for Environment, Food & Rural Affairs et al. (2025). Press Release. Government launches "national conversation" on land use. 31 January 2025. https://www.gov.uk/government/news/government-launches-national-conversation-on-land-use

129 Secretary of State's address to 2026 Oxford Farming Conference. 8 January 2026. https://www.gov.uk/government/speeches/secretary-of-states-address-to-2026-oxford-farming-conference

ADDITIONAL PUBLIC PAYMENTS AND APPROPRIATE TRADE PROTECTIONS WOULD QUICKLY STRENGTHEN INCENTIVES, BUT ARE NOT AN EASY ASK

While improving farm productivity will be key, it may not be enough to sufficiently strengthen incentives for farmers to transition to sustainable methods. Analysis commissioned by The RSPB, National Trust and The Wildlife Trusts demonstrates that meeting the UK's binding nature and climate targets demands increasing investment in nature-friendly farming to £5.9 billion annually.[130] While Government payments for sustainable farming have increased since this research was published in 2024, the current rate of £2.7 billion annually is still well short of the required figure.

Given the importance of this agenda – as demonstrated by the analysis in Section 2 – we call on the government to raise public payments to deliver the £5.9 billion annual investment needed to meet our binding nature and climate targets.

Funding should be raised across the ELMS – including the SFI, the Local Nature Recovery Strategy, and Landscape Recovery – alongside productivity interventions. This would deliver a strong long-term return on investment for the Government, as it would raise farm profitability in the medium term and so reduce requirements for subsidies.

Yet, the fiscal context today makes additional investment challenging. The budget for sustainable farming was set in the Spending Review 2025 at around £2.7 billion from 2026/27 to 2028/29, with funding for ELMS increasing to £2 billion annually by 2028/29.[131] Under current plans, this will not be reviewed until mid-2027, as the Government's Charter for Budget Responsibility ruled that spending reviews will take place every two calendar years.[132] Even if the farming spending were in scope, as the last two Budgets have shown, public finances are extremely tight. With growth forecast to remain moderate in coming years, the squeeze is not set to end anytime soon.[133]

So while we reiterate a call for greater public investment in sustainable farming through higher payment rates – particularly a short-term increase in payment rates to deliver long-term fiscal and broader economic gains – we also explore other avenues to drive the agenda.

A similar story applies to trade protections. The House of Lords Trade and Agriculture Commission (TAC), the Environment, Food and Rural Affairs Committee, Sustain and The RSPB have all called for stronger safeguards to prevent lower-standard food imports from undermining domestic regulation, including enforceable core standards on food imports.[134,135,136,137] Such protections could materially strengthen incentives for sustainable farming by giving farmers confidence that higher standards will not leave them commercially exposed.

There is a particular opportunity at present to boost profitability through alignment with EU regulation. Since Brexit, exports of British agri-food products to the EU have fallen by more than

130 The Wildlife Trusts. New report reveals that nature-friendly farming budget is inadequate to meet climate and nature targets. 23 July 2024. https://www.wildlifetrusts.org/news/new-report-reveals-nature-friendly-farming-budget-inadequate-meet-climate-and-nature-targets
131 Department for Environment, Food & Rural Affairs. Spending Review 2025: a commitment to farming. 16 June 2025. https://defrafarming.blog.gov.uk/2025/06/16/spending-review-2025-a-commitment-to-farming/
132 Brien P. Spending Review 2025: Background briefing. Research Briefing. House of Commons Library. 4 June 2025. https://researchbriefings.files.parliament.uk/documents/CBP-10276/CBP-10276.pdf
133 Office for Budget Responsibility. Economic and fiscal outlook – November 2025. 26 November 2025. https://obr.uk/efo/economic-and-fiscal-outlook-november-2025/#foreword
134 Hird V. The Trade and Agriculture Commission report calls for food standards protection - our comment. Sustain. 2 March 2021. https://www.sustainweb.org/news/mar21-trade-agriculture-commission-report/
135 Environment, Food and Rural Affairs Committee. EFRA Committee stand firm on food trade standards. 12 March 2020. https://committees.parliament.uk/committee/52/environment-food-and-rural-affairs-committee/news/110638/efra-committee-stand-firm-on-food-trade-standards/
136 Kennedy S. Over 100 food businesses, NGOs and academics call for 'Good Food Bill' as failing food system threatens national security and public health. Sustain. 25 February 2026. https://www.sustainweb.org/news/feb26-good-food-bill/
137 Inside Ecology. The RSPB sets out vision for how farming can help save nature. 9 January 2026. https://insideecology.com/2026/01/09/the-rspb-sets-out-vision-for-how-farming-can-help-save-nature/

16% in volume terms.[138] This decline partly arises from costly new border checks and additional paperwork, including Export Health Certificates and Phytosanitary Certificates.[139] Yet, with negotiations on a Sanitary and Phytosanitary (SPS) agreement ongoing, alignment between UK and EU regulations could reduce the need for these checks, making trade faster, simpler, and less expensive – thus boosting farm profitability.

We recognise, however, that trade protections and alignment has been called for widely, and sits within a complex and politically sensitive trade policy environment. This report therefore focuses on levers where the Government can act more directly and immediately, while recognising that fair trade remains an essential part of the wider policy context.

PRIVATE FINANCE OFFERS A PROMISING ROUTE TO STRENGTHEN INCENTIVES

Without an increase in Government payments, and with higher farm productivity only filling part of the investment gap, alternative forms of finance have to be explored. The private sector has a critical role to play. While the Government has set a target to raise private finance – as discussed in Section 1 – levels of private investment are much too low, and headed in the wrong direction. This problem has been explored by researchers across the Institute for European Environmental Policy (IEEP), Green Alliance, WWF, and Esmée Fairbairn Foundation, with the following issues identified as key barriers to unlocking more private finance:[140,141,142,143]

- Uncertainty due to data and knowledge gaps
- Credibility concerns stemming from challenges in monitoring, reporting, and verification and the heterogeneity of practices
- High transaction costs for small loan and investment volumes

Each barrier is underlined by a coordination problem. The heterogeneity and fragmentation in the sector makes capturing data, monitoring, reporting and verification, and transactions all more burdensome. If different farms were better coordinated, they could pool their knowledge to build better data systems, enable standardised and consistent monitoring and reporting, and build collective investable offers to mitigate high transaction costs. Some organisations are understanding this requirement, such as Landscape Enterprise Networks (LENs).

138 NFU response to the House of Commons EFRA Committee Call for Evidence on Priorities for a UK-EU SPS Agreement. September 2025. https://committees.parliament.uk/writtenevidence/148545/html/
139 Ibid.
140 Wedl I and Kam H. Leveraging private finance for the transition to sustainable agriculture. Institute for European Environmental Policy. 3 July 2025. https://ieep.eu/publications/leveraging-private-finance-for-the-transition-to-sustainable-agriculture/
141 Mole H and Slattery T. Sustainable food and agriculture. Esmée Fairbairn Foundation. 11 December 2024. https://esmeefairbairn.org.uk/latest-news/sustainable-food-and-agriculture-investment-deep-dive/
142 Green Alliance. How to increase private investment in nature. November 2024. https://green-alliance.org.uk/wp-content/uploads/2024/11/How-to-increase-private-investment-in-nature.pdf
143 World Wide Fund for Nature. A roadmap for financing a regenerative agriculture transition in England. January 2024. https://www.wwf.org.uk/sites/default/files/2024-01/Roadmap-for-financing-a-regenerative-agricultural-transition-in-england.pdf

FARM FOCUS
LANDSCAPE ENTERPRISE NETWORKS (LENS)[144]

LENs is an organisation pioneering an innovative approach to farming. It brings groups of farmers together (often across a catchment or landscape) and bundles their on-farm projects – such as cover crops, minimum tillage, habitat creation, nutrient management and water-quality measures – into an investment portfolio that multiple buyers can co-fund (e.g., food and drink firms, local authorities, water companies).

Farmers participate as a cohort, share learnings on what works locally, and work through a common pipeline of measures and monitoring. LENs then coordinates the matchmaking between farm actions and funders' needs (carbon, water, biodiversity, supply-chain resilience). The model is explicitly designed to reduce the transaction costs that stop individual farms from accessing finance (complex bids, fragmented data, small project sizes), by creating a collective route to investment.

Since 2021, LENs has facilitated €24m+ (£21m) of co-investment from organisations (including major brands and public bodies) delivered to 350+ farmers, funding regenerative and nature-based measures across the East of England, Yorkshire, Leven (Scotland), West Wales, Western Hungary, Northern Italy and Western Poland.[145]

144 Landscape Enterprise Networks (LENs). How LENs Works. 2025. https://landscapeenterprisenetworks.com/how-lens-works/
145 Landscape Enterprise Networks (LENs). 2025. https://landscapeenterprisenetworks.com/

PEER-TO-PEER LEARNING AND CROSS-SECTOR PARTNERSHIP OFFERS A PROMISING ROUTE TO GIVE FARMERS CLARITY

Embedding clarity into day-to-day business planning and culture is no simple task. Upcoming Government strategies like the Food Strategy, 25-year Farming Roadmap and Land Use Framework will not simply translate into a sense of understanding and direction across the UK's 209,000 farms, and Government advice services cannot always bridge the gap. Our previous report highlighted these problems within the agricultural transition plan.[146] Defra's Future Farming and Resilience Fund (FFRF) aimed to provide business support to help farmers understand how farm policy was changing, how this related to their farm, and how they can adapt. Yet, farmers in our workshops still felt they could not easily access the relevant information, while policy experts explained how current external advice had not sufficiently reached farmers. The Agriculture and Horticulture Development Board (AHDB) identified similar problems, highlighting the need for more locally applicable knowledge and regional data than the Government was providing.[147]

Compounding the lack of clarity is a problem of trust. The struggles with the post-Brexit agricultural transition plan joined a history of agricultural reform programmes that were designed to clarify a new vision, but instead spread uncertainty.[148] Many farmers are now sceptical of top-down advice from the Government.

To deliver the locally-tailored information, overcome the trust barriers and attract broad engagement with the sustainable farming agenda, the Government cannot be the only source of information. Other actors in the sector – including networks of farms, buyers, investors, anchor institutions and local authorities – are needed to support the dissemination of central Government strategies and embed them in the day-to-day practices of the sector. We need farmers to share learnings with one another directly, buyers to embed sustainable practices into their contract, investors and anchor institutions to partner with and share learnings about the sustainable transition, and local authorities to use their farmland to mirror Government policy and disseminate the approach among new farmers. The Government can enable this cross-sector activity by providing targeted support, convening actors, and utilising the assets it has at its disposal (including council-owned farmland).

Our 2023 report made the case that the Government should fund peer-to-peer learning networks – building on the Countryside Stewardship Facilitation Fund, which had proven highly effective in facilitating farmers to share advice and best practice.[149]

> *"[Regenerative farming is] a mindset, an ethos, it's about storytelling, people saying we've done this and we've achieved this. You've got to have other farmers you can gently learn from."* ***(Farmer on a large upland beef and sheep farm)***
>
> *"Everyone has a different network of friends. It's that diversity of voices and approaches that gets everyone moving."* ***(Farming policy expert)***

146 Powley A. The Future Farming Resilience Fund: Access Free Support. Department of Environment, Food and Rural Affairs. July 13, 2021. https://defrafarming.blog.gov.uk/2021/07/13/the-future-farming-resilience-fund-providers-named/

147 Magistrali A et al. Identifying and implementing regenerative agriculture practices in challenging environments: experiences of farmers in the north of England, Agriculture and Horticulture Development Board and Biotechnology and Biological Sciences Research Council. June 2022. https://projectblue.blob.core.windows.net/media/Default/Research%20Papers/AHDB/2022/PR640-09%20Final%20report%20AHDB-BBSRC%20Farm%20Sustainability%20Fund%20(Cooper).pdf

148 Marshall J et al. Agriculture after Brexit: Replacing the CAP. Institute for Government. March 2022. https://www.instituteforgovernment.org.uk/sites/default/files/publications/agriculture-after-brexit.pdf

149 Magistrali A et al. Identifying and implementing regenerative agriculture practices in challenging environments: experiences of farmers in the north of England, Agriculture and Horticulture Development Board and Biotechnology and Biological Sciences Research Council. June 2022. https://projectblue.blob.core.windows.net/media/Default/Research%20Papers/AHDB/2022/PR640-09%20Final%20report%20AHDB-BBSRC%20Farm%20Sustainability%20Fund%20(Cooper).pdf

Defra has since expanded this approach through the Farmer Collaboration Fund – a £30 million grant programme announced in January 2026 "to support farmer groups in growing their businesses, building partnerships and sharing best practice".[150] This is a positive step in the right direction. It is critical, however, that this collaborative approach is delivered effectively and at the scale needed to catalyse action across the sector.

ENABLING THE FARMING SECTOR TO EMBED GOVERNMENT STRATEGIES AND DEVELOP INVESTMENT OPPORTUNITIES BOTH REQUIRE STRONGER 'ECONOMIES OF COORDINATION'

It is clear that empowering the farming sector to (1) develop investment opportunities for the sustainable transition and (2) disseminate and embed Government policy both demand better coordination of the sector's different actors to capitalise on opportunities for mutual benefit. We need:

- Forums where farmers, buyers, investors, anchor institutions and local authorities can share learnings with one another
- Local authorities and anchor institutions to build long-term partnerships with actors in the agricultural supply chain
- Data and transparency, providing actors with the information needed to partner with trust and accountability
- Funding to incentivise the above

The Government's recently announced Farmer Collaboration Fund recognises this need. Over the next three years, the £30 million fund aims to support farmer-led networks to "turn best practice into common practice" by making it easier to share knowledge, pool data, reduce risk and strengthen collective bargaining power, including when it comes to accessing private investment.[151] The Farming Profitability Review also outlines a range of policy proposals that deliver these requirements and improve coordination. In this report, we build on this work by laying out a novel framework to advance coordination: developing 'economies of coordination' among UK farms.

Larger businesses are able to efficiently adopt best practice and build investment opportunities through 'economies of scale' but Britain's farms are typically small businesses, averaging just 2.8 workers. To enable these small businesses to efficiently adopt best practice and build investment opportunities, a different approach is needed.

Economies of coordination describe the efficiency gains that businesses can gain not through increased size as a firm, but through increased coordination. If farms, buyers, investors, anchor institutions, and local governments align their activities, tools and incentives in strategic ways, they can collectively minimise financial, time and administrative burdens. Specifically, economies of coordination unlock the potential of farms by:

- **Pooling data:** farms can better understand the state of their land, improvements over time, and the opportunities to improve land further.
- **Pooling their voices:** better communication between farmers could drive stronger communication of the opportunities they can offer larger actors, leading to mutual benefits

150 Department for Environment, Food & Rural Affairs and Reynolds E. Press release Reynolds: Backing farmers with a new era of partnership to boost farm profitability. 7 January 2026. https://www.gov.uk/government/news/reynolds-backing-farmers-with-a-new-era-of-partnership-to-boost-farm-profitability

151 Brown A. Help shape the Farmer Collaboration Fund. Department for Environment, Food & Rural Affairs. 17 February 2026. https://defrafarming.blog.gov.uk/2026/02/17/help-shape-the-farmer-collaboration-fund/

for all parties. Business needs are more likely to be heard and addressed, particularly around skills needs.

- **Pooling capacity:** farms can invest in local activities and schemes that require more resources than any one farm could afford.

Our call for economies of coordination aligns with the calls of many other researchers. For example, the IEEP's top recommendation to increase private finance focuses on "Increasing collaboration and transparency between different actors" by aligning monitoring, reporting, verification standards, exchanging data and facilitating equipment sharing and peer learning.[152] The Foundation for Common Land's recommendations to expand sustainable common land include working to identify and bridge divides between Commoners and other stakeholders, including landowners and agencies, to build better understanding and foster respect.[153] Economies of coordination brings these activities into a single model of change.

ENABLING REFORMS

Economies of coordination may not form organically. They require the Government to lay solid foundations by (1) connecting up the farming economy and (2) closing knowledge gaps. Doing so requires enabling policies from the Government. We lay these out below.

Connecting up the farming economy

To ensure that the different actors in the food system – particularly different farmers – can collaborate towards sustainable goals, the Government must connect up the farming economy by introducing new types of collaboration. The development of the Food and Farming Partnership Board and the Farmer Collaboration Fund are important steps in the right direction. To ensure this approach is scaled across all parts of the farming economy with strong institutional foundations, the Government should:

1. **Use the Land Use Framework to scale up Farm Environmental Delivery (FED) Groups (e.g. farmer clusters) across the UK and develop Agri-Growth Hubs at a regional level.**

   As called for in the Farming Profitability Review, the Government should commit to expanding and mainstreaming FED Groups as a core delivery mechanism for sustainable farming to reach as many farmers as possible. FED Groups provide a proven, bottom-up model through which farmers voluntarily work together at catchment or landscape scale to deliver environmental and productivity outcomes that individual farms cannot achieve alone. To realise their full potential, support for FED Groups should move from time-limited, pilot-style funding to a stable, multi-year programme with national coverage. This would allow existing groups to mature and new groups to form, particularly in areas where uptake of sustainable practices has been low. Funding should support facilitation, coordination and monitoring – functions consistently identified by farmers as critical to success.

   Again echoing the Farming Profitability Review, the Government should develop Agri-Growth Hubs at a regional level. These hubs should act as focal points for applied research, data sharing, skills development and investment readiness, translating national policy objectives into locally relevant action. By operating at a meaningful geographic scale – such as catchments or functional economic areas – they would support alignment between environmental outcomes, infrastructure planning and market opportunities.

152 Wedl I and Kam H. Leveraging private finance for the transition to sustainable agriculture. Institute for European Environmental Policy. 3 July 2025. https://ieep.eu/publications/leveraging-private-finance-for-the-transition-to-sustainable-agriculture/
153 Foundation for Common Land. Towards a sustainable future for our nation's Common Land. 1 November 2025. https://static1.squarespace.com/static/5d5fcdc672b2a400016bf1bb/t/67992dffbbb49611a841995b/1738092047842/OUC+28+page+report+final.pdf

Both FEDs and Agri-Growth Hubs would shift the burden of navigating a complex policy and investment landscape from the individual farmer to a coordinated regional body. The bodies would serve as trusted convenors for private finance, helping aggregate farm-level projects into viable investment propositions. This would help ensure high demand for, and maximum returns from, the £1 billion of private nature finance targeted by the Government each year by 2030.

The Government should build this into the upcoming Land Use Framework. The Framework should move beyond simple land allocation to actively promote farmer clusters and Agri-Growth Hubs as a way to efficiently manage the land, with an explicit objective to encourage uptake of sustainable farming practices.

2. **Partner with local authorities and anchor institutions to convene farmers and investors to develop productive partnerships.**

The Government should partner with local authorities, local anchor institutions (such as water companies) and cross-sector organisations (such as LENs), enabling them to convene groups of farmers with private investors around location-based sustainable farming opportunities. These local partners are often better placed than the central Government to identify local environmental and economic priorities, aggregate projects across multiple farms, and translate them into credible, investment propositions. The Government's role should be to mandate and fund these convening functions and de-risk early-stage collaboration.

The work of LENs offers a strong precedent. International precedents can be found in the Netherlands' Green Deals, which successfully brokered partnerships between land managers, businesses and financiers to deliver sustainability outcomes at scale.[154] By embedding this model across UK regions, the Government can unlock private capital, reduce transaction costs for farmers, and ensure investment flows into sustainable land use where it delivers the greatest public value.

3. **Embed co-design models into the management of council-owned farmland, partnering with local farmers, food businesses and community groups and supporting the adoption of sustainable practices.**

Council farms in England and Wales were estimated in 2022 to cover around 98,000 hectares of agricultural land in 2022 - equivalent to 1% of land or 3-4% of farms.[155] The government should ensure that the potential for this land to advance agricultural innovation and sustainable practices is fully utilised. Specifically, it should be used to develop economies of coordination across the food system, while supporting engagement with, and agency for, local communities.

The Government should direct local authorities to partner with farmers, local food businesses and community groups to co-design and co-govern land use strategies for council farm estates. This model of public-common partnership, called for by the organisation Abundance, is designed to deepen community engagement with the land and farming, embed knowledge exchange between peers, and align farm planning with local food, nature and climate goals.[156]

154 Netherlands Enterprise Agency, RVO. Green Deal. 2026. https://business.gov.nl/subsidies-and-schemes/green-deal/
155 Willis G et al. (2022). Reimagining council farms: a vision for 2040.CPRE. March 2022. https://www.cpre.org.uk/wp-content/uploads/2022/03/reimagining-council-farms-full-report.pdf
156 Heron K, Russell B and Milburn K. Food Systems in Common: Council Farms, Agroecological Food Sovereignty, and Public-Common Partnerships. Abundance. November 2024. https://cdn.prod.website-files.com/647f122b84dd393f4681b0a5/6749a9e7890b13914fb4c7a2_Food%20Systems%20in%20Common_Abundance.pdf

To enable the transition, the Government should provide dedicated funding and technical support for councils to pilot and scale these public-common partnerships, including capacity for facilitation, joint planning, evaluation frameworks and community engagement. Participating farmers should be supported to adopt sustainable practices, while actively engaging with the community, local businesses and anchor institutions.

Plugging knowledge gaps

Coordinating action around the sustainable transition requires farms to understand the assets of their land, their capital and skills, the equivalent assets in their locality or region, and the benefits that sustainable farming can have for them. This allows farms to understand opportunities to improve, and how to support one another in doing so. To deliver this, the Government must close the knowledge gaps on:

1. **Data: establish national farming baselines for carbon, soil, water and biodiversity outcomes**

   The Government should develop a standardised baseline for carbon, soil, water and biodiversity outcomes, providing a consistent and shared understanding of the environmental, productive and economic assets of UK farmland. This aligns with calls from AHDB, WWF, and others and calls within the Farming Profitability Review for a SOILSHOT+NATURE taskforce. This would give farmers a clearer understanding of their asset base and performance, enabling better business planning, benchmarking and risk management. It would create comparable datasets that Government, markets, investors and advisers can use to target support, direct investment and monitor progress against national climate, water and biodiversity targets. It would also unlock new market opportunities, enabling farmers to demonstrate credibility in environmental markets (e.g. nature markets and carbon credit programmes), which today are hampered by inconsistent or unverifiable data.

   The baseline should integrate data on soil health, natural capital, land use, emissions, productivity and participation in support schemes, and be updated regularly to track progress over time. This system could be embedded into the Land Use Framework. The Government should then drive action by requiring it for all farms enrolling in ELMS, with payments to undertake testing and sampling. Data must be aggregated by a trusted independent body.

2. **Skills: commission Skills England to review sustainable farming skills gaps**

   The Government should commission Skills England to undertake a national review of skills gaps related to sustainable farming, covering land management, agronomy, data use, business planning and collaboration skills. The review should assess both current workforce capacity and future needs under different transition pathways, with findings broken down by region and farm type. This would provide a clear evidence base to align further education, apprenticeships, advisory services and peer-to-peer learning with the practical demands of sustainable farming.

   By identifying where skills shortages constrain adoption or collaboration, the review would help ensure that investment in technology and land management is matched by investment in people. Over time, this approach would support more confident uptake of sustainable practices and enable farms to support one another through shared expertise and regional networks.

3. **Sustainable farming impacts: embed an understanding of the benefits of sustainable practices into departmental communications, workshops and training**

   The Government should undertake a comprehensive impact analysis of how sustainable practices benefit farm profitability in the long term. Using this data, the Government should publish accessible online workshops, via the Defra Farming Blog or Rural Payments Agency, on transitioning to sustainable agriculture, its benefits to farming profitability, and recommended regenerative methods.

   Spreading information on profitability impacts would help address the substantial 'perception gap' we saw in Section 1, whereby many farmers underestimate the profitability of sustainable practices. Through shifting perceptions, more farmers would be minded to make the transition and secure the longer term financial benefits of sustainable practices. In conjunction with an effective SFI offer, it will bridge the short-term losses, and help support longer-term farm profitability and improved food security for the British people.

FRONTLOADING SFI PAYMENTS TO HELP SMALLER FARMS MANAGE THE SUSTAINABLE TRANSITION

Alongside reforms to connect up the farming economy and close knowledge gaps, the Government should revisit its approach to agricultural payments. In June, the Government is opening an early window for SFI applications from smaller farms in an effort to level the playing field as in previous years larger farms have taken most of the funding. However, this report highlights that profit margins often drop during the early years of transitioning to regenerative methods before rebounding to higher levels, and smaller businesses are likely to have fewer resources to absorb these transition costs.

The Government should develop an SFI offer that acknowledges the upfront cost of the transition to smaller farms. Alongside management payments – which support the transition – the SFI should offer an option for smaller farms who may struggle with the transition costs to frontload payments in the initial years of uptake – e.g. receive a lump sum payment for the first few years of delivery, or higher payment rates in the early years, offset by lower payments thereafter. This would give smaller farms financial confidence as they transition into the sustainable farming agenda. Alternative approaches would be to expand the offer of capital grants for farmers during the transition period.

By connecting up the sector and closing knowledge gaps, the Government will develop cross-sector economies of coordination in the farming economy. Farmers will be empowered both to engage with and navigate the sustainable farming policy agenda and to attract the private investment needed to fund the transition. Building on critical ongoing actions from the Government, this change would ensure the system-level problems we face are met with system-level solutions. **It would drive us forward on the path to a sustainable future for farming.**

CONCLUSION

This report has shown that the UK's farming system sits at the centre of some of the country's most pressing challenges: protecting our natural capital, maintaining national food production, raising farm profitability, mitigating exposure to global shocks, and ensuring households can access the food they need at an affordable price. These challenges are deeply connected, and failure to act could create a vicious cycle.

The evidence set out in this report demonstrates that sustainable farming offers a credible and powerful alternative. Alongside its extensive environmental benefits, it can strengthen our economic security, national food security, and household food security. Our modelling shows the scale of this opportunity is substantial:

£56.3 billion worth of additional natural capital, such as **healthier soils and cleaner waterways, enriching our land and its economic value**

£31.6 billion in additional profit for the farming sector up to 2050, strengthening resilience among domestic farms

£7.9 billion additional food production up to 2050 in a high-yield scenario

£10.5 billion fewer imports up to 2050, reducing our exposure to global shocks and improving our balance of payments

A 7% reduction in annual food bills relative to current trajectories, worth **£240.74 per household**, protecting families from rising food prices

Crucially, these outcomes align directly with both the Government and the public's core priorities on economic and food security, food prices and the environment.

But the report is equally clear that delivery is now the binding constraint. Progress has stalled not because farmers are unwilling to change, but because incentives have been weak, while the post-Brexit policy environment has been unstable and uncertain.

That is why this report calls on the Government to treat sustainable farming as critical national infrastructure. Alongside the promising work ongoing – providing long-term policy stability and taking steps to improve farm productivity – that means system-reform within the farming sector. To give farmers the tools to navigate the sustainable farming agenda and attract the private investment needed, the Government needs to build economies of coordination. UK-scale peer-to-peer farmer networks, Government partnerships with local authorities, local anchor institutions and cross-sector organisations, national farming baselines for carbon, soil, water and biodiversity outcomes, and a sustainable farming skills gap review are the key foundations to do so.

Now is the time to deliver the sustainable farming dividend.

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