



Department for Environment Food & Rural Affairs

The Rt Hon Steve Barclay MP
Secretary of State Environment, Food & Rural Affairs

Seacole Building
2 Marsham Street
London
SW1P 4DF

T: +44 (0) 3459 335577

E: correspondence.section@defra.gov.uk

W: gov.uk/defra

23 April 2024

To all MPs in England

Dear colleague,

One year on from the Government response to the Rock Review on Tenant Farming

I am writing to you today to provide a detailed update on the excellent progress we have made in delivering our commitments in the government response to the Rock Review.

The majority of our commitments are underway or completed.

One year on from the publication of the government's line-by-line response to the Rock Review we have action underway to deliver 64 out of our 75 commitments.

Farm Tenancy Forum

In 2023 we established the joint government and industry Farm Tenancy Forum (the Forum) improving our engagement with the sector and supporting the implementation of our government response commitments. The main Forum, comprising Defra officials and industry organisations representing tenant farmers, landlords and professional advisors meets quarterly, with sub-groups focusing on specific issues in the interim to drive rapid progress. The Forum is having a very positive impact, ensuring that we consider the unique challenges facing the sector, facilitating more collaborative relationships between landlords and tenants, and helping to shape our farming policies and schemes so that they work for tenant farmers.

Agricultural Landlord and Tenant Code of Practice

We supported the recommendation in the Rock Review report to develop a Code of Practice that would embed good practice across all parts of the sector. We are pleased to report that the Agricultural Landlord and Tenant Code of Practice was published on 8th April following endorsement by all members of the Farm Tenancy Forum. This important new Code is designed to foster and encourage clarity, communication, and collaboration in the tenanted sector. It provides guidance on the standards of behaviour expected from landlords and tenants as well as those providing professional advice in connection with agricultural tenancy matters. The Code will support landlords and tenants, and their professional advisers, to establish and maintain positive, productive, and sustainable commercial relationships, achieved through dialogue and a sense of fairness and proportionality.

We extend thanks to all members of the Farm Tenancy Forum and the Expert Working Group for their collaborative work in developing the Code.

Call for Evidence on a Commissioner for the Tenant Farming Sector

We have delivered a targeted industry Call for Evidence examining the potential benefits, impacts and role of a commissioner to provide oversight and scrutiny of practices in the sector. We are considering next steps including the practical functions of this role, and a further update will follow.

Improving access to our environmental land management schemes

We are continuing to design and adapt our environmental land management policies and schemes so that tenant farmers can readily access them.

Some of the positive changes we have made to the Sustainable Farming Initiative scheme include:

- offering 3-year agreements to coincide with the average length of many tenancy agreements;
- ensuring that tenants who expect to have management control for 3 years can apply, meaning many farmers with annual rolling tenancy agreements can access the scheme;
- removing penalties for tenants who may have to exit a scheme early if their tenancy ends unexpectedly;
- recommending communication and collaboration with landlords but not requiring the tenant to gain landlord consent to enter the scheme. However, the tenant should always check the terms of their tenancy agreements before entering the scheme.

When introduced, our expanded 2024 environmental land management scheme offer will have many more actions with a 3-year duration. We are also exploring the possibility of enabling collaborative joint tenant / landlord agreements in the scheme. This could provide a beneficial additional route into some of our longer-term options schemes for some tenants and landlords. This is not intended to replace existing avenues for applications, but merely provide an alternative route where tenants and landlord want to work together.

We have designed our agroforestry offer in a way that is responsive to the needs of tenants. We are testing a farm woodland standard through the Sustainable Farming Initiative, including smaller-scale agroforestry which is more suitable to tenant farmers and in line with the recommendations from the Rock Review.

Additionally, we are removing tax barriers to enable landlords and tenants to access longer term environmental schemes. We announced in our budget that from 6th April 2025 we will be extending the scope of Agricultural Property Relief to include land managed under an environmental agreement, this will open up the way for greater collaboration between tenants and landlords so that both parties can access the benefits.

Recent and ongoing monitoring of application data indicates that a third of Sustainable Farming Initiative scheme applications are from wholly tenanted and mixed tenure farms. We are pleased with these indicators that demonstrate strong uptake of the scheme by the tenanted sector.

Monitoring the impact of our environmental land management schemes

Through the agricultural transition we want to protect and improve the environment, food production and food security. We are listening to the sector's concerns on the potential impact of our schemes on tenant farming businesses and availability of tenanted land. We are monitoring and evaluating

potential changes and acting when appropriate. So far, we are not finding any significant changes to the area of tenanted land or the area of land for food production. However, in the context of challenging weather conditions, there is a risk that this could become more of an issue. To address that risk, we have changed the Sustainable Farming Initiative to put in place measures to limit the amount of land that can enter 6 of the scheme's actions, to ensure we get the balance right in the percentage of a farm that we will fund to take these actions. We will continue to monitor the impact of our schemes and report findings to the Farm Tenancy Forum.

Improving access to our capital grant schemes

We have also continued to improve accessibility to our capital grant offers supporting investment in farming equipment, technology, and infrastructure by reducing minimum grant rates and reviewing our intervention rates. We have allowed landlords to underwrite tenants' applications if both parties wanted to pursue this option, and we are continuing to explore other options for collaborative landlord / tenant approaches. We also no longer require tenants to have a tenancy agreement in place for 5 years to access our grants, merely commit to holding the asset for 5 years.

Private markets and natural capital

On 12th March we issued an update on progress under the Nature Markets Framework (March 2023), including the importance of ensuring that the tenanted sector can access opportunities that nature markets provide. The update recognised the role the Farm Tenancy Forum can play in developing further guidance on the management of ecosystem services on tenanted land and in showcasing best practice for approaching this within tenancy agreements. The Farm Tenancy Forum will develop this activity following the outcome of the Government's Voluntary Carbon and Nature Markets consultation (planned to launch in the coming months) and the British Standards Institution's consultation on the first iteration of their Overarching Principles Standard (the first of a suite of nature investment standards sponsored by Defra) to ensure sector specific guidance fits within these frameworks.

I hope you agree that these updates demonstrate that one year on we have delivered good progress on our commitments in response to the Rock Review. The tenanted sector is a central part of this government's plan to back British farmers and grow the rural economy, and we will continue to put the needs and voices of the tenanted sector at the heart of our policies and schemes.

Yours sincerely,



RT HON STEVE BARCLAY MP