

Farms and Rural Business

Summer Review 2026



Introduction

Ashley Smith,
Farms and Rural Business Partner

As another harvest draws towards its conclusion, many farming businesses will be taking stock of what has been a year that has tested resilience, adaptability and long-term planning in equal measure.



Businesses that are likely to prosper will be those that combine strong operational performance with proactive planning.



Across East Anglia and beyond, Harvest 2026 has once again demonstrated the skill and determination of the farming community. While yields have naturally varied between farms, the weather has been a consistent battle, highlighting the increasingly challenging operating environment facing agricultural businesses. Added to this, volatile commodity markets, continuing pressure on input costs, changing support arrangements, labour challenges and an evolving tax landscape mean that farming today requires far more than simply producing crops and livestock efficiently.

At the same time, the policy and legislative backdrop continues to evolve. Changes to Agricultural Property Relief (APR) and Business Property Relief (BPR), the ongoing transition away from legacy support schemes, increasing environmental obligations, and the continued digitalisation of the tax system are creating a level of complexity that demands careful forward planning. It is perhaps unsurprising that many of the conversations we are having with clients are now focused not solely on profitability, but also on business structure, succession, ownership and long-term sustainability.

The post-harvest period often provides a valuable opportunity to step back from the immediate pressures of the season and consider these bigger strategic questions. How resilient is the business to future market uncertainty? Is the current ownership structure still appropriate? How exposed are family assets to changing tax rules? Are succession plans sufficiently developed and understood by the next generation? These are increasingly important considerations for businesses of all sizes.



In this edition of our Summer Review, we explore many of the topics currently affecting farming and rural businesses. Laurie Hill provides a personal perspective on Harvest 2026 in his article, View from the Cab, reflecting on the season's challenges and opportunities. We also examine why farming profitability matters more than ever, considering practical measures such as benchmarking, machinery cost control, labour efficiency, working capital management and the role that diversification and collaboration can play in improving financial performance.

As the agricultural industry continues to evolve, understanding the direction of government policy remains critical. Our article on the Farming Roadmap considers the journey ahead and the implications for businesses seeking to balance commercial success with environmental delivery. We also include a practical reminder of the key questions farming families should be asking this autumn, particularly in the areas of succession planning, ownership structures and exposure to recent inheritance tax changes.

Whilst many have successfully undertaken this review in the last two years, it is important for this to remain on the agenda of any multi-generational business – plans and businesses evolve over time and what was previously fit for purpose may not be forever.

Making Tax Digital for Income Tax is another significant development that many rural businesses cannot afford to ignore. With eligibility thresholds continuing to reduce, an increasing number of individuals will soon be required to maintain digital records and submit information more frequently to HMRC. We outline the latest position and explain how businesses can prepare well in advance of the changes taking effect.

Alongside these technical updates, we share news from across our Farms & Rural Business team, details of upcoming events, including our Budget webinar, and other resources available to support clients throughout the year.

Looking ahead, the businesses that are likely to prosper will be those

that combine strong operational performance with proactive planning. Understanding profitability, managing cashflow, reviewing structures, considering succession and preparing for tax changes are all areas where early action can make a significant difference. Waiting until decisions become urgent often limits the options available.

At Larking Gowen, our Farms & Rural Business team continues to work with farming families, landed estates and rural enterprises throughout the region, helping them navigate both day-to-day challenges and long-term strategic decisions. Whether you are reviewing business performance after harvest, assessing the impact of tax changes, planning for the next generation, or considering future investment opportunities, we are here to help.

I hope you find this edition informative and useful, and as always, if any of the issues discussed raise questions for your business, please do get in touch with your usual Larking Gowen adviser.

How can we help you?

We review the whole financial structure of our clients' farming and business enterprises regularly to understand their needs, aims and future aspirations. In addition to the standard accountancy and tax compliance services we provide to our clients, we routinely perform specialist services such as:

 Business structure advice	 Assessment of diversification plans and associated tax consequences
 Succession planning and the passing of assets to the next generation	 Contract Farming Agreement reviews
 Capital tax planning	 Contract farming accounts
 Inheritance Tax advice and Will reviews	 Specialist capital allowance claims
 Review of Partnership Agreements	 Research and development claims
 Preparation of cash flow forecasts, profit or loss forecasts and business plans	 Probate services and estate accounts

Please get in touch with your usual Larking Gowen contact. You can find contact details in the **Our People** section of our website. Alternatively, call 0330 024 0888 or email enquiry@larking-gowen.co.uk.



Join us for the Autumn Farming Conference 2026 series!

The Autumn Farming Conference Series is on the road again for November 2026 across Norfolk, Suffolk, and for the first time, Essex.

This year will focus on the England Farming Roadmap 2050, which sets out a vision for a more profitable, sustainable and resilient farming sector. Industry experts will discuss priorities such as investment in innovation and skills, nature-friendly farming and diversified income streams.

Save the dates:



Bury St Edmunds
17th November

All Saints Hotel



Fakenham
19th November
Fakenham Racecourse



Norwich
24th November
Prospect House



Colchester
25th November
Wivenhoe House

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View from the Cab: Reflections on Harvest 2026

If there was one word
that summed up
Harvest 2026 across
the East of England,
it was contrast.

Laurie Hill
Partner, Farms, Estates
& Business Advisory



The 2025/26 season began with optimism. Crops emerged well through the winter, and many fields looked full of promise heading into spring. Then came an exceptionally dry April, followed by prolonged heat and a lack of meaningful rainfall through much of May, June and July. Across Norfolk, Suffolk and Cambridgeshire, combines rolled far earlier than usual, with some growers starting winter barley harvest before the end of June.

The early start across the region brought advantages. Grain came off dry, drying costs were low, and long harvesting days helped crops reach the shed quickly, however all farmers have been acutely aware of the fire risks this year. Yet as yield monitors began reporting back, the reality became clear. Wheat yields were generally below expectations, particularly on lighter land, while spring barley was one of the biggest casualties of the summer drought. Reports from Norfolk suggested wheat yields down around 20% and spring barley reductions of up to 30% in some areas, despite generally good grain quality.

Not every story was negative. Oilseed rape proved surprisingly resilient, with quite a few farms reporting above average results in conversations we've been having. Fields on stronger soils, or those fortunate enough to catch localised rainfall, often produced respectable yields. Once again, agriculture demonstrated how much outcomes depend on soil type, location and a little luck with the weather. Reports in the lead up to harvest from conversations with our clients reflected that farms just a few miles apart, received vastly different amounts of rainfall resulting in significant yield differentials.

Prices in the lead up to harvest did not look overly exciting, with some farmers locking in at a price they felt comfortable at, however a variety of events (without being political) have been influencing the world markets, and this has meant prices have steadily increased over the last month or more. This will help the harvest 2026 position for many, albeit some may not be any further forward, the lower yields but higher prices will help to preserve some of the margin.

From a personal perspective this year, harvest 2026 was variable. Some yields were poor, most held firm in line with our budgets, and our OSR crop exceeded our expectations given the weather. This year, I had a variety of roles on the farm from combine driver, tractor driver, and general jobs duty but my time on the combine seat required more concentration as I did not have any GPS to lean on keeping straight lines! Harvest is my favourite time of year, and the ability to work on the farm and manage my Larking Gowen responsibilities at the same time can be time consuming but worth the effort.



At home, we are a family business, and everyone does their bit.

For many farmers in the region, Harvest 2026 has reinforced a familiar lesson: resilience matters. The ability to adapt rotations, manage moisture, invest in soil health, utilise technology and maintain strong financial discipline is becoming increasingly important as weather patterns grow less predictable. The importance of cashflow forecasting, profit or loss projections and tax planning is continuing to grow and will help to provide increased business stability. Understanding the numbers, helps to instil confidence from banks, suppliers and customers that you can deliver your business plans for stability and/or growth.

Whilst we review harvest 2026, we can't stand still and given the recent reports of the El Niño event developing over the Pacific Ocean – this is leading many farmers to rethink their cropping rotations for next year's harvest given 2027 could be hottest year on record according to the Met Office. Harvest 2026 will be remembered as an exceptionally early, dry and challenging season. Yields disappointed in many cases, but quality often exceeded expectations.

As the dust settles and autumn drilling is ongoing, the focus shifts once again to next year's crop and the enduring optimism that defines farming in the East of England.



Questions

every farming family should ask this autumn

Harvest often provides a rare opportunity to step back from the day-to-day demands of running a farm and focus on the bigger picture. While yields, prices and margins remain important, many of the biggest decisions affecting farming businesses today relate to succession, taxation, ownership, and long-term resilience. As we look beyond Harvest 2026, these five questions can help farming families assess whether they are well positioned for the opportunities and challenges ahead.

1

Is our business generating enough profit to support our future plans?

2

Have we measured our exposure to the new APR and BPR rules?

3

Is our ownership structure still fit for purpose?

4

Do we have a practical succession plan or just good intentions?

5

Are we prepared for changes ahead?

Farming Roadmap 2050: Growing England's Future

The DEFRA Farming Roadmap 2050 was released on 24 June and sets out a set of policy priorities to transform England's farming sector into one that is profitable, sustainable and resilient.

A central recommendation is to strengthen farm profitability by ensuring fairer supply chains, improving price transparency and competition, and enabling farmers to diversify income through environmental markets, energy production and other activities. Maintaining strong international trade links while upholding domestic standards is also essential.

The roadmap emphasises boosting productivity through innovation and skills. Government will invest in research, new technologies such as AI and precision farming, and better data systems, while expanding access to training and advice. Closing performance gaps between farms and supporting capital investment are key to improving efficiency and long-term competitiveness.

A major priority is the transition to environmentally sustainable farming systems. Policies focus on scaling up nature-friendly, lower-input practices that improve soil, water and biodiversity while reducing

emissions. Environmental Land Management schemes (ELMs) and emerging private markets (e.g. carbon credits) will reward farmers for delivering public goods alongside food production.

The roadmap also highlights the need to build resilience. Farmers are encouraged to reduce reliance on volatile inputs, diversify business models, and adopt better risk management strategies to cope with climate change, economic shocks and geopolitical uncertainty. Maintaining domestic food production remains central to national food security.

Government's role is redefined as a strategic partner, providing long-term policy clarity, fair regulation and targeted funding to de-risk innovation and attract private investment.

Finally, the roadmap stresses the importance of people and rural communities, calling for action to address labour shortages, improve skills and create clear career pathways. Overall, the recommendations aim to create a market-led farming system supported by government, where profitability, environmental recovery and food production work together to secure the sector's future.

The main risk is that the transition creates short-term financial strain while long-term benefits (greater resilience, sustainability and productivity) will depend heavily on effective policy delivery, investment and farmer participation which the Government needs to address in detail.



Bruce Masson
Partner, Farms and Rural Business



Policies focus on scaling up nature-friendly, lower-input practices that improve soil, water and biodiversity while reducing emissions.



[Download here](#)

Farming profitability matters more than ever

Profitability has become a defining challenge for farm businesses.

The turbulence of global markets over the last five years, unpredictable weather patterns and recent government policy changes, especially to inheritance tax, have put most, if not all, farming businesses under enormous pressure to survive. With margins tightening across cereals and livestock, the farms that thrive will be those that understand their numbers, control their costs, and build resilience into every part of their operation. The evidence from 2025–26 makes this clear: benchmarking, machinery strategy, labour efficiency, working capital discipline, diversification returns, and collaboration are no longer optional — they are the pillars of running a successful and profitable business.



Benchmarking is the first step about knowing where the costs are and how to control them. Labour and machinery together account for around £667/hectare on typical East Anglian arable farms, a figure that can make or break profitability. Knowing whether your own costs sit above or below this benchmark is essential. Benchmarking exposes inefficiencies, highlights strengths, and gives businesses the confidence to make informed decisions. Most farms have the data and costings information available but it's the effectiveness of interpreting the data that will deliver cost savings.



Working capital pressure is now severe. The drought and poor harvest returns have left many farms short of the cash needed to drill next year's crops. Agricultural inflation is currently measured at 8.9% although it feels considerably higher with fuel and other input costs rising substantially. Autumn drilling and input purchasing requires substantial upfront cash so disciplined working capital management is essential. Cashflow forecasting, honest conversations with suppliers and customers and regular communication with banks and lenders are now part of routine risk management.



With new equipment prices rising and depreciation biting hard, farms must scrutinise their machinery strategy and also potentially their farming practices. Reducing passes, adopting lower disturbance systems, or sharing high value kit can materially improve margins. Every hour saved—through better planning, improved logistics, or shared labour—directly strengthens profitability.



Diversification continues to offer valuable returns. Residential and commercial lettings remain strong although the full effect of the Renters' Reform Act on residential lettings remains to be seen. Strong demand for rural commercial space can provide a dependable income stream. Renewables and holiday accommodation also offer strong returns, though with higher capital requirements and longer payback periods.



Finally, collaboration and machinery sharing are now proven cost savers. Recent reviews by the Hertfordshire farms monitor group found that shared machinery reduces costs and improves efficiency, noting that a full review identified potential savings of nearly £60/hectare for cereal crops. Joint ventures, share-farming agreements, and informal machinery partnerships can reduce capital investment, lower running costs, and improve labour utilisation.

Profitability matters more than ever because the pressures facing farm businesses are not temporary.

The businesses that benchmark rigorously, control machinery and labour costs, protect working capital, diversify wisely, and collaborate effectively will be the ones that stay resilient in an increasingly demanding landscape.

Making Tax Digital for income tax:

what farmers and landlords need to know now

Making Tax Digital for Income Tax is already underway, but the rules are about to affect many more sole trade farmers/business owners and landlords.

From April 2027, the qualifying income threshold reduces to £30,000. This means more people with self-employment or property income will need to keep digital records, use compatible software and send quarterly updates to HMRC.

Could you be caught by the rules?

If your gross income before expenses from self-employment and/or property exceeds £30,000 in the 2025/26 tax year, you will be brought into MTD from April 2027. The test is based on income before expenses, not profit, so it is important to add together all relevant trading and property income.

An individual who is self-employed or a landlord with relatively modest profits could still fall within MTD if their total income is above the relevant threshold.

What should you do now?

- Review your gross farming and property income.
- Bring bookkeeping records up to date.
- Choose suitable software or a bridging solution.
- Decide who will maintain records and submit updates.
- Talk to your adviser early, before the deadlines arrive.

What will you need to do?

If you are within MTD, you will need to:

1. Keep digital records of your income and expenses.
2. Use compatible software.
3. Submit quarterly updates to HMRC.
4. Complete a final year-end declaration.

The quarterly updates are not extra tax returns or extra tax payments. They are regular summaries submitted to HMRC, with the final year-end declaration confirming the overall tax position.

How Larking Gowen can help

- Check whether you are within the MTD rules.
- Select and implement appropriate software.
- Register for MTD and meet quarterly reporting requirements.
- Stay compliant while minimising disruption.

MTD does not need to be daunting, but it does need planning. If you are a farmer, landlord or rural business owner, please speak to your usual Larking Gowen adviser so we can help you prepare in good time. Alternatively, call 0330 024 0888 or email enquiry@larking-gowen.co.uk.

Larking Gowen: Team Building Day



Back in July, the Farms and Rural Business Team from Larking Gowen enjoyed an afternoon tour with one of our clients, The Edwards family, from Redlingfield.

These farming tours are something we do annually, and they provide a fantastic opportunity to gain valuable insight into developments within the farming industry while bringing together colleagues from across our three offices.

There is no doubt that recent years have been among the most challenging the farming sector has faced. As a result, many businesses have had to adapt, innovate and explore new ways to thrive. Our hosts spoke candidly about both the challenges and successes they have experienced, sharing their journey and the steps they have taken to diversify their business.

Diversification is never straightforward, particularly in today's economic climate, yet they have successfully expanded into several new areas. While the journey has not been without its obstacles, their determination and resilience have enabled them to overcome challenges and continue growing.

During the tour, we were shown around the farm where it all began, the swimming pool and the family's more recent business venture, Be Well Barn, a wellness centre, created and developed by Will Edwards and his wife, Sarah. During the tour of Be Well Barn, we visited the two fitness studios, café and bar area, and the

spa pods. It was truly impressive to see how the business has evolved over time and everything the family has achieved.

The tour was led by Will, but we were also joined by Will's mother, Anita, and his wife, Sarah. Anita, who remains a partner in the farming business, has gradually stepped back from the day-to-day farming operations and shared her perspective on the evolution of the business, particularly the development of the swimming pool enterprise.

Listening to Will talk about the history of the farm and his family's involvement, it was clear how passionate and ambitious he is about the future of the business. The creation of Be Well Barn by Will and Sarah demonstrates how the next generation is building on the family's strong foundations while embracing new opportunities for growth and diversification.

Together, their stories highlighted the strengths of a family business that has successfully passed through generations while continuing to embrace fresh ideas and new opportunities.

The weather could not have been better, providing the perfect backdrop to end the day with

homemade pizzas while enjoying the stunning views from the sun terrace. Experiences like these are invaluable to our team. We are passionate about supporting the farming industry and seeing first-hand how our clients operate and develop their businesses is incredibly rewarding. While we may enjoy working with numbers, they only tell part of the story. Building strong relationships with our clients and gaining a deeper understanding of the communities and industries they serve is an important part of what we do.

A huge thank you to Will, Sarah and Anita for hosting us and making us feel so welcome.



Budget 2026

Join us at one of our events, where Larking Gowen experts will be on hand to share their insights and analysis as the Budget unfolds. Click on the images below to find out more and register.



Watch the **Budget** LIVE with Larking Gowen

Get initial reactions from our panel of tax and VAT experts straight after the Budget announcement.

 Wednesday, 28 October

 Prospect House, Rouen Rd, Norwich NR1 1RE

 11:30am to 2pm

[REGISTER NOW](#)



Autumn Budget Review Webinar

Our team of tax and VAT experts will share their insights and understanding of the key Budget changes.

 Thursday, 29 October

 Online webinar

 12pm to 1pm

[REGISTER NOW](#)



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Gilly McGill and Dominic Carter discuss forthcoming and potential changes to UK tax law, including VAT digitisation, capital good scheme thresholds, and proposed changes to company share buybacks, buyouts and demergers. They explore how these changes impact businesses, landowners, and advisors, providing insights into upcoming regulatory shifts.



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