

Scoping template for the Scrutiny Committee – Agricultural Property Relief and Business Property Relief

Scope of work for scrutiny:

Broad topic area:	<p>The UK government announced reforms to agricultural property relief and business property relief from inheritance tax at the Autumn Budget 2024. These changes will be implemented in two phases. From 6 April 2026, the full 100% relief from inheritance tax will be restricted to the first £1 million of combined agricultural and business property. The government's aim is to retain these reliefs but better target them to ensure fairness and sustainability, preventing a small number of claimants from claiming a significant amount of relief.</p> <p>The proposed changes have proved to be controversial with the farming community, particularly in terms of whether they will lead to unintended consequences including in relation to the inter-generational transition of family farms. This is a complex area with diverging views in terms of the impact that these changes will have. The resulting confusion is reflected in the motion from Council on the 4th December;</p> <p><i>In light of the confusing government department figures related to the number of farms affected by the recent Budget changes, and given that farmers' IHT is not an issue that all Members will have sufficient detailed knowledge about, and in order to give maximum consideration of what positive broad support this council might provide to the district's farmers, Council agrees to refer this motion to the Scrutiny Committee requesting that it considers the motion, its recommendations and their implications and to report back to council on the outcome of its deliberations.</i></p> <p><i>This Council urges Councillors to stand with Britain's family farmers, to support our rural communities, and that the Chief Executive sends a letter to the Chancellor of the Exchequer and the Minister of State for Food Security and Rural Affairs signed by all Group Leaders requesting them to reconsider the proposed changes to the Agricultural Property Relief and farming/agricultural related Business Property Relief.</i></p>
Specific areas to explore within topic area:	<ul style="list-style-type: none"> • The evidence around the likely impact that the forthcoming changes will have on the District, particularly in relation to family farms • The interplay between agricultural property relief and business property relief and the potential impact on the drive to diversify farm incomes • The relationship with associated sectors such as tourism and food and drink
Areas NOT covered by the review:	
Desired outcomes of the	<ul style="list-style-type: none"> • To understand and scrutinise the likely impact of the forthcoming changes on farm enterprises in East Devon

review:	<ul style="list-style-type: none"> • .To provide recommendations for any change or refinements to national policy based on this local evidence • To shape and inform the letter form the Council's CEX to the Chancellor and Secretary of State for Environment, Food and Rural Affairs
Who should be consulted to obtain evidence (e.g. Ward Member, officers, stakeholders)	<p>Local farming community NFU CLA University of Exeter Related sectors e.g. East Devon Tourism Network</p> <p>Portfolio Holder for Coast, Countryside and Environment Portfolio Holder for Economy & Assets</p>
What evidence already exists (consultation, good practice examples)	<p>Legislation - Summary of reforms to agricultural property relief and business property relief - GOV.UK</p> <p>Stakeholder positions; What will I pay in inheritance tax on my farm under the family farm tax? – NFUonline</p> <p>Changes to inheritance tax - frequently asked questions • CLA</p>
Has there been/is there currently a similar review or work being undertaken by another authority?	Other local authorities have considered similar motions at their Council meetings (including Devon County Council, North Devon District Council)
What experts are needed to help with the review:	<p>National Farmers Union (Devon County Advisor)</p> <p>EDDC Officers</p>
What other resources are needed:	To be confirmed
Undertaken by the Committee or	Scrutiny Committee

is a TAFF required:	
Timescale including start date:	Start date: February 2025 to May 2025 Report to Council in July 2025
Who are the recommendations being reported to:	Council