



Department
for Environment,
Food & Rural Affairs

Farming Annual Report

1 April 2025 to 31 March 2026

September 2026



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Presented to Parliament pursuant to section 5 of the Agriculture Act 2020

September 2026

We are responsible for improving and protecting the environment. We aim to grow a green economy and sustain thriving rural communities. We also support our world-leading food, farming and fishing industries.

Defra is a ministerial department, supported by 34 agencies and public bodies.



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Introduction

Chapter 1, Section 5 of the Agriculture Act 2020 places a duty on the Secretary of State to lay and publish an annual report providing information about the financial assistance given under the powers of the Act over the previous financial year.

This is the fifth annual report and relates to financial year 2025 to 2026.

The policy context

The agricultural transition began in 2021, with Defra moving England away from the EU's Common Agricultural Policy (CAP) and phasing out subsidies for land ownership and tenure.

What Defra delivered in 2025 to 2026

During 2025 to 2026 Defra continued to support farmers and land managers in the transition towards more sustainable farming, helping to restore nature. This is vital to safeguard our long-term food security, support productivity and build resilience to climate change.

Defra's offers

Details of what Defra delivered during 2025 to 2026 are set out in this section.

Direct Payments

Delinked Payments

£265million of payments were made to approximately 82,000 recipients for the 2025 scheme, which represents 99.1% of eligible businesses.

Environmental Land Management

Agri-environment schemes (Environmental Stewardship (ES) and Countryside Stewardship (CS))

In total £887million was paid to ELM scheme agreement holders, £644million of that was on revenue agreements and £242million for capital works, of which £155million was spent on stand-alone grant schemes.

These payments provide funding to farmers and land managers to protect, restore and enhance the environment, while helping to mitigate the effects of climate change.

By 31 March 2026:

- 30,801 (98.2%) of CS revenue payments had been made
- 5,368 (98.8%) ES payments had been made

The new CS Higher Tier scheme launched in September 2025. As of 31 March 2026, 1,855 farmers and land managers had responded to the invitation to complete the pre-application advice process and 610 applications were active.

6 stand-alone grant schemes were available in 2025: Capital Grants; Higher Tier Capital Grants; Capital grants plans; Woodland tree health grants; Protection and infrastructure grants; and Woodland management plan. Of these schemes, the most popular was Capital Grants, which opened 3rd July 2025 and closed 1 August 2025. The other grant offers were open all year.

Sustainable Farming Incentive (SFI)

In total £738million was spent on SFI between 2025 to 2026.

The SFI offer supports sustainable farming and drives growth. By supporting farmers to produce food sustainably, we're helping to secure resilient domestic food production through this scheme. 71% of farmers rate the SFI Expanded Offer in 2024 positively overall, 20 percentage points higher than in the pilot in 2021 (Feb 2025).

As of November 2025, there were:

- 44,500 live SFI agreements (25,200 agreements in SFI23 and 19,300 agreements in SFI Expanded Offer).
- 35,600 farming businesses in SFI and 52,000 farm businesses in agri-environment schemes altogether.
- 36% (3.2m ha) of farmed land in England is actively managed under SFI, plus a further 11% (1.0m ha) covered by assessments and plans.

This helped deliver:

- 977,000 hectares of arable land farmed without insecticides
- 371,400 hectares of low input grassland managed sustainably
- 168,600 kilometres of hedgerows protected and restored

Landscape Recovery

In total £25million was spent on Landscape Recovery between 2025 to 2026.

Landscape Recovery supports large-scale, collaborative and long-term approaches to producing environmental and climate benefits. The first two rounds focused on:

- Species Recovery
- Restoring Rivers and Streams
- Net Zero
- Biodiversity

Following a two-year, funded, development phase, the first three projects entered the implementation phase of Landscape Recovery. The other Round 1 and Round 2 projects have continued to submit their project plans for assurance. Three projects exited the scheme in this period.

Whilst developing and launching Rounds 1 and 2 of Landscape Recovery, Defra have been gathering feedback on how the scheme is working. We have been undertaking a significant amount of learning and development ahead of launching Round 3.

Slurry Management Grants

In total £13million was paid out in slurry management grants in 2025 to 2026. This includes:

- the Slurry Infrastructure Grant (£6 million), supporting 73 livestock farmers to build or upgrade slurry stores, including the installation of covers.
- the Farming Equipment and Technology Fund (FETF) for slurry equipment (£7 million). These grants supported over 600 farmers to invest in equipment such as robotic slurry pushers, improving how they collect, store, test, and spread slurry.

Nature for Climate Fund (NCF) tree grants including England Woodland Creation Offer (EWCO) and Biodiversity

In total £18 million was spent on support delivering several NCF projects. This spend represents a proportion of broader NCF funding on projects including:

- the Community Forests
- supporting the Forestry Commission's area team in advertising NCF's offers, advising on the best routes for tree planting, and improving uptake of our grant offers
- modernising and expanding nurseries growing the tree stock that is required to deliver the statutory tree planting target. This acts as a boost to our own internal forestry sector whilst reducing the dependence on imported trees that present a biosecurity risk
- ensuring that the forestry sector has enough skilled foresters in the sector to deliver the statutory tree planting target, this is achieved primarily through apprenticeships
- regulatory capacity

Water management grants (Somerset Flooding and Internal Drainage Boards (IDB) Fund)

In total £96million was spent on water management grants between 2025 to 2026. This includes:

- £46million to the IDB Fund which delivered 277 projects between July 2024 and March 2026. Over 450,000ha of agricultural land and over 307,000 homes and businesses are benefiting from improved flood resilience and water level management, via repaired and improved flood and land drainage assets, and watercourses. The projects have extended IDB flood defence and water level management asset life by an average of 27 years. Significant future damages and impacts of flooding have been avoided – this is estimated at more than £10billion.
- £50million for support for farmers in Somerset following the severe winter storms and record rainfall. Somerset Council will work with local partners to deliver

local flood actions to boost flood resilience, and it will help communities deal with the unique risks that come with Somerset's low-lying landscape

Farming in Protected Landscapes

In total £22million was spent on Farming in Protected Landscapes between 2025 to 2026.

Through Farming in Protected Landscapes, over 1,600 projects were supported, comprising over 4,500 farmers and land managers operating in and around the 44 Protected Landscapes in England (National Parks, National Landscapes, and The Broads).

Programme achievements over 2025 to 2026 included:

- approximately 59,000 metres of new hedgerow planted
- approximately 60,000 new trees planted
- 226 ponds created or restored
- 297 projects delivered to reduce flood risk
- 22 new permissive paths created
- approximately 7,900 metres of dry-stone walling restored
- 2,966 educational access visits

Pilots and Tests and Trials

In total £3million was spent on funding for Pilots and Tests and Trials between 2025 to 2026.

Funding was provided for 5 Tests and Trials, exploring practical approaches to environmental land management across six priority themes: Land Management Plans, Advice and Guidance, Spatial Prioritisation, Collaboration, Payments and Innovative Delivery Mechanisms.

These projects engaged hundreds of farmers, land managers and stakeholders across a range of sectors and geographies, testing innovative approaches at both farm and landscape scale to inform future scheme design. This included digital land management planning tools, farmer-led monitoring, collaborative delivery models, spatial prioritisation methods, blended public and private finance, and tailored advisory services.

The Tree Health Pilot (THP) grants supported land managers and woodland owners to respond to the impacts of the most serious tree pests and diseases. Over 200 agreements have been issued since opening in 2021, 68 of which were issued in 2025 to 2026 worth £2million. Funding helped support the ongoing successful eradication of *Ips typographus*, the most damaging pest to the forestry sector.

Environmental advice and facilitation

In total £16million was spent on environmental advice and facilitation between 2025 to 2026.

Throughout 2025 to 2026, Catchment Sensitive Farming (CSF) advisers carried out 5,568 engagements, completed 871 audits (99.2% of target) and accepted 119 Environment

Agency and 2 Forestry Commission referrals. 85% of farmers who met their CSF Adviser indicated they were a person they could trust.

Following a relaunch of the website there was an average of 11,375 page views per month between October 2024 and July 2026 an increase in web viewing of 271%. From launch in 2022 to July 2026 CSF content represented 13.6% of the 250,241 total viewings.

Animal Health and Welfare

Animal Health and Welfare Review, Endemics and grants

In total £22million was spent on Animal Health and Welfare grants between 2025 to 2026.

This included:

- Launching a fourth round FETF small equipment and technology grant, alongside productivity and slurry themes.
- Animal Health and Welfare Review and endemic disease follow-up:
 - Iterating the 'Get funding to improve animal health and welfare' service, allowing multiple different herds or flocks species to be claimed for under the same agreement.
 - Increased payment rates to reflect inflation.

Livestock Information Transformation Programme

In total £56million was spent on the Livestock Information Transformation Programme between 2025 to 2026.

This included:

- Continued work on developing a comprehensive, multispecies traceability service for England, leading to a more resilient and accurate biosecurity picture.
- Launching the Livestock Unique Identification Service (LUIS) 2.0, enabling future compliance with Bovine Electronic Identification (BEID). The Low Frequency standard for BEID was endorsed by Ministers for use in England.
- Resolving nearly 9000 County Parish Holding (CPH) data cases, correcting records for close to one million animals. Markets now have validation prompts for CPHs to improve holding data.
- Central Animal Database (CADs) Alpha was successful, providing a proof of concept which can now be scaled up to support livestock data sharing needs across GB governments.

Productivity and Innovation

Farming Investment Fund (FIF)

In total £30million was spent across all FIF productivity schemes.

The Farming Investment Fund has provided grants to farmers, foresters and growers (including contractors to these sectors) so that they can invest in equipment, technology and infrastructure. This includes:

- £9million for FETF small grants. 290 items were available for equipment to boost farm productivity.
- £21million for large grant schemes, including one round of grants for Adding Value (supporting the purchase and construction or post-harvest processing and on-farm retail facilities), 2 rounds of Improving Farm Productivity (supporting automation, robotics and solar equipment), and 2 rounds of Water Management (supporting the building of on-farm reservoirs and irrigation systems).

Farming Innovation Programme (FIP)

In total £43million was spent on FIP between 2025 to 2026.

Through the Farming Innovation Programme (FIP), we are supporting livestock farmers to improve productivity, trial new technologies and drive innovation. In 2025 to 2026, the following funding rounds were opened within FIP:

- The new Accelerating the Development of Practices and Technology (ADOPT) Fund, supporting collaborative, farmer-led, on-farm trials to generate, test and demonstrate innovative practical solutions to farming challenges. £20million was made available. ADOPT launched with a dedicated support hub service to help farmers through the journey from application, running a trial and dissemination.
- Two thematic R&D competitions launched, each with a £12million budget, focusing on supporting:
 - Precision Breeding
 - Low Emissions Farming research projects
- Further Industry led research rounds, including Investor Partnerships, Small R&D projects and Feasibility Studies.

The Institute for Agriculture and Horticulture (TIAH)

In total £1million was spent on the Institute for Agriculture and Horticulture between 2025 to 2026.

This included:

- Co-developing and launching the Agricultural Universities Council UK (AUC) Farming Matters learning modules in partnership with the AUC, providing accessible learning resources to support agricultural students and early-career entrants.
- Successfully transitioning TIAH's learning provision to a new, low-cost Learning Management System, providing a sustainable platform for continued access to learning resources.
- Introducing a Continuing Professional Development (CPD) strategy that increased CPD recording among members.
- Developing and launching sample modules for all Essential Skills courses, extending access to non-members.
- Delivering virtual work-shadowing opportunities, engaging more than 200 participants. The grant funding came to a scheduled end on 31 March 2026. The TIAH board are exploring options as to how they can continue serving the industry moving forwards.

Common Market Organisation Support

In total £40million was spent on Common Market Organisation Support between 2025 to 2026. This included:

- The Animal and Plant Health Agency's National Bee Unit continued to deliver the Apiculture Programme to beekeepers and bee farmers to a value of £0.3million.
- 135 different school milk scheme claimants and 11,095 schools were supported in England, to a value of £1.9million.
- £38million to Fruit and Vegetable Producer Organisations through the Producer Organisation scheme in 2025 to 2026. This was the final year in which support was available under the scheme, bringing the programme to a close following the transition away from legacy EU Common Market Organisation arrangements.

Working with and learning from farmers

In 2025 to 2026 Defra continued its engagement with farmers, experts and others in the farming sector. For instance:

- We attended 54 Agricultural Shows and Conferences and 47 regional events.
- We delivered 26 Speaking requests.
- We held 160 Account Management calls with Stakeholders through bilateral account management and influencer calls.
- We held 7 Stakeholder Forums.
- We held 12 Senior Stakeholder Roundtables.
- We sent 12 e-bulletins to 1,152 contacts.
- We delivered 5 webinars (AHW x3 pigs, cattle, sheep and x2 FETF) with a total attendance of 904 individuals.
- We published 62 blog posts, with a total of 384,521 views.
- The blog now has (end of 1 April 2026) 15,657 subscribers, an increase of 2,499 over the FY.
- We produced 14 farming videos with a total of 248,379 views across YouTube and social media.
- We produced 4 podcast episodes with a total of 4,589 downloads.

What Defra spent in 2025 to 2026

Financial commentary

The government committed to spend £5 billion on farming over the two financial years from 2024 to 2026. In 2024 to 2025, Defra spent £2,614 million and in 2025 to 2026 it spent £2,322 million, bringing total expenditure over the period to £4,936 million. This means that Defra spent 99% of the £5 billion commitment.

We allocate more than we forecast to spend because changes in circumstance and claim behaviours mean we see fluctuations in the actual amount that is spent in any given year. In 2025 to 2026 this was largely due to spending £73m less than forecast on ELM Capital Grants due to lower-than-expected claim rates from farmers, and £33m less than forecast on ELM revenue agreements, due to agreement holders applying for a change of circumstance.

Of our total £2,322million spend, £1,466million was spent under the powers of the Agriculture Act 2020 whilst other legislative powers made up £856million. Other powers include retained EU law, governing spending on legacy Higher Level Stewardship and Countryside Stewardship agreements, the National Environment and Rural Communities (NERC) Act, governing spending for some environmental activities such as peatland restoration, woodland creation and biodiversity management, and the Flood and Water Management Act.

Tables 1 to 6 set out total scheme spend for 2025 to 2026 (all rounded to the nearest £million)

Table 1: Direct Payments spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Delinked Payments	265	265	

The total spend for Direct Payments was £265million of which Agriculture Act spend was £265million.

Table 2: Environmental Land Management scheme spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Agri-environment schemes (ES, CS & Capital)	887	370	517
Sustainable Farming Incentive	738	738	-
Landscape Recovery	25	25	-
Slurry Management Grants	13	13	-
NCF Tree grants and biodiversity	19	-	19
Water management grants (Somerset Flooding and IDBs)	96	-	96
Farming in Protected Landscapes	22	-	22
Pilots and Tests and Trials	3	3	-
Environmental advice and facilitation	16	-	16

The total spend for Environmental Land Management schemes was £1,819million of which Agriculture Act spend was £1,149million and other legislative powers made up £670million.

Table 3: Animal Health and Welfare spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Animal Health & Welfare grants	22	22	-
Livestock Information Service	56	-	56

The total spend for Animal Health and Welfare was £77million of which Agriculture Act spend was £22million and other legislative powers made up £56million.

Table 4: Productivity and Innovation spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Farming Investment Fund	31	31	-
Farming Innovation Programme	43	-	43
Institute for Agriculture and Horticulture	1	-	1
Common Market Organisation Support	40	-	40

The total spend for Productivity and Innovation was £114million of which Agriculture Act spend was £31million and other legislative powers made up £83million.

Table 5: Technical assistance spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Technical assistance	48	-	48

Technical assistance covers the administrative costs that support policy design, implementation and IT improvements associated with running farming schemes and grants. This makes up 2% of the total spend in 2025 to 2026.

Table 6: Total farming budget spend for 2025 to 2026 (£million)

Scheme	Total Spend (£million)	Agriculture Act Spend (£million)	Other legislative powers (£million)
Total farming budget spend 2025 to 2026	2,322	1,201	1,121

Annex 1 sets out total farming budget spend for years 2020 to 2021, 2021 to 2022, 2022 to 2023, 2023 to 2024 and 2024 to 2025 compared to 2025 to 2026.

Legal basis for spend

The programme continues to introduce new schemes and offers based on domestic powers and close old schemes which rely on EU powers or in some cases, other domestic powers, such as the Environment Act 1995 and the Natural Environment and Rural Communities Act 2006. As that transition progresses, we will see an increasing level of spend through the powers provided by the Agriculture Act.

Annex 1: Spend over time

Table 7: Total Direct Payments spend from 2020 to 2021 to 2025 to 2026

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Basic Payment Scheme and Delinked Payments	1,873	1,654	1,370	1,088	811	265
Lump Sum Exit Schemes	-	-	14	9	2	-

The total spend for Direct Payments was:

- £1,873million in 2020 to 2021
- £1,654million in 2021 to 2022
- £1,384million in 2022 to 2023
- £1,098million in 2023 to 2024
- £813million in 2024 to 2025
- £265million in 2025 to 2026

Table 8: Total Environmental Land Management spend from 2020 to 2021 to 2025 to 2026

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Agri-environment schemes (ES, CS and capital)	427	448	558	687	906	887
Sustainable Farming Incentive	-	-	-	30	305	738
Landscape Recovery	-	-	1	6	15	25

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Slurry Management Grants	-	-	-	-	10	13
NCF tree grants (including EWCO) and Biodiversity	-	-	14	23	18	19
Water Management Grants (Somerset Flooding and IDBs)	-	-	-	-	51	96
Farming in Protected Landscapes	-	11	20	27	54	22
Pilots and Tests and Trials	6	3	16	16	19	3
Environmental advice and facilitation	-	11	13	16	19	16

The total spend for Environmental Land Management schemes was:

- £433million in 2020 to 2021
- £472million in 2021 to 2022
- £623million in 2022 to 2023
- £806million in 2023 to 2024
- £1,396million in 2024 to 2025
- £1,819million in 2025 to 2026

Notes about table 8

Includes restated year-end figures to what was presented in the 2024 to 2025 annual report, adjusting Water Management Grants from £54million to £51million, Farming in Protected Landscapes from £49million to £54million; and Environmental advice and facilitation from £19million to £18million. Therefore, also adjusting the 2024 to 2025 total from £1,394million to £1,396million.

Table 9: Total Animal Health and Welfare spend from 2020 to 2021 to 2025 to 2026

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Animal Health and Welfare grants	-	-	-	13	20	22
Livestock Information Service	11	23	25	42	63	56

The total spend for Animal Health and Welfare was:

- £11million in 2020 to 2021
- £23million in 2021 to 2022
- £25million in 2022 to 2023
- £56million in 2023 to 2024
- £83million in 2024 to 2025
- £77million in 2025 to 2026

Table 10: Total Productivity and Innovation spend from 2020 to 2021 to 2025 to 2026

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Farming Investment Fund	-	2	35	34	46	31
Farming Innovation Programme	-	3	15	17	38	43
Farm Resilience Fund	1	5	8	11	17	-
Institute for Agriculture and Horticulture	-	2	2	1	2	1

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Rural England Prosperity Fund	64	75	58	37	78	-
Common Market Organisation Support	55	37	39	36	43	40
Farming Recovery Fund	-	-	-	-	59	-

The total spend for Productivity and Innovation was:

- £120million in 2020 to 2021
- £125million in 2021 to 2022
- £157million in 2022 to 2023
- £137million in 2023 to 2024
- £283million in 2024 to 2025
- £114million in 2025 to 2026

Notes about table 10

Includes restated year-end figures to what was presented in the 2024 to 2025 annual report, adjusting the Farming Innovation Programme from £29million to £38million. Therefore, also adjusting the 2024 to 2025 total from £274million to £283million.

Table 11: Technical assistance spend from 2020 to 2021 to 2025 to 2026

Scheme	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Technical assistance	13	20	40	40	40	48

Table 12: Total farming budget spend from 2020 to 2021 to 2025 to 2026

FD	2020 to 2021 Total Spend (£million)	2021 to 2022 Total Spend (£million)	2022 to 2023 Total Spend (£million)	2023 to 2024 Total Spend (£million)	2024 to 2025 Total Spend (£million)	2025 to 2026 Total Spend (£million)
Total farming budget spend	2,450	2,294	2,230	2,136	2,614	2,322

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