



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Rural and Communities Overview and Scrutiny Committee

Thursday, 13 February 2025

Report of Councillor Ashley Baxter,
Leader of the Council

South Kesteven Agricultural Sector

Report Author

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Purpose of Report

To provide an overview of the district's agricultural sector and to inform the Committee on the challenges facing the sector and the communities centred on that business.

Recommendations

The Committee is asked to note the information in the report.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Connecting Communities Sustainable South Kesteven Enabling Economic Opportunities
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 There are no financial implications associated with this report.

Completed by: Paul Sutton, Interim Head of Finance (Deputy s151)

Legal and Governance

1.2 There are no significant legal or governance implications arising from this report, which is for noting.

Completed by: Graham Watts, Monitoring Officer

2. Background to the Report

2.1. At the meeting of the Committee on 12th December 2024, it was agreed that an item on the district's agricultural sector would be added to the Work Programme.¹ Specifically this would inform the Committee on the sector's value to the local economy, the challenges facing the sector and the policy context for state support.

Scope and Sources

2.2. This report is intended to provide an overview to the Committee. The report is desktop research, rather than engagement with the local sector. The two data sources used for the report were:

- Gross Value Added² (GVA) and employment statistics produced by the Office for National Statistics (ONS)
- Agricultural statistics produced by the Department for Environment, Food & Rural Affairs (DEFRA).³

¹ Rural & Communities Overview & Scrutiny Committee, 12th December 2024, Minutes, Item 9: Work Programme 2024 – 2025, [Agenda for Rural and Communities Overview and Scrutiny Committee on Thursday, 12th December, 2024, 10.00 am | South Kesteven District Council](#)

² Gross Value Added (GVA) is computed as Gross output minus intermediate consumption and represents that contribution of a business, sector or industry to Gross Domestic Product (GDP).

³ The key DEFRA collections are [Structure of the agricultural industry in England and the UK at June](#) (annual land and crop areas, livestock populations and agricultural workforce estimates, including local, sourced from the annual June Survey of Agriculture and Horticulture), [Agriculture in the United Kingdom](#), and the [Aggregate agricultural accounts](#).

- 2.3 Both have significant limitations at the district level. The ONS provides a single GVA estimate for Primary Industries: the combined category of 'Agriculture, Mining, Electricity, Gas, Water & Waste'. This category cannot be disaggregated at the local level but from local knowledge the assumption would be that the majority of the GVA in this category for South Kesteven will be from agriculture.
- 1.1 DEFRA provides statistics for the local authority level on the number of holdings, individuals employed, land under cultivation (hectares) and for what purpose, and the number and type of livestock but there is no measure for local output. Output statistics are available in more detail from the county level upwards.
- 1.2 The key statistic DEFRA produces is the Total Income From Farming (TIFF). This is the total amount of money made by farming after paying for all the goods, labour, services, capital and so on required in the production process (subsidies are included), and is used to measure performance of the whole agricultural industry. TIFF is only available from the national to the county level.⁴
- 1.3 Therefore it is impossible to reliably quantify the size or output of the agriculture sector in South Kesteven.
- 1.4 Given the limitations of the local data, the report will primarily present an overview of the sector at the local level and describe challenges at the regional and national level, with the assumption that the trends described will also reflect the sector in South Kesteven. Unless otherwise specified the data will be presented in 2023 prices.⁵

Policy Context - National

- 1.5 Agricultural support is primarily delivered at the national level. Britain's exit from the European Union (EU) caused a significant shift in agricultural policy. Under the Agriculture Act 2020, a new support regime is being rolled out in England between 2021 to 2027 to replace the EU's Common Agricultural Policy (CAP).⁶
- 1.6 Under CAP more than 80% of government support was delivered through the area based direct payments, where farmers would be paid based on the amount of land farmed. The new support regime is designed to incentivise the production of 'public goods' such as environmental improvements and contributions to other policy agendas. For example, delivery of biodiversity net gain targets, transition to low carbon farming and achievement of Net Zero targets.
- 1.7 There are three main tiers of Environmental Land Management Schemes (ELMS) in the new policy:
- Sustainable Farming Incentive (SFI) - pays farmers to adopt and maintain sustainable farming practices that can protect and enhance the natural

⁴ Agriculture in the United Kingdom, Agriculture in the United Kingdom data sets, Chapter 4 – Accounts, [Agriculture in the United Kingdom data sets - GOV.UK](#)

⁵ HM Treasury, GDP Deflators at Market Prices and Money GDP (Quarterly National Accounts) – December 2024, [GDP deflators at market prices, and money GDP December 2024 \(Quarterly National Accounts\) - GOV.UK](#)

⁶ Coe S & Uberoi E (2023), Farm funding: implementing new approaches, House of Commons Library, [Farm funding: implementing new approaches - House of Commons Library](#)

environment alongside food production. Examples include improving soil quality or planting hedgerows.

- Countryside Stewardship - pays for more targeted actions relating to specific locations, features and habitats, with an extra incentive through 'Countryside Stewardship Plus' for land managers to join up action across local areas.
- Landscape Recovery - pays for bespoke, longer-term, larger scale projects to enhance the natural environment.

1.8 Further grants are available to improve farm productivity, research & development, innovation and animal health and welfare.

1.9 The government has committed to the nation continuing to produce at least 60% of its food domestically. The new support regime aims to 'boost sustainable food production while delivering positive outcomes for the environment'. Future policy developments will likely stem from the balancing of the twin objectives. In 2024, the SFI scheme was modified to cap the amount of land used for environmental schemes following concerns that food production may be impacted by farmers seeking to maximise SFI payments.⁷

Policy Context - Regional

1.10 In 2023, Lincolnshire County Council (LCC) undertook a review of the agricultural sector in Lincolnshire and the support LCC currently provides. A key recommendation of that work was the reestablishment of the Greater Lincolnshire Forum for Agriculture and Horticulture (G)LFFAH. The forum is a partnership between LCC, agri-business and other stakeholders to influence the local and national agenda, and to provide a regional voice for local farming to inform decision-making.⁸

1.11 The Greater Lincolnshire Local Enterprise Partnership (GLLEP) has identified agri-food as a priority sector for Greater Lincolnshire. The UK Food Valley (centred on South Lincolnshire) is a key GLLEP programme, along with the establishment of Agricultural Growth Zones and Food Enterprise Zones (FEZ) to support clusters.

1.12 The government has instructed all strategic authorities (in Lincolnshire the imminent Greater Lincolnshire Combined County Authority GLCCA) to develop Local Growth Plans. Agriculture will be a key focus of the Greater Lincolnshire growth plan.

Policy Context – Local

1.13 The SKDC Corporate Plan 2024-27 does not explicitly reference or include policy interventions for agricultural. This is because it is a high level strategy focused on the district and the corporate organisation rather than addressing individual sectors, demographics or communities.

⁷ Ibid.

⁸ Lincolnshire County Council, Report by Scrutiny Panel B on behalf of the Environment and Economy Scrutiny Committee, Lincolnshire Agricultural Sector Support, May 2023, [5.1 Appendix A - Scrutiny Panel B Final Report.pdf](#)

- 1.14 The SKDC Economic Development Strategy & Action Plan 2024-28 sets out the priorities and programme of the Council's Economic Development function. The Strategy commits the Council to work to identify the particular difficulties and needs of rural business, with agriculture, food & drink and horticulture production specified.

South Kesteven Agriculture

- 1.15 As of June 2021 (latest release), there were 452 holdings in South Kesteven farming a total area of 71,920 hectares. This equates to 12.93% of the total holdings and 14.71% of the total farmed area in Lincolnshire. The total farmed area of Lincolnshire is 488,915 hectares – 5.4% of the national total.⁹

Table 1: South Kesteven Holdings and Total Farmed Area					
South Kesteven	2007	2010	2013	2016	2021
Number of Holdings	N/A	N/A	471	494	452
% of Lincolnshire Total Holdings	N/A	N/A	13.17	13.18	12.93
Total Farmed Area (Hectares)	74,163	70,517	75,326	79,268	71,920
% of Lincolnshire Total Farmed Area	N/A	14.56%	15.58%	15.63%	14.71%

Table 1 - South Kesteven Holdings and Total Farmed Area, 2007-2021, Source: Department for Environment, Food & Rural Affairs

- 1.16 Both the number of holdings and farmed land is in decline. Holdings have fallen by -4% since 2013 (data prior to 2013 is unavailable) and -8.5% since 2021. 9.27% less land is farmed compared to 2016. These trends are mirrored regionally.

Table 2: Change in Holdings and Total Farmed Area, South Kesteven vs Comparators				
Area	% Change Total Holdings		% Change Total Farmed Area	
	2013-21	2016-21	2013-21	2016-21
South Kesteven	-4.03%	-8.50%	-4.52%	-9.27%
Lincolnshire	-2.24%	-6.72%	1.11%	-3.58%
East Midlands	1.25%	-3.09%	-0.33%	-2.14%

Table 2 – Change in Holdings and Total Farmed Area, 2013-2021, South Kesteven vs Comparators, Source: Department for Environment, Food & Rural Affairs

- 1.17 Data on the size of holdings, ownership and the type of farm is unavailable at the district level. Typically holdings are larger in Lincolnshire. County wide, 87% of the farmed area is farmed by holdings with more than 100 hectares. The national figure is 75%.
- 1.18 55,357 hectares, or 76% of the total South Kesteven farmed area (excluding horticultural crops) is used for arable crops (including cereals). This land use pattern is replicated at the county level, where 84% of farmed land is arable land. Nationally, 46% of farmed area is designated this land type.
- 1.19 The dominant category of crop locally is cereals with 41,722 hectares under cultivation or 58% of farmed area. Further detail on specific cereal crops, for

⁹ Structure of the agricultural industry in England and the UK at June, English geographical breakdowns, Local Authority, Department for Environment, Food & Rural Affairs, [Structure of the agricultural industry in England and the UK at June - GOV.UK](https://gov.uk/government/publications/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june)

example, wheat and barley is unavailable at the district level. Cereals have grown in prominence since 2013, whilst other arable crops have declined. Horticulture has expanded, although from a significantly lower base. In neighbouring South Holland and North Kesteven, horticulture consists of 6,788 ha and 2,080 ha respectively.

Table 3: South Kesteven Land Use – Crops (hectares)					
Crop	2013	2016	2021	% Change	
				2013-2021	2016-2021
Cereals	33,837	38,805	41,722	23.30%	7.52%
Arable Crops	22,173	22,211	13,635	-38.51%	-38.61%
Horticulture	204	316	397	94.61%	25.63%
Permanent Grass	11,289	10,654	10,435	-7.57%	-2.05%

Table 3 - South Kesteven Land Use: Crops (hectares), 2013-2021, Source: Department for Environment, Food & Rural Affairs

- 1.20 The limited prevalence of horticulture is a key difference between South Kesteven and its neighbours. 79% of total horticulture undertaken in the East Midlands is located in Lincolnshire. 2.09% of that land is in South Kesteven. 15.31% of Lincolnshire farmed cereals land is in South Kesteven, and 8.34% of the East Midlands activity.

Table 4: Share of Regional Activity Located in South Kesteven, Crops 2021			
Crop	% of farmed land located in South Kesteven		
	Lincolnshire	East Midlands	
Cereals	15.31%	8.34%	
Arable Crops	9.68%	6.80%	
Horticulture	2.09%	1.66%	
Permanent Grass	16.70%	2.93%	

Table 4 - Share of Regional Activity Located in South Kesteven: Crops, 2021, Source: Department for Environment, Food & Rural Affairs

Table 5: Lincolnshire Land Use – Crops (hectares), 2021					
Authority	Total Farmed Area	Cereals	Arable Crops	Horticulture	Permanent Grass
South Kesteven	71,920	41,722	13,635	397	10,435
Boston	31,813	12,864	6,990	6,013	3,452
East Lindsey	137,272	70,998	29,704	4,173	21,492
North Kesteven	81,560	43,476	19,873	2,079	8,811
South Holland	66,689	33,280	18,350	6,787	3,056
West Lindsey	98,819	51,043	20,912	2,430	15,209

Table 5 - Lincolnshire Land Use: Crops (hectares), 2021, Source: Department for Environment, Food & Rural Affairs

- 1.21 As of 2021, there were 8,488 cattle in the district, 34,989 sheep, 15,403 pigs and 1,107,895 poultry. The number of cattle underwent a substantial reduction between 2013 and 2021, sheep have remained constant, whilst both pigs and particularly poultry have grown in number.

Table 5: South Kesteven Land Use – Livestock (total)					
Livestock	2013	2016	2021	% Change	
				2013-2021	2016-2021
Cattle	11,776	11,553	8,488	-27.92%	-26.53%
Sheep	34,592	35,305	34,989	1.15%	-0.89%
Pigs	13,913	13,266	15,403	10.71%	16.11%
Poultry	778,218	956,640	1,107,895	42.36%	15.81%

Table 6 - South Kesteven Land Use: Livestock (total), 2013-2021, Source: Department for Environment, Food & Rural Affairs

- 1.22 Considered at the regional level, only small proportions of the total farmed livestock are located in South Kesteven. Within Lincolnshire, the district is home to 11.54% of the county's cattle and 23.74% of sheep. South Kesteven's total herds and flocks are typically smaller than its neighbours.

Table 6: Share of Regional Activity Located in South Kesteven, Livestock 2021		
Livestock	% of total livestock located in South Kesteven	
	Lincolnshire	East Midlands
Cattle	11.54%	1.98%
Sheep	23.74%	2.89%
Pigs	8.76%	3.97%
Poultry	6.88%	4.11%

Table 7 - Share of Regional Activity Located in South Kesteven: Livestock, 2021, Source: Department for Environment, Food & Rural Affairs

Table 7: Lincolnshire Land Use – Livestock (total), 2021				
Authority	Cattle	Sheep	Pigs	Poultry
South Kesteven	8,488	34,989	15,403	1,107,895
Boston	5,446	2,466	762	411,949
East Lindsey	36,567	38,576	36,401	4,967,566
North Kesteven	5,109	26,261	33,894	3,807,698
South Holland	2,665	7,207	2,796	2,061,352
West Lindsey	15,284	37,787	86,547	3,751,711

Table 8 - Lincolnshire Land Use: Livestock (total), 2021, Source: Department for Environment, Food & Rural Affairs

- 1.23 Overall, South Kesteven agriculture appears to be less intensive compared to its neighbours, lacking a particular specialism and is of lower importance to the local economy. This is perhaps unsurprising, despite its rurality, the district's landscape and degree of urbanisation lends it a different economic character to North Kesteven and South Holland. The fastest growing activities: horticulture, poultry, and to a lesser extent cereals, are behind other Lincolnshire authorities. The activity where South Kesteven has an outsized role (sheep farming) has remained essentially static for the past decade.
- 1.24 As discussed in paragraphs 2.3-6, there are significant difficulties in calculating the value of the sector to the local economy. Estimates have been calculated

using regional level output figures and the proportion of activity located in South Kesteven.¹⁰

- 1.25 This produces an estimated total value for the sector of £146.64 million (2023 prices). Of this £108.64 million would be contributed by crops and £38 million by livestock. The ONS Primary Industries GVA estimate is £176.24. That figure includes agriculture, mining, energy, water and waste.

Table 8: Speculative Estimates of South Kesteven Agricultural Output (£ millions 2023 prices)						
Activity	2010	2013	2016	2021	% change	
					2010-2021	2016-2021
GVA Primary Industries	123.40	149.17	147.54	176.24	42.83%	19.45%
Total Agricultural Sector Estimate	105.26	140.58	120.34	146.64	39.32%	21.86%
Total Crops Estimate	82.07	109.72	89.37	108.64	32.37%	21.57%
Total Livestock Estimate	23.18	30.86	30.97	38.00	63.91%	22.70%
Cereals Estimate	36.57	53.04	40.81	62.50	70.90%	53.14%
Arable Crops Estimate	41.88	51.34	39.55	31.61	-24.51%	-20.06%
Horticulture Estimate	3.63	5.34	9.01	14.53	300.63%	61.32%
Cattle Estimate	5.46	6.25	5.27	4.64	-15.07%	-11.91%
Sheep Estimate	2.20	2.30	2.42	3.35	52.58%	38.61%
Pigs Estimate	3.58	4.69	3.76	4.54	26.67%	20.72%
Poultry	11.94	17.63	19.53	25.47	113.30%	30.45%

Table 9 - Speculative Estimates of South Kesteven Agricultural Output, 2010-2021, Source: Department for Environment, Food & Rural Affairs, and Office for National Statistics

- 1.26 The sector employs 1,426 people as of 2021. The size of the workforce is slightly larger than in 2013. Key trends are the reduction in part time farmers and the consequent growth in full time farmers, regular workers and salaried managers. Since 2016, casual labour and part time labour saw substantial reductions.

Table 9: South Kesteven Farming Employment						
Type		2013	2016	2021	% Change	
					2013-2021	2016-2021
Farmers, partners, directors and spouses	Full time	396	399	418	5.41%	4.62%
	Part time	381	397	353	-7.33%	-11.12%
Salaried managers		76	86	99	30.05%	15.09%
Regular workers full time		276	300	350	26.76%	16.71%
Regular workers part time		109	131	103	-5.48%	-20.94%
Casual workers		105	180	102	-3.53%	-43.40%
Total labour		1346	1495	1426	5.99%	-4.57%

Table 10 - South Kesteven Farming Employment, 2013-2021, Source: Department for Environment, Food & Rural Affairs

¹⁰ Structure of the agricultural industry in England and the UK at June, English geographical breakdowns, Local Authority, Department for Environment, Food & Rural Affairs, [Structure of the agricultural industry in England and the UK at June - GOV.UK](#), and Total income from farming for the regions of England, [Total income from farming for the regions of England - GOV.UK](#), and Regional gross value added (balanced) by industry: local authorities by ITL1 region, TLF East Midlands (South Kesteven), Office for National Statistics, [Regional gross value added \(balanced\) by industry: local authorities by ITL1 region - Office for National Statistics](#)

British Agriculture and Challenges

- 1.27 Food production is vulnerable to a range of factors including: changes in climate and extreme weather events, prices offered by purchasers, high energy costs, international supply chains, labour shortages, biodiversity, soil and water quality, and biosecurity and animal health.¹¹
- 1.28 Since 2020, farming has come under particular pressure from the inflationary and supply chains crisis initially caused by the pandemic, then intensified by the onset of the conflict in Ukraine in 2022. Input prices for fuel, fertiliser, pesticides and feed reached near record levels, ameliorated partially by a rise in output prices. For example, wheat.

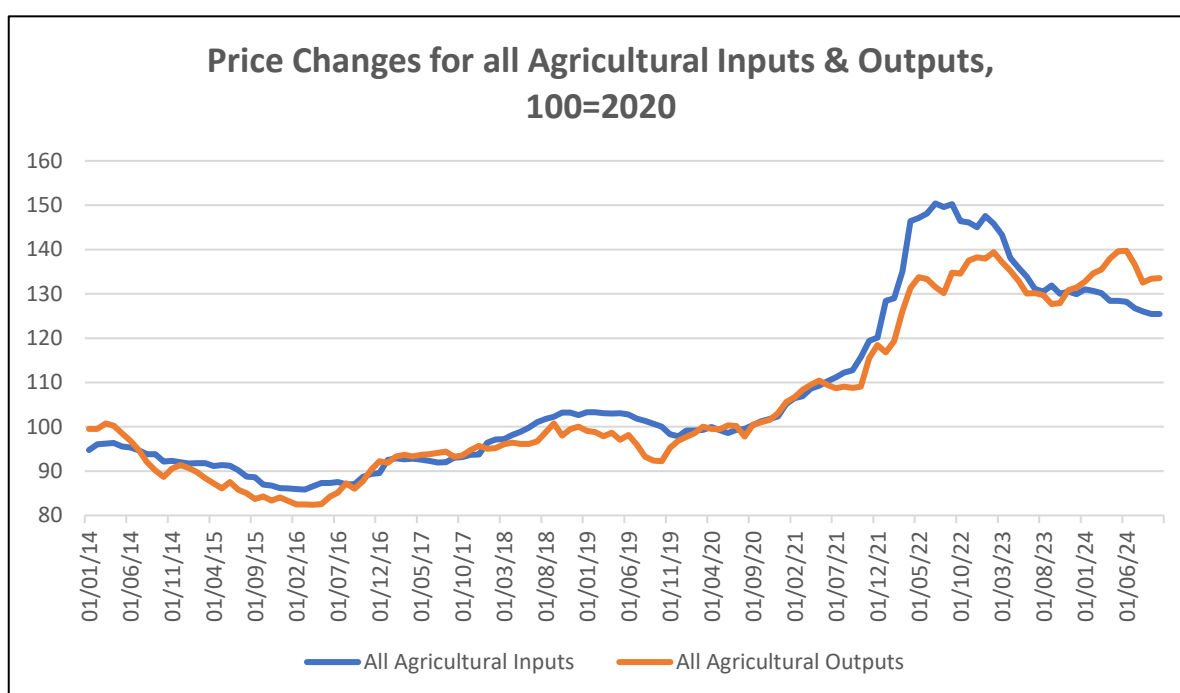


Figure 1 – Price Changes for all Agricultural Inputs & Outputs, United Kingdom, 2014-2024, Source: Department for Environment, Food & Rural Affairs

- 1.29 The above chart (adjusted for inflation) shows the Agricultural Price Index of agricultural inputs (money spent) and outputs (agricultural revenue) in Britain, with the 2020 value as 100. There were sharp price increases in 2021 and 2022. Prices have started to drop since July 2022 but remain above pre-war and pre-pandemic levels.¹² Note the tight relationship between input and output prices even in the pre-crisis period. This is the basic economic problem facing British farmers.
- 1.30 The below chart shows Total Income From Farming (TIFF) indexed to 2020 (adjusted for inflation). This shows that the sector has experienced significant fluctuation since 2010, but overall the value of this income has increased.

¹¹ Collyer Merritt, E. (2024), Budget 2024: Inheritance tax, family farms and food security, House of Lords Library, [Budget 2024: Inheritance tax, family farms and food security - House of Lords Library](#)

¹² Agricultural price indices, Latest agricultural price indices, Agricultural Price Index (2020 =100) time series: January 2014 onwards, Department for Environment, Food & Rural Affairs, [Latest agricultural price indices - GOV.UK](#)

Farming in Lincolnshire was in a better overall position on this measure in 2023, compared to the national and regional picture.¹³

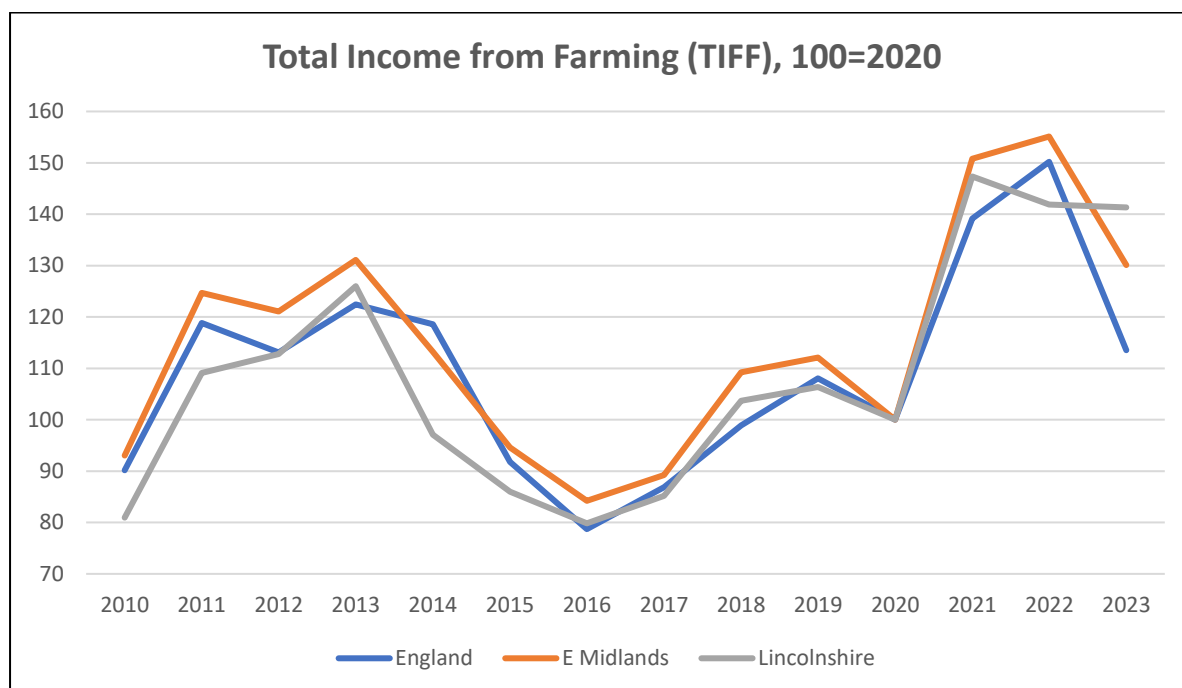


Figure 2 – Total Income from Farming (TIFF), England and the East Midlands, 2010-2023, Source: Department for Environment, Food & Rural Affairs

- 1.31 TIFF includes subsidies. The proportion of TIFF made up by subsidies was smaller in 2022 (39.4%) than in 2021 (48.7%) and in 2020 (64%); the 2022 figure was the lowest it has been since 1992 (31.4%). In 2023, the subsidy proportion rose slightly to 40.8%. The fall in subsidy share is the result of an increase in TIFF driven by increased output prices and a decline in overall subsidies. Note TIFF is a high level measure for the sector as a whole, and will have a complex relationship with the situation the ground.

Wellbeing

- 1.32 Physical and mental health was a key focus of the LCC review.¹⁴ Individuals in the agricultural sector are at an elevated risk of developing physical and mental health issues. Citing the RABI Big Farming Survey 2021¹⁵, the review noted that:
- Over a third of the farming community suffered depression and a further 30-36% of the community have notably low mental wellbeing which is a cause of significant concern.
 - Almost half of the farming community recorded experiencing anxiety.

¹³ Agriculture in the United Kingdom, Agriculture in the United Kingdom data sets, Chapter 4 – Accounts, [Agriculture in the United Kingdom data sets - GOV.UK](#)

¹⁴ Lincolnshire County Council, Report by Scrutiny Panel B on behalf of the Environment and Economy Scrutiny Committee, Lincolnshire Agricultural Sector Support, May 2023, [5.1 Appendix A - Scrutiny Panel B Final Report.pdf](#)

¹⁵ Royal Agricultural Benevolent Institution (RABI), The Big Farming Survey (October 2021), [Big Farming Survey - RABI](#)

- Working age 16- to 64-year-olds suffered from significantly lower levels of mental wellbeing and higher levels of anxiety within the farming community. This is strongly linked with never taking a break or leaving the farm; and 49% do not take a holiday with 20% never leaving the farm itself for any leisure purpose.
 - Over 52% of the farming community are recorded as experiencing pain and discomfort every day.
- 1.33 Contributing factors include the volatility of the global market, uncertainty from the new domestic subsidy regime, and other policy changes such as inheritance tax relief, rural crime, proximity to services and the general nature of physical work in often adverse conditions.
- 1.34 LCC invests in partnership working with the Lincolnshire Rural Support Network (LRSN) to provide mental health service provision for farmers through that organisation.
- 1.35 Neighbouring Melton BC recently undertook a similar initiative delivering health screenings for farmers at the Melton Cattle Market, delivered by LRSN and funded by UK Shared Prosperity Fund (UKSPF) monies. This built upon a successful pilot self-funded by LRSN with the Farmers Community Network.¹⁶ These are examples of how targeted support to address health inequalities can be delivered to agricultural communities. The Council will support similar schemes led by LCC, LRSN and other partners undertaken the district.

3. Key Considerations

- 3.1. There are significant limitations with the local agricultural statistics produced by the ONS and DEFRA. Therefore it is impossible to reliably quantify the size or output of the agriculture sector in South Kesteven.
- 3.2. Speculative estimates have been calculated by comparing local activity with regional output. This produces an estimated total value for the sector in South Kesteven of £146.64 million (2023 prices). Of this £108.64 million would be contributed by crops and £38 million by livestock.
- 3.3. British farming faces significant changes from adverse global macro-economic conditions with the cost of key inputs such as energy, fertiliser and feed impacted. Domestically, farmers are adjusting to the post-Brexit subsidy regime.
- 3.4. Lincolnshire County Council coordinates work regionally through the Greater Lincolnshire Forum for Agriculture and Horticulture. Strategic Sector support and growth is a key focus of the Greater Lincolnshire Enterprise Partnership and will be a priority for the incoming Greater Lincolnshire Combined County Authority.

¹⁶ Breakfast and health checks for agricultural sector workers at Melton Livestock Market, Melton BC, January 2024, [Health checks for farmers – Melton Borough Council](#)

- 3.5. Individuals in the agricultural sector are at an elevated risk of developing physical and mental health issues. There is greater scope for policy support and intervention at the district level in this domain, for example successful programmes delivered with the Lincolnshire Rural Support Network by the county council and by Melton BC.

4. Other Options Considered

- 3.1 The report is for information as added to Committee's Work Plan in the December 2024 meeting.

5. Reasons for the Recommendations

- 4.1 The report is for information only.