

# Making farm payments work for small-scale farmers and growers



# Making Farm Payments Work for Small Growers

A briefing from the UK Fruit and Vegetable Coalition, April 2025

## Context

**Purpose:** How can DEFRA support small-scale farmers and horticultural growers?

**Definition:** "Small farms" are defined as **5ha or less**, for the purposes of this briefing, unless otherwise specified. (Note: the DEFRA definition of "small farms" is usually >20ha. We make it clear where this definition is used.)

### About the UK Fruit and Vegetable Coalition

The UK Fruit and Vegetable Coalition is a newly formed alliance between the organisations representing organic, agroecological growers across the four nations of the UK. We are working together to create a future in which more fruit and vegetables are produced in the UK, we reduce our reliance on imports, agroecological growing becomes a rewarding, valued and accessible career path for many more people, and everyone can eat and enjoy healthy food that is produced without wrecking the environment and climate. Members include the CSA Network, Organic Farmers and Growers, Organic Growers' Alliance, Landworkers' Alliance, Soil Association and Sustain.

## Why support small farms?

Small farms can support the creation of a more sustainable, healthy and resilient food system. Under the EU Basic Payment Scheme (BPS), farms had to be 5ha or over to receive funding. Post-Brexit, the 5ha limit has been removed and farms of all sizes can apply to the new Environmental Land Management schemes (ELMs).

Of the three ELMs, SFI is the most feasible route for small farms to engage with agri-environment schemes, as the Higher Tier schemes are designed for larger scale, more ambitious environmental initiatives. SFI actions are scalable to small areas and some actions are non-area based (such as Integrated Pest Management). Hence, this briefing focuses primarily on SFI.

### Survey finds SFI not working for small farms

In February-March 2025, the UK Fruit and Vegetable Coalition ran a survey for small farms to understand how to make SFI work best for them. We received 71 responses, with an average size of 4.39ha. **Only 1 in 5 small farms had applied for SFI.** Of these, **only 2 had a positive experience.** Numerous issues were raised, which are detailed in this briefing.

While the survey was live, the SFI scheme abruptly closed to new applications. The results include several businesses from those who had begun their application before the scheme closed. We have used evidence from the survey to outline the challenges of the scheme for small farms, and to make recommendations on how to improve the SFI scheme and support small farms beyond ELMs.

## Small farms: an overview

The average UK farm size is 82 hectares. However, almost half of all farms are less than 20 hectares in size.<sup>1</sup>

In England in 2023, there were 102,405 farm holdings. **13% of farm holdings are under 5ha.** 26% are between 5ha – 20ha, and 20% are between 20 – 50ha. Therefore, the majority of farm holdings are under 50ha – well below the England average of 88ha.<sup>2</sup>

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<sup>1</sup> [Farming evidence - key statistics](#), DEFRA (last updated 16 September 2024)

<sup>2</sup> [Agricultural facts: Summary](#), DEFRA (last updated 31 October 2024)

The decline in the number of small farms in the UK has been well documented.<sup>3</sup> In 2005, there were over 57,000 farm holdings under 20ha. By 2013, the number had dropped to 36,000. However, the **rate of decline in small farms appears to have slowed in the last decade** – in 2023, there were just under 40,000 holdings >20ha.<sup>4</sup> Small farms are bucking the trend in urban fringe areas, having increased by 75% between 2010 and 2021, compared to a decrease in the number of farms in other size categories.<sup>5</sup>

Despite their size, small farms – particularly in horticulture – can be **very productive per ha**.<sup>6</sup> In 2022-23, horticulture businesses had an average farm business income of £104,000, with just 3% coming from direct payments. In contrast, cereals had an average farm business income of £123,300 but 32% of this came from direct payments.<sup>7</sup> Based on DEFRA data, small farms (under 20ha) tend to have **younger farmers**<sup>8</sup> and **employ more people per hectare**.<sup>9</sup>

## Benefits of small farms

Small farms offer a range of social, economic and environmental benefits:

- **Biodiversity and ecosystem services** (e.g. soil health, water quality). Small farms have more diverse crops and livestock, and tend to practice agroecological principles with high environmental and animal welfare standards.<sup>10</sup>
- **Local food production and resilience**. Small farms are part of direct-to-consumer supply chains and have a low carbon footprint. They contribute to food security and supply chain resilience – for example, demand for veg boxes doubled (and was met) during the pandemic.<sup>11</sup> In 2021, urban fringe

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<sup>3</sup> [Uncertain harvest: does the loss of farms matter?](#), CPRE (August 2017), [Is there a future for the small family farm in the UK?](#), The Prince's Countryside Fund, June 2016.

<sup>4</sup> [Structure of the agricultural industry in England and the UK at June](#), DEFRA (June 2024)

<sup>5</sup> [Farming on the edge: urban fringe farming report](#), CPRE, February 2025.

<sup>6</sup> [A Matter Of Scale A study of the productivity, financial viability and multifunctional benefits of small farms \(20 ha and less\)](#), Landworkers' Alliance and Centre for Agroecology, Coventry University (2017). [Small Farm Profits](#), Ecological Land Cooperative (2018).

<sup>7</sup> [Farming evidence - key statistics](#), DEFRA (2024)

<sup>8</sup> [A Matter Of Scale A study of the productivity, financial viability and multifunctional benefits of small farms \(20 ha and less\)](#), Landworkers' Alliance and Centre for Agroecology, Coventry University (2017).

<sup>9</sup> [Is there a future for the small family farm in the UK?](#), The Prince's Countryside Fund, June 2016

<sup>10</sup> A Matter of Scale, 2018. A survey of 69 farms under 20ha found that 85% said that their farm was organically managed (42% were certified, 43% non-certified).

<sup>11</sup> [Covid-19 UK Veg Box Scheme Report](#), Food Foundation, 2020

farms produced enough to feed 7.2 million people over 61% of all their food needs (or 74% of the food they eat that can be produced in the UK).<sup>12</sup>

- **Resilience to climate change and global supply chain disruption:** agroecological practices, such as agroforestry, reduced artificial fertiliser and pesticide use, and polyculture, can help farms withstand extreme weather events and rising costs that have affected larger scale farm businesses. Due to their diversity of crops and livestock, small farms have options to fall back on in the event of yields being disrupted.
- **Economic benefits:** small farms employ more people per hectare, creating local jobs. They are innovative, resilient businesses, for example creating new direct-to-consumer sales models, agritourism, and farm shops.<sup>13</sup>
- **Social benefits: small farms promote community cohesion, education and health.** They often have strong ties to the local community.<sup>14</sup> In a recent survey of small farms with an average size of 5ha, 44% said that they hosted school visits.<sup>15</sup> Small farms can connect people with nature and where their food comes from, resulting in social and health benefits. Proximity to small farms and direct-to-consumer sales models means communities can have better access to fresh, seasonal and nutritious food.

## Opportunities

- **Small farms make up a significant proportion of the farm population** – if the government wants to reach its target of 75% of farms participating in ELMs, it needs to bring in small farms.
- **There are already some SFI options available** that small-scale growers could theoretically apply for. Our recommendations are minor adjustments to help the scheme deliver more for smaller businesses.
- **Non-area-based payments are accessible options for small-scale farmers and growers** e.g. IPM and educational activities. (noting that the latter has been delayed since summer 2024)
- **Small-scale farmers and growers offer multiple benefits:** resilient supply chains, training, employment, education, boosting local economy, and health benefits
- **Recent attention on inheritance tax** means farming – particularly small and family farms – have been high on the political agenda. Supporting small farms would help restore trust with the farming community and the public.

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<sup>12</sup> Farming on the Edge, 2025.

<sup>13</sup> A Matter of Scale, 2018.

<sup>14</sup> Is there a future for the small family farm in the UK?, 2016.

<sup>15</sup> Survey by UK Fruit and Vegetable Coalition, March 2025.

- **Shift to healthier, more sustainable diets and increased demand for fruit and vegetables** – the Climate Change Committee’s recent carbon budget stated that meat consumption will need to reduce by 35% by 2050 to meet net zero.<sup>16</sup> According to DEFRA’s latest food security report, the UK remains highly dependent on imports of fruit and vegetables, and most people do not meet the recommended daily intake.<sup>17</sup> The Land Use Framework offers an opportunity to identify areas to scale up domestic fruit and vegetable production, for example in peri-urban areas.<sup>18</sup>
- **Strong organic market** – in the last 10 years, the organic market has doubled, growing 7.4% in 2024 and now worth £3.7bn.<sup>19</sup>
- **LWA has already completed horticultural trials for DEFRA – “Growing the Goods”**. Although these are not specifically for small-scale farms, the insights could be helpful as horticulture often operate on smaller sites.

## Challenges

- **SFI actions are mostly area-based** – the larger the area, the higher the payout. However, horticultural businesses with a large diversity of crops on a small scale often have difficulty with the application process, because they had to register tiny areas of land that may be in a rotational system. The level of detail required in mapping is disproportionate to the scale of these farms.
- **Too complex/time-consuming to apply.** Only 1 in 5 small farms responding to our survey applied for SFI. Of these 14 farms, only 2 had a positive experience. Management payments are also based on area size (i.e. £20-40 per ha, per year, up to 50 ha). The management payments are capped at a max. of 50ha – but the minimum payment of £20/ha would not make it worth small-scale applicants’ time.
- **Lack of transparency and delays to options** being introduced into the scheme. Some survey respondents said that they had delayed applying for SFI in anticipation of forthcoming organic and educational access options.<sup>20</sup> Despite queries sent to DEFRA and the RPA about the latter, no clear response was received. This resulted in applicants no longer being able to apply after the closure of the scheme.

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<sup>16</sup> [The Seventh Carbon Budget. Advice for the UK Government](#), 2025, Climate Change Committee

<sup>17</sup> [United Kingdom Food Security Report](#), DEFRA, 2024

<sup>18</sup> [Home-grown: A roadmap to resilient fruit and vegetable production in England](#), 2024, Sustain, Soil Association and the Wildlife Trusts

<sup>19</sup> [Organic Market Report](#), Soil Association, 2025

<sup>20</sup> UK Fruit and Vegetable Coalition survey, March 2025.

- **Lack of monitoring:** there is no publicly available data of growers/farmers accessing ELMs by farm size, therefore it is difficult to assess how fairly funding has been distributed across the farming sector.
- **Lack of tailored guidance:** DEFRA has not specifically advertised ELMs to small-scale farmers and growers. Survey respondents said that they did not have access to guidance appropriate to their scale.<sup>21</sup>
- **Barriers to entering the scheme:** Some options may cost more to implement than what the final payout will be – e.g. if specialist advisers are required such as IPM or soil management plans.
- Insights from the Future Farms Resilience Fund have suggested that **small-scale farmers/growers often inexperienced with applications**. Two thirds of small farms responding to the survey had not previously received government payments (primarily owing to not being eligible).

## Recommendations

### Improvements to future version of SFI:

- Act on recommendations of Growing the Goods, the Landworkers' Alliance ELMS Trials vis-à-vis horticulture businesses in SFI
- Prioritise budget for smaller farms, by ringfencing 10% of the budget for farms under 5ha that can demonstrate that they are active commercial farms
- Cap the amount that each farm can apply for, to ensure fair and equitable distribution of funding
- Monitor uptake of agreements and actions by farm size and type
- Ensure that educational access payments are available and accessible to small farms

### Beyond SFI:

- Ensure alternative investment is accessible to small farms e.g. ADOPT fund, to enable small farm and horticultural businesses to grow
- Introduce a Horticulture Strategy to boost domestic fruit and vegetable production, as part of measures to improve the UK's food security and underpin healthier diets
- Prioritise SME farms/growers in public procurement policies
- Use planning reforms to protect green belt agricultural land and make it easier for urban fringe farms to thrive and connect with urban populations

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<sup>21</sup> UK Fruit and Vegetable Coalition survey, March 2025.