

Sustainable Farming Incentive (SFI) scheme

Earlier this week DEFRA published further details of the 2026 Sustainable Farming Incentive (SFI) scheme.

We had been expecting changes to the SFI regime this year, and in contrast to the 2025 chaos the release of information some three months before the application window is welcomed.

Full details are on the DEFRA blog online ([SFI26: details, definitions and what to expect – The Farming Blog](#)) but below is a summary of the key points (note that these changes affect SFI 2026 only, not existing schemes):

- There will be two application windows in 2026:
 1. **June 2026** - for farmers with 3 to 50 ha of farmland, or farmers without a current Environmental Land Management scheme.
 2. **September 2026** - for all other farmers.

It appears that the second window will stay open as long as there is budget available, but it is currently unclear as to whether those farmers with schemes ending in December 2026 will be able to apply this year to prevent a funding gap.

- Each farm business can only have one SFI 2026 agreement there will be a cap of £100,000 per agreement.
- There will be 71 'actions' to choose from, reduced from 102 current actions. The following frequently used options have been removed:

Option	Old Payment Rate
CHRW1 Assess hedgerow condition	£5/100m
CHRW3 Maintain or establish hedgerow trees	£10/100m
CIPM1 Assess and produce an Integrated Pest Management Plan	£1,129 per farm
CNUM1 Assess and produce a Nutrient Management Plan	£652 per farm
CSAM1 Assess and produce a Soil Management Plan	£6/ha

DEFRA have assessed options based on the 'environmental value for money' and it is no great surprise to see some of the above options removed.

- The following frequently used options will have a reduced payment rate:

Option	New Rate	Old Rate
CSAM3 Herbal leys	£224/ha	£382/ha
CAHL2 Winter bird food	£648/ha	£853/ha
CNUM3 Legume fallow	£532/ha	£593/ha

It is disappointing that the payment rate for the Herbal lay option has been significantly reduced as this was a valuable option for livestock farmers, promoted integration of grass into arable rotations, and was a fair income when the price of the seed and establishment costs are factored in. It leaves limited support for grassland beyond the £151/ha Manage grassland with very low nutrient inputs.

- Rotational option cannot be increased in area or value after year one however options can be moved onto different land parcels, and the area can be increased or decreased each year provided the areas and values are no more than the first year.
- The management payment of up to £2,000 per agreement in year one and £1,000 in years two and three, will no longer be paid.
- All agreements will be for 3 years.

Overall, it is reassuring to see many of the rotational options retained including Multi-species winter cover crop, Legume Fallow, Unharvested cereal headlands and Low input harvested cereal crop. These options have contributed a valuable place in arable rotations environmentally, agronomically and financially, particularly in today's climate of lower commodity prices. In addition, longer term options such as grass buffer strips and grassy field corners, Pollen & Nectar flower mix and Winter bird food (albeit reduced payment rate) are still included meaning those farmers with Countryside Stewardship coming to an end will be able to retain funding for valuable habitats that may well have been on farm for a significant period of time.

As ever, DEFRA have set budgets for each round of SFI this year, so farmers are advised to be ready to submit schemes ahead of the application windows.

Our team of experts at Newton are here to help with designing schemes to fit in with your farming system, submitting applications and annual claims, and advising on ongoing management and compliance. Please don't hesitate to get in contact.



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