

# SFI26 UPDATE

Our two-page digest summarises the key changes and considers what they mean for farmers and landowners



## When and why?

Defra secretary Emma Reynolds unveiled new details of the Sustainable Farming Incentive 2026 (SFI26) at the NFU annual conference in Birmingham on Tuesday (February 24).

Reiterating her wish to see farm businesses that are

“productive, profitable and resilient”, she said the changes would improve the scheme's fairness and accessibility.

The alterations focus on removing actions which had a low uptake or delivered less for food production or the

environment, according to Defra.

By reducing some payment rates, introducing an area cap for the enhanced overwinter stubble action, and applying a new annual agreement cap, more farms will be able to participate and benefit, it added.

## What's changed?

- Each farm business can have only one SFI26 agreement.
- No agreement can be worth more than £100,000 per year.
- Application window 1 will open in June 2026 and will remain open for around two months – although it may close sooner if demand is high and the window 1 budget is fully allocated. It will be open to farms of up to 50ha, plus those without an existing environmental land management (ELM) revenue agreement.
- Application window 2 will open in September 2026 for all

farms. The end-date will depend on how many farmers apply.

- The new offer includes 71 actions, down from 102 in the SFI24 offer.
- Agreement holders will not be able to increase the area or value of rotational actions beyond what they included in Year 1. Farmers will still be able to move rotational actions between fields to match their crop rotation. They will also be able to increase or reduce the area from year to year, if they do not go above the Year 1 level.
- It's worth noting payment

rates have been reduced for:

- CSAM3: Herbal leys from £382/ha to £224/ha
- CAHL2: Winter bird food from £853/ha to £648/ha
- CNUM3: Legume fallow from £593/ha to £532/ha
- Enhanced overwinter stubble (AHW7) will be added to the 10 actions for which a 25% area limit cap already applies. These actions cannot be done (individually or in combination) on more than 25% of the total agricultural area of the farm to prevent too much land being taken out of production.



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# CLM SFI26 takeaways

- This brings some much-needed clarity, and will allow farmers and landowners to plan ahead.
- This is a simplified offer, with fewer actions and less complexity – but there should still be enough actions to enable most farmers to find options that suit their system.
- The timing of the application windows could be problematic for some farmers. Those who went into SFI 2023 when it was first available, for example, will see those agreements begin to expire at the end of this year and early in 2027. There will also be many who want to replace expiring Countryside Stewardship mid-tier agreements at around that time. It won't be possible to submit an application to replace expiring management actions and options until existing agreements have expired.
- The £100,000 cap sounds like a sizeable amount of money, but it bears no relation to the scale of a business, so this will disadvantage larger farmers.
- It's worth remembering the £100,000 cap only applies to SFI26 (ie revenue from other schemes is not counted towards this).
- SFI still represents 'guaranteed' revenue which will be paid quarterly.
- Given there will be an element of 'first-come-first served', it's worth starting planning immediately and submitting your application as soon as you are able, to reduce the likelihood of missing out.
- As with all support payments, it's wise to look at what you do well and tailor your application to suit that, rather than trying to fit your system to the scheme.
- The new payment rates still follow the approach of being based on 'income foregone plus costs'.
- The removal of action GRH6 (Manage Priority Habitat Species-rich Grassland) means some farmers may find themselves dealing with Naturazl England rather than Defra as they will now look to Countryside Stewardship Higher-Tier to support this work financially. This is likely to put further pressure on an already-stretched and under-resourced Natural England.
- The new 25% area cap on Enhanced Overwinter Stubble (AHW7) could present challenges to arable farmers who previously deployed this action across a large area.
- Having previously been very critical of the government's ELMs rollout, it's interesting to see that farming organisations have broadly welcomed SFI26. The NFU, for example, says it "appears to strike the right balance between simplifying the process and maintaining flexibility, while still retaining preferable actions for farmers and growers".



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