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UPDATE

CLM
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Where next for SFI scheme after 'window 2' application debacle?

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Anger and uncertainty remain the prevailing emotions among many farmers after many were left unable to apply successfully for SFI26.

The application window was closed less than six hours after it opened on September 22, with Defra claiming the "exceptional demand" meant the 'window 2' budget was fully allocated within that brief period.

However, as well as the huge 'supply and demand' mismatch, there were also widespread technical issues with the process preventing many applications from being completed.

It sparked frustration, fury and disappointment among farmers, with the NFU hitting out at Defra saying it had once again "created a position where there are 'haves' and 'have nots' based purely on the speed of pressing a button".

The CAAV was similarly critical, saying SFI26 had "simply become a lottery of time and luck in managing the RPA system, leaving frustration in every farming postcode".

Defra said shortly afterwards that applications would be processed in the order in which they were submitted, but that they would allow two small 'exception groups', who contacted the RPA before Window 2 closed, to continue with their applications:

- 'Assisted digital' farmers – who need the RPA to complete an application on their behalf
- 'Technical issue' farmers – farmers who were prevented from applying because of a technical issue with the application service

About 12,200 applications were submitted during Window 2, against a budget of £253 million, meaning the average agreement value →

applied for was roughly £20,700. The most popular actions were:

- CLIG3: Manage grassland with very low nutrient inputs – over 7,400 applications
- CHRW2: Manage hedgerows – over 4,300 applications
- CSAM3: Herbal leys – over 3,300 applications
- CAHL2: Winter bird food on arable and horticultural land – over 2,600 applications
- CIPM4: No use of insecticide on arable crops and permanent crops – over 2,600 applications

Defra said they plan to offer an SFI scheme in 2027, vowing to work with farming organisations and the wider sector to consider how they refine the scheme ahead of then.

Clearly, huge modifications are required to make the scheme fit for purpose. In theory, it can offer a much-needed income – or even a lifeline – for farms and estates at a time when returns are squeezed and costs are rising, but this is academic for those "left out in the cold".

At a time of such uncertainty, SFI also potentially represents a 'guaranteed' income to successful applicants which is paid quarterly, but the government needs to revisit what the scheme is offering, so it delivers for farmers, the environment and the taxpayer, rather than simply being a random, first-come-first-served bunfight.

As long as it doesn't increase paperwork and inspections too much, it could make sense to bring back some kind of requirements within the scheme to ensure that successful applications do actually deliver environmental benefits.

SFI has been dumbed down to such an extent that it doesn't deliver anywhere near as much value for the environment as was originally hoped. Defra need to be clear on whether SFI is an agri-environment scheme or a BPS substitute. The guidance/prescriptions for many SFI actions is now so poorly written that it is easily misinterpreted and many may have signed up to actions that they are not actually delivering through no fault of their own.

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> CLM Director

There are some actions such as CIPM4 (No Use of insecticide on arable and permanent crops) which are effectively paying for management practices that would happen regardless of the funding. This means few if any are changing their management as a result of this action, instead they are simply claiming it on crops they wouldn't be applying insecticide on anyway. Removing such actions would help to free up funding for a greater number of applications in SFI27.

A per hectare cap on agreement spend may also help Defra spread its SFI pot further. However, I am opposed to limiting the total agreement value even lower than the £100k cap in SFI26 as this would limit the benefits that larger farmers and landowners can deliver and would result in a huge reduction in environmental management on holdings of scale.

Sussex estate has success 'stacking' revenues

An imaginative approach to combining public and private sector revenues has been taken at a West Sussex estate.

A block of land on the Balcombe Estate is now generating income from SFI, from the Capital Grants scheme, and from a partnership with South East Water.

The ground, some of which neighbours Ardingly reservoir, had been tenanted for several years, but was recently taken back in-hand by the estate who needed it increase the acreage to provide addition grazing for its beef enterprise.

The decision was taken to enter a five-year SFI agreement, starting in January 2025. Covering 30ha, it generated over £16,000 in year one and will be worth more than £70,000 over the full term, incorporating the following options:

- WBD4: Arable reversion to grassland with low fertiliser input
- WBD9: Nil fertiliser
- CLIG3: Manage grassland with very low nutrient inputs (outside SDAs or within SDAs)
- GRH8 Supplement: Haymaking (late cut)
- GRH11: Supplement: Cattle grazing (non-moorland)

Determined to do more for the environment and biodiversity, the estate has been able to go "over and above" its SFI obligations and sow a diverse herbal and wildflower ley, thanks to funding from South East →

Water, who owns the reservoir.

This "uplift" is bringing benefits for soil quality, preventing run-off, fixing nitrogen, and producing much-needed forage for the suckler herd.

In tandem with this, CLM secured a capital grant to fence the land – half of which was completed last year and another agreement this year is expected to pay for the remainder, generating up a total of £44,282.

"It's a win on multiple levels," says CLM Director and Land Agent Nic Burchell. "The land is in good agricultural production while being used in an environmentally sympathetic way. A grass sward prevents erosion and run-off and, with a changing climate and warmer, drier summers, the extra grazing has been hugely useful.

"There was the cost of establishing the grass mix and there's always a risk some might need re-sowing, but the costs weren't huge.

"SFI isn't universally popular among farmers, and there has understandably been strong criticism of the way all the funding allocated to Window 2 of SFI26 was allocated within just a few hours of the application period opening, leaving many disappointed. But those who do receive it say it can offer much-needed income. If it's approached in the right way, it can fit in well with existing systems and be a benefit not a hindrance. It can provide a 'guaranteed' income at a time when there is much uncertainty.

"At Balcombe, we wanted to go a step further and so worked with South East Water to devise a way of improving the sward's biodiversity and making the management of that piece of land even more environmentally friendly via a bespoke agreement. It's also paid for just over 3,000m of enhanced hedgerow management.

"The estate has always had a good relationship with South East Water and this partnership highlights how a spirit of cooperation and collaboration can be good for all parties."



Cath Jackson, Catchment Advisor at South East Water, says: "One of the issues we are trying to tackle in the Ouse catchment which feeds Ardingly reservoir is turbidity. This is where soil is washed into water courses, making it harder to turn into clean drinking water at our water treatment works. Other substances, such as nutrients, can attach to soil particles causing an increased growth in algae which can affect the species living in the rivers and reservoirs by using a lot of the oxygen in the water, alongside causing water quality issues.

"The changes made at the Balcombe Estate will help improve water quality in the area, meaning it needs less treatment and it's also better for the environment. It will also help enhance catchment resilience in the long term as improvements to soil health will increase water infiltration rates..."

> "BALCOMBE IS A WONDERFUL ESTATE, WHICH IS TAKING A PROGRESSIVE APPROACH TO LAND MANAGEMENT."
>
> **NIC BURCHELL**
> CLM Director and Land Agent



Farm manager Andrew Coveney says: "We have increased the beef herd on farm and this funding has meant we can use the land to produce baled silage and graze the cattle once it has been cut. Now we are up to 200 cows this will give us greater flexibility for how we manage the herd and feedstocks. It is a low-input system, with stock housed over the winter."

Balcombe Estate extends to approximately 1,500ha in the High Weald, with about 400ha of in-hand land, and the Denman / Greenwood family having cared for its landscape, properties and community with a commitment to responsible stewardship and continuity for over a century.

"Balcombe is a wonderful estate, which is taking a progressive approach to land management – and drawing in revenues from government schemes and the private sector is just one example of that," concludes Nic.

Cooperation could have bigger part to play in tough times



Machinery sharing has been an oft-discussed concept for many years but, as equipment prices rise and farm profits are squeezed, the model shouldn't be overlooked.

For many farmers it can feel too much like hard work, although some have done it successfully for years and the principles are being applied ever more, says Land Agent and CLM Associate Director Jonathan Morris.

"Machinery sharing can work really well for non-time critical kit," says Jonathan. "People should ask themselves if an item is really providing long-term value to their business or only in very occasional instances when the weather window is tight or there is a seasonal need. The key question is whether it is a good use of the farm's capital to be tied up in a bit of machinery.

"The harsh reality is not everybody needs every single bit of kit. Sharing might be slightly less convenient than having it in your yard, but it might also free up capital which could be better spent elsewhere.

"The successful examples are usually when cooperation happens between farmers who have a good relationship, where trust, reliability and flexibility are integral," adds Jonathan. "Every farmer has those long-term, solid relationships with other farming businesses in their locality and building on those can be the logical starting point.

"Tough times mean people should be assessing their businesses, and the ones that thrive will be making best use of every asset, including machinery and equipment. You should be 'sweating' it, rather than watching it sit idle, slowly depreciating.

"In the South East, the types of kit that might be shared will be different to other parts of the country, but the concept remains the same. Starting small, there probably will be at least one person locally with a mower, so it might not make sense to spend £10,000-£20,000 on one of your own, only for it to sit in a shed for nine months of the year. Freeing up that capital might allow you to make changes to the balance sheet which lead to bigger changes to overheads – in particular, interest rates. A farm with a relatively high level of long-term borrowing might have an arranged overdraft of, say, £75,000 with an interest rate of 12.5%. By reducing that facility to £65,000, in turn lowering your risk profile, it could result in the headline interest rate dropping and monthly outgoings reducing. Compare the higher figure with an arranged overdraft facility of, say, £60,000 with an interest rate of 9%, and you could be saving more than £300 per month as and when it is fully deployed. It might not seem like much, but thriving businesses are the ones that at every opportunity are limiting the amount of wasted capital."

According to CLM Associate Director Oli Pilbeam, ever-more farmers are reevaluating their machinery complement in a bid to cut costs.

"There's some restructuring happening in terms of replacement policy. People are keeping machines longer and taking out extended warranties more. They're eking it out rather than taking a 'I always replace after five years' approach. It comes, of course, with a risk of big repair bills and the cost of changing gets bigger the longer you keep a machine on-farm."

In this context, machinery sharing can have a part to play – but when the operation is time-sensitive, the kit expensive and/or a large number of farmers are involved, the more it makes sense to formalise the arrangement, says Oli.

"What, for example, happens as regards repairs? They could be apportioned on an hours-of-use basis or divided up according to the respective areas that people use it across? It's important that everyone understands that and is in agreement from the start.

"Just because machinery sharing isn't a new concept doesn't mean it should be ruled out. Identify the opportunities, be clear on the relationship structure, and see if it helps your business. After all, it doesn't have to be permanent, but it might help get through these challenging times."

Renters' Rights Act 2025 – an update

The government has given landlords of residential properties a deadline by which to register themselves and each of their properties as part of new Renters' Rights Act legislation.

Landlords of assured or regulated tenancies in the South East region must register between 15 March and 14 June, 2027, and pay an annual fee of £65 for each property.

The development of this landlord database is part of the second phase of the Renters' Rights Act 2025 and those who fail to register will be fined.

Landlords outside the South East have different deadlines, with registration beginning in the West Midlands on 15 December, 2026, then the rest of England following on a regional timetable.

The deadline is based on the location of the rental property, rather than where the landlord lives.

Landlords with properties in more than one region can register them all from 15 December 2026 if they choose, but must meet the deadline for each property's region.

Landlords are currently only required to register properties if they are let, or become let during the rollout period.

The information that will be required is landlord details, property address, property characteristics (type and bedrooms), occupation status, compliance records, rent and bills.

Upon registration, this gives unique landlord registration numbers and property numbers which will be required to legally market and let properties.

The government is yet to release further details on who can register properties, but we have learnt that certain details will be needed to be recorded on the database such as compliance records and details of the property.



Six months on from the introduction of the Renters' Rights Act 2025 reforms, there is a growing awareness among tenants and landlords of the changing expectations within the private rental sector, says CLM Senior Property Manager Rachel Sly.

Some, however, are still unaware of the extent of the changes or their exact nature, so care should be taken – and advice sought – otherwise legislation could be contravened.

"An understanding of the legislation and good communication between landlords and tenants helps create positive long-term rental relationships and well-managed homes," says Rachel.

"We've noticed tenants are certainly becoming more informed about their rights and responsibilities. We have seen, for example, a growth in the number of tenants, aware of the new legislation, giving the required two months' notice in writing to the landlord.

"We have in certain instances negotiated a shorter notice period as it became apparent that was in the best interest of the landlord. Good communication and a positive approach has benefited both parties.

"The sector continues to evolve, with the forthcoming introduction of the Landlord Database, together with ongoing regulatory oversight through The Property Ombudsman and Trading Standards, which will shape industry practices and raise professional standards.

"Most landlords are now fully aware that all new tenancies are Assured Periodic Tenancies (and existing tenancies in the private rented sector at the point the legislation was introduced became one). Tenants are able to stay in a property for as long as they want or until a landlord serves a valid Section 8 notice, and any attempt by a landlord to create a fixed term or use a break clause or serve the incorrect notice is an offence. A landlord may only terminate the tenancy by serving a Section 8 notice specifying one or more appropriate grounds for possession."

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RACHEL SLY
CLM Senior Property Manager



- If you are a landlord of a rental property or portfolio with queries about the Renters' Rights Act, please email CLM's property team on **propertymanagement@c-l-m.co.uk** or call 01892 770339.

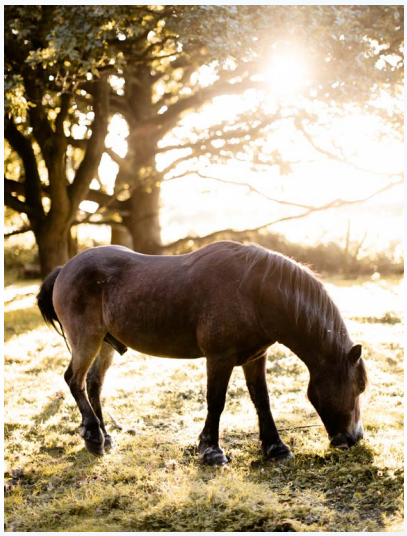
Escrick NSIP project breaks new Biodiversity Net Gain ground

CLM has played a key part in a groundbreaking Biodiversity Net Gain (BNG) agreement between a pioneering estate and an infrastructure company. Escrick Park Estate has been appointed by National Grid to deliver offsite BNG for Yorkshire GREEN, as part of the electricity company's Nationally Significant Infrastructure Project (NSIP) to upgrade the network, increase capacity and deliver cleaner energy.

The landscape-scale nature recovery initiative involves restoring and reconnecting habitats around Skipwith Common National Nature Reserve between York and Selby, providing the utility firm with about 300 biodiversity units.

It's part of an ambitious vision at the diversified rural estate to create a habitat bank of over 1,000 BNG units, through a mix of habitats including lowland fen, ponds, wet and dry grassland, reedbeds, wet woodland, scrub and heathland.

"We believe this is the first big BNG agreement signed for an NSIP although, as part of its commitment to the environment, Yorkshire GREEN actually committed to achieving the 10% BNG voluntarily prior to it becoming mandatory for NSIPs," says CLM Director Anthony Weston.



"We've been fortunate to have had the opportunity to help shape and implement Escrick's long-term vision. We've worked up a robust Habitat Management and Monitoring Plan (HMMP), undertaken investment appraisal work, helped secure the Conservation Covenant with the 'Responsible Body' HF Environmental, and placed the site on the BNG register.

"We've also represented the Estate in commercial discussions and negotiations with National →



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Grid. Part of our role was to help National Grid understand what was – and wasn't – possible and to shape a proposal that suited their needs. In small BNG agreements, some buyers may want no involvement beyond simply buying the units, but in a deal of this scale it's in both parties' interests to develop a real partnership, so we have helped Escrick and National Grid develop a strong collaborative relationship," adds Anthony.

According to CLM's Senior Advisor Tristan Price, the deal is groundbreaking in a number of ways – not least because of its structure incorporating "milestone payments" which will be triggered at key points during the project's evolution.

"We agreed what these milestones will be and set up an Escrow account, managed by an independent specialist, so the Estate can be totally confident the money would be paid when it hits these targets. Usually in BNG deals, payment is 100% up-front, but it was necessary to turn the key on such a huge, transformational deal for the Estate.

"We helped devise the negotiating strategy for Escrick,

> "IN A DEAL OF THIS SIZE, IT'S IN BOTH PARTIES' INTERESTS TO DEVELOP A REAL PARTNERSHIP."
>
> **ANTHONY WESTON**
> CLM Director



which enabled it to offer the buyer a one-stop-shop solution. It's a deal that gives the provider the confidence to invest the necessary capital in the project because they now have an 'anchor' buyer.

"As part of representing our client, we helped National Grid understand what their risks were and how Escrick might help them manage those. To get the deal over the line, we even investigated potential insurance options to mitigate National Grid's perceived risk.

"We also offered National Grid a 'bundle' price, which made it easier for them to understand and, therefore, reassure themselves they were being offered a competitive price. Our detailed financial analysis meant we understood the investment required to get the project off the ground and National Grid recognised this as a strong and sound investment proposition. Escrick will have an additional 700 or so units to sell, and it's envisaged these will be acquired by a mixture of large and small buyers."

Farmers and landowners entering BNG agreements with other NSIP projects, whether they be solar farms, wind farms or long-distance water pipelines, will encounter layers of complexity and commercial challenges unlike those typical in smaller deals, points out Tristan.

"It's likely those big organisations will want bespoke solutions, rather than off-the-shelf deals. We now understand how to conceive and structure huge transactions and have an insight into the needs of BNG providers and buyers of all sizes."

Mark Hewitt, Conservation Lead at Escrick Park Estate, says: "There has been a growing sense that short-term funding streams only enable nature to stand →

still in the face of the biodiversity decline. The creation of a regulated biodiversity market has afforded the estate the opportunity to reverse the trend by entering into a long-term funding agreement to help it achieve its aims of being a forerunner in reversing the trend of biodiversity loss and protecting Skipwith Common, the gem at the core of its landholdings.

"Escrick Park Estate will connect more than 450 hectares of habitat, while respecting public access and engaging with local communities through education and volunteering.

"We are extremely excited to have partnered with National Grid to deliver this offsite BNG. Restoring and reconnecting habitats around Skipwith Common National Nature Reserve will help protect this precious site for generations to come."



"AS PART OF REPRESENTING OUR CLIENT, WE HELPED NATIONAL GRID UNDERSTAND WHAT THEIR RISKS WERE AND HOW ESCRICK MIGHT HELP THEM MANAGE THOSE."

TRISTAN PRICE
CLM Senior Advisor



CLM is a land, business and property management consultancy.

It helps clients protect and grow their income and assets, improve their quality of life and create sustainable legacies. The 20-strong team includes land agents, business consultants, planners, valuers, environmental experts, agriculturalists, ecologists and property experts. From its headquarters in East Sussex, it supports clients nationwide as varied as family farms, landed estates, property developers and international investors. It offers a range of services relating to BNG and natural capital. As experts on the ecosystem services market and environmental schemes, the knowledge and insight of its consultants is frequently sought by journals such as Farmers Weekly, the Financial Times, Property Week and Inside Housing.

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