

Information correct as at 10:00 am on 10.12.2021

- SFI launched to cover arable and horticulture, grassland and moorland
- Introductory and Intermediate levels available from 2022
- Agreements to be made on parcel or field level and last for 3 years
- Payments available for Animal Health and Welfare Reviews

Defra have issued an update relating to the Sustainable Farming Incentive (SFI), outlining how the scheme will be rolled-out in 2022 and how it will expand during the transition period.

The Sustainable Farming Incentive (SFI) is the first scheme to be rolled out in England as part of the Government's Environmental Land Management scheme and applies to England only. This is the first major step in the replacement of the previous support schemes funded by the EU.

It is still the intention that the SFI is aimed at farmers, with the Government having an ambitious target of an uptake of 70% of English farms and farmland by 2028.

Only three standards will be available in 2022 with more standards being available incrementally over the coming years.

Who is eligible?

The scheme is open for all farmers who are eligible for the Basic Payment Scheme (BPS).

The Government intend to broaden the scope of the scheme in the future, reviewing the inclusion of non-BPS claimants, but this is not likely to happen before 2024.

Eligible land must be in England with cross border parcels not eligible for the scheme during the early roll-out.

How will it work?

The scheme will work at land parcel level meaning that SFI application will be down to field level. This means that farmers will not be required to enter their whole farm into the scheme, but can choose which parcels of land they use. Whole parcels will be required, however, some exceptions exist where the complete parcel cannot be used i.e., if a field is part woodland.

There is no minimum or maximum amount of land that can be entered into the scheme provided the eligibility criteria are met.

Land already entered or to be entered in schemes offered by the private sector can still be subject to a SFI agreement, i.e., carbon trading, biodiversity net gain, etc, and claims made on the same piece of land. This will be reviewed on an annual basis after 2022 and the rules may change as the private sector grows.

How long will a SFI agreement last for?

Agreements will last for three years with some flexibility for amending every 12 months from the start date. Flexibility is reserved for increasing the ambition level and scope of the activity and only in exceptional circumstances could the activity be reduced.

The intention is that farmers will be able to start with a small commitment and grow it incrementally, both in ambition and scale, during the agreement term.

It is the expectation that farmers will renew their agreements after the three years.

What if I am a tenant?

The SFI is available to those who have management control of their land including tenants. Provided that the management control of the parcel of land extends to the agreement's duration of three years the land is eligible. There is no requirement to demonstrate that the tenant has the landlord's permission before entering a SFI agreement.

SFI agreements can also apply to common land via group agreements.

What is available?

No capital payments will be available during the early roll out of the scheme, it is likely that they will become available in later years.

The standards available in 2022 are:

- the Arable and Horticultural Soils standard
- the Improved Grassland Soils standard
- the Moorland and Rough Grazing standard (introductory level)

An annual animal health review for livestock farmers is also available.

The soils standards are designed to go beyond regulatory and best practice, rewarding farmers for improving soil health, structure, and organic matter. There are two ambition levels for the soils standards, introductory and intermediate, with the advanced level available from 2023 onwards.

Payment rates for the Arable and Horticultural Soils standard are £22/ha at the introductory level and £40/ha for intermediate.

Introductory level (£22/ha):

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 70% winter cover to protect soil:
 - at least 70% of land in the standard must have green cover over the winter months (Dec-Feb)
 - this can include any green cover, including autumn sown crops and weedy stubbles
- addition of organic matter:
 - add organic matter to 1/3 of the land in the standard each year
 - this can include any organic matter, including sown green cover crops

Intermediate level (£40/ha):

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 70% winter cover to protect soil:
 - at least 70% of land in the standard must have green cover over the winter months (Dec-Feb)
 - this must include land with multi-species green cover – covering at least 20% of total land in this level of the standard
- addition of organic matter:
 - add organic matter to 1/3 of the land in the standard each year
 - this will include multi-species green cover grown under the cover crop requirement above, plus the rest made up of other ways to add organic matter as per the introductory level

Payment rates for the Improved Grassland Soils standard is £28/ha is for the introductory level and £58/ha for intermediate.

Introductory level (£28/ha):

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 95% green cover to protect soil (no more than 5% bare ground over winter)

Intermediate level (£58/ha):

- test soil organic matter
- undertake a soil assessment and produce a soil management plan
- 95% green cover to protect soil (no more than 5% bare ground over winter)
- Establish or maintain herbal leys to improve soil health on at least 15% of land in the standard

Further details on the soils standards and their requirements are available [here](#).

The Moorland and Rough Grazing standard is only available at the introductory ambition level in 2022, with intermediate and advanced coming in future years. Only land above the moorland line is eligible. The standard is yet to be finalised but is likely to encompass the assessment of the soils and habitats of moorland. An indicative payment level of £148 fixed per agreement per year, plus additional variable payment rate of £6.45 per hectare has been announced.

Payments under the standards will be made in equal quarterly instalments starting three months after the start of the agreement.

How to apply

The window will open in 2022 although it is not confirmed exactly when. There will be a 10-week window for applications. It is likely that in later years farmers will be able to apply throughout the year rather than in a set timeframe.

It is the intention that farmers will be able to apply for the SFI themselves, presumably via RPA but precise details are not yet available.

How will activity be monitored on farm?

Defra have made it clear that they want the monitoring to be less onerous for farmers than under existing/previous schemes supported by EU funding.

Farmer self-assessment will form the initial part of the agreement monitoring whereby farmers submit an annual declaration for each year of the agreement confirming delivery of the activity. The self-assessment will be supported by checks on the delivery and remote monitoring (e.g., satellite imagery).

Animal Health and Welfare Review

In 2022, SFI will fund a yearly farm visit from a vet or vet-led team – the Annual Health and Welfare Review.

The Annual Health and Welfare Review is the first step on the Animal Health and Welfare Pathway. It is designed to:

- help reduce endemic diseases and conditions within livestock
- promote responsible use of veterinary medicines
- improve welfare and increase farm productivity

- build on the strong relationships that exist between farmers and vets

Who is eligible?

The offer will initially be available to farmers in England who are:

- keepers of cattle, pigs and sheep with more than 50 pigs, 20 sheep or 10 cattle
- currently eligible for BPS

Payment rates

The payment rates for the Annual Health and Welfare Review have been refined based on the priority testing required in collaboration with farmers and vets. The rates (per review) will be:

- pigs - £684
- sheep - £436
- beef cattle - £522
- dairy cattle - £372

Next steps:

Further guidance will be issued ahead of the scheme's launch in 2022.