

New details emerge on progress of SFI scheme

Land agent and surveyor expert, **Hugh Townsend**, takes a closer look at how the new Sustainable Farming Incentive (SFI) shapes up



THE Environmental Land Management (ELM) scheme, long-awaited successor to the Basic Payment Scheme (BPS), will at first take the form of three new schemes. These are the Sustainable Farming Incentive (SFI), Local Nature Recovery and Landscape Recovery.

Of these, the SFI is intended to be the most applicable to the majority of farmers. The SFI will pay farmers to manage land in an environmentally sustainable way. It will provide 'public money for public goods' for actions that may not otherwise be supported in the marketplace.

It aims to achieve this via creating 'standards' to be applied to certain land parcels. This will involve being paid to take agreed actions considered environmentally beneficial by Defra.

The imminent launch of the SFI pilot scheme has provided an idea of what some of the SFI will look like before it is rolled out. The following information is applicable to the first year of the pilot and may differ in following years. Pilot schemes are for testing and so changes are expected by 2024. With a high number of our clients involved in this pilot we look forward to sharing what we learn as our clients experience the scheme.

Standards

There will initially be eight 'standards' in the first year with two more to follow, more are expected as the scheme progresses. The currently available standards are:

- Arable and horticultural land;
- Arable and horticultural soils;
- Farm woodland;
- Hedgerows;
- Improved grassland;
- Improved grassland soils;
- Low and no input grassland;
- Water body buffering.

All except farm woodland will have a choice of ambition levels: introductory, intermediate, or advanced. These ambition levels represent increasing complexity of actions but also provide higher payments.

The 'Improved grassland soils standard' as one example will require these actions for each level:

Introductory level

1. Complete a soil assessment for texture/drainage/slope/connectivity to a waterbody on 100% of the land in the first year, then record and keep observations then review every two years. In addition, a soil assessment on 20% of land must be completed every single year for soil structure/biological indicators/organic matter.

2. Maintain the soil structure and alleviate compaction. Do not cultivate soil wetter than the lower plastic limit. Where there is compaction/run-off use sub-soiling and cultivations or rest the field.

3. Establish minimum 30% ground cover by December 1 when re-seeding temporary grassland on fields of high/very high risk of run-off or soil erosion or which regularly floods.

4. Avoid poaching on grazed permanent grassland. Limit bare ground to 10% or less for 30 days or less.

5. Manage grassland at high/very high risk of surface runoff or soil erosion or land that regularly floods. This would involve reducing stocking density when soils are wet, this will result in an extra £88/ha payment. Only re-seed by direct drilling or over-sowing, this provides an extra £56/ha.

Intermediate

In addition to the introductory measures, claimants must:

1. Manage grassland at moderate as well as high/very high risk of surface runoff or soil erosion or land that regularly floods. This would involve reducing stocking density when soils are wet and will result in an additional £88/ha. Only re-seed by direct drilling or over-sowing, this gives an extra £56/ha.

2. Use strip tillage or no-till on temporary grassland identified as high/very high risk of run-off and soil erosion.

Advanced

In addition to the introductory and intermediate measures, claimants must:

1. Produce a soil management plan to improve structure, soil carbon, and soil biology. Review the plan every two years.

2. Limit the field area that farm machinery travels on by setting up a controlled traffic or tramline system



> Farmers will be paid for delivering 'public goods' such as thriving wildlife or measures to tackle the effects of climate change

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or keeping traffic to the smallest possible area and not using the most direct route to the gate.

Payments

The table (*see below*) shows the payment rates for each standard based on the chosen ambition level. These figures are the rates paid out for the pilot scheme and may change in subsequent years.

Ambition levels can be agreed for each standard, the more complex actions receiving more money. It is possible to stack 'standards' onto the same parcel for example the arable land standard, arable soil standard, and hedgerows standard could each apply. As long as each standard is followed then three payments would apply to this parcel.

Applications

To qualify for a limited scheme to be rolled-out next year, you must be a BPS applicant and the land put forward must not already have an existing agri-environment scheme although it is acceptable to have land elsewhere on your holding in one. The complete scheme should be available in 2024. Land must be in England and not be common/shared grazing.

Based on the pilot scheme it appears the whole farm may not have to be put in the scheme and one may be able to choose which parcels to put forward. Different standards can be chosen for differ-

ent parcels, not all standards have to have the same ambition level but the ambition level for a standard applied across multiple parcels must be the same.

Capital grants

There will be capital grants available to help achieve actions in the chosen standards. For the pilot, at least, this will be up to £60,000 with £20,000 per option group.

Observations

There are some interesting points to take from the information released so far, assuming the pilot scheme is adopted unchanged going forward. If a parcel qualifies for a certain standard, then there is no reason it cannot be placed in the maximum advanced agreement. If it qualifies for several standards, they may all be advanced or some may be of lower standards, depending on what suits the farming system and the type of land. However, if a standard on one parcel is selected at a certain ambition level, then this level must apply to all parcels that select this same standard.

The funding for capital items appears less restrictive than under Countryside Stewardship capital only grants. For example, fencing appears to be available to allow standards to be met e.g. to manage grazing, rather than only in relation to watercourses.

When factoring in additional pay-

ments for completing certain actions, the total payment per ha from some standards is significantly higher than for others. Arable Standards can potentially receive a higher payment than Improved Grassland, however income would be affected to a greater degree. Arable Soils Standard for example can receive, £311/ha for converting 50% of land at high/very high-risk of soil erosion to permanent grass. When combined with the Arable Land Standard, there is potential for £484/ha plus £10/tree on a parcel when both standards are agreed at advanced ambition levels. Any hedges would add a further £24/100m and water at £34/100m under the Hedgerow Standard and Water Body Buffering Standard advanced ambitions. Granted this must be weighed up against the effect of losing arable income compared to the parcel being in grass or a less commercial crop.

If there is a high variability in arable produce it may in particular circumstances be worth losing this extra income for this more secure income and adding to or creating grass land or growing a less profitable crop. Interestingly there could be the potential to sell other improved environmental benefits not covered by SFI on the open market as demand is increasing from the public and industry to be more involved in environmental activity.

From 2022 there will be a further release of a limited number of standards under the scheme before a full roll-out in 2024. This will be available to all farmers who currently claim on BPS. The best option for each farm could be highly personalised and will partly depend on what 'natural capital' is available.

Early signs indicate that land classed as Non-SDA could be worse off in terms of payments once BPS is replaced by these schemes whilst land classed as SDA and Moorland may actually be better off. All the above is, of course, subject to ongoing consultations based on the feedback from the pilot scheme.

■ **Hugh Townsend, FRICS, FIAV, FCIARB can be contacted on 01392 823935 or htownsend@townsend-charteredurveyors.co.uk.**

Payment rates for each standard

Land use	Introductory Level Payment	Intermediate Level	Advanced level
Arable	£28/ha	£54/ha	£74/ha
Arable (soils)	£30/ha	£47/ha	£59/ha
Arable (total)	£58/ha	£101/ha	£133/ha
Improved grassland	£27/ha	£62/ha	£97/ha
Improved Grassland (soils)	£6/ha x	£6/ha	£8/ha
Improved Grassland Total	£33/ha	£68/ha	£105/ha
Unimproved Grassland	£22/ha	£89/ha	£110/ha
Hedgerows	£16/100m	£21/100m	£24/100m
Woodland Management	£49/ha	(not available)	(not available)
Waterbody Buffering	£16/100m	£29/100m	£34/100m