

SFI: fix the system, keep the principle

Opposition Day debate, 21 October 2026

The Sustainable Farming Incentive (SFI) is one of the main ways public money rewards farmers for delivering environmental public goods, including healthier soils, cleaner water and thriving nature, while supporting resilient food production. On 22 September, the SFI26 budget was allocated in under six hours, leaving thousands of farmers who tried to apply without an agreement. The delivery has failed farmers. The principle has not. Government must fix the scheme, not abandon it.

Summary

Sustain is asking parliamentarians to support:

- Keeping public money for public goods, with no return to area-based payments.
- Ending the first-come, first-served approach, with a fair, working application system and SFI27 open early in 2027.
- Making SFI work for horticulture and smaller farms.
- Using bundles of actions to support whole-farm change, not just individual actions.
- A properly funded SFI, with a farming budget that matches the scale of the transition required.

Our asks for SFI

1. Keep the principle of public money for public goods

The application system is not working, but public money for public goods is absolutely the right approach. There must be no return to area-based payments.

SFI should continue to pay farmers for environmental outcomes, rather than reverting to BPS-style untargeted area-based payments or paying farmers simply for producing food. Area-based payments handed the most money to the largest landowners, regardless of what they delivered. We support SFI's objectives of protecting and benefiting the environment alongside supporting food production and productivity.

Sustain is calling on the Government to:

- Reaffirm public money for public goods, and rule out any return to area-based payments.

2. End first come, first served

SFI26 Window 2 opened on the morning of 22 September and closed at 15:48 the same day, once the £233 million budget was allocated (Defra). Farmers part-way through applications cannot complete them. The CLA described "a scramble for thousands of farmers desperately trying not to be left behind". **Farmers need a fair and predictable route into the scheme**, rather than access depending on rushing to apply before the budget is allocated.

Sustain is calling on the Government to:

- Replace first come, first served with fair allocation that prioritises outcomes, small farms and expiring agreements, and open SFI27 early in 2027.

- Review the 22 September application process and the barriers farmers faced.

3. Make SFI work for horticulture and smaller farms

Horticulture is the part of farming most at risk from drought, and the extreme heat and drought of 2026 hit growers hard. It is also the most important for the population's nutrition in a crisis. The UK imports 80% of its fruit and 47% of its vegetables, and 18 of our top 20 supplier countries are moderately to severely vulnerable to climate change (The Food Foundation).

Yet SFI is designed largely around arable and livestock farming. Area-based payments can disadvantage horticultural businesses, which produce food on relatively small areas of land, and the SFI26 requirement for at least 3 hectares of agricultural land excludes some smaller growers altogether. SFI27 should provide a fairer route for these businesses to participate.

Sustain is calling on the Government to:

- Develop SFI actions designed for horticulture, including water efficiency, on-farm water storage, soil cover and integrated pest management, at payment rates that reflect the value of horticultural land.
- Open SFI to smaller growers and market gardens, including by reconsidering the 3 hectare threshold.
- Align SFI with the forthcoming Horticulture Sector Growth Plan, so growers can invest in drought resilience.

4. Use bundles to support farming-system change

Future SFI bundles should bring complementary actions together to help farmers make a coherent transition towards lower-input, more agroecological farming, rather than encouraging isolated actions without considering the farm system as a whole. The Farming Roadmap 2050 outlines the Government's intention to introduce bundles for some ELM actions.

Sustain is calling on the Government to:

- Reward farmers who combine SFI actions into whole-farm approaches, including organic and agroecological systems, with payments that reflect the greater outcomes delivered.

5. Match the farming budget to the scale of the transition

The Government allocated £310 million across the two SFI26 windows. The NFU estimates that this compares with more than £520 million in agreements due to expire, leaving a potential £210 million gap in replacement funding. We do not believe the current farming budget is sufficient to deliver the pace and scale of change needed. This should not mean continuing to reduce the SFI offer to meet demand. **It requires a wider Treasury decision on the overall farming budget** needed to support the transition to farming systems that are more resilient and balance food production, climate and nature.

What you can do in Parliament

- **Back public money for public goods** and ask the Minister to rule out any return to area-based payments.
- **Ask what will change for SFI27:** when it will open, how it will be funded, and how allocation will be made fair.
- **Press for an SFI that works for horticulture** and smaller farms, so growers can prepare for the next drought.
- **Press for a farming budget** that matches the scale of the transition needed.

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Sustain is a powerful alliance of organisations and communities working together for a better system of food, farming and fishing, and cultivating the movement for change. www.sustainweb.org