



## Changes to the Sustainable Farming Incentive: Briefing note Ahead of House of Lords debate on 25.01.24

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The Earl of Caithness has secured a House of Lords debate on changes to the Sustainable Farming Incentive (SFI) and the inclusion of species management within the Environmental Land Management (ELM) Scheme to support biodiversity and endangered species. These changes were announced by the Secretary of State for the Environment, Food and Rural Affairs at the Oxford Farming Conference on 4<sup>th</sup> January. Ahead of the debate, Link highlights the following points:

### **The changes announced on 4<sup>th</sup> January are largely positive for nature, but there is more to do**

The package of reforms includes premium payments for farmers who create and maintain some natural habitats. For example, this means that farmers who had been paid £182 per hectare for maintaining species rich grassland will now be paid £646 in Countryside Stewardship.<sup>1</sup> These increased rewards for some nature-friendly farming actions are welcome and will expand the contribution farmed landscapes make to the achievement of nature recovery targets in the Environment Act.

Further announcements, including a 10% increase in the average value of agreements in SFI and Countryside Stewardship, will help more farmers to enter ELM schemes.

However, it is critically important that farmers, once in ELM, are taken on a journey of increasing ambition for nature. There is a risk that farmers remain on SFI, the lowest level of ELM, picking free-choice, well-funded options that align with their existing farming actions. This will not deliver the widescale change in farming activity needed to restore declining wildlife populations<sup>2</sup> and achieve both nature recovery and net zero targets. If these targets are not met, farmers will struggle – climate and ecological breakdown is the primary threat to UK food security.<sup>3</sup>

Defra needs to publish a clear plan to ratchet up ambition each year, with spending on ELM designed to steadily increase the contribution farmed landscapes make to the achievement of nature recovery and net zero targets. The proportion of ELM spent on the most ambitious scheme for nature, Landscape Recovery, should grow to achieve this. Similarly, the amount of money spent within SFI and

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<sup>1</sup> <https://www.gov.uk/government/news/biggest-upgrade-to-uk-farming-schemes-introduced-by-the-government-since-leaving-the-eu>

<sup>2</sup> See for example hedgehog populations, which have suffered a catastrophic decline of up to 74% in some rural areas since 2000. More support through ELM for improved management of soils, farmland features and measures to boost habitat connectivity are essential to reverse this trend:  
<https://www.hedgehogstreet.org/wp-content/uploads/2022/02/SoBH-2022-Final.pdf>

<sup>3</sup> <https://www.wcl.org.uk/docs/Accelerating%20the%20farming%20transition%20for%20future%20food%20security%20-%20Link%20briefing.pdf>



Countryside Stewardship on high-value actions for nature must increase.<sup>4</sup> This will help ensure that the objectives of ELM are met and provide the certainty on the direction of travel that farmers need to plan ahead.

The amount of money spent supporting nature-friendly farming will need to increase substantially overall in order to fully meet the Government’s environmental goals and secure a thriving farming future. A 2023 ‘scale of need’ assessment commissioned by the RSPB, the National Trust and the Wildlife Trusts suggests that an extra £1 billion a year is needed to deliver sufficient habitat restoration to halt the decline in nature by 2030.<sup>5</sup>

### **Species management should not be funded through ELM**

We understand that the debate on the 25<sup>th</sup> is likely to cover a new offer within ELM to fund management of wild species that prey on farmland birds. This use of ELM money would be something of a distraction from the core objectives of the scheme; as confirmed in the State of Nature Report 2023, the decline in the abundance of farmland birds is primarily due to an increase in intensive farming practices, not natural predation.<sup>6</sup>

Predators are a marginal factor in farmland bird species abundance, for a few species only. The RSPB has studied these impacts in detail and found that predator control interventions are not sufficient to make a difference when carried out a farm level, as interventions funded by ELM would have to be.<sup>7</sup>

ELM should continue to be focused on supporting a switch to nature-friendly farming required to meet nature and climate targets, rather than funding interventions which are unlikely to contribute to those objectives.

### **Action on regulation is urgently required**

ELM is just one side of the farming coin. Funding to encourage nature friendly farming needs to be underpinned by a regulatory baseline, to prohibit actions that cause the most damage to nature.

That regulatory baseline is increasingly patchy, following the removal of cross compliance. Originating in the system of farm support that applied when the UK was a member of the EU, cross compliance was a set of rules which farmers and land managers had to follow on their land to claim under the

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<sup>4</sup> For example, the SFI payments for low/no input grassland remains at £152 per hectare. This risks creating perverse incentives for farmers to plough or fertilise their species-rich grassland - which is productive, biodiverse and carbon-rich farmland - in order to enter it into SFI options which pay more but deliver less for nature.

<sup>5</sup> <https://www.wildlifetrusts.org/news/more-investment-needed-for-climate-friendly-farming>

<sup>6</sup> [https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report\\_2023\\_FULL-DOC-v12.pdf](https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report_2023_FULL-DOC-v12.pdf)

<sup>7</sup> See Curlew Trial Management Project results 2023, <https://community.rspb.org.uk/ourwork/b/science/posts/the-curlew-trial-management-project>



previous Basic Payment Scheme (BPS). Cross-compliance dropped out of UK law on 1<sup>st</sup> January, leaving regulatory gaps in hedgerows, soil cover and watercourse rules.<sup>8</sup> No comprehensive new system has come forward to replace it.

The January announcements failed to include any action in this area. It remains unclear how robust rules will be established and how all gaps following the loss of cross compliance will be closed. The Government should implement a new regulatory framework, starting with the swift progression of replacement hedgerow protection proposals consulted on in Summer 2023.

### **Farmers need improved advice services**

The transition from BPS to ELM involves significant change and it is important that farmers are fully supported through this process. A key current advice service, the Farming Resilience Fund, is due to end in 2025. It should be succeeded by a Nature-Positive Farming Advisory Service, providing free support to farmers to help them engage with ELM, secure the most value out of this public funding and effectively deliver environmental outcomes. Advice is an effective way to enable farmers to put nature at the heart of profitable and resilient farm businesses.

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*Wildlife and Countryside Link (Link) is the largest nature coalition in England, bringing together 82 organisations to use their joint voice for the protection of the natural world.*

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<sup>8</sup> [https://www.wcl.org.uk/docs/assets/uploads/Cross\\_Compliance\\_Briefing\\_01.12.23.pdf](https://www.wcl.org.uk/docs/assets/uploads/Cross_Compliance_Briefing_01.12.23.pdf)