



Agricultural & Development Consultants, Chartered Surveyors, Auctioneers & Estate Agents
Oakleigh House, Thrapston, Northamptonshire NN14 4LJ

Professional Ponderings – July 2026

Agricultural

Sustainable Farming Incentives

As of the 3rd of July, DEFRA has confirmed that 50% of the £60 million available for the first application window of the Sustainable Farming Incentive 2026 has already been allocated based upon applications received so far. Window 1 opened on 30th June for smaller farms of up to 50 hectares, or those without an existing Environmental Scheme agreement. As with the previous SFI rollout, it is important to note that some actions are limited to 25% of the eligible area, and several payment rates have been reduced. Eligible applicants who do not apply during Window 1 will still have the opportunity to apply during Window 2; however, we strongly encourage anyone eligible to submit an application as early as possible, to maximise their chances of securing funding.

Any unallocated funding will roll into Window 2 due to open in September 2026 for all farmers and land managers. Farmers with existing SFI 2023 and SFI 2024 agreements should note that these agreements will continue under their existing terms, rules and guidance.

We have also received the welcome news that farmers with ELM revenue agreements due to expire will be able to apply for Window 2 of SFI 2026 before their existing agreements come to an end. However, DEFRA has yet to define what will be considered “due to expire soon” in relation to agreement end dates, so we are still awaiting further details.

In the meantime, now is the time to review current land use, identify which actions best suit your farm, check mapping and supporting information and consider compatibility with existing agreements in advance of Window 2 opening. If you are unsure which options are most appropriate for your farm, our Agricultural Team can help you review the available actions and prepare an application that suits your farm.

Capital Grants For Environmental Land Management

Alongside SFI, it is also worth keeping an eye on the 2026 Capital Grant offer, with applications expected to open in late July 2026. Guidance is now available on the GOV.UK website. These standalone three-year grants can work alongside SFI26 agreements, with £225 million of funding available to support environmental targets, improve long term resilience and fund one off capital investments. However, last year the funding allocation ran out less than a month after the opening of the application window and strong interest is expected again this year. DEFRA is going to advise when a quarter, half and three quarters of the funding has been requested but we strongly advise against waiting as it may be spent up at short notice.

Applications can include items from six groups: boundaries, trees and orchards; improved water quality; improved air quality; improved natural flood management; assessments; and improvements. Eligible projects include fencing, hedgerow and tree planting, as well as new options also available for pond creation and restoration and signage. A maximum of £25,000 is available for applications within the improved water quality and natural flood management groups and air quality groups, while a maximum of £35,000 is available for boundaries, trees and orchards, in line with previous Capital Grant rounds.

As in previous years, some Capital Grant items require support from your local Catchment Sensitive Farming Officer (CSFO) before an application can be submitted in July. These include concrete yard renewal, hardcore tracks and self-supporting slurry store covers, along with several other water and air quality items. At this stage it may be too late to arrange a CSF visit before applications open. Please note that if you have received CSFO support for these items in the last 2 years, you can use this support for your application.

To summarise, as an exact opening date has not yet been confirmed, it is important that if you are interested in applying for any of the grants or environmental options, you start preparing now. We strongly recommend checking that your field parcels are up to date and any supporting documentation is ready for submission so you're ready to submit as soon as the window opens in July, helping you make the most of the limited funds available. Preparing maps and draft applications in advance will also put you in a strong position to submit your application promptly when the window opens.

If you need any assistance with any of the above grants, then please do contact the Agricultural Team on 01832 732241.



Rob Russell
Agri-Business Consultant