

## Sustainable Farming Incentive and Countryside Stewardship for Organic Farmers

With the Sustainable Farming Incentive (SFI) options, requirements and payment rates confirmed, organic farmers can now benefit from government support for their organic farm management. Countryside Stewardship (CS) also offers payments for organic farm management. The two schemes can be brought together to enhance the delivery of public goods by organic farmers.

This OF&G Technical Leaflet has been prepared by William Waterfield of the Farm Consultancy Group to explain how SFI and CS payments can work together to deliver the environmental outcomes of the multi-functional organic farming system.

We asked the Farm Consultancy Group to calculate the SFI and CS payments that might be expected on two 'Case

Study' farms: one predominantly livestock and the other predominantly arable. The farm size chosen was 210 Hectares, the average size of organic farms certified by OF&G.

Both farm types ensure a nutrient balance through a diverse rotation including legume-based pastures and green manures for fertility building.

If you would like to know more about organic certification or standards, or for further information on organic, contact OF&G on [info@ofgorganic.org](mailto:info@ofgorganic.org).

Contact William Waterfield of the Farm Consultancy Group ([w.waterfield@fcgagric.com](mailto:w.waterfield@fcgagric.com) | 07785 530487) for further information on SFI CS applications, or if you would like to explore how SFI and CS can work together to help you deliver a better environment through your organic farming.

*This information is correct to the best of our knowledge at the time of publication and is for guidance. Please ensure that you take the necessary advice before submitting an application and refer to the relevant pages at Gov.uk for any subsequent SFI or CS updates.*

### Stacking and combining SFI payments with Countryside Stewardship Payments - A guide for organic farmers

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#### 1. SFI options and payments for organic farmers

DEFRA announced the 2023 Sustainable Farming Incentive (SFI) options in June, applications can be made from September 2023. There are a total of 23 options to choose from and a handbook that runs to 159 pages. Defra has said that more SFI standards will be introduced in 2024 and that these can be added to the agreement on its anniversary.

The SFI is aimed to act as the entry point for environmental stewardship with payments ranging from £5.80 / ha to £732 / ha; more than replacing the Basic Payment Scheme. Unlike Countryside Stewardship (CS) agreements which are for 5 years, SFI agreements run for three years. The SFI is not competitive: submit a valid application and, subject to the discretion of the RPA and if your application is granted, you will receive the money quarterly in arrears. The SFI is supposed to complement Countryside Stewardship, and many of the SFI options can be stacked on CS options unless they are doing the same thing. See the next section on stacking SFI and CS options and payments.

For lowland farmers the SFI options fall into eight categories with each category having various actions. The 2023 scheme replaces the 2022 SFI for soils, and participants in the 2022 scheme will be compensated for its closure.

The Sustainable Farming Incentive aims to be less proscriptive than Countryside Stewardship and in many cases the aims of similar options are nearly identical. The SFI has an expectation that the farmer will manage the option 'in a way that could reasonably be expected to achieve this action's aim'. Organic maintenance payments OT1, OT3, OT4 and OT5 (and the corresponding conversion options) can be claimed in parallel with relevant SFI payments, and whilst many of the SFI options duplicate CS options, there are subtle differences in the two schemes which need to be understood.

On the downside, SFI has a limited range of options to support nature, in particular options around improving existing habitats and helping bring about habitat change. There are no capital payments in SFI, however with CS capital only grants available



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to organic farmers this may not be an issue that would stop organic farmers joining the SFI.

For the first time the SFI includes a yearly payment of £20 /ha for up to the first 50 ha - a maximum payment of £1,000 per year, to help with the preparation of the application and the ongoing implementation of the SFI. Additional payments are available for assessing the condition of hedgerows, assessing the condition and testing soils for organic matter, assessing the condition of moorland and preparing a plan. Two of the most agronomically important SFI options are for *Integrated Pest Management (IPM)* and *Nutrient Management (NUM)* both of which have an annual payment for their preparation and annual review.

The SFI may be more attractive than a current Countryside Stewardship option and DEFRA has announced that they plan to allow farmers to opt out of existing Stewardship agreements if they are entering an SFI option that has the same outcomes.

The SFI includes several options that are direct alternatives for existing CS options, however, in general the SFI option is likely to be less proscriptive and run for three years and not five as with CS Agreements. **Table 1** shows the SFI options on two case study farms of 210 hectares – one predominantly livestock, the other arable. Both achieve a nutrient balance through the use of legume-based pastures and green manures and effective management and recycling of the nutrients in animal manures.

**Table 1: SFI options on two organic farms: Livestock and Arable\***

			Livestock Farm		Arable Farm	
Agreement Level Options		Payments £ per Ha	Option Area	Farm Income	Option Area	Farm Income
	Agreement payment 50 Ha @ £20			£1000		£1000
<b>Annual Payment Options</b>						
SAM1	Assess soil, produce a soil management plan test soil organic matter and review annually	<b>£5.80</b>	210	£1,313	210	£1,313
NUM1	Preparation of a nutrient management plan and annual updating	<b>£589</b>	1	£589	1	£589
IPM1	Assess integrated pest management produce a plan and update annually	<b>£989</b>	1	£989	1	£989
HRW1	Assess and record hedgerow condition 10 km of hedges and review annually	<b>£3/100m</b>		£300		£300
SAM 3	Herbal leys	<b>£382</b>	50	£19,100		£0
SAM2	Multi species winter cover crops before spring cereals	<b>£129</b>	20	£2,580	50	£6,450
IPM 3	Companion crop on arable	<b>£55</b>	40	£2,200	70	£3,850
IPM 4	No use of insecticides on Arable crops	<b>£45</b>	40	£1,800	125	£5,625
NUM2	Legumes on improved grassland	<b>£102</b>	100	£10,200	40	£4,080
NUM3	Legume fallow	<b>£593</b>			35	£20,755
LIG1	Manage grassland with very low nutrient inputs of Improved permanent pasture	<b>£151</b>	20	£3,020	10	£1,510
<b>Annual Payments from SFI</b>				<b>£43,091</b>		<b>£46,461</b>
<b>Total Annual Payments £ / ha</b>				<b>£205</b>		<b>£221</b>

\* **NB It is assumed that:**

- SAM2: The crop of Spring Barley is preceded by a multi species winter cover crop
- IPM3: Spring Barley is undersown and Winter Beans are sown with a companion crop of clover or cereal
- IPM4 : That cereals and spring beans are the only eligible crops



## 2. Stacking SFI and Countryside Stewardship options

A key attraction of the SFI for organic farmers is that the SFI payments can be stacked on top of an existing Countryside Stewardship agreement unless the options are funding the same thing. For example, you can stack the Stewardship option BE3 *Hedgerow Management* with Sustainable Farming Incentive HRW1 *Assessing and Recording Hedgerow Condition* and HRW3 *Maintaining or Establishing Hedgerow Trees*. You can stack CS option OT3 *Organic Maintenance Rotational Ground* with SAM3 *Herbal Leys*. The combined payment in this case would be £514 / ha.

Likewise, you can stack IPM3 *Companion Crops* (£55/ ha) with IPM4 *No Use of Insecticides* (£45 / ha) on any OT3 land. An undersown cereal or a bi-crop of a cereal and a protein are

obvious examples of companion crops.

Clearly, it is not possible to stack SFI arable options on land designated as permanent grass or with stewardship options OT2 or OR2

The starting point for many organic farmers will be to see where the easy wins are and which options may fit with an existing CS agreement and the farming system. **Table 2** shows two example organic farms of 210 ha, with a CS agreement which started in January 2023, where the cropping is either predominantly grass based or mainly arable. In this case the CS agreement has no part field options in place and is simply accessing organic maintenance options OT1 and OT3.

**Table 2: Current Countryside Stewardship payments on two organic farms: Livestock & Arable**

Crop	Cropping (Ha)		Existing CS Options	£ / Ha	Livestock Farm	Arable Farm
	Livestock Farm	Arable Farm			Total Annual Payment	Total Annual Payment
Winter Wheat	20	55	OT3	£132	£25,080	£26,400
Spring Barley	20	50				
Winter Beans		20				
Fertility Building		35				
Temporary Grass	100	40				
Herbal leys	50					
Improved Permanent pasture	20	10	OT1	£20	£500	£200
<b>Annual Payments from CS</b>	<b>210</b>	<b>210</b>			<b>£25,580</b>	<b>£26,600</b>

## 3. SFI and CS payments compared to the historic Basic Payment Scheme

The maximum historic Basic Payment Scheme (BPS) on 210 ha would have been £231 / ha £48,510. **Table 3** shows the comparison between the former BPS on these two case study farms with the payments now available in the SFI and CS.

Without taking any areas out of production the annual payment from the SFI for a livestock producer is £43,091 or £205 / ha,

and for an arable farmer £46,461 or £221 / ha. Depending on the options selected, the introduction of the SFI could more than compensate for the loss of the BPS income. When combining the Countryside Stewardship payments with SFI payments, organic farmers will be better off than they were under the BPS.

**Table 3 Income comparison between Basic Payment scheme Countryside Stewardship and the Sustainable Farming Incentive**

Payment	Cropping		Livestock Farm	Arable Farm
	Livestock Farm	Arable Farm	Total Annual Payment	Total Annual Payment
Historic BPS payments			£48,510	£48,510
<b>Countryside Stewardship</b>	<b>210</b>	<b>210</b>	<b>£25,580</b>	<b>£26,600</b>
<b>Sustainable Farming Incentive</b>	<b>210</b>	<b>210</b>	<b>£43,091</b>	<b>£46,461</b>
<b>Combined SFI and CS payments</b>			<b>£68,671</b>	<b>£73,061</b>
<b>Combined Payments per Ha</b>			<b>£327</b>	<b>£348</b>

For the livestock farmer, critical to maximising the payment will be the area that can be entered into the SAM3 *Herbal Leys* which pays £382 / ha; the key requirement being that you establish and maintain herbal leys (a mixture of grasses, legumes and herbs) for the period of the agreement and that 'you do it in a way that can reasonably be expected to achieve this action's aim'. The alternative, NUM2 *Legumes on Improved Grassland* pays £102 / ha. For the arable farmer NUM3 *Legume Fallow* with a payment of £593 / ha may be an attractive option remembering that 'you must sow a seed mix containing at least 6 flowering species including legumes' and manage the legume fallow neither by cutting nor grazing that the option is in place for, except to prevent blackgrass from setting seed or to control other annual grass weeds. The option

needs to be in place 'for a period of time that could reasonably be expected to achieve this action's aim.'

Lucerne, sainfoin or clover leys are important fertility-building crops for organic farmers and are eligible under the SFI NUM2 *Legumes on Improved Grassland* paying £102 / ha, and when stacked with CS option OT3, the total payment is £234 / ha. An alternative to lucerne or sainfoin being used exclusively for conservation, could be to stack IPM3 *Companion Crop on Arable and Horticultural Crops* at £55 / ha (so long as a companion / understory crop is established) and IPM4 *No Use of Insecticide on Arable Crops* worth £45 / ha together with the CS payment for OT3 of £132 / ha making the total payment worth £232 / ha.

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#### 4. Cover Crops

The CS option SW6 *Winter Cover Crops* pays £129 / ha - the same as SFI option SAM2 *Multi Species Winter Cover Crops*, the difference being that SW6 allows a single species to be planted by the 15th of September and includes some cereals, whilst SFI option SAM2 requires at least two species to be

well established by December and has to be maintained until the end of February, whilst SW6 can be destroyed from late January. Both options allow grazing as a method of destruction.

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#### 5. Hedgerows

Many organic CS agreements include hedgerows, BE3 currently pays £10 / 100m for each side of the hedge. The SFI option HRW1 *Assess and Record Hedgerow Trees* pays an additional £3 / side for assessing and planning how to improve the condition of a hedgerow. SFI option HRW2 *Manage Hedgerows* is the equivalent to CS option BE3 except that you can cut annually under SFI, as long as cutting is incremental (allowing the hedge to grow by 2" or 10cm between cuttings).

SFI option HRW3 *Maintaining or Establishing Hedgerow Trees* aims to establish and maintain hedgerow trees and pays £10 / 100m of hedgerows, where you have control over both sides of the hedge and including roadside hedges, there must be an average of 1 tree per 100m, and newly planted trees or growth being left to grow into trees can be counted. Therefore, 100m of hedge, where you have control over both sides, could be worth £36 under SFI or SFI and CS combined.

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#### 6. Permanent Grassland

Permanent grassland has in many cases been poorly rewarded under Countryside Stewardship with a limited range of options, and many organic farmers only claiming OT1 with a payment of £20 / ha and unable to claim GS2 due to the need for species diversity and restrictions on mechanical operation between 15 March and 30 June, and the prohibition of at supplementary feeding. The SFI option LIG1 *Manage Grassland with Very Low Inputs* has identical payments to GS2 of £151 / ha, but the cutting restriction is for seven weeks prior to mowing whilst supplementary feeding is permitted.

The alternative for long term rotational pasture with a land use code of TG01 is NUM2 *Legumes on Improved Grassland*, which pays £102 / ha and is available on improved permanent pasture and requires that you manage the option in a way that 'can reasonably be expected to achieve the actions aim'. There are no cutting or supplementary feeding restrictions. Improved pasture with a land use code of PG01 claiming CS options OR1 and SFI option NUM2 would be worth £289 / ha whilst for the converting farmer claiming OT1 the payment would be £122 / ha.

#### William Waterfield FBIAC FACTS

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#### Sources of Information:

Organic Research Centre Organic Farm Management Handbook 2023 <https://www.organicresearchcentre.com/resources/the-organic-farm-management-handbook/>

Defra SFI Guidance <https://www.gov.uk/government/collections/sustainable-farming-incentive-guidance>

Defra SFI Handbook <https://www.gov.uk/government/publications/sfi-handbook-for-the-sfi-2023-offer>

Defra SFI Organic Payments leaflet <https://defrafarming.blog.gov.uk/wp-content/uploads/sites/246/2023/06/Defra-SFI-Organics-Laflet-June-2023-1.pdf>

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