

Land Business Update

Week commencing 23 February 2026

Farming & food

SFI 2026 – more details announced

The Secretary of State Emma Reynolds provided some more details of the 'reset' scheme at the NFU Conference. Key points are:

- The aim of the scheme remains to deliver environmental benefits alongside food production. An element of the scheme design to achieve this is the cap on actions that can take land out of production, which is set at 25% of the area of a farm across 10 actions.
- A simpler and fairer design, which means two application windows (see below) and a reduction in the number of actions (from 102 to 71). Funding is being redirected to support more agreements. This will be done by only allowing one SFI 2026 agreement per farm business and there being a cap or maximum of £100,000 per year that can be claimed per business. NB This cap only applies to SFI2026 agreements, not other agri-environment schemes. The government says that only about 4% of existing SFI agreements exceed this cap so it will not affect many. It is not clear whether the 4% include commoners' agreements, which often do exceed this due to the scale of land covered.
- Two application windows – June for small farms (now defined as 3 to 50 hectares) and farms without an existing ELM agri-environment agreement, and September for everyone else. Each window will be open for two months or until the budget is allocated.
- Some payment rates have been revised down (including winter bird food, herbal leys and legume fallow) and others up (including a number of upland actions).
- Agreements will last for three years, in order to allow farmers with shorter tenancies to apply.

Reaction has been generally positive. There are however a number of key elements still to confirm, the biggest of which is what the total budget for the scheme is and how it will be split between the two windows. This will be of great interest to many as each window will shut once its budget has been allocated. Defra and the RPA know that this is likely to lead to a rush of applications once each window opens and they are considering how to deal with this, in terms of scheme administration. The government's ambition is that SFI will now be 'broadly stable' for the rest of the parliament, but there may be some 'tweaks' but not as significant as this 'reset'. If you have any questions about the scheme or would like to start planning an application in advance of the windows opening, please contact your local farming team or [Natalie Gaibani](#), our head of farming.

ELM capital and farm equipment grants confirmed to reopen in 2026

The government has also confirmed that three grants will reopen this summer:

- ELM Capital Grants – this grant provides funding for capital works on farms including tree planting, hedgerow restoration and water quality improvements. £225m is available, up from £150m in 2025. It opens in July 2026 and is likely to be very popular. The government is going to provide updates when 25%, 50%, 75% of the budget is allocated and it will shut once it is fully spent.
- Farming Equipment & Technology Fund (FETF) – this grant (of up to £25,000) funds equipment to increase productivity, improve slurry management and strengthen animal health & welfare. £50m is available. It opens on 17 March and closes after six weeks on 27 April.
- Farming Innovation Programme – this is a research and development (R&D) grant for agricultural ideas. £70m is available, which includes £30m for the ADOPT competition, which trials practical solutions and tries to accelerate uptake of innovations. It opens on 9 April.

Again, if you have any questions about the schemes or would like to start planning an application in advance of the grants opening, please contact your local farming team or [Natalie Gaibani](#), our head of farming.

The government has said that this will be the final round for these grants in this format, although we expect them to be combined and simplified in future years as the current suite of grants has been confusing.



Natural capital & environment

Sweet chestnut blight confirmed in fresh outbreak in Devon

This disease, which is usually fatal to European and North American sweet chestnut trees, is spreading in the UK. It has almost wiped out North America's sweet chestnut population. Symptoms include cankers on bark (cracking, brown patches), wilting of leaves on branches and visible orange spores. It is classified as a quarantine pest, which means that action needs to be taken if it is detected. The Forestry Commission has asked for everyone, but especially tree owners, to look out for signs of the disease and to report any possible sightings using the [online portal TreeAlert](#) or through a Plant Health Inspector.

UK Green Building Council launches its Nature Positive Framework

The UKGBC is an impressive industry network, with over 700 members, that aims to transform the sustainability of the built environment by influencing behaviour and policy. The launch of this Framework is significant as it signals the recognition that buildings – new and old – should take into account the impacts on nature of their use of materials, as well as carbon emissions. The framework is a useful and practical tool to integrate nature into building projects and into how organisations operate. One of the most critical shifts is the focus on considering the impact of the supply chains of materials used in buildings. We cannot call a project 'green' if its materials are depleting ecosystems elsewhere. It also makes the point that nature loss is a material financial risk, with 50% of the global economy moderately or highly dependent on nature and that up to 30% of biodiversity loss globally is linked to the built environment, largely driven by material extraction. If you would like to discuss the Framework or sustainability in general, please contact [Donna Rourke](#), Head of ESG and Sustainability at BNP Paribas Real Estate and Strutt & Parker.

A landmark moment for nature in Wales, says Huw Irranca-Davies

The Welsh government has passed the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill, which the Green Alliance calls a 'big win for nature'. It creates a new framework for setting legally binding biodiversity targets and the creation of a new independent watchdog. The new Office of Environmental Governance Wales will, according to the Green Alliance, restore a post-Brexit accountability gap, giving communities the power to raise concerns when environmental law is not upheld. The environment in Wales is in a very poor condition, with almost 20% of species facing extinction and only 40% of water bodies achieving good status.

Rural economy & property

Local government finance settlement continues to fund rural places less than urban ones

Urban councils continue to receive significantly higher levels of government spending per head than rural councils, according to analysis of the Final Local Government Finance Settlement for 2026–27 to 2028–29 by the Rural Services Network (RSN). Currently, urban councils receive ~ 32% more per head than rural councils and this gap is expected to grow, not lessen. And this is despite rural residents paying around 17% more per head in council tax than urban residents (in 2026–27). The RSN has also questioned how some funding is allocated, saying that it is based on outdated data and that it is used inconsistently; it has long campaigned for fairer allocation of spending, based on populations and the full costs of delivering services in remote and rural areas.

Record year for heat pump installation in the UK in 2025

Over 125,000 heat pumps of various types were sold, a 27% increase on 2024's level, although the rate of growth in sales has fallen (back from 56% growth in 2024). Over 1 in 3 of the pumps installed are made in the UK. Annual growth will need to be ~ 33% each year in order to hit the government's target of 450,000 heat pumps installed per year by 2030, set in the Warm Homes Plan.

Threat to delivery of affordable homes in the revised National Planning Policy Framework

Proposed changes to Section 106 requirements on developers that would remove the requirement to provide affordable homes on medium-sized sites (10–49 homes) will significantly reduce the delivery of affordable housing, according to the National Housing Federation. The Federation says that almost 10,000 affordable homes delivered during this period would not have been built without these requirements. The Federation represents housing associations which often buy and then manage these homes. It



says that these homes are, “a lifeline for local delivery and for keeping smaller [affordable homes] providers active and viable in their communities, especially in rural areas.” The Rural Services Network has also criticised the proposed change.

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