

# **Scottish Organic Stakeholders Group (SOSG)**

## **Report and recommendations of the subgroup: Facilitating organic conversion and maintenance May 2022**

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## **1. Introduction**

Organic production accounts for around 2% of the total of agricultural land in Scotland. The most recent statistics from the UK Government (DEFRA) for 2020 suggest the total is currently 1.7% or 95,700ha<sup>1</sup>. That is considerably down from the 7.7% recorded in 2002. At that time, Scotland accounted for 58% of the total organic land in the UK.

The SNP manifesto <sup>2</sup> for the 2021 Scottish Parliament elections included a pledge to address this decline by committing to “double the amount of land used for organic farming - and double the amount of organic produce that comes from Scotland, with a focus on more of it being used in public sector food procurement”.

That was followed up by a pledge in the post-election Scottish Government/Scottish Greens shared policy programme <sup>3</sup> to support the growth of the organic farming sector through the establishment of a new Organic Food and Farming Action Plan with “ambitious targets for at least doubling the area of land under organic management by the end of this parliamentary session”. This pledge was carried through into the 2021/22

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<sup>1</sup> Organic farming statistics [Organic farming statistics 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/organic-farming-statistics-2020)

<sup>2</sup> SNP manifesto 2021 [SNP 2021 Manifesto: Scotland's Future, Scotland's Choice — Scottish National Party](https://www.snp.gov.scot/manifesto)

<sup>3</sup> Scottish Government/Scottish Green shared policy programme [Scottish Government and Scottish Green Party - Shared Policy Programme - gov.scot \(www.gov.scot\)](https://www.gov.scot/consultations/organic-farming)

Programme for Government <sup>4</sup>and the Scottish Government's Vision for Agriculture, published in February <sup>5</sup>.

These commitments to growing organic farming in Scotland have been made in the context of the EU Farm to Fork strategy, which aims to increase the total amount of land farmed organically across the EU to 25% by 2030, with all member states producing an Organic Action Plan.

The Scottish Organic Stakeholders Group (SOSG), which includes a broad range of stakeholders, has been engaging with the Scottish Government on the development of a new Organic Action Plan for Scotland, building upon previous plans from 2016-20 and 2011-2016.

## **2. SOSG sub-group on organic conversion and maintenance**

The SOSG set up four sub-groups covering Public procurement of organic food, Developing supply chains and markets for organic produce, Developing research/training/advice to support the organic food sector, and on Organic conversion and maintenance. Each group is compiling a report with recommendations to form part of a combined, final report from the SOSG for the Scottish Government to consider as it develops its new Organic Action Plan for Scotland.

The sub-group on organic conversion was co-chaired by David McKay, head of policy at the Soil Association Scotland and Joanna Sinclair, membership support officer from SOPA. The group had input from Scottish Land and Estates, Garden Organic, the Organic Growers Alliance, Nourish Scotland, Landworkers' Alliance, OMSCO, Balcaskie Estates, several producers and representatives from the Scottish Government's Agricultural Policy Division, and the Scottish Government's Rural Payments and Inspections Division (RPID).

## **3. Our remit and approach**

The sub-group was asked to take stock of the current position in Scotland, discuss the barriers to organic conversion in different sectors and provide recommendations for making the process more accessible and attractive. The first meeting focused on gathering perspectives on current barriers to conversion. The second meeting focused

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<sup>4</sup> Programme for Government 2021/22 [A Fairer, Greener Scotland: Programme for Government 2021-22 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/programme-for-government-2021-22/pages/1-10.aspx)

<sup>5</sup> Scottish Government Vision for Agriculture [Sustainable and regenerative farming - next steps: statement - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/sustainable-and-regenerative-farming-next-steps-statement/pages/1-10.aspx)

on the data/information that is available on the organic sector in Scotland, what the gaps are and who should be tasked with filling those gaps. There was also a discussion about the Scottish Government's ambition to remain aligned with changes in regulation and policy at EU level, and the policy implications of introducing a UK Common Framework on organics and a new Four Nations Working Group on organic production. The third and final meeting was to discuss the draft report and recommendations.

#### **4. The need for culture change**

It was agreed by the sub-group that delivery of the Scottish Government commitment to double the amount of land managed organically will require a culture change to mainstream organics and give farmers, crofters and land managers the confidence to convert.

We believe the Scottish Government has a role to play in this culture change, both to encourage conversion to organic farming and to promote the consumption of organic produce. This work on culture change must happen as 'stage one' of a three-stage process.

The second stage requires the government, along with certification bodies and advisory services, to help those interested to make the change (the conversion process) and, once certified organic, to stay there (i.e. with ongoing maintenance funding and support/advice).

The third stage is examining where the blockages are (for example, the lack of processing facilities, the gaps in the supply chain), and addressing those.

The sub-group recognised that some of this crosses over into the work of other SOSG subgroups, but felt it was important to reflect on the bigger picture including, for example, the challenges and barriers to organic conversion around public procurement and supply chains.

Those entering the organic conversion process know and accept that there is considerable (and often unavoidable) uncertainty and risk. Making do without artificial inputs or routine antibiotics, for example, involves an element of experimentation.

We should acknowledge and celebrate the experiences these farmers and crofters accumulate and the skills they develop in this process.

## 5. Barriers to organic conversion

The Soil Association Organic Market Report (OMR) 2022 <sup>6</sup> found that, across the UK, land in conversion is not keeping pace with the growth in demand for organic produce. This has resulted in the gap being filled by imported goods, rather than produce grown and processed domestically.

According to the OMR, there were 541 certified organic producers and processors in Scotland in 2021, compared to 4,307 in England, 701 in Wales and 205 in Northern Ireland. In order to meet the Scottish Government's aim of doubling the amount of land farmed organically by 2026, hundreds of businesses may have to convert to organic. The Programme for Government commitment (2021) does not mention doubling organic produce in addition to doubling organic land, which was in the original SNP manifesto for the 2021 election. Doubling organic produce from Scotland would likely require a balance of larger farms and smaller, intensive market garden enterprises.

Funding to support organic conversion in Scotland is available through the Agri Environment Climate Scheme (AECS), which was extended to 2024 by the Scottish Government. Businesses applying for organic conversion should be registered with RPID on the Land Parcel Identification System and have an Organic Viability Proposal endorsed by one of the UK-approved Certification Bodies.

The first subgroup meeting covered the question of barriers to organic conversion, with points raised around the conversion process, the associated costs, the issues facing small-scale and large producers, and farmers' attitudes to organics (full details in Section 8).

On the question of attitudes to organic, research carried out by the James Hutton Institute with the University of Aberdeen and the University of Reading examining stakeholder perspectives on agroecology (2020)<sup>7</sup> found there were negative perceptions of organic farming in Scotland, which was dismissed by most of those taking part in the study as "turning back time" or "not something that I am interested in". These negative attitudes to organics among producers are barriers to conversion.

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<sup>6</sup> Soil Association Organic Market Report 2022 (link) [Download the Organic Market Report 2022 | Soil Association](#)

<sup>7</sup> Using co-constructed mental models to understand stakeholder perspectives on agroecology <https://doi.org/10.1080/14735903.2020.1743553>

Again, this points to the need for a campaign around culture change and the introduction of a unified message that explains what organics is and does, and pictures it as part of the solution to the current nature and climate challenges.

## **6. Data and information**

The Scottish Government has routinely published annual statistics on organic farming, but has not done so since 2018, when the statistics for 2017 were published. The Rural and Environment Science and Analytical Services (RESAS) division confirmed to the subgroup that the 'Organic Farming in Scotland' publication was discontinued in 2018 and a Scottish Government team is currently involved in improving data collection and outputs across government. While this work takes place, the relevant teams currently rely on DEFRA's UK Organic Farming Statistics<sup>8</sup>. The Scottish Government has said that there are currently no plans to resume the collection of Scotland-specific organic farming statistics in the near future.

The Organic Research Centre is currently fundraising to update the popular Organic Farm Management Handbook (the most recent edition was 2017). This handbook is regarded as an important source of information. However, the data on Scottish small scale horticulture is very limited.

Other SOSG subgroups have recommended geographical mapping of available produce to help wholesalers, processors, retailers and producers see what is available in what locations. In terms of consumer data, the Soil Association Organic Market Report found that there has been a "significant shift" in attitudes through the Covid-19 pandemic, with health and environment now firmly embedded as key motivators for shoppers when buying organic produce. However, it is also clear just a few months into 2022 that this year will be extremely challenging for household budgets, with rising inflation and vastly increased energy costs likely to lead to yet further increases in food prices. This could yet have an impact on sales of, and demand for, organic produce.

The subgroup discussed what gaps there were in current data and information on the organic sector in Scotland (e.g. around import/export levels), and who should be responsible for gathering that data in future. It was agreed that anyone considering entering organic conversion should have access to up-to-date, Scotland-specific data to inform their decision, and that the annual production of Scottish statistics in this area should resume as soon as possible.

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<sup>8</sup> DEFRA organic farming stats: [Organic farming statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/organic-farming-statistics)

## **7. Our recommendations**

1. There is a role for the Scottish Government (SG) to help bring about the culture change that is required with clear and consistent promotional messaging to encourage farmers to make the switch to organic. Alongside this, there must be financial support and expert advice to support all stages of the process, including to retain the farmers, crofters & land managers who convert their businesses to organic in the longer term. This campaign should extend to consumers to encourage demand and market growth.
2. There must be a long-term commitment from the SG to maintain organic conversion and maintenance support. While the SOSG recognises the budgetary pressures facing the SG, we argue that the budget for organics should be protected - at the current rate or higher - to help deliver on the political commitment to double organic farmland during this parliament. Post 2024/25, the Agri Environment Climate Scheme - including payments for organic conversion and maintenance - should be integrated into the new farm payment system.
3. We have sought clarification from the SG around the current cap on support, particularly at the higher eligibility threshold. If necessary, rules should be reviewed to ensure that interested producers at either end of the spectrum are not dissuaded from converting due to lack of support. The new farm support system from 2024/25 should also ensure that holdings of any size qualify for support payments for organic conversion and maintenance, so that neither small-scale nor larger producers are disadvantaged from converting due to lack of support.
4. The SG should review its application processes, particularly around communications, regional consistency, the potential for a rolling application window, transparency of criteria for approval/rejection, and information around the support that is available during and following the application processes. This should include regular meetings of a small group (representatives from RPID, certification bodies and other producer or member organisations) to discuss queries, help disseminate information and respond to farmers/crofters more efficiently.
5. Certification bodies should review their processes and the way in which they are communicated. Improvements should be made where possible, while ensuring processes remain robust and retain their necessary rigour to uphold the integrity and trust in organic products for consumers.

6. The annual publication of data on the Scottish organic sector should resume as soon as possible, with the SG committing to work with the sector and certification bodies on what data is collected and how the statistics can be improved to provide robust and reliable information for those considering conversion. This should include joint working between the Scottish and UK governments to provide robust data on imports/exports of organic produce into and out of the UK, and into and out of Scotland.
7. Correct advice is crucial for both pre- and post- conversion planning as well as the funding application process. The Farm Advisory Service (FAS) is often generic and not sufficiently specific to organics; we propose that a review is conducted of the organic expertise of FAS staff to ensure that qualified and correct advice is being given impartially to Scotland's farms, crofters & land managers. As it stands, FAS can be used as a means of mainstreaming advice and to integrate organics into the wider agri-sector. Ultimately better signposting to all organic specialist advisory services that are available in Scotland and funding to upgrade and support them is needed.
8. The Four Nations Working Group (FNWG) on organics should take a collaborative approach, between the governments of the UK, and also with the organic sector. Groups such as the SOSG and the English Organic Forum should be represented on the FNWG to ensure the industry is engaged with proposed changes to policy or regulation in either of the four nations. The FNWG must also recognise and respect the differences in approach in the devolved nations, in particular the Scottish Government's stated ambition to remain aligned as closely as possible to changes in EU regulation.

## **8. Appendix 1: Organic farming and the tenanted sector**

The subgroup engaged with the Land Commission with regard to barriers to organic conversion within the tenanted sector.

In standard agricultural tenancies, the tenant is entitled to carry out activities that come within the definition of "agriculture" in the legislation. The tenant is obliged to comply with the rules of good husbandry, which essentially are about ensuring that the land is kept in good heart and in a good state of cultivation and fertility. While the tenant may



not be required by law to seek the landlord's consent to convert to organic, it would be considered appropriate to keep the landlord informed.

In terms of WayGo, the tenant is entitled to claim compensation for any eligible improvements made to the holding, and the landlord may, if a record of condition exists, claim for any dilapidations that have taken place since the record was made. Schedule 5 of the 91 Act sets out the improvements which may be eligible for compensation at WayGo. Organic certification is not included as an eligible improvement.

It is difficult to see why organic farming should be treated differently in respect of dilapidations. If the landlord is able to show that, since the record of condition was created, the condition of the land and fixed equipment has deteriorated beyond what would be considered to be fair wear and tear, then they might make a dilapidation claim.

In relation to organic farming and more broadly tenant farming, standards measured at WayGo are derived from the Rules of Good Husbandry and set out in the Agricultural Holdings Act (Scotland). WayGo picks up both Tenant Improvements (as defined by the Act) and includes Unexpired Manorial Values (UMVs) as a broad proxy for the health of the soil and the productive capacity of the land.

UMVs and existing models of Good Husbandry are no longer fit for purpose. Understanding of Soil Health has developed markedly since these issues were covered by the Act. It is now recognised that Soil Organic Matter [SOM] and the biological life of the soil are key elements in measuring Soil Health and are key factors in resilience in farming. SOM and Soil Health in general take a long time to develop and organic farming tends to lead to higher levels of SOM and better Soil Health because FarmYard Manure [FYM] is more often returned to the land and there is no use of agrichemicals which are often detrimental to soil health over time. We believe that tenants (on both organic and conventional farms) should be able to claim SOM (as a differential from a starting point) as a tenants' Improvement at WayGo. Other measures of biological Soil Health should also be included. This would encourage tenants to invest in soil health and give them a direct financial return from this investment at WayGo. This will apply to all tenancies but be of particular benefit to organic farms.

## **9. Appendix 2: Summary of Meeting One**

Key points raised in discussion were:

The rate of success for organic applications under AECS is very high. Unsuccessful applications are "almost always" due to administrative errors in the application, the

omission of supporting documentation or a fundamental misunderstanding of the requirements. Clarification and/or better communication around the reasons for not approving applications would be of benefit.

- Can the process be managed better before the beginning of a formal application? Is there a need for a separate pre-application vetting process? Could each RPID area office have an organic 'champion' who can be part of an information sharing network?
- By the time a funding application has been reviewed and approved by RPID, a producer still has the option to decline the contract offered. They can also reapply in future funding rounds closer to the point of being ready to begin conversion on farm if they need more time. Farmers need to know the outcome of funding applications as soon as possible prior to starting conversion, as it is vital to have time to plan and prepare.
- The on-farm process can be complicated. The funding time frames add to that complexity. Conversion can potentially introduce major changes and this can take a long time. Any effort to reduce the time lag between application to assessment, the start of the contract and beginning of conversion is appreciated.
- Better guidance around the application process is needed. Application windows should be timed to avoid busy periods in the farming calendar. A rolling funding application window could be beneficial.
- The Scottish Government's budgets are forecast on an annual basis at scheme level. Accepted application numbers affect the budget for each financial year, so they need to know if producers are accepting their funding contracts in the year following when the application was submitted. This would make a rolling application window difficult under the current operational capacity of AECS, but could be considered if organics moved to a system of "earned recognition" in the future rural support framework.
- The application window could be opened for a longer period. In order to meet the Scottish Government's target on doubling organically managed land, then applications in 2023 won't start until 2024 and the farms/crofts will only be fully certified by 2026 at the earliest (the end of the current Parliament).
- There is a need for more farm advice, with more support provided at the outset of the thinking about the conversion process and better sign-posting of that support.

It is recognised that this stage is one of cultural change as much as quantitative data consideration. Any advice provided must be correct in terms of how the system works, the key dates and requirements for conversion. There is a call for greater clarity in this messaging and a campaign aimed at changing the culture.

- It is not obvious to potential applicants what current certification bodies do. Applicants should be put in touch with a person who understands these issues at an early stage to talk things through (in confidence if preferred). Peer-to-peer support has been proven through knowledge exchange projects (e.g. KTIF) as an effective way of sharing information and experiences. Many farmers are willing to help, by offering mentoring or advice.
- The AECS conversion funding rule states that any land registered as fully organic since Jan 1, 2000 and then taken out of organic management is not eligible for the conversion funding payment rates again. Is that still appropriate? If a farm is sold, should this rule apply to the new owner if the previous owner was the one who made the decision to convert and then cease organic management?
- Keeping maintenance payments in place is essential to retain those who have converted and the knowledge & expertise of long-standing organic producers that can be passed on to new converters as well as continue to offer organic produce to the market. Of those who are successful and accept the initial conversion funding contract there is a drop-out rate of nearly 20% after five years. When SOPA gathers information about why organic producers exit the sector, the main reasons are natural succession (land taken back in-hand by landlord, next generation, retiral or death), inability to cope with the organic standards and financial costs. An increase in maintenance funding payments would help with retention figures. It is also important to consider how to give farmers, crofters & land managers the confidence to start conversion after funding is awarded. Figures from SOPA suggest that around 15% of applicants with successful AECS applications decline the funding contract offer and do not progress with conversion. We propose these applicants are asked why they refuse the contract and that more support & correct advice is given to help them to understand what they are committing to.

#### On attitudes to organics among producers

- There are perceptions about what constitutes 'real farming' and about what neighbouring farmers or others in the community may think e.g. if there are weeds in the fields, then you are not a 'good' farmer.

- There are misconceptions about what can and cannot be done when a holding is managed to the organic standards.
- There is a role for the Scottish Government and other bodies to properly explain to the public what 'organic' is.
- There are opportunities to champion the skills of organic farmers who cannot fall back on the drum of chemicals or the bag of fertiliser. There is also a case to be made for farmers to develop their own resilience through organic conversion, reducing their dependency on high-cost inputs and returning to being *in charge* of their own farm.
- Excessive "bureaucracy" is another barrier. There is a growing interest in regenerative farming, and while organic remains the only legally defined and certified system, for many, organic conversion can feel "out of reach".
- There remains work to be done with lenders/banks on the legitimacy of organics, to help farmers justify conversion as a sound commercial decision. Rising debt levels for farmers can make conversion less appealing, although it should be noted that current increases in input costs (particularly artificial fertilisers) are significantly changing the financial picture.

#### On cost

- Organic payments should not be driven downwards. From the numbers available, it appears clear that funding support is a key driver for the majority of producers who opt to convert to certified organic production.

#### On encouraging more small scale producers to go for certification

- Small producers can lose out on AECS (conversion payments) and other funding streams. There is a misconception that producers growing intensively on small areas are 'hobbyists'.
- There are barriers around processing small amounts of organic produce. Support is needed to build a whole supply chain.
- There is a need for more market information (this subject is revisited in meeting two) and for more marketing, promotion, pricing and shelving of organic produce.

- Smaller producers can perceive the application process as hostile/adversarial: the actual process is not so, but is robustly regulated (adhered to), and clear - this is essential to maintaining the reputation and high standards of organic production. This should be clarified to the public as part of the wide messaging.
- New government post-CAP farm support should include payment for ecosystems services and acknowledgement of emissions reduction, biodiversity gain and carbon sequestration from organic farming.
- There should be regional support for producers to collaborate. Consideration should be given to group certification for smaller-scale producers in a similar location. There is no provision for this in the retained law/regulation at present. Is there an appetite for this in Scotland?

#### On support beyond the initial conversion stage

- Many organic dairy producers have converted and then U-turned. Anecdotally this has happened mainly in the dairy sector and due to rises in animal feed prices which has also impacted on other sectors. Consideration should be given to how on-going support can be funded.
- There is a need for better signposting to information and help that is available.

#### On promoting conversion and the role of SG in this

- There should be clearer guidance on why organic is being promoted, and the Scottish Government should be working with all stakeholders on consistent and clear messaging around this.
- Organisations represented at the subgroup are willing to help share the Scottish Government messaging. There was recognition that there is good work in place already, but the messages are not getting to the right places. This is about mindset change in some organisations. It needs to be mainstreamed and it is recognised that this takes time.

### **9. Appendix 3: Summary of Meeting Two**

Key points that were raised in discussion:

- Qualitative data, particularly from larger producers, on why they have or have not converted, and what they perceive as the barriers would be useful.
- Markets for organic red meat are a challenge as only specific types of meat (not traditional breeds) tend to be bought up. There have been contradictory messages which have resulted in market insecurity. When the market is not mature, issues around confidentiality may affect price negotiations and that can create division.
- The English Organic Forum has found that a lack of organic product codes mean there is no reliable import/export data. DEFRA officials have agreed to look at this.

#### On pricing

- The public does not understand why organic is more expensive. There is a need for public messaging to explain this.
- The Soil Association Market Report is only available for a fee to non-licensees. Is this fee a barrier? Is it preventing some farmers/crofters/growers from making the decision to convert if they don't have reliable market data?
- Tracking data on very small scale growers who sell directly and/or locally is difficult. Information about large scale producers and markets is often not relevant to those growers.

#### On who should gather missing information

- The Soil Association is currently working with Scotland Food and Drink on a project to track the amount of Scottish/local produce in public settings (e.g. schools/hospitals).
- There is a new Scotland Food & Drink organic market development post (funded by the Scottish Government starting in May this year). This role is focused on gathering information about the current market which will address some of the gaps in data. But, it is important to be realistic about what can be achieved with a limited 12-month post. We recommend that it is extended to at least three years and keeps focus on concrete measures to expand the organic sector (not policy).

- RESAS or the SF&D Partnership Knowledge Bank could provide more data, though we would have to be specific about exactly what data was being sought. The representatives of the certification bodies were also asked about the possibility of collecting more information during annual inspections.

#### EU alignment issues and the provisional Common Framework on Organic Production<sup>9</sup>

- If Scotland can stay GM-free, that would be a good position for promoting Scottish exports, bearing in mind messaging for the export market is different from internal messaging around organics.
- The Soil Association raised the issue of the review of equivalence under the terms of the Trade and Co-operation Agreement (TCA) between the EU and the UK, which is due to take place by December 31, 2023. Any significant divergence would be cause for concern - for example, if there is not a single organic standard for the UK as a whole, then it is considered unlikely that organic produce could be included in any trade deal signed by the UK.
- Standards in other countries that the UK has agreed trade deals with, is negotiating with, or has an ambition to sign deals with (e.g Australia, New Zealand, the United States) are also concerning, e.g. there are queries around GM, acceptance of hydroponics and confined animal feeding.

The Scottish Government has responded to say that Scotland's policy on GM has "not changed". Current policy is to stay aligned, where practicable, with the EU, and the government is closely monitoring the EU position on this issue.

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<sup>9</sup> UK Common Framework on Organic Production [CP 596 – Organic Production Common Framework – Provisional Framework Outline Agreement and Concordat \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/102414/CP_596_-_Organic_Production_Common_Framework_-_Provisional_Framework_Outline_Agreement_and_Concordat.pdf)