

Action Plan to develop organic food and farming in England

Two Years On

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Foreword by the Secretary of State

It is now two years since the launch, in July 2002, of the "Action plan to develop organic food and farming in England". The plan was prepared following the recommendation in the report from the Policy Commission headed by Sir Don Curry¹ that there should be a strategy for organic food production addressing all parts of the food chain. The Action Plan was produced, as a major step towards such a strategy, by the Organic Action Plan group – a stakeholder group representing a wide range of interests.

Since July 2002 there has been much progress. One important headline is the substantial increase in the proportion of organic food supplied by UK farmers which, according to one estimate, has risen from 30% when the Action Plan was written to 44% today. Although there is still a long way to go, it is encouraging that, at this rate of progress we are on course to meet our target of "70% by 2010" (i.e. 70% of indigenous organic products UK sourced). For the first time the total retail market for organic products has exceeded one billion pounds in value. A number of major retailers have made a special commitment to the supply of local organic food.

An increase in supply will be assisted by the new support arrangements we have introduced for organic farming, including for the first time a payment for the continuation of organic methods in return for environmental undertakings. There is a new and generous aid for top fruit production.

And for the future we are proposing a new Organic Farming Scheme to integrate payments to organic farmers into the new Environmental Stewardship Scheme. Besides its practical support to organic farmers, this scheme will signal the importance of organic farming's stewardship role in helping to cherish our environment.

The organic sector can be proud of the progress it has made, but there is still much to be done and I wanted to take this opportunity at Two Years On to take stock and re-energise the commitment of all the stakeholders involved; to ask the Action Plan Group, "We have got so far but where do we go from here?" That is the reason for this report.

Defra continues to recognise that organic farming and food offer real benefits for the environment and many consumers value organic production methods and are prepared to pay a premium for food produced to organic standards. Organic food has an important contribution to make, alongside other sustainable farming methods, to the future prosperity of our countryside and the choices available to consumers.

This progress report has been produced with the Organic Action Plan Group, and I commend it, and its recommendations for further work, to all those involved in the production, preparation and sale of organic food. Defra will play our full part in achieving the goals set out in the report.



Rt Hon Margaret Beckett MP

¹ Farming & Food: A Sustainable Future. Report of the Policy Commission on the Future of Farming and Food. January 2002

Part 1 – Two Years On – The Action Plan to develop organic food and farming in England

What is the Action Plan?

1. The *Action plan to develop organic food and farming in England* was published in July 2002 to identify what is required to ensure stable and strategic growth for the organic sector. It sets out a series of practical measures that the Government and the food and farming industry can take to encourage a sustainable organic farming and food sector in England. The Plan was produced with the aid of a stakeholder Action Plan Group – the current membership and terms of reference are shown in the Annex.
2. The Plan is the first stage in a continuing strategy whose objectives are:
 - to develop the organic sector in line with consumer demand.
 - to maintain consumer confidence in the integrity of organic food, and to ensure that consumers have access to accurate information about the standards to which it is produced.
 - to encourage all parts of the organic food chain to work in partnership.
 - to provide organic farmers, growers and processors in England with the market information they need to develop their businesses successfully to ensure that consumer demand for organic produce results in tangible benefits for the English countryside and English wildlife, by increasing British farmers' share of the organic food market.
3. The Plan emphasised that success with delivery of these objectives does not rely only on the work of Defra or any other single body, but on everyone involved in the provision of organic food.
4. The rationale for the development of the organic sector is based on two things:
 - The environmental benefits that can be provided by the organic system of farming. Papers summarising these benefits are available on the website: www.defra.gov.uk/farm/organic/research.
 - The wish of many consumers to have the choice of purchasing foods produced organically, and where possible produced in the UK.

What progress has been made with the Plan?

5. Part 2 reports in detail on progress with the 21 Action Points. There are many areas of progress but the following highlights four of the most significant achievements.
 - **Market for UK organic food** – A key objective of the Plan was for the UK-produced share of the market for organic foods that can be grown here to increase to at least 70%, similar to the level for conventional produce. The Organic Action Plan Group subsequently recommended, and Ministers accepted, that this should be achievable by 2010. Since 2002, UK organic produce in the shops has increased significantly and is now 44% of total organic sales². This rate of increase is on target to reach 70% by 2010. Although there is a long way to go, much credit can go to those multiple retailers that have set out specifically to increase their level of UK purchasing.

² Soil Association: Organic Food and Farming Report 2003, ISBN 0 90520 95 0

- **Support for Organic Farming** – In June 2003 Defra introduced for the first time a scheme providing on-going support for organic farmers after the ending of conversion and also a much increased payment for top fruit production (apples, pears, plums etc). The Department intends to introduce in 2005 – subject to approval from the European Commission – an on-going payment for organic farming as part of the new Environmental Stewardship Scheme. The rate for organic farmers under this Scheme will be £60 per hectare in recognition of the additional environmental benefit which organic farming provides. This is twice that of the comparable rate for conventional farming. Aid for conversion to organic farming will continue to be available, except on unimproved land, as a top up to the on-going aid.
- **Public Procurement of Organic Food** – The message that procurement of organic food can have a role in school meals, hospitals and other public catering has been given loudly and clearly by Defra Ministers and officials as part of the Department's Sustainable Food Procurement Initiative. Although there is a long way to go, a number of very positive examples exist of where organic food has found a major place in public procurement³. Organic food is already becoming available in Defra staff restaurants.
- **Setting and Control of Organic Standards** – The Advisory Committee on Organic Standards (ACOS) has been set up to ensure advice is given to Departments from as wide a range of UK interests as possible. ACOS is also working with the UK Accreditation Service (the internationally recognised body for such work in the UK) to advise on the approval of private certifiers of organic products. Defra has published the UK Compendium of Organic Standards based closely on the EU organic farming Regulation.

What is the current state of the organic sector?

6. The development of the organic sector continues and the UK is now, with Germany and the USA, in the league of only three countries with organic sales worth in excess of one billion pounds at retail level. Current organic food and non-alcoholic drink sales represent 1.05% of the UK grocery market according to the Soil Association. The Association suggests that growth has slowed from a phenomenal 35% year on year in 2000/01 to around 10% in 2002/03 but remains significant compared with other food sectors⁴. Data from Mintel⁵ corroborates this pattern, if anything suggesting even faster growth in the late 1990s and a sharper deceleration in the most recent year for which information is available (growth was reckoned to be 45.5% in 1998/99, declining to 5.4% in 2002/03 – these figures are on inflation adjusted terms). Mintel are forecasting continued growth up to 2007 of around 9% per year; this is a slowdown from the 20% per year in the 1998-2003 period, but remains substantial. Within this generally positive assessment of the sector there have been instances of over-production, particularly milk where during 2003 only some 62%⁶ was sold on the organic market. However, there are now signs that the market for organic milk will expand to the point where all the organic milk produced will be sold as organic.

³ See for example case studies on www.defra.gov.uk/farm/sustain/procurement

⁴ Soil Association Organic Food and Farming Report 2003, ISBN 0 90520 95 0

⁵ Mintel, Organic Foods, November 2003

⁶ 2004 Organic Farm Management Handbook, Eds Lampkin Measures and Padel, University of Wales Aberystwyth and Organic Advisory Service March 2004, ISBN 1 872064 38 8

7. In area terms organic farming has grown from 30,000 hectares in 1993 to 741,000 hectares in March 2003, an increase of over 24 times. However, 2003/04 has seen some retraction. Whilst growth in the organic area in England continues, there has been a decline for the UK as a whole (to 696,000 hectares by January 2004) because of the withdrawal from certification of some 50,000 hectares of rough grazing in Scotland⁷. This, in part at least, reflects conversion of hill land producing organic lambs for which there was not a sufficient market and its removal can be seen as an adjustment to the market conditions. It is also the case that in all parts of the UK the area of land in conversion to organic has reduced sharply, because previous “in conversion” land has become fully organic, and there has been a lower level of new entry into organic farming.
8. Currently the proportion of land farmed organically is 4% in the UK overall and 2.8% in England.
9. Future prospects for growth in the organic land area will depend in part on farmers’ reactions to the reform of the Common Agricultural Policy (CAP). Decoupling CAP support from production, combined with the area basis for payments in England will mark a major shift in favour of less intensive forms of farming. The move towards more payments for environmental goods should be of benefit to those wishing to produce organically. In particular the proposed ongoing payment for organic farming as part of the new Environmental Stewardship Scheme has been warmly welcomed by representatives of organic farmers. Many farmers’ plans have been on hold pending the outcome of the CAP reform and it will be important for farmers entering the organic sector to ensure that they consider their production and marketing options carefully. The Defra-financed Organic Conversion Information Service continues to offer impartial advice to those wishing to convert to organic production⁸.
10. Further growth in the sector will also depend in part on further development of the infrastructure for the processing and distribution of organic products. There has, for example, been a sharp reduction in the number of smaller local abattoirs from 780 in 1987/88 to 278 by April 2004, of which 27 are organically certified. Although this is also an issue for conventional farmers it is particularly acute for organic producers because of the need to use an organically certified abattoir as well as avoiding unnecessary stress in transport.
11. At consumer level, three quarters of UK households are buying organic food. Despite a slight decline in 2003, the overall trend has been rising since 1999. Growth in the market has come from consumers buying more regularly and spending more each time they buy⁹. However, the actual amount spent by consumers is still dominated by the dedicated organic buyers. About 23% of consumers account for 84% of organic sales. A major area for expansion of the market is the conversion of occasional users, or users of only a few organic products, into more frequent users of a wider range of products.
12. In the wider context, the *European Action Plan for Organic Food and Farming* was presented by the European Commission to the Agriculture Council in June 2004 and will contribute to the development of organic food and farming throughout Europe. Like the original UK plan, the European Plan contains 21 main action points. These cover a wide range of possible future developments including better information for consumers, tighter organic standards, greater

⁷ Defra Statistical Notice: Organic Statistics United Kingdom, June 2004

⁸ OCIS can be contacted on 0117 922 7707

⁹ Organic Food: Understanding the Consumer and Increasing Sales. Research by Taylor Nelson Sofres. See <http://www.organic.aber.ac.uk/library/TNS2004eng.pdf>

transparency in the certification system and improved statistics. The plan also recognises the environmental benefits of organic farming. A number of the European Plan's recommendations are reflected in the England Action Plan. Defra will be working closely with the Commission and other Member States on the European Plan during the second half of 2004.

So, Two Years On, what are the priorities for further action?

13. Defra Ministers are keen to see continued growth of the organic sector both for its inherent environmental benefits and for its close fit with the aims and objectives of the Department's sustainable farming and food policy. Issues arising from the original 21 action points will continue to be pursued and Part 2 of this report lists these points and gives further pointers to ongoing work.
14. **In addition** the Organic Action Plan Group have identified **priority areas** for further development. These are:

- 1. The Sustainable Farming and Food Strategy – Defra working with the Organic Action Plan Group to ensure that organic production is making a full contribution to Defra's Sustainable Farming and Food Strategy and vice versa.**

The Organic Action Plan was established as a direct result of a recommendation in the report from the Policy Commission led by Sir Don Curry, *Farming and Food: A Sustainable Future*. Since the publication of the Action Plan, Defra has further developed its work relating to sustainability and now has a Sustainable Farming and Food Strategy (SFFS). Delivery is being driven by an independent external implementation group under the Chairmanship of Sir Don Curry. Because organic food and farming covers the full range of agricultural activity there is clearly a wide range of areas where initiatives under the SFFS support the development of organic food and farming and equally where organic farming, by offering environmental or other advantages, supports the objectives of Defra for the delivery of sustainable farming and food. Defra and the Action Plan Group will work in partnership to ensure that there is maximum integration between the work of the Organic Action Plan and the wider work of the SFFS, to the benefit of both.

- 2. Public procurement of food – Action Plan Group to make recommendations to ensure that the sustainable food procurement initiative delivers increased purchasing of organic food.**

Much has already been done to deliver the message that organic food has a role to play in public food procurement. But it is now necessary to translate that message into practical reality. Current obstacles – or perceived obstacles – to the further uptake of organic food in public procurement include price, availability of raw materials and standards issues, for example whether canteens should be certified for the preparation of organic meals. The Organic Action Plan Group will explore these issues further and make recommendations to help organisations increase their procurement of organic food and to encourage local initiatives.

3. UK sourcing – to take forward progress made by retailers and extend the work to the food service and manufacturing sectors, including identifying obstacles.

Retailers and others have already had considerable success in increasing the level of organic food sourced from UK producers. But more is necessary to meet the target of 70% of indigenous organic produce being UK sourced by 2010. Defra will engage with retailers to explore how the level of the best players can be achieved by all and the Action Plan Group will look at sourcing and production issues to see what scope exists for further initiatives including those in the private food service and manufacturing sectors.

4. Local supply networks – Action Plan Group to advise on capitalising on the strengths of local organic supply and identifying how obstacles to further development can be overcome.

As with procurement, the message that organic food has a strong role to play in the development of local supply networks has been given. More now needs to be done to capitalise on the strengths already in the organic sector – for example the existence of box schemes to supply food directly from farmers to consumers and sales of organic food at farmers' markets. The Action Plan Group will advise on how developments in the organic sector can serve as a pattern for the development of more local food markets, and at the same time identify obstacles to the further development of local organic food marketing and advise how these can be overcome. Infrastructure issues such as the closure of small abattoirs will also be explored.

Defra is looking to sponsor a major event in the autumn to promote to the English regions the contribution that organic farming makes in shortening the food chain, reconnecting farmers with consumers, helping to ensure the availability of a balanced diet and increasing the amount of local food used in public procurement, as well as the contribution that the regions can make to its development.

5. Action Plan Group to advise on how organic produce can contribute to the Government's public health agenda.

Research suggests that perceived health benefits are a principal reason for the purchase of organic food by consumers¹⁰. But there is a lack of agreement on exactly what organic food offers in this respect. The Action Plan Group will explore further the role that organic food can play in contributing to the Government's health agenda, for instance in encouraging the increased consumption of fruit

¹⁰ MORI 'Organic and the political agenda', February 2001

and vegetables, and whether processed organic food, which is often – though not always – more lightly processed than conventional can contribute to government targets including those for more fibre and lower salt, added sugars and fat.

6. Action Plan Group to examine and advise on issues of social exclusion, i.e. the inability of some people to purchase organic food either because of lack of supply in particular areas or because of price.

This area of work is similar to wider concerns about “food deserts” (areas where the range of food necessary for a balanced diet is not readily available at a reasonable price) and the ability of those on a restricted income to choose a healthy diet. It is a complex social issue which, for conventional food, has attracted a great deal of research. For organic food there may be scope for more to be done in the area of school meals where there are already examples of organic food being provided in socially deprived areas. The expansion of box schemes for the delivery of organic food, which have the advantage of a wide geographical coverage, could also be considered. The Soil Association’s Cultivating Communities Project, funded by the Lottery Community Fund, which links disadvantaged communities throughout the UK with local farms may also provide models for future action. The Organic Action Plan Group will examine the issue of how income and geography impact upon the ability of consumers to purchase organic food and will make recommendations.

Part 2 – Action Plan progress report

The following table reports on progress with the 21 action points from the England Organic Action Plan published in July 2002 and outlines further action.

- 1. Defra will establish with effect from April 2003 a new Advisory Committee on Organic Food and Farming (replacing UK Register of Organic Food Standards (UKROFS)) to advise Ministers on EC organic standards and their application in the UK, the approval of organic certifying bodies and the ongoing implementation of this Action Plan.**

Progress

The new Committee (called Advisory Committee on Organic Standards, ACOS) was established during 2003 and had its first meeting in December 2003. As expected, the Committee has a wider membership than UKROFS. In particular it includes representatives of the certifying bodies, other organic stakeholders, most parts of the food chain and of wider consumer interests. In order to avoid conflicts of interests, detailed work on assessment of certifying bodies has been delegated to a certification committee which does not include representatives of the certifying bodies. As a further element, headquarters inspections of bodies to ensure compliance with EN 45011 are now carried out by United Kingdom Accreditation Service, which is the recognised body for this work in the UK. Defra has taken over UKROFS' responsibility for approving certifying bodies, acting on advice from the certification committee and will work with the devolved administrations to ensure that certification arrangements are appropriate across the UK.

It had originally been envisaged that the Advisory Committee would take over from the Action Plan Group the task of overseeing the implementation and further development of the strategy for a sustainable organic food and farming sector in England. In the event, however, this was not seen as appropriate, when it became clear that ACOS's remit would be for the whole of the UK. It was therefore decided that the Action Plan Group should continue to oversee progress in England (alongside similar groups in Scotland, Wales and Northern Ireland).

Further Action

ACOS is settling into its work. Systems will need to be developed to ensure full liaison between ACOS, organic certifying bodies and other UK organic interests, where relevant, together with the criteria for decision making on standards and their onward representation to Brussels.

2. Defra will publish, by April 2003, a new compendium of organic standards, based on the standards set out in EC Regulation 2092/91

Progress

There was some delay in the production of the Compendium of Standards in order to ensure that, as far as possible, the interests of consultees regarding its format and design were accommodated. However, a draft of the new Compendium was made available in early 2004 and it became the official UK standard in July. The Compendium is based closely on the requirements of Regulation (EEC) 2092/91. Certain enhancements, particularly in the livestock area, originating from the original UKROFS Standards have for the moment been carried though, and advice from ACOS about the retention of these enhancements has been received and is being considered.

Further Action

Defra Ministers support high standards of organic production but it is important to ensure that English and other UK farmers and growers are not disadvantaged in competition with organic producers in other Member States. Defra will seek to ensure that the EU organic standards continue to develop in line with consumers' expectations, reflecting the desire to have high standards in place and the need for integrity of the organic production process and the final product.

3. With effect from April 2003, all certifying bodies will be required to offer certification to the standards set out in the new Compendium.

Progress

The purpose of this action point was to maintain the EU standards as the baseline for the organic sector in this country thereby helping to ensure that English and other UK farmers, growers and processors can compete on level terms with producers in other Member States. In the event the larger certifiers have voluntarily agreed to offer certification to the basic UK standards. Certifying bodies continue to be free to offer certification to their own additional standards if they so choose in order to maintain consumer choice, as well as providing certification to the baseline standards.

Further Action

To monitor that basic level certification is available to operators requesting it.

- 4. The new Advisory Committee, the certifying bodies, organic sector bodies and other food chain stakeholders will seek to increase consumer involvement in standard setting, and to increase provision of objective consumer information on production standards, production costs and the benefits offered by organic farming.**

Progress

In order to improve understanding of what research might better inform consumer choice, the Food Standards Agency held a workshop with organic interests, consumer organisations and other food chain stakeholders in November 2002. Speakers at the workshop focussed on the FSA remits of food safety and nutritional standards. Difficulties were perceived in identifying ways of researching the health consequences of an organic diet since much depended on the types of foods consumed and on other lifestyle choices. The FSA is considering what further research would be appropriate. The Agency has also conducted a consultation to seek stakeholders' views on what research, if any, might usefully be done to compare the nutrient and pesticide residue content of key organically and non-organically produced fruit and vegetables, as consumed. The responses to the consultation are currently being considered.

There are two consumer representatives on the Advisory Committee on Organic Standards.

Further Action

There remains scope for improving the provision of objective consumer information on production standards, production costs, and the environmental benefits offered by organic farming. Defra has initiated talks with the Soil Association Charity on the possible production of an impartial booklet covering these areas. Minutes of ACOS meetings are already posted on the Defra website and this will be drawn to the attention of consumer organisations so that consumers are aware of the process by which advice on organic standards is given to Ministers.

- 5. The major multiple retailers have committed themselves to increasing the proportion of organic food which they source within the UK in product sectors where it is feasible for British producers to supply at acceptable levels of quality and price. In order to identify the scope for increasing opportunities for UK producers, the British Retail Consortium (BRC) will carry out a survey of major retailers during September 2002 comparing the proportion of UK produced organic primary products with the equivalent conventional product areas. The results of this survey will be made available to the Action Plan Group which will seek to agree by December 2002 with the retailers, collectively or individually, which sectors offer British producers the best opportunities for meeting consumer demand. Once opportunities are identified, individual retailers will seek to support producers to increase their share of the organic market.**

Progress

The British Retail Consortium recently produced a further survey for the year 2003, based on figures submitted by selected retailers. The survey showed a mixed picture. For some produce e.g. eggs, milk, yoghurt, chicken and turkey, supply was 100% UK sourced although for others it was much lower, for example apples (3%) and pears (6%). This is compared with 20% and 17% respectively for conventional fruit. There have been Ministerial meetings and correspondence with major retailers about their plans for increasing the supply of UK produce. Defra and the Action Plan Group have kept in close touch with the British Retail Consortium about this work.

Further Action

Further work is a proposed survey of the supply chains for pork, potatoes and brassicas to see why these are sometimes imported in preference to available British produce. Defra will continue to engage with retailers regarding their success in increasing UK supply.

6. Defra will work with food chain stakeholders to develop a strategy for a healthy and buoyant regional food sector including local food marketing.

Progress

Defra, Food From Britain, the Regional Development Agencies and the Countryside Agency have jointly prepared a new structure for support of regional food initiatives covering trade development, increasing competitiveness and raising consumer awareness. The aim of the new programme, which commenced on 1 April 2003, is to create a flourishing high quality regional food sector. One indicator of high quality will be organic production. In addition, Defra continues to provide support for local marketing initiatives, such as farmers markets, through the Rural Enterprise Scheme and the Agriculture Development Scheme.

Food From Britain has listed a wide range of small firms offering local organic products on the website www.regionalfoodanddrink.co.uk.

Further Action

Defra and the Action Plan Group will work with the Regional Development Agencies and other local and regional organisations to see what further actions can be taken to encourage specifically the supply of organic food at local level. Defra plans to sponsor a major event in the autumn of 2004 to promote to the Regional Development Agencies and others the contribution that organic farming can make.

- 7. Defra will work with the certification bodies, the BRC and other interests to collect, collate and publish sector by sector data on organic production, manufacturing, wholesale and retail marketing and consumer trends.**

Progress

This action point complements the BRC survey (Action Point 5) and commits Defra to build on the work carried out for the Action Plan Group and on other activities such as the Soil Association's annual Food and Farming Report. Since the publication of the Action Plan, Defra has devoted considerable resources in its Economics and Statistics Directorate to the collection of information relating to the organic sector.

For the first time official statistical notes on the size of the organic sector have been published and, also for the first time, the annual Agricultural and Horticultural Census has a question about organic production.

Defra statisticians have liaised closely with European colleagues on the harmonisation of statistics. Defra statisticians have also worked closely with the Soil Association on the production of a Defra and EU funded report "Towards an Organic Marketing Support Programme" which was prepared as a result of a wide ranging consultation exercise. The report looks at the market intelligence and support needs of the organic community.

Further Action

Explore, particularly in the light of the marketing report mentioned above, what further actions can be taken by the various actors in the organic sector to secure better data relevant to organic marketing needs. The Soil Association has indicated their willingness to carry out enterprise specific supply chain investigations.

8. The Food Chain Centre will help to promote business performance in the organic sector through benchmarking and through value chain analysis, initially in the organic red meat sector.

Progress

The Food Chain Centre and the Red Meat Industry Forum have published a folder containing guidance and case studies on the application of value chain analysis in red meat.

FCC has also published a “starter pack” on benchmarking that explains what is involved and the services that are available to farmers. The pack contains case studies that demonstrate how farmers have benefited from using benchmarking. The Centre will be launching a “roadshow” to explain benchmarking to farmer groups.

The Red Meat Industry Forum has secured funding to undertake work at the Tesco Centre for Organic Agriculture, Newcastle, leading to a substantial programme of masterclasses for organic livestock producers.

Projects include:

- Feed supply for red meat.
- Feeding strategy for pigs.
- Parasite control in sheep.
- Trace element supply via compost.
- Market for produce other than meat.
- Economics of organic beef production.
- Improving carcase utilisation.

Further Action

The Food Chain Centre and Red Meat Industry Forum have arranged to conduct a pilot project applying Value Chain Analysis to an organic red meat chain. The work is due to be completed by December 2004.

The Food Chain Centre has received new funding in 2004 to conduct two value chain analyses of organic potatoes and carrots.

FCC is promoting benchmarking in all farming sectors and has recently recruited a specialist expert. This resource is available to the organic sector upon request to assist in the launch and development of benchmarking services.

Finally, FCC is promoting the better flow of information through the chain and most specifically improving the availability of consumer information to farmers.

- 9. Defra will seek to secure amendments to the EC Rural Development Regulation to enable the Vocational Training Scheme to be used to raise skills levels in small organic food processing and manufacturing businesses.**

Progress

The Action Plan had identified that the Vocational Training Scheme (VTS) is available only for projects aimed at beneficiaries who are involved in farming or forestry. Projects aimed at businesses whose core activity does not include farming or forestry are ineligible.

Changes to the scheme eligibility criteria require amendments to the Rural Development Regulation (RDR). Negotiations will take place with the Commission on the next RDR, which is due to be implemented from January 2007. The UK's line in these negotiations has not been finalised but will take account of the results of the mid-term evaluation of the scheme.

Whilst it is not considered appropriate to have a specific provision within VTS for the organic sector, recent changes have been made to the scheme, such as the simplification of the application process, to make it more accessible. These changes, implemented in early 2004, will benefit all farmers/foresters, including those from the organic sector.

Further Action

The scope of VTS to be considered as part of the negotiations for the next Rural Development Regulation.

- 10. Defra will ensure that the pilot demonstration farm network to be established by end 2002 includes at least one organic farm in each of the parts of the pilot focussing on local benchmarking farms and centres of rural integration and excellence, subject to the farms concerned meeting the selection criteria for the project as a whole.**

Progress

The project piloted three types of demonstration farm: monitor farms, linked to discussion groups to help drive up performance through knowledge sharing and consensus through benchmarking; a virtual pig demonstration farm; and demonstration farms as centres of rural integration and excellence, demonstrating and facilitating links to the consumer and to rural economies and communities.

The pilot farms, including a number of organic farms, were set up during 2003 and details may be seen online at www.forwardfarming.org.uk

Further Action

The project has been evaluated, and the future shape of Defra's involvement in demonstration farms is under consideration. The Organic Action Plan Group will be consulted by Defra once possible ways forward for the organic sector have been identified.

- 11. Following the recommendations of the Cross Government Sustainable Procurement Group [in summer 2002], the Government will take forward action to encourage sustainable procurement of food, including the role that procurement of organic food can play.**

Following the EC Interpretive Communication on Environmental Considerations in Procurement, the Sustainable Procurement Group has clarified that UK public procurement rules already allow for contracting bodies to include in contract specifications requirements for foodstuffs to be organically grown on the basis of minimising environmental impacts of the production process, provided they have the resources to pay any premium and the specifications are non-discriminatory.

Care needs to be taken that in pursuing environmental requirements, contracting bodies achieve a balance with social and economic considerations and, in particular, do not inadvertently discriminate against local and UK producers. As part of this buyers should consider whether there are unnecessary restrictions in contract specifications which may currently act as a barrier and prevent small or local suppliers from competing on level terms.

Progress

Defra has made organic food an integral part of its food procurement implementation strategy. Organic catering has been provided at conferences – for example a major sustainable development conference held on 26th November 2003. Guidance on the provision of organic food is included on the Defra procurement website, with case studies of organic provision. See <http://www.defra.gov.uk/farm/sustain/procurement/index.htm>

Lord Whitty, Parliamentary Under-Secretary at Defra, has shared organic meals with the pupils in schools in Hackney and Nottinghamshire and visited hospitals from Cornwall to London to encourage them to provide local, fresh and organic food.

A number of local initiatives have started to put local and organic sourcing into practice. The NHS procurement service, PASA^{11, 12}, has taken on an active role in this area. Several local initiatives, some funded by Defra or from EU funds, have started to put local and organic sourcing into practice. In Cornwall, NHS Trusts are embarking on a major programme to source local and organic food for local hospitals and other NHS establishments. The London Hospitals project is a local and local organic sourcing partnership initiative delivered by London Food Link and the Soil Association, involving four London hospitals, with the help of support from Defra¹³. South Gloucestershire Council has been one of the leaders among LEAs in improving the quality of their school meals, and in achieving local and organic sourcing¹⁴. The Soil Association has a School Meals Policy Advisor funded by the Gulbenkian Foundation who has worked with almost 100 local schools and some LEAs to implement programmes of local and organic sourcing of ingredients. Some organic farmers, marketing groups and wholesalers are starting to see new markets develop as a result of this activity.

¹¹ <http://www.pasa.nhs.uk/sustainabledevelopment/food/actionplan.stm>

¹² <http://www.defra.gov.uk/farm/sustain/procurement/organic-restaurant.htm>

¹³ <http://www.defra.gov.uk/farm/sustain/procurement/foodsoil.htm>

¹⁴ <http://www.defra.gov.uk/farm/sustain/procurement/sgs.htm>

Further Action

Defra's Food Procurement Unit will continue to work with stakeholders to identify and publish case studies of organic provision and will cover the subject in the Catering Services Procurement Guidance Toolkit planned for publication in autumn 2004. Defra will also ensure that organic food provision to the public sector is covered in the next round of regional training seminars in 2004/05 as it was in four pilot workshops held in February 2004.

12. Defra will work with its own catering contractors to increase the provision of organic meals and snacks in its staff canteens.

Progress

Among the initiatives that Defra is taking to promote organic food in its catering units are:

- Defra staff restaurants in the London Headquarters buildings now offer organic sandwiches, snacks and soft drinks.
- The majority of Defra staff restaurants had trialled organic food as an option dish by November 03.
- Some restaurants provided organic vegetables during the Christmas period. The results of these trials and surveys with Defra staff will determine the strategy for offering more organic food in the future.
- The staff restaurant at Crewe undertook a trial for organic food in 2003 and they provided an additional subsidy to ensure price parity with the normal choices provided. The result was good – the weekly takings for the week were higher than normal and the number of staff using the restaurant increased.
- Promotion leaflets/posters will be provided to support further trials in each of the staff restaurants. The intention is that they are organised centrally to ensure the same key messages are being provided to Defra staff.

Further Action

Defra will continue to work with its food service companies to extend the provision of organic food and raise awareness, e.g. through the publication of articles in its staff journal and making these available on its web site for other public sector bodies to use.
(See www.defra.gov.uk/farm/sustain/procurement/index.htm)

- 13. Defra and the Action Plan Group will draw together information on the current levels of funding for research through all UK public sector, private and charitable sources. This will facilitate discussion of the scope for better targeting and co-ordination of the research effort and for a greater input from non-Government sources of funding.**

Progress

The report mentioned in this action point has been prepared by Elm Farm Research Centre and is available on the Defra website at www.defra.gov.uk/farm/organic/research

Further Action

No further action identified. The report will feed into the review of R&D mentioned below.

- 14. The new Advisory Committee (Action Point 1) should have a Research Sub-Committee which will bring together key stakeholders including research funders to ensure identification and co-ordinated implementation of the research and technology transfer necessary to help achieve the objectives of this Action Plan.**

Progress

ACOS is currently establishing its R&D Committee.

Further Action

The Committee will review R&D requirements with a particular view to establishing a strategic programme of work for the years ahead.

Since ACOS's work covers the whole of the UK, the R&D Committee will also have this geographical scope which, in addition to the objectives set out above, will help to bring a greater measure of integration to the research programme in the UK. The R&D Committee will report to Action Plan Groups as well as ACOS.

- 15. In response to the Action Plan Group's recommendation that the organic sector should have a stronger influence on the organic farming R&D agenda and to help ensure that the industry's most pressing needs are met, Defra has decided to set aside £5m over the 5 years beginning in 2003/04 for the purpose of providing a grant to industry to support its research priorities through the LINK programme.**

Progress

LINK is a mechanism that enables Defra and other public funders to grant-aid research partnerships between the private sector and academia. Defra is promoting the use of its five existing farming and food LINK programmes as a means of sponsoring partnerships serving organic interests. Defra's LINK Programme co-ordinators are actively promoting LINK as an opportunity for the organic sector to lead in its own research. LINK allows private sector participants, including individual farmers and small processors, to contribute resources in-kind facilitating a participatory approach.

A number of the current projects, many funded wholly or mainly from budgets other than Defra's dedicated organic R&D funds, address organic production issues. A list of relevant projects is given below:

- Integrated use of soil disinfection and microbial/organic amendments for the control of soil borne diseases and weeds in sustainable crop production.
- Varieties and integrated pest and disease management for organic apple production.
- Improved crop health and establishment using beneficial micro-organisms.
- Molecular breeding for root rot resistant raspberries suitable for low input growing systems.
- Improving microbiological safety and quality of ready to eat produce through understanding the population dynamics of the microflora.
- Novel strategies for aphid control using entomopathogenic fungi.
- Resistance to *Septoria tritici* in wheat.
- 3-D Farming – making biodiversity work for the farmer.
- Integrated control for PCN (potato cyst nematodes).
- Integrated control of wheat blossom midge.
- Advanced Automated Technologies.
- Controlling soil-borne wheat mosaic virus.
- Reduced fusarium ear blight and mycotoxins through improved resistance (REFAM).
- Improved Resistance to *Septoria* in Superior Varieties (IMPRESSIV).
- Lupins in sustainable agriculture (LISA).

- The incorporation of important traits underlying sustainable development of the oat crops.
- Better Organic Bread: Integrating raw material and process requirements for organic bread production.
- Towards a sustainable whole-farm approach to the control of ergot.

Further Action

The demand for government sponsorship of LINK consortia addressing organic issues has been less than hoped, but interest has risen recently and a wide range of projects are at the planning stage. The opportunities provided by LINK will be publicised further by the R&D Sub-Group and Defra, emphasising that LINK is an opportunity for the organic sector to get government grant-aid in its own R&D. LINK projects that serve organic interests can be sponsored from other Defra programmes because of the relevance of the research to the wider agricultural sector.

- 16. The Organic Farming Scheme (OFS) will be amended, as an interim measure, to allow farmers who have completed conversion to enter into new 5 year agreements requiring them to observe the environmental conditions of the Scheme and entitling them in return to payments at the following rates: arable land £30/ha, other improved land £23/ha, unimproved grassland £5/ha.**

Progress

This action was completed and the revised scheme was opened on 5 June 2003.

Further Action

Uptake of the scheme has been slow, linked to uncertainty about the future of support for farming as a result of the reform of the CAP. A considerable effort has been put into promoting the scheme through farmers' meetings but it is unlikely that the rate of uptake will increase. See also Point 18 for details of the new Agri-Environment scheme.

- 17. The conversion aid for top fruit production under the OFS will be increased to £600 per hectare for Years 1 to 3 and £30/ha in years 4 to 10 in order to help English growers to respond to consumer demand for organically produced fruit and thereby contribute to the Government target of increasing fruit and vegetable consumption.**

Progress

This action was completed and the revised scheme was opened on 5 June 2003.

Further Action

No further action identified.

- 18. For the longer term support for organic farming will be delivered through a specific strand in the new structure of agri-environment schemes to be developed over the period 2002 to 2004. The organic strand will be designed to reflect and reward the environmental public goods delivered by organic production methods.**

Progress

Defra worked with the assistance of an organic farming stakeholder group to develop the specific organic farming strand of the new agri-environment scheme structure, within the framework of the Review of Agri-Environment Schemes. Subject to Commission approval, the payment under this scheme to organic farmers will be £60 per hectare. Payment will also be available for converting orchards and other improved land to organic production. The new agri-environment scheme, the Environmental Stewardship Scheme, was submitted to the Commission for approval at the end of March 2004. It is expected to be launched in the early part of 2005.

Further Action

Defra is working with the European Commission on approval of the scheme, finalising the application and payment process, putting in place the regional administrative structure to support the scheme and on promotion and advice for farmers.

- 19. The Secretary to the Action Plan Group will keep in close touch with other workstreams in Government to ensure that the recommendations from the Group are taken into account as the Strategy for Sustainable Food and Farming is developed.**

Progress

The Secretary has kept in close touch with other workstreams in particular those involved with the promotion of local and regional food, with procurement, with regional delivery and (in other Departments) with those involved in health promotion and school meals.

Further Action

To build on relevant connections, particularly within the Strategy for Sustainable Farming and Food.

- 20. DEFRA will report to the Action Plan Group on the success rate for organic applications under the England Rural Development Programme (ERDP) and other grant schemes administered by the Department and will provide a general analysis of the reasons for rejection where applications are not successful.**

Progress

This action was recommended as it was felt important to monitor the extent to which the organic sector is successful in gaining access to Government funding under the ERDP and other sources of Government funding for development projects. Such information would enable the Action Plan Group to consider whether any further action is needed to assist the organic sector to make best use of the opportunities available under these competitive schemes.

An analysis was completed in 2003 of applications for the Project Based Schemes within the ERDP. The schemes involved were: Processing and Marketing Grant (PMG), Rural Enterprise Scheme (RES), and Vocational Training Scheme (VTS). In the analysis, 68 projects that had been before a Regional Appraisal Panel were identified as being mainly organic oriented: 17 PMG; 46 RES; 5 VTS. Success rate for PMG (88%) and VTS (100%) was higher than the scheme average (71% and 78% respectively), and for RES (57%) was in line with that of the overall scheme (59%).

The most common reason for rejection (as in the conventional sector) was that applications did not demonstrate well enough why they should receive public funds and what the tax payer would receive in return for grant (additionality).

Further Action

None at present.

- 21. The Action Plan Group and the Advisory Committee will draw up and publish detailed criteria for measuring the success of the strategy for developing a sustainable organic food and farming sector in England, including an assessment, for key product sectors, of the potential for closing the gap between the organic and conventional market shares, and will put in place arrangements for monitoring and reviewing progress.**

Progress

With the assistance of the Action Plan Group, a table was drawn up with indicators for the implementation of the Action Plan and reports have been given to the Group. This has been used as the basis for the Progress Reports given above.

Further Action

Monitoring of progress to continue as above.

Annex:

Organic Food and Farming Action Plan Team

Terms of reference

To advise on the best way to take forward the recommendations made in the *Action plan to develop organic food and farming in England* published by Defra in July 2002 in the context of the Strategy for Sustainable Farming and Food also published in 2002.

In particular the Team will:

- Seek to ensure that the integrity and high standard of organic food production is maintained and that consumers have access to accurate information about the standards to which it is produced.
- Identify ways in which the recommendations for achieving sustainable growth in organic farming and food processing can be progressed.
- Advise on ways of increasing UK producers' and manufacturers' share of the market for organic produce.
- Identify measures required in the distribution, processing, retailing, catering, food service and public and private procurement sectors to promote growth in the organic sector overall.
- Identify ways in which the delivery of the environmental, social, animal welfare and other benefits of organic food and farming can be enhanced, and delivered more widely, and ways in which organic food can contribute to overall government targets for a healthy diet (eg increased fruit and vegetable consumption).

Membership of the England Organic Action Plan Group

June 2004

Ben Bradshaw	Parliamentary Under-Secretary (Commons), Defra
Richard Ali	British Retail Consortium
David Barling	Centre for Food Policy
Lucy Bjorck	Royal Society for the Protection of Birds
Dominic Dyer	Food and Drink Federation
Chizom Ekeh	National Consumers Council
Renée Elliott	Planet Organic
Catherine Fookes	Sustain
Sue Fowler	Organic Centre Wales
Peter Hall	National Farmers' Union
Colin Hedley	Country Land and Business Association
Richard Jacobs	Organic Farmers and Growers
Peter Melchett	Soil Association (Charity)
Peter Whitehead	Institute of Grocery Distribution
Lawrence Woodward	Elm Farm Research Centre

Officials

John Robbs (Chair)	Director, Food Industry and Crops, Defra
Andrew Perrins	Head of Organic Farming and Industrial Crops Division, Defra
Callton Young	Head of Food and Drink Industry Division, Defra
Donal Murphy-Bokern	Scientific Liaison Officer, Defra
Dave Russell	Economic Adviser, Defra
Roger Unwin	Policy Adviser – Soil Protection and Organic Farming, Defra
Victoria Bakhshi	No 10 Policy Unit
Peter Crofts	Organic Strategy Branch, Defra
Robin Fransella	Organic Strategy Branch, Defra

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