SECTION 1: INTRODUCTION

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Why an Organic Farm Management Handbook?

Organic agriculture offers solutions to addressing many of the current problems agriculture is facing. 'Organic' is one of the most recognized food labels globally, and most people in developed countries including in the UK consume some amount of organic food. There is legal recognition of the standards, the market for organic food continues to grow, globally and in the UK, even if high inflation has recently led to some stagnation. But producers in the UK are not taking up the opportunities that this growing global market offers.

There is much interest in alternatives to intensive agriculture, such as agroecology and regenerative. While regenerative agricultural systems may 'restore' or 'regenerate' natural ecological functions, an accepted definition is lacking[1]. Many practices now advocated as regenerative have their origin in organic farming, practiced by over 3,000 producers in the UK. The term 'regenerative' itself is attributed to an organic pioneer. Robert Rodale in the US described it as an holistic approach to farming that encourages continuous innovation and improvement of environmental, social, and economic measures. Organic and regenerative agriculture have some things in common, in particular the goal of improving soil health. This was expressed by one of the pioneers of the organic movement in Britain, Lady Eve Balfour in her 1943 book *The Living Soil*. The statement "*The Health of Soil, Plant, Animal and Man is one and indivisible*" is now an important part of the Principle of Health, one of the four principles of organic farming of IFOAM Organic International. Organic farming is the best developed of various alternative approaches, with a good market infrastructure and growing producer base globally, internationally agreed legal standards and a track record of successful farm businesses delivering multiple outputs including high quality food, environmental protection and high biodiversity.

So why are not more farmers going organic? One of the key barriers is the lack of current information on the costs and business performance of organic farms and related management issues that is vital to anyone contemplating the seismic shift to organic farming. The purpose of this handbook is to address this gap by providing relevant and up-to-date business management information for farmers, advisers and others concerned with the management of organic farms.

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1. https://www.tabledebates.org/building-blocks/what-is-regenerative-agriculture

The information presented in this handbook is based on historical data and estimates for the coming season, representing what an average farmer, given adequate resources, might expect to achieve. The data have been derived from different research reports and estimates of industry experts and have been reviewed by experienced organic advisers and producers. It is important to note the gross margin data throughout do not represent the performance of representative surveys of organic farms. Such data does not exist for the UK as a whole. Some data for a number of farm types in England have been included in Section 5.

One of the most striking observations when reviewing the performance of organic businesses is the very wide variation between farms and between years. In using the data for budgeting purposes, it is necessary to take the circumstances of the individual farm into account. Food and agricultural input and output prices and currency exchange rates are changing regularly, adding a considerable level of uncertainty to any forward projections. EU-exit and the war in the Ukraine have massively added to this uncertainty. As in previous editions, all gross margin data include a sensitivity analysis indicating how margins might be affected by changes in input and output prices and by different levels of productivity. Whilst we have attempted to make best possible estimates, the editors cannot be held responsible for their application in specific circumstances.

This handbook is designed for use in conjunction with similar handbooks for agriculture in general. For this reason, data not relating specifically to organic farming have only been included where particularly relevant, e.g., information on agricultural and environmental support programmes. Labour and machinery costs for individual operations are only covered briefly, as reliable data on these aspects of organic systems remain scarce. For further information on these topics, reference will need to be made to other publications.

What is organic farming?

Organic farming aims to be sustainable by adopting agroecological[2] approaches to system management, making more effective use of the farm's own resources in preference to external inputs. Organic standards and regulations help realise these ideas in practice, with guidance on specific permitted or restricted practices and inputs, and certification to enable access to premium markets.

2. Lampkin N et al. (2015) The Role of Agroecology in Sustainable Intensification. Report for Scottish Natural Heritage. Organic Research Centre, Newbury. https://orgprints.org/id/eprint/33067/

Organic farming can be defined as an approach to agriculture where the aim is:

to create integrated, humane, environmentally and economically sustainable agricultural production systems. Maximum reliance is placed on locally or farm-derived, renewable resources and the management of self-regulating ecological and biological processes and interactions in order to provide acceptable levels of crop, livestock and human nutrition, protection from pests and diseases and an appropriate return to the human and other resources employed.

In many European countries, organic agriculture is known as ecological or biological agriculture, reflecting this reliance on ecosystem management and living organisms rather than external inputs[3].

The objectives of health, quality and sustainability lie at the heart of organic farming and are among the major factors to be considered in determining the acceptability of specific production practices. The term 'sustainable' is used in its widest sense, to encompass not just conservation of non-renewable resources (soil, energy, minerals) but also issues of environmental, economic and social sustainability. The term 'organic' is best thought of as referring not to the type of inputs used, but to the concept of the farm as an organism, in which all the component parts – the soil minerals, organic matter, micro-organisms, insects, plants, animals and humans – interact to create a coherent and stable whole.

The key characteristics of organic farming practice include:

- protecting the long-term fertility of soils by maintaining organic matter levels, encouraging soil biological activity and careful mechanical intervention;
- providing crop nutrients indirectly, using relatively insoluble nutrient sources which are made available to plants by the action of soil micro-organisms;
- nitrogen self-sufficiency through the use of legumes and biological nitrogen fixation, as well as effective recycling of organic materials including crop residues and livestock manures;
- weed, disease and pest control relying primarily on crop rotations, natural predators, diversity, organic manuring, resistant varieties and limited (preferably minimal) thermal, biological and chemical intervention;

3. Lampkin and Padel (1994) The Economics of Organic Farming–An international perspective. CAB International, Wallingford; P.4. See also IFOAM's definition: www.ifoam.bio/why-organic/organic-landmarks/definition-organic

- the extensive management of livestock, paying full regard to their evolutionary adaptations, behavioural needs and animal welfare issues with respect to nutrition, housing, health, breeding and rearing;
- careful attention to the impact of the farming system on the wider environment and the conservation of wildlife and natural habitats.

These ideas have been captured in the four core principles of organic agriculture defined by the International Federation of Organic Agriculture Movements (IFOAM)[4]:

Health: Organic agriculture should sustain and enhance the health of soil, plant, animal, human and planet as one and indivisible;

Ecology: Organic agriculture should be based on living ecological systems and cycles, work with them, emulate them and help sustain them;

Fairness: Organic agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities;

Care: Organic agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment.

Organic farming in the United Kingdom and in Europe

Certified organic production

In the UK, the total area of organic and in-conversion land was 508,585 hectares in December 2022 with small increases in land area since 2018. This represents 3.0% of the total agricultural area (excluding common grazing) in the UK.

After a period of decline, organic land area very slowly increased again in the last 5 years in England, but not in the other three home nations. Growth in organic land area in the UK remains slower than growth in retail sales and is considerably slower than in Europe. In addition to 3,285 producers at the end of 2022 there were 223 producer/processors and 1,988 organic processors certified.

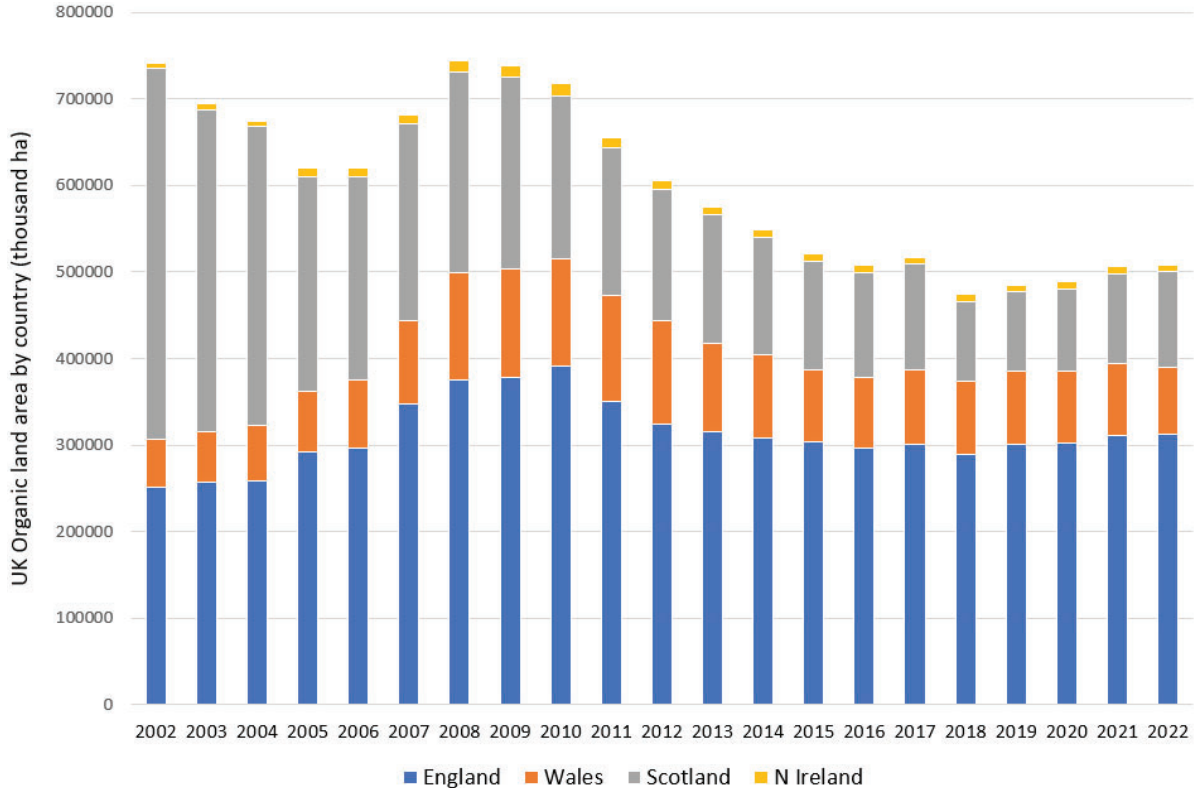
In Europe, the number of certified holdings increased from 6,700 in 1985 to approximately 340,000 in 2014. In addition to producers there are 51,000 processors and 1,900 importers. The certified land area in Europe increased from less than 100,000 hectares in 1985 to 11.6 million hectares in 2014 . In the EU, 5.7% of land area was managed organically; 40% of organic land area is permanent pasture and 35% of land was used for arable crops.

4. www.ifoam.bio/why-organic/shaping-agriculture/four-principles-organic
5. See www.organic-europe.net

Number of organic farms and total land area (ha) registered by Defra (end 2022)

Country	No. of Producers	Organic area (ha)	In-conversion area (ha)	Total organic (ha)	% total utilised agric area
England	2 202	292 725	19 636	312 361	3.4%
Scotland	379	92 500	18 400	110 900	2.3%
Wales	552	75 505	2 122	77 627	4.7%
Northern Ireland	152	7 529	168	7 697	0.8%
Total Dec 2022	**3 285**	**468 259**	**40 326**	**508 585**	**3.0%**
Total Dec 2021	3 401	464 674	41 974	506 648	2.9%
Total Dec 2020	3 407	457 640	31 318	488 958	2.8%
Total Dec 2019	3 494	457 115	28 064	485 179	2.7%
Total Dec 2015	3 429	500 763	20 635	521 398	3.0%
Total Dec 2010	4 741	667 551	50 794	718 345	4.2%
Total Dec 2005	4 343	544 124	87 020	631 144	3.6%
Total Dec 2000	3 563	194 171	187 416	527 323	

Source: Defra Statistics annually from 2009 (published middle of following year); previously UKROFS.



UK organic and in-conversion land area by nation (kha), 2002-2022

Source: Defra (2022) and previous years[6]

6. www.gov.uk/government/collections/organic-farming