AGRICULTURE & HORTICULTURE DEVELOPMENT BOARD

AHDB Strategy 2017 - 2020
Inspiring Success

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“AHDB is here to inspire our farmers, growers and industry to succeed in a rapidly changing world.”

Executive summary

Through this strategy, we seek to achieve our vision of ***a world-class food and farming industry that is inspired by, and competing with the best.***

Brexit, technological innovation and the changing habits of British shoppers are just the latest changes impacting British agriculture and horticulture. The whole industry will need to up its game to meet these challenges.

AHDB's purpose is ***to inspire our farmers, growers and industry to succeed in a rapidly changing world***. We are the independent, go-to place for trustworthy information and evidence-based research. We equip the industry with easy to use, practical know-how which they can apply straight away to make better decisions and improve their performance.

Through deepening our technical, commercial and market insight, and making this available where, when and how the industry needs it, we aim to enable British agriculture to become truly world class.

We will also strategically align our research funding to six new technical themes to accelerate innovation and productivity growth.

We will focus our activities on ***four strategic priorities***:

1. **Inspiring British farming and growing to be more competitive and resilient**
2. **Accelerating innovation and productivity growth through coordinated research and development (R&D) and knowledge exchange (KE)**
3. **Helping the industry understand and deliver what consumers will trust and buy**
4. **Delivering thought leadership and horizon scanning.**

“Our teams are here to work with you to succeed in your business”

Introduction

AHDB has over 400 staff with a wealth of industry expertise who are committed to work with farmers, growers and processors to deliver our vision of a world-class food and farming industry inspired by, and competing with the best.

With our headquarters in Stoneleigh, Warwickshire, we have offices in Edinburgh to support our Scottish farmers and growers and a regional presence across England and Wales. We also have specific teams based overseas developing market access and export opportunities.

Our teams are here to work with you to succeed in your business. We do this through farm-based and trade events to inspire and share knowledge on new farmer and grower learning and best practise globally, free technical guides such as the Recommended Lists and regular insight into consumer trends, market information and so much more.

This corporate strategy presents an optimistic, bold vision for the industry. It defines our strategic direction and the priorities we will pursue as one organisation to make the biggest positive impact for farmers, growers and the food sector.

Together, this strategy document and our new sector strategies present a fresh outward look for AHDB that's encapsulated in our new purpose statement: to inspire our farmers, growers and industry to succeed in a rapidly changing world.

Peter Kendall
Chair

Jane King
Chief Executive and
Accounting Officer

Jane King - CEO AHDB

Peter Kendall - Chairman AHDB

Taking a look at the future

Major changes are shaping the world in which we operate. To understand how AHDB can best support and inspire farmers, growers and the industry to succeed, we need to understand what these changes might mean.

The impact of changing consumer trends…

The UK population is set to grow at a faster pace than most other parts of Europe meaning stronger demand in our home market. There are likely to be more one and two person households along with a growing number of elderly people. At the same time, a new generation of 'millennials' is bringing different expectations including the type of food they eat. They want exciting meals which are easy and quick to cook. They are increasingly being made aware of healthy choices when it comes to food. And they recognise the value of green spaces at home and in public areas.

Low growth in income has shaped some long-lasting trends in grocery shopping. Price is core to shoppers' choice. They're wasting less. They're shopping more frequently, at a wider range of stores and online. They want more simplicity in their shopping experience. Above all, they see value as the biggest factor in their decision about which foods to buy.

Discount retailers have seized on these changes, repositioning themselves as stores that offer great value through a combination of low prices and high quality, which has seen them increase market share. Major retail chains are responding by cutting prices and simplifying their ranges. All of this will put further pressure on the supply chain, putting at risk long-term investment and innovation, and pushing food manufacturers to consolidate in order to invest and grow.

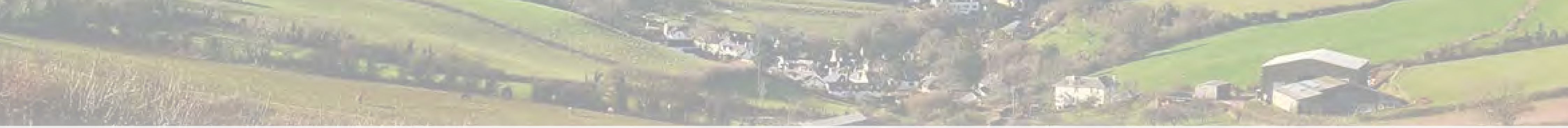
…combined with the effects of volatility

Volatility in the prices of agricultural and other goods is highlighting the weaknesses of short-term buying behaviour in food supply chains.

As a consequence, food manufacturers and retailers are building longer-term partnerships. The concept of 'end-to-end' supply chains will become more of a norm, with efficiency through the whole supply chain being the key means of taking out cost and bringing better value to consumers.

Farmers and growers will become increasingly linked to specific supply chains, sometimes serving a single food business or retail customer.

Low margins and volatility will drive further consolidation in suppliers, putting greater control in the hands of a small number of multinational players for essential inputs such as fertiliser. Transparency in input markets may reduce.



Consequences of Brexit

The referendum decision to exit the European Union may have profound consequences for our farming businesses, bringing opportunities to seek out new markets, creating risks in terms of tariff-free access to EU markets and more competition at home. There may be implications for the availability of labour, requiring more investment in skills and automation to drive productivity. At present, there remain significant unknowns about what life outside the EU might look like for our industry.

A new trading relationship with the EU will be required, impacting some of our key sectors such as lamb that export overwhelmingly to the rest of the EU.

Opportunities overseas

For a small country with a large population, our domestic market presents fantastic opportunities. The growth in overseas markets gives further options for UK food businesses to diversify and add value.

Some food companies are already exploiting the opportunities presented by agreements brokered with the support of AHDB in emerging markets such as China.

Not all markets will present opportunities for British exporters, but there will be particular interest in targeting those regions which will see a growing urban middle class, especially markets in China and the wider Asia-Pacific region.

Revolutionary innovation driven by 'big data'

A number of new and emerging technologies are likely to come forward in the next decade, including developments in advanced materials, molecular biology and genomics.

The ability to harness technology into practical tools will be bolstered by the increasing use of 'big data'. The most innovative farmers and growers are already showing how technology and data combined can be used to ramp up the productivity of their glasshouses, fields and livestock, enabling them to be more competitive and profitable. These techniques need to be developed and made widely available to allow more farmers and growers to succeed.

The UK's excellence in agricultural innovation will be bolstered by the Government's Agri-Tech Strategy. The new Centres for Agriculture Innovation are beginning work on the ideas that will drive the industry forward. For farmers and growers to realise the full benefits of these, AHDB will need to be at the heart of the Centres' work, influencing their strategic direction and coordinating key activity.

The inevitable transformation of farming and growing

This rapidly changing world will affect agricultural and horticultural businesses. Family farms will remain the backbone of the industry that will, nonetheless, be characterised by fewer, larger businesses that are increasingly specialised. These businesses will not only need great technical skills but will need to be much better at harnessing the talent of their staff, managing their physical and financial risks better and thinking and acting strategically.

These changes are a response to commercial and other drivers but may also have consequences in the way the public sees farming. The industry will need to demonstrate that modern, competitive farming and growing businesses can operate hand in hand with a sustainable environment and high standards of animal health and welfare.

The industry needs to look to itself for the answers

The outcome of the EU referendum will require UK and devolved Governments to get more involved in agricultural decision-making than at any time over the last 40 years. But Government will also look to the industry to solve more of its own problems. This will put more onus on AHDB to help the industry identify the technology, skills and know-how that will be needed to enable the industry at large to succeed.

To respond to these challenges the industry will need to develop in four areas:

- **Become more competitive** in every market segment. Some farmers and growers such as our dairy farmers and cereal growers can compete with the lowest cost producers in Europe. Others need to compete through added value and differentiation. All producers need competitive supply chains to enable them to succeed

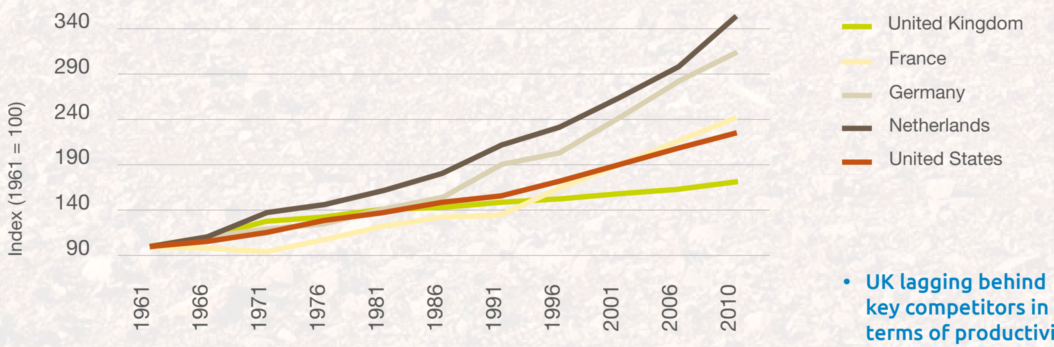
- **Grow productivity.** This is about more than just production, it's about the rate at which inputs such as labour, energy, land and water are converted into outputs. Key indicators highlight UK productivity has grown over the last 30 years but the rate of growth is substantially slower than some of our key competitors. If nothing is done to accelerate this growth, British agriculture and horticulture will fall behind in competitiveness

- **Understand and deliver what consumers will buy.** Those sectors closest to the end customer such as fresh produce tend to be most reactive to changes in consumer behaviour. Longer supply chains such as beef and lamb find it more challenging to adapt. The whole industry, including farmers and growers, needs to understand how consumer trends will influence what we produce and how we produce it

- **Improve resilience to risks**. The industry is likely to experience significantly greater exposure to fluctuating prices, currency swings and adverse climatic events, impacting the resilience of many enterprises. Farmers and growers have told us they need new skills and tools to enable them to cope better with volatility.

The need to be environmentally sustainable will challenge the industry to be less reliant on chemical control of pests and diseases, with better management of soils, water quality and emissions. International concerns about resistance to antibiotics will require the livestock industry to reduce and control usage of critical antimicrobials. The whole food industry may also need to become less reliant on migrant labour.

Productivity



- **UK lagging behind key competitors in terms of productivity**

Source: OECD, office of National Statistics

"A world-class food and farming industry inspired by, and competing with the best."

AHDB's Vision

AHDB is optimistic and ambitious about the long-term prospects for our industry.

Farmers and growers have a history of fantastic resilience to change. Our industry is relatively well structured with many efficient farmers, growers and processors. Our home market is large, relatively affluent, growing and supportive of home-grown produce.

There are increasing export market opportunities that may be exploited further as a consequence of Brexit. Access to capital remains available for most businesses to invest and grow. The industry is well served by an excellent academic and scientific base.

This optimism drives our vision for the industry:

'A world-class food and farming industry inspired by, and competing with the best'

AHDB Strategic Priorities

To achieve our Vision, AHDB will focus effort in the few areas where we are best placed to add the most value. We alone cannot solve all of the issues confronting the industry, but we can deliver more impact in bringing about the change required if we focus our effort in fewer key areas.

Our four strategic priorities are:

1. **Inspiring British farming and growing to be more competitive and resilient**
2. **Accelerating innovation and productivity growth through coordinated R&D and KE**
3. **Helping the industry understand and deliver what consumers will trust and buy**
4. **Delivering thought leadership and horizon scanning.**

1. Inspiring British farming and growing to be more competitive and resilient

We will achieve this by:

- Broadening our international benchmarking of business performance to inform how we measure up against the best internationally

- Rolling out new business management and skills development programmes linked to benchmarking tools to enable farmers and growers to understand how they perform relative to their peers and what they can do to drive performance

- Helping the industry build a profile as a great place to work among school-leavers and graduates through our involvement with BrightCrop

- Extending our international links with similar organisations globally to build understanding of competitiveness and productivity as well as how AHDB can develop its services to enable farmers and growers to succeed

- Showcasing innovation and best practice from the very best producers.

2. Accelerating innovation and productivity growth through coordinated R&D and KE

We will achieve this by:

- Focusing more on the critical drivers of productivity and competitiveness to inform better decisions on farm
- Accelerating the pace at which innovation is translated into activity on farm through targeted near-market research and KE
- Equipping and empowering farmers and growers with the technical, business and leadership skills to get the best out of their production systems and their staff
- Playing a leading role in defining the strategic priorities for publicly and privately-funded R&D to build more effective collaborations with Governments, their agencies, scientific bodies and industry
- Driving forward our technical programme of work through a series of integrated and common action-based themes that will address the combined challenges faced by our sectors
- Moving our research and KE closer to farming to develop a more proactive approach to research commissioning and funding; focused on the needs and issues clearly identified by industry as priorities
- Being an enabler for all four of the new Agri-Tech Centres of Agricultural Innovation to help them focus on the issues that will deliver the biggest impact for farmers and growers
- Leading a new farmer-to-farmer approach to KE. The centre piece to this will be a new Farm Excellence Platform. This is an ambitious initiative with a regional focus to combine on-farm engagement, discussion groups and benchmarking
- Coordinating effectively with public and commercial delivery partners such as agronomists, vets, farm business consultants and the grocery supply chain to overcome the fragmented KE landscape
- Engaging more effectively with leading farmers and growers to promote best practice and support innovation by segmenting our activities and not taking a ‘one-size-fits-all’ approach.

AHDB Technical Themes

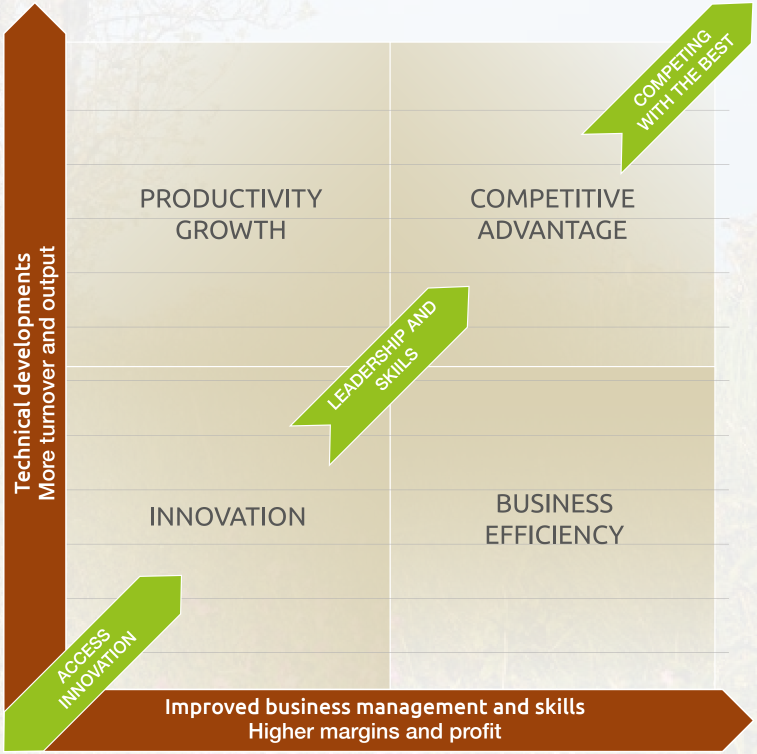
- Realising genetic potential
- Building sustainable plant and animal health
- Managing resources efficiently and sustainably
- Driving precision technology into practice
- Facilitating wholesome and trusted food in the supply chain
- Honing business and technical skills

Our new approach

AHDB's overarching priorities are to inspire British farming and growing to be more competitive and resilient, and to accelerate innovation and productivity growth through coordinated research and development and the associated knowledge exchange (KE). AHDB is the major funder of applied agricultural and horticultural research in the UK, and as a result of the strategic changes in AHDB, the research programme is being re-aligned to address specific industry priorities under the six outcome-driven themes (above).

AHDB's new thematic approach

Empowering farmer decision making



AHDB KE builds on the fact we are unique in being able to blend farm economics and skills development with technical advances and innovation.

By placing farm business at the centre of our KE activity, we can maximise farmer engagement and uptake of best practice as well as ensuring new and potentially game-changing innovative technologies are introduced into the industry as quickly as possible.

Feedback from the KE programme will inform industry priorities under AHDB's new outcome-driven technical themes.

3. Helping the industry understand and deliver what consumers will trust and buy

We will achieve this by:

- Providing excellent consumer insight that evaluates key trends and identifies opportunities for growth, helping our industry understand the main drivers of consumer behaviour and how these might influence demand

- Targeted promotion of our industry's produce, ensuring it's relevant to consumers' changing lifestyles and behaviour

- Underpinning the reputation of our industry and its products through independent, evidence-based advocacy and issues management for the industry around standards for nutrition, food safety and welfare

- Working with key partners in the food industry to build a compelling and unifying identity for quality British food through Red Tractor

- Working with supply chain companies and retailers to realise the potential of genetics and production technologies that help ensure our farmers and growers produce more quality products meeting market specifications and addressing consumer demand

- Leading the food and farming industry in facilitating and developing export markets. This will become even more important once we leave the EU

- Building a clear educational platform to inform tomorrow's consumers about food and farming, and inspiring young people about the career opportunities our industry offers.

AHDB at FHC China November 2016

4. Delivering thought leadership and horizon scanning

We will do this by:

- Highlighting future challenges and opportunities, and working on solutions that help the industry address the need to become more competitive, productive and resilient. Key to this is the AHDB Volatility Forum bringing together experts to examine the causes of market volatility and the strategies that could be deployed by farmers, growers and the rest of the supply chain to address it

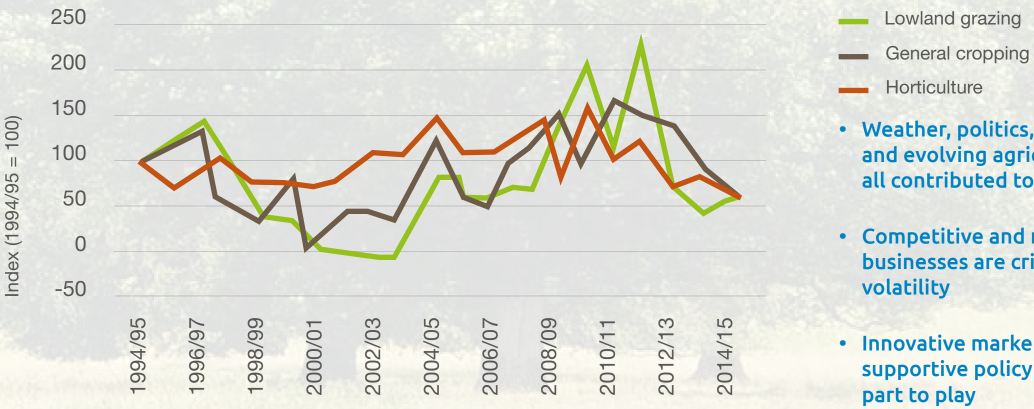
- Building a world-class market intelligence function delivering more horizon-scanning analysis to help the industry see into the future and inspire action. We are already making a stride towards this as our recent series of Horizon reports on Brexit shows

- Taking a whole supply chain approach to our work. Greater competitiveness cannot be achieved by farmers and growers alone. It requires a competitive, innovative supply chain from farm to fork

- Using data and new technologies to help drive our activities and services in helping farmers and growers understand the potential for their businesses. AHDB already collects a significant amount of data in the form of market information, farm benchmarking, consumer intelligence and technical data around animal and crop performance.

Volatility

Index of Net Farm Income in England in real terms - 2014/15 prices (average per farm)



Source: Defra, AHDB

- **Weather, politics, macro-economics and evolving agricultural policy have all contributed to volatility**
- **Competitive and resilient farm businesses are critical to cope with volatility**
- **Innovative market-led solutions and supportive policy also have an important part to play**

> “AHDB is determined to demonstrate better value for money to farmers and growers.”

How will we measure our effectiveness?

Our farmers, growers and processors expect to see a return on the levy investment we make. AHDB is determined to demonstrate better value for money by evaluating our work more consistently and reporting back to the industry.

Our goals are to see:

- Improvements in productivity and competitiveness that come as a result of our activities. We will track headline indicators of industry performance such as gross value added (GVA), net trade balance, labour productivity and total factor productivity. We will also track performance measures at sector level

To assess the impact of our work, we will also put in place a systematic, bottom-up programme of evaluation of all of our levy-payer facing activities. We'll use the results of this to demonstrate the contribution we make to the industry's overall performance

- A higher return on investment for levy raised and an ability to prove it. We will appraise all levy-payer facing activities costing over £50,000 before expenditure through an 'Investment Test' to ensure they fit with our strategy and can demonstrate value for money. Together with new evaluation tools we will use this to demonstrate the return on investment that AHDB is making on behalf of farmers and growers. We will also use our annual levy payer satisfaction survey to measure the value that farmers and growers feel is generated from levy activity

- Recognition by the industry of AHDB as the knowledge house for the food and farming industry. Results from our annual levy-payer satisfaction survey will enable us to understand the extent of awareness and engagement by farmers and growers with AHDB. Feedback from the industry will be essential in informing our progress

- A stronger appetite for AHDB services and information among leading producers. We will segment results from our levy payer survey to understand levels of engagement among leading businesses to ensure we are relevant to the needs of the most progressive farmers and growers.

How AHDB will invest

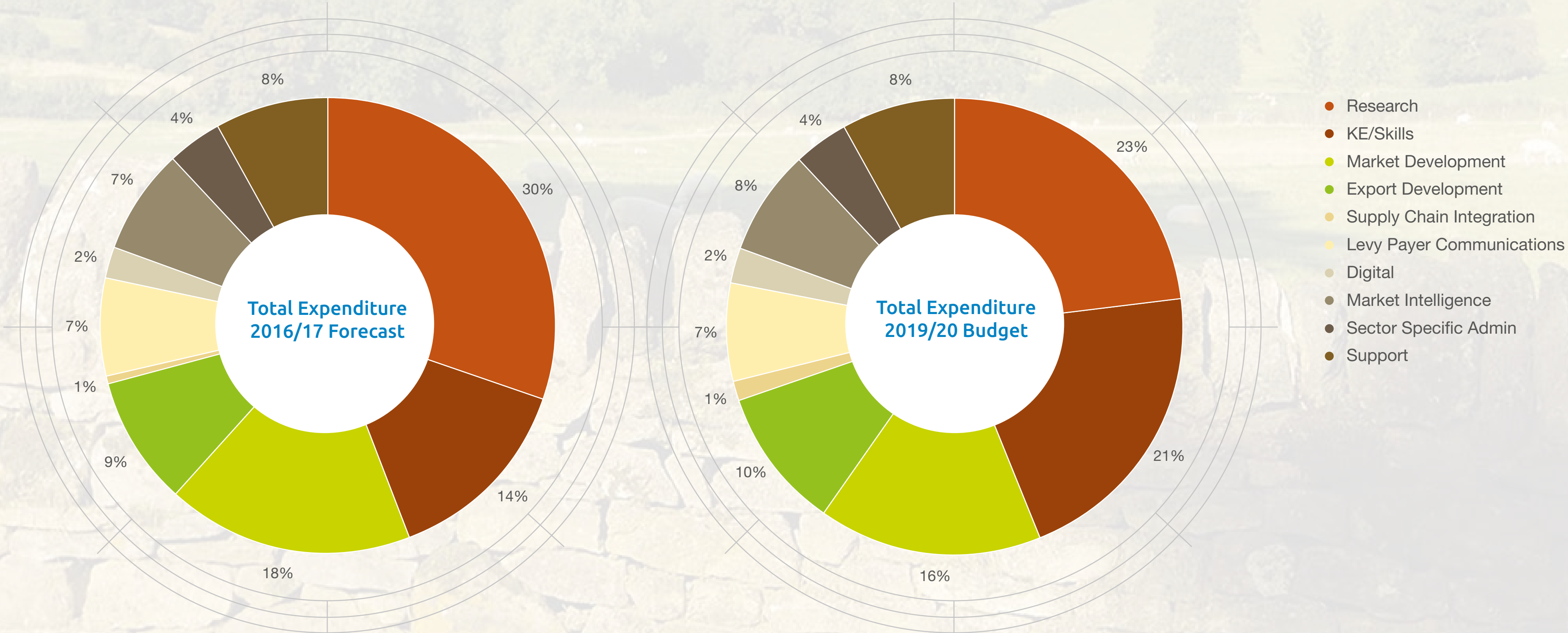
The proposed budget for AHDB expenditure for 2017/18 to 2019/20 is set out below. These budgets are indicative and may be subject to change.

Levy rates are recommended to remain the same for 2017/18. There are no current plans across the six sector boards to increase levies through the three-year period and any future changes to levy rates would be subject to consultation.

AHDB is making efficiencies in order to reduce the need to increase levies. Current levy rates can be found on page 88.

Key points to note at an AHDB level are:

- Enhanced activity in KE and skills to deliver more farmer-to-farmer learning and other activities
- Reducing overall expenditure on research as we focus more on KE
- Enhanced work in market intelligence to enable the industry to make sense of Brexit
- Increased export development work to support the industry in developing and exploiting new markets
- Slightly lower expenditure on domestic market development as we work differently with the industry and undertake work more effectively.



The 2016/17 forecast includes EU-funded expenditure on research and promotion activities. Details are shown within each sector strategy.

“The core strengths and unique selling points of the beef and lamb sector, such as natural production systems, high quality and great taste remain fundamental.”

AHDB Beef & Lamb

The development of the English beef and lamb sector has been constrained by challenges at both ends of the supply chain over the last five years.

The fragmented breeding herd/flock limits producers' ability to improve their competitiveness. At the same time, changes in the consumer market mean demand for traditional beef and lamb cuts are falling, affecting all parts of the supply chain.

Domestic consumption is under pressure from the modern lifestyle with consumers lacking the confidence and knowledge to buy and cook with beef and lamb. The age profile of lamb eaters is a key challenge for the sector with consumers over the age of 55 making up 43% of the market.

However opportunities exist in the halal market which is of growing importance at home and overseas with an estimated 40% of meat consumption by Muslims being sheep meat. The Muslim population is projected to grow, both in the UK and across the EU.

After price, quality is the next key driver of choice and consumer data shows if a product does not meet expectations the shopper will exit the category for up to 12 weeks. Consumers are generally eating less red meat and evening meals which are meat-free have grown to 35% as the 'flexitarian' trend gains traction.

Consumers are increasingly looking for meat which has a better story to tell on environmental impact or other concerns, such as human health. There has recently been an increased focus on the impact of ruminant production on the environment, for example around greenhouse gas emissions, water use and antibiotic use. Improved adoption of best practice in areas such as antibiotic usage, genetic uptake and shorter finishing times can further help the sector address these concerns.

Producers continue to experience the impact of volatility with profitability lagging behind that of major competitors in the European and global marketplace. This damages business confidence, resulting in a lack of investment in production and processing systems and in the skills that are the future of the industry. Many farmers are reliant on support payments and diversification to make a profit.

There is a stark difference in business performance between the top and average beef and lamb producers. There are significant differences in producers' ability to manage fixed costs and maximise output in areas like weight of weaned calves and carcases hitting specification.

The ability to be more cost-focused will become increasingly important for the fragmented supply base to remain competitive and productive.

The processor base will continue to consolidate and build long-term relationships with its customers. The requirement for a more consistent end product will mean processes become even more focused on specification. The “trader mentality” (dealing with weekly price changes) within the industry is still a key challenge and suppresses long-term relationships, however the “value chain” approach will become more widespread.

Against a backdrop of a volatile export market the core strengths and unique selling points of the industry, such as natural production systems, high quality and great taste remain fundamental. Therefore, the long-term prospects are still highly favourable, in and outside the EU. With growing world demand, especially in Asia, there is an opportunity to expand export further.

The proposed AHDB Beef & Lamb strategy seeks to help the sector address these challenges and to maximise the opportunities to create a successful industry.

Key priorities

Improve production consistency and competitiveness. We will prioritise a new pillar of work helping producers to hone their skills and knowledge to breed, grow and finish beef and lamb to meet market requirements. This will operate in tandem with our research programmes in the genetic arena to increase awareness and use of estimated breeding values in the selection of stock. Ultimately, driving more consistent product through the supply chain which will make our industry more competitive.

Increase demand. We will maximise our domestic marketing work by formulating an industry-led approach. Campaigns will be aligned with the supply base and retailers ensuring impact and industry uptake. This approach will also reach into the halal market. In light of Brexit our export investment remains a key pillar of our work where we’ll add value by delivering first class market access and trade development working alongside industry.

Better meat quality. Provenance alone will not safeguard our market and revenue share. We will improve expertise in meat quality, driving end to end best practice which is clearly differentiated to the consumer.

Quality Standard Mark butchery demonstration

AHDB Strategic Priority 1: Inspiring British agriculture and horticulture to be more competitive and resilient

AHDB Beef & Lamb's objective is to create a more competitive beef and lamb supply chain.

Increased numbers of livestock meeting specification will result in improved returns to producers and an industry focused on consumer requirements.

Target: Increase the number of animals meeting supplier specifications by 2% year on year, reaching 58% for cattle and 58% for sheep by 2020.

Activity 1.1: Increase the number of beef and lamb animals meeting market requirements

Processors remain focused on specification, whether it be movement, weight, conformation or age in order to match customer requirements. Not meeting specification is heavily impacting upon producer profitability. We will deliver tools to increase the number of stock attaining the right specification at the right time, to the right market, by maximising genetic potential, on farm management and marketing decisions. We will encourage uptake of sexed semen to increase genetic value and develop 'Beef Focus Farms'.

Activity 1.2: Increase the eating quality of beef and lamb

After price, quality is the next key driver of choice for consumers. Beef and lamb is facing direct competition from chicken, which is seen as a more consistent product. We will deliver increased supply chain uptake of the Quality Standard Mark and trial the Quality Standard Mark Plus scheme, and support industry with meat quality best practice. We will explore research into new technology on carcase classification based on quality rather than yield and increase the use of more scientific measures of meat quality and consumer attitudes to provide feedback to the industry.

Activity 1.3: Engaging levy payers with production costs

AHDB Stocktake data continues to show a stark difference in business performance between the top and average beef and lamb producers. There are significant differences in producers' ability to manage fixed costs and maximise output. Adopting and rolling out AHDB's Farmbench costings system in addition to exploring industry partnerships will provide a consistent platform for increasing farmer understanding of, and engagement with, costs of production. This will help address industry inconsistencies in accounting conventions which act as a barrier to engagement and restrict like for like comparisons between farm enterprises.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth though coordinated R&D and KE

AHDB Beef & Lamb's objective is to accelerate productivity growth of beef and sheep production.

Improved productivity underpins the sector's ability to function profitably in a highly competitive global market. It also enables the sector to better cope with volatility.

Target: 5% increase in profitability per hectare of producers who benchmark with AHDB.

Activity 2.1: Driving greater on-farm uptake of genetic potential by increasing the use and understanding of estimated breeding values (EBVs)

Genetic expertise is required to drive and deliver increased specification targets which will result in increased producer profitability. We estimate current industry benefit of EBVs at £10.7m annually, with the potential scope to increase this by an additional 3%. This relies on both producers and pedigree breeders having a common goal to increase the genetic potential of the national flock and herd.

We will use Signet and RamCompare projects to provide performance recording services and highlight the benefits of superior genetics in beef and sheep.

We will also deliver a programme of research to deliver innovation in the genetic improvement of beef cattle and sheep. We will increase the impact of superior genetic stock through enhanced engagement with both commercial and pedigree producers.

Activity 2.2: Improve the efficiency of meat production through improved nutrition and management

Over 90% and 80% of the energy requirement for sheep and beef systems comes from grass, but it is thought only around 50% of the grass grown is fully utilised. The use of grass and forage has a crucial role in the profitability of systems. A renewed focus on production per hectare drives producers towards making the most of their resources including use of supplementary feeds where appropriate.

We will showcase best practice in integrated crop and animal systems to ensure practical outcomes in areas such as weed and pest control, organic matter improvement and soil remediation.

Activity 2.3: Improved animal health and welfare, while reducing costs and driving uptake of best practice of on-farm medicine use

Poor animal performance due to disease and sub-optimal management is responsible for a significant drop in productivity.

We will provide evidence of the consequences of disease and its management, and identify areas where additional research is still required, for example watery mouth in lambs or rumen fluke in cattle.

We will deliver KE programmes to instigate behaviour change in this area working alongside vets, consultants and advisers to make sure consistent messages are being communicated. Getting this right means improved animal performance and reduced costs.

Tackling antimicrobial resistance in humans is a key priority for Government which is asking the UK livestock sector to deliver a plan for reduction of use in animals. We will work with industry organisations such as RUMA and VMD to develop and coordinate industry information. Clear evidence will be provided to producers on how a reduction in antimicrobial use is possible without affecting animal performance. This will be supported with embedding best practice into our KE activity, alongside work conducted by the Cattle and Sheep Animal Welfare Groups.

A continued focus on appropriate use of other medicines, such as anthelmintics for parasite control, will be maintained.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy

AHDB Beef & Lamb's objective is to develop the market for English quality assured beef and lamb at home and abroad.

Consumption of beef and lamb is under pressure from modern eating habits. With convenience of increasing importance primary red meat cuts are vulnerable in the context of modern lifestyles which are focused on dish-based cuisine. It's essential beef and lamb meet consumer requirements in terms of quality, versatility, convenience and value for money.

Export markets are fundamental to maximising carcase balance and value and to deliver returns to producers and processors.

Targets: Increase the value of English beef and lamb categories within retail and foodservice by 3% over three years

Increase consumer confidence and satisfaction with beef purchases while reducing the barriers to purchase

Increase the volume and frequency of lamb sales to younger consumers

Maintain current export volumes in established markets for beef and lamb to 2020.

Activity 3.1: Develop, deliver and promote beef and lamb products

After price, quality is the next key driver of choice for consumers. Beef and lamb is facing direct competition from chicken, which is seen as a more consistent product and easier to prepare. Sales of both meats are in long term decline. We will meet consumer requirements and drive better carcase utilisation through accelerating the uptake of innovative new product development by supply chain businesses.

Our beef and lamb promotional campaigns will be aligned with the supply base and retailers ensuring impact and industry uptake.

Activity 3.2: Drive a greater understanding and nurture the development of the halal marketplace in the UK and targeted export markets

An estimated 40% of meat consumption by Muslims is sheep meat. A growing Muslim population in the UK and in the EU requires a better two way flow of information about the market to exploit potential opportunities. We will carry out a market research project on the UK market, increase supply chain engagement by appointing a dedicated resource to the halal supply chain and deliver a bespoke halal consumer campaign. A greater understanding will lead to better market segmentation and positioning to help develop the market.

Activity 3.3: Exploit fresh international trade opportunities and protect current levels of trade

Post Brexit, AHDB must continue to protect the sector's strategic interests in existing and potential overseas markets. The EU lamb market in particular is critical due to its key role in providing balance to the UK domestic market. We will work in cooperation with the industry and partners to promote exports in new and emerging markets and seek access to new markets and for new exporting companies. A key focus will be on trade missions and maximising the opportunities arising from AHDB's investment in China.

Activity 3.4: Promoting the nutritional and environmental benefits of beef and lamb to the public

We will communicate balanced, evidenced-based information to consumers and opinion formers about the benefits of including beef and lamb in a healthy balanced diet. We will also address any misinformation and / or misconceptions about the role of beef and lamb in relation to human health, production methods, animal welfare and environmental impacts. We'll do this by buying into AHDB's combined education health and nutrition programmes in addition to working with key industry partners.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Beef & Lamb's objective is to deliver better informed businesses through improved market intelligence and horizon scanning.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience in the sector

Target: Increase the number of livestock farmers using and valuing AHDB market intelligence products as measured via our levy payer survey.

Activity 4.1: Increase the quality of industry intelligence for producers and processors to help deliver a more profitable value chain

Producers and supply chain businesses are asking for more market intelligence insight in addition to provision of price reporting and market data. This will help drive more informed business decisions. We will continue to invest in quality market data collection, analysis and communication both in this country and in competitor markets. We will build on excellent analytical and forecasting skills to assist levy-payer business planning. This will be particularly important in assessing the likely impacts of the UK leaving the EU.

Activity 4.2: An agile and impactful communications plan to levy payers and stakeholders highlighting the benefits of AHDB Beef and Lamb, delivered through improved audience segmentation

AHDB's recent levy payer survey shows AHDB has potential to improve its reputation as the go-to organisation for tools to improve business performance. We will segment and target producer audiences to deliver up take of AHDB Beef & Lamb messaging. We will utilise both digital and peer-to-peer channels to convey our messages and deliver key stakeholder contact via our knowledge exchange team.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: UK trade events

We will reduce expenditure at UK trade events and industry event sponsorships. Our new approach will be integrated with industry via first class supply chain account management. This will reduce the need for presence at such events.

Activity: Separate trade and domestic marketing work

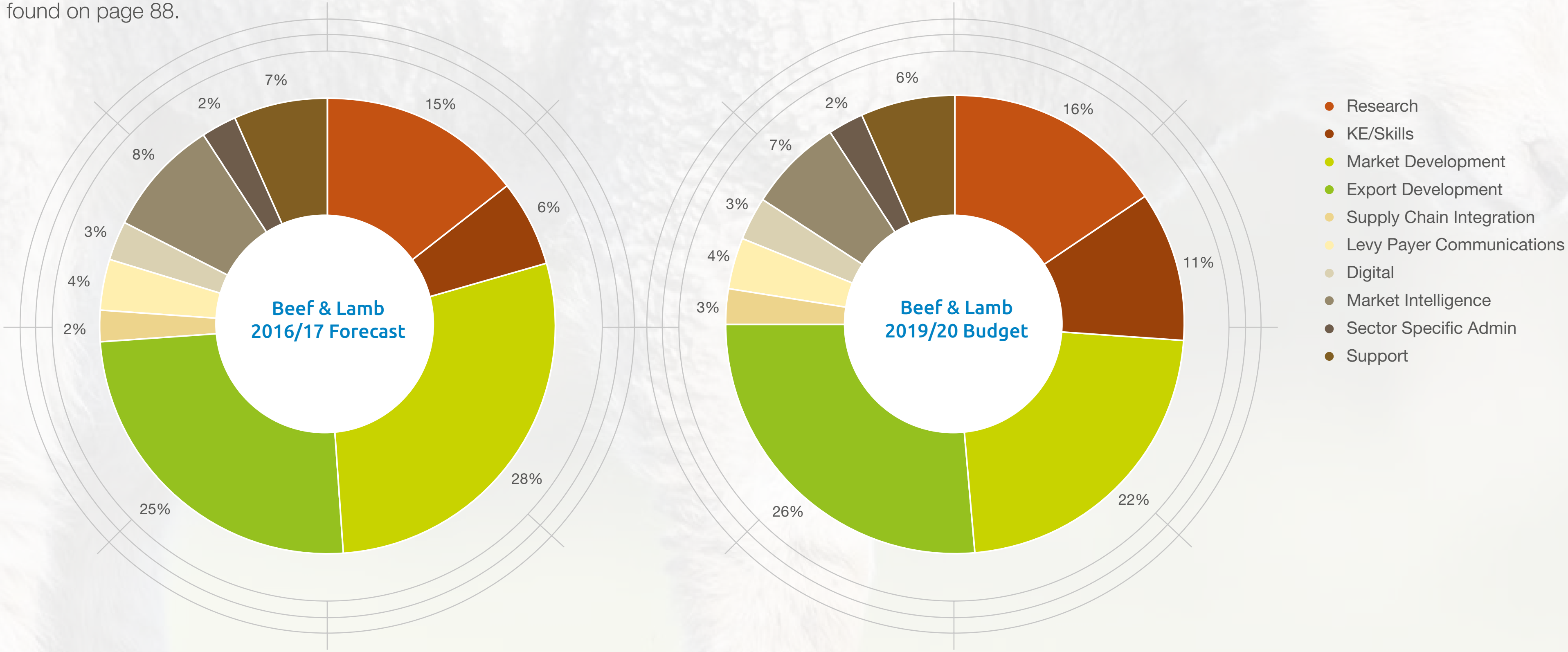
Working with industry we will produce a programme of integrated work across both trade and domestic marketing areas. This will maximise our impact and reduce duplication.

How AHDB Beef & Lamb will invest

The proposed budget comprises the allocation of AHDB Beef & Lamb levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 2017-2018 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

Key points to note are:

- Enhanced activity in KE and skills to improve the number of animals meeting supplier specifications
- Enhanced work in supply chain integration to support the growth in the halal market
- Further investment in export development in year three to capitalise on Brexit opportunities
- Reduced investment in stand-alone trade projects within market development



The 2016/17 forecast includes EU grant-funded export expenditure which is 2.6% of total expenditure. The funding will cease in 2017/18.

"AHDB's Monitor Farm programme demonstrates that profitable and sustainable growers tend to be those who are on top of their costs"

Jo Franklin, AHDB Cereals monitor farmer

AHDB Cereals & Oilseeds

The cereals and oilseeds industry continues to face physical and financial challenges that must be managed to remain sustainable. In general terms we can categorise the challenges, and opportunities, into four broad areas that interact with one another.

Encouraging productivity

The UK produces about 1% of the world's grains and oilseeds which means it has no ability to affect global prices. Only local price premiums for quality and slightly higher domestic prices for logistical reasons create any deviation from global prices.

AHDB's Monitor Farm programme demonstrates that profitable and sustainable growers tend to be those who are on top of their costs and who use that information to make informed decisions. They also have good access to the right machinery, well thought through marketing plans and a good understanding of what their supply chain customers need.

AHDB believes there is greater opportunity for growers to improve regardless of their current productivity level. AHDB's focus will remain on the key areas of managing resources efficiently, realising genetic potential, driving precision technology into practice, honing business and technical skills and building sustainable soil health.

Stimulating competitiveness

There is growing evidence to suggest UK grain is less competitive than it could be in both the international and domestic market. The industry needs to have a good understanding of UK competitiveness at the headline level, but then also within different production cost centres such as labour, machinery, inputs etc. This is invaluable as it will inform where efforts need to be made to improve competitiveness at the production cost level.

Other industries have improved their competitiveness by ensuring their supply chains are aligned and waste is removed wherever possible. Supply chain businesses also need to understand the limitations on growers and manage their chains to accommodate that.

Well operated supply chains not only increase the profitability and sustainability for the member businesses but are also much more able to deal with volatility and resilience in the light of diminishing direct support payments. Alignment in supply chains is a new priority for AHDB Cereals & Oilseeds.

At the time of writing few details are clear on the impact of Brexit. However, there is some agreement on the direction of travel and scenario planning is taking place. This strategy takes this into account, in particular through a 'get fit quick' principle, that there is value in helping the industry prepare for change even without clarity at the end point.

Raising demand

In a domestic market which uses well-established consumer brands for cereals and oilseed products, AHDB can best add value in work areas such as educating the next generation of consumers, countering negative health claims and supporting the industry in dealing with specific consumer issues such as contaminants.

Brexit may mean the industry needs to focus on more international market development. AHDB has a role to play in removing hurdles to trading with new markets, keeping existing markets informed of harvest progress and providing some support to UK exporting companies where relevant.

Driving value from volatility and resilience

Cereal and oilseed markets have just come through a decade of extreme volatility and the industry should expect to continue to see annual variation in price, cost and margin throughout the supply chain over the next 10 years.

Direct payments and underlying assets have traditionally offered resilience, but going forward these two avenues may be less useful to the industry as a whole.

AHDB can support the industry to take a long term business view in a physical sense in terms of management of rotations and diseases, and in a financial sense through the provision of better data and information.

Key priorities

Deliver a step change in driving productivity through a greatly enhanced KE programme

Ramp-up the information available to growers on soils, break crops and animal feed needs, focusing on rotations in the light of diminishing access to chemical actives

Focus on whole supply chains to improve their efficiency for the benefit of levy payers, with a particular spotlight on feed chains

Identify and provide access to alternative export markets post Brexit

Ensure industry has sufficient data for planning needs in the light of Defra potentially withdrawing from this area

In delivering its objectives, AHDB will be embarking on some areas of activity that it has not been engaged in recently. These include

- On-farm/field scale trialling of research outputs to demonstrate their value to the industry, with clear linkage to levy payer need and regional or local effects
- Coordination of UK KE delivery and wider use and of non-AHDB R&D data
- Increase the influence AHDB has on the direction of R&D on behalf of the levy payer
- Engage supply chains to remove waste for the benefit of levy payer profitability
- Focus on feed supply chains to promote the production of the 'right' grains and oilseeds
- Drive value from volatility, not just minimise the negative impact
- Understand sustainability, particularly soil health and encourage it in grower planning

AHDB Strategic Priority 1: Inspiring British farming and growing to be more competitive and resilient

AHDB Cereal & Oilseeds' objective is to improve the international performance of UK industry through supporting the development of more competitive supply chains.

It is supply chains and not individual businesses that increasingly compete globally and their efficient operation increases their competitiveness. The businesses within them then stand to profit more, provided there is equitable distribution of the benefits. Good communication within the supply chain is key to this. Supply chains are also better able to deal with volatility than individual businesses and AHDB can aid the development of this.

Target: 50% of all growers are marketing through specific supply chains by 2020.

***Activity 1.1:** Collect data on the cost of production and delivery for wheat, barley and maize in key competitor countries*

If the UK is to compete globally then it needs to know where competitor countries are able to reduce their costs compared to the UK. This will help AHDB target its resources to best effect.

***Activity 1.2:** Actively encourage more communication across businesses within supply chains, to improve the international performance of the UK industry*

It is supply chains and not individual businesses that increasingly compete globally and their efficient operation increases their competitiveness. Good communication within the supply chain and managing volatility is key to this and AHDB can play a role here.

***Activity 1.3:** Improve communications in the feed supply chain to help growers understand feed-specific requirements*

The UK livestock sector relies on wheat as a sustainable feed source.
UK feed wheat prices are heavily influenced by global factors impacting on maize and other feed grains. UK feed wheat needs to compete for domestic demand, replacing imports and reducing the need to export it.

The structure of the market needs to adapt to make sure the crops grown are meeting changing demand.

Activity 1.4: *Improve grower understanding and use of specific buying/growing contracts*

Buying and selling on spot markets is a gamble that is unlikely to lead to maximum profit. Buyers are increasingly looking to secure supplies through contracts and growers need to be able to use contracts to maximise their profits. Demonstration of the benefits will help promote this.

Activity 1.5: *Actively drive value from volatility by demonstrating how this and managing risk can be included in business planning*

Volatility is having an increasingly negative impact on UK cereal and oilseed businesses and with the growing exposure to full global market forces, the effects will increase. However, volatility can also be an opportunity.

Activity 1.6: *Demonstrate the value of individual agri-chemical products and the likely impact of their loss*

The loss of chemical actives has major impacts on production, particularly where alternatives do not exist. There is a need to identify which chemical actives are at risk over the next three years and provide evidence to lobbying organisations to support their activity in this area.

Activity 1.7: *Demonstrate oilseed rape's agronomic potential on the following cereal crop through the collection and use of farm performance data*

Oilseed rape value has substantially diminished, meaning there is currently an imbalance between the crop's "risk versus reward" balance, which has forced a drop in planted area. Oilseed rape is likely to remain one of the UK's riskiest mainstream crops to grow due to cost and agronomic characteristics. This will include understanding why Germany demonstrates consistently higher yields.

Activity 1.8: *Research into drivers of spring barley quality and provide more data to growers on suitability for the farm and market*

The UK spring barley area is growing, but domestic demand is static. Exports could be important to balance the UK market but there are differences between European and UK requirements, such as the crop's suitability for brewing and distilling markets. The dominance of only a few varieties means there is an increased risk to output and quality if one breaks down.

Activity 1.9: *Assess and address the extent of the need to rebalance regional grain markets in the UK*

The grain market in some regions of the UK, especially for wheat, is very heavily reliant on domestic demand with limited export opportunities. When regional demand declines such as in Scotland in recent years and/or production rises, the market is often unable to re-balance easily.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE

AHDB Cereal & Oilseeds' objective is to improve grower management of costs of production and marketing returns.

Improved productivity underpins the sector's ability to grow and be profitable. It also enables the sector to better cope with volatility, attract investment and respond to sustainability drivers.

Target: 50% of growers know by 2020 what it costs to produce a tonne of grain or oilseeds.

Activity 2.1: Build growers' business profitability and resilience through good business planning

Managing input costs and effective marketing are the only options for growers to improve profitability in a marketplace operating under global prices. Scope exists to increase the number of growers costing, benchmarking and using sophisticated marketing plans and longer-term planning.

Activity 2.2: Introduce on farm / farm scale trialling as part of the KE programme

The adoption of innovation is being held back by growers unsure of the suitability for their business, often through lack of on-farm evidence and regional relevance. More on-farm/farm scale evidence is needed of the outputs from research.

Activity 2.3: Continue to develop the Recommended Lists to deliver to grower needs

While the Recommended List remains key to AHDB's work, it must remain relevant to grower needs, which are changing. Brexit may well drive further changes away from maximum yield towards higher quality, and lower inputs.

Activity 2.4: Drive greater awareness of variety choice though more regional and local activity in conjunction with the Recommended Lists

Managing input costs is critical to profitability. The wide range of varieties on offer presents growers with the opportunity to minimise production costs while maximising the returns by producing what the market wants.

Activity 2.5: Collect more financial and yield information on rotational crops and communicate in ways to support grower choice

Rotations present a way of both increasing productivity and managing pests and diseases. This may be a way to respond to increasing pressure on using chemical treatments. The availability of information on rotations, especially economic information is in short supply as is on-farm trial data to support claims for various rotational options.

Activity 2.6: Continue to develop AHDB's fungicide performance programme

New races of diseases continue to occur, as well as existing ones developing resistance to existing chemicals. AHDB provides a key service in monitoring, assessing and recommending the best treatments for plant fungal diseases.

Activity 2.7: Monitor crop diseases during the growing season and inform the industry

Growers need up-to-date information to be forewarned of the likelihood of diseases in their crops to allow them time to prepare treatment regimes.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy

AHDB Cereal & Oilseeds' objective is to manage reputational issues on the domestic market and maximise the demand for UK cereals and oilseeds overseas.

The presence of non-UK markets both supports prices by reducing UK stocks in periods when domestic supply exceeds demand and provides alternative, higher value markets for some specialist grains that are easier to produce in the UK. Brexit may also generate a need and provide an opportunity for the UK to explore and develop new markets.

Target: Enable access to all relevant markets and bring awareness of UK cereals and oilseeds to the main buyers in those markets.

Activity 3.1: ***Deliver reputation and issues management for the industry by maintaining an issues management capability***

Individual supply chains are equipped to deal with specific market issues, but may not be able to deal with wider industry reputation management issues. AHDB can take a leading role in coordinating stakeholders and supply chains in responding to specific media issues.

Activity 3.2: ***Raise awareness of food production with the next generation of consumers through AHDB's existing cross sector education and nutrition programmes***

The UK market is where the majority of products produced from domestic cereals and grains will be sold. AHDB's evidence-based education and nutrition programmes can help support promotional programmes delivered by manufacturers.

Activity 3.3: ***Raise awareness of quality milling wheats and malting barleys in existing and potential overseas markets to differentiate the UK's offering from competitors***

Opportunities exist for greater returns to the industry from exports of quality milling wheat and barley to both existing and potential markets. AHDB will work with exporting businesses to achieve this.

Activity 3.4: ***Deliver competitive market advantages for commodity-traded exports by identifying the benefits of buying from the UK***

If UK grain cannot compete on price for commodity traded products, then it needs to explore other competitive market advantages. These could include securing preferred supplier status in domestic and overseas markets through consistent quality, farm assurance or transport reliability.

Activity 3.5: ***Facilitate access to potential overseas markets***

Phytosanitary and trade agreements are required before product can be traded into a market. AHDB is uniquely placed to facilitate these post Brexit.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Cereal & Oilseeds' objective is for knowledge generation to become totally focused on relevant industry needs and take industry engagement with AHDB to a new level.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience in the sector.

Target: By 2020 AHDB's handbook of good farm business will have the same status within the industry as the Recommended Lists.

Activity 4.1: Drive KE through coordination of national delivery and fast implementation of R&D outputs

Grower attitudes to risk and the fact growers are time poor means they need to understand how innovation can deliver for their business. Increasing the visibility of, and helping mitigate potential risks around new innovation will encourage improved grower uptake.

Activity 4.2: Facilitating greater industry involvement in R&D and KE projects by acting as a conduit for the needs of industry back to delivery bodies

Uptake of innovation and best practice in the industry is too slow. Involving industry and commercial companies where appropriate will help ensure outputs are fit for purpose. This will help grower perceptions of the relevance and value of these to their businesses.

Activity 4.3: Replace some trade and usage data collection which Defra could potentially reduce

Information is power. Data quality behind industry trends is critical to both industry decision making and is an area where AHDB can add value. At a time when public investment in agricultural data is being scrutinised, the industry needs to identify where the value in data is and what its priorities are. At the time of writing Defra is signalling it intends to reduce its commitment to data collection in the cereals and oilseeds sector.

Activity 4.4: To help facilitate change, move AHDB Cereals and Oilseeds' market intelligence into thought leadership

Improvements in industry performance come from the way individual businesses react to change. The supply side and processors are more adept at this and growers need to do the same. To help drive better business decisions, AHDB MI needs to focus on extracting best value from the data and deliver top quality insight.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: *Cereals and oilseeds specific education/schools activity*

Cereals and oilseeds production on farm is far removed from many of the products purchased in store. It is proposed AHDB Cereals & Oilseeds buys into AHDB's general education programmes and reduces its focus on bespoke activity for the cereal and oilseed sector.

Activity: *Cereals and oilseeds specific diet and health activity other than issues management*

Cereals and oilseeds play a positive role in diet and health but this is often better captured by those working closely to consumers. There is limited value which can be added in this area and it is proposed AHDB Cereals and Oilseeds buys into AHDB's general nutrition programmes and reduces its focus on bespoke activity for the sector.

Activity: *Consumer activity other than issues management*

Consumers rarely purchase cereals and oilseeds or the first products of them. In many consumer products, the cereals and oilseeds element is either not very visible or not a major constituent of the product. It is less clear where AHDB can add value in this area. For bread, cakes, breakfast cereals etc, these are often brand marketed and the brand owners have far greater opportunity to promote the products.

Activity: *Pre-breeding research and development*

This area of work is long term, high risk and expensive and is already covered by organisations such as the Biotechnology and Biological Sciences Research Council (BBSRC). Compared to the impact AHDB can have on the industry through funding more near market research, this is seen as a low priority for AHDB which will aim to retain influence in this area without co-funding.

Electronic Grain Passport

A programme is under consideration for moving from a paper to an electronic grain passport. At the time of writing, trade associations are considering whether to adopt the programme based on a recently trialled pilot. At this point no decision has been made on its future.

How AHDB Cereals & Oilseeds will invest

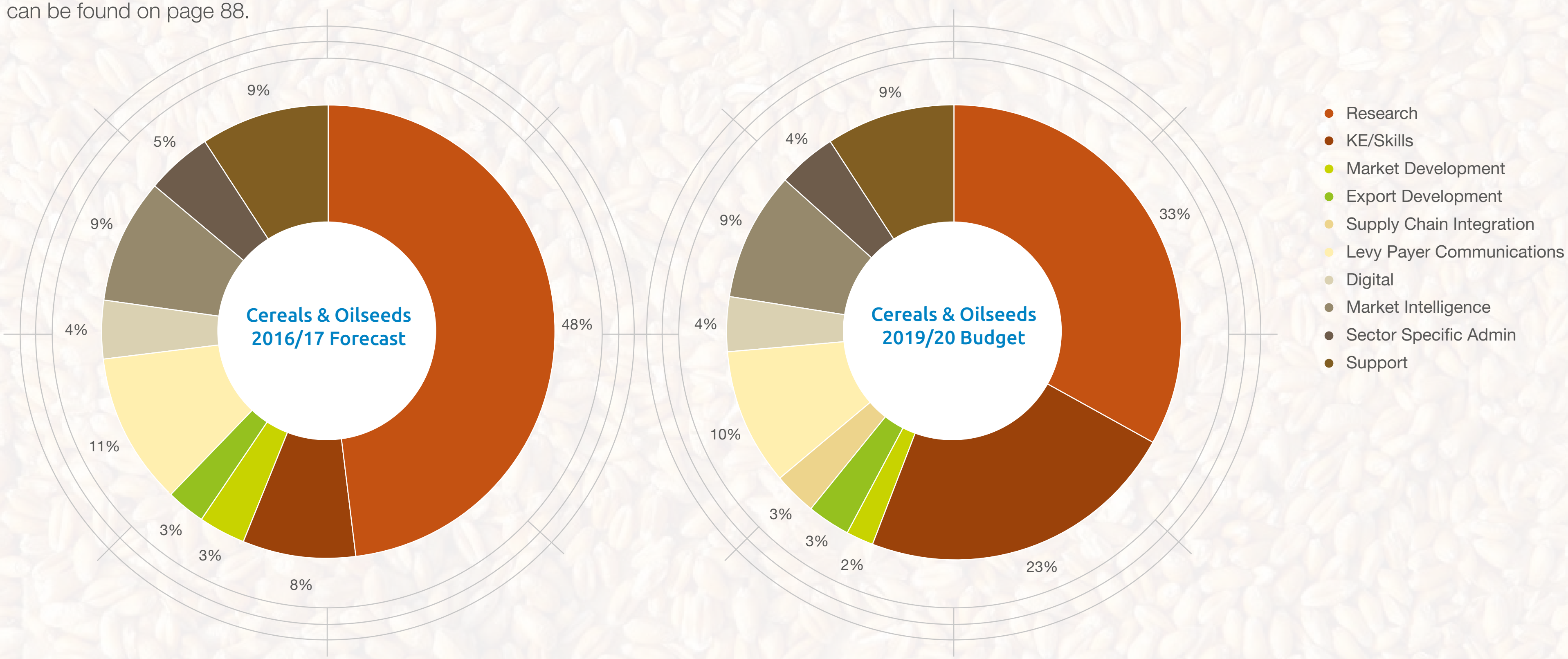
The proposed budget comprises the allocation of AHDB Cereals & Oilseeds levy income across the AHDB delivery functions.

These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

Key points to note are:

- Market intelligence activity increases to accommodate greater data collection and analysis

  Supply chain integration work also grows to support the development of enhanced benefit from efficient supply chain operations
- With a finite income, spend has been reduced in R&D (which currently carries an allocation for KE) and market development, which is at the end of a reducing programme of activity. Export development and stakeholder communications remain broadly unchanged.



“Improved productivity underpins the dairy sector's ability to compete, grow and become sustainable.”

AHDB Dairy

The long term global dairy outlook remains positive with demand expected to grow by approximately 19bn litres per year until 2025. However, dairy markets are expected to remain volatile.

Stimulating competitiveness and building resilience

The majority of businesses are more exposed to global commodities than they have ever been. This exposure, alongside the removal of quota restrictions in the EU, and the UK's plans for Brexit, leaves the British dairy industry needing tools and skills to build resilience to volatile markets.

To thrive in a more competitive, volatile market environment will require dairy farming businesses to have a combination of business acumen, excellent technical performance and leadership skills. The control of production costs remains the most important priority to better withstand the shocks of market price fluctuations. At the same time, businesses will need to meet consumer expectations in terms of animal welfare and the environment.

British dairy farmers already possess some competitive advantages with relatively low costs of production compared with many other EU countries. However, there is a wide variation in costs of production and net margin on British farms.

Accelerating productivity growth

Improved productivity underpins the sector's ability to compete, grow, and become more sustainable. There are a number of opportunities for dairy farmers to optimise their performance:

- Poor health status reduces productivity, compromises animal welfare, and increases inefficiency and wastage in the use of expensive resources. Genetic improvement underpins the productivity and efficiency of the national herd. The use of genomics can increase the accuracy of selection and ultimately accelerate the speed of genetic gain.

- The performance of the top and bottom 25% herds can largely be accounted for by four cost areas: herd replacement, feed and forage, labour and power and machinery. Feed costs constitute approximately 75% of the total variable costs for milk production and therefore are one of the most important factors determining farm profitability.

Optimising demand

Dairy products such as milk, cheese and yogurt are naturally nutrient rich foods. Dairy products are the main source of calcium in the UK diet. With strong nutrition and environmental credentials supported by traceable and high standards of welfare, quality British dairy products have a strong story to tell at home and overseas.

Dairy products can be found in almost every household in the country. This gives the dairy industry one of the highest degrees of market penetration of any consumer product and makes dairy foods extremely important to the health and well-being of the nation.

Nonetheless, changing consumer eating habits, reduction of usage occasions and falling consumption in younger consumers present risks for dairy consumption. At the same time, the nutritional qualities of dairy products face persistent challenges and need to be bolstered. The dairy industry must also address reputational risks arising from antimicrobial use, perception of some farming practices and its contribution to climate change.

Britain is a net importer of dairy products, which presents a fantastic opportunity to increase domestic market share. In addition, there are growing opportunities for British dairy companies to exploit markets overseas.

Exports provide alternative outlets helping address market balance issues and mitigating the impact of market volatility.

Horizon scanning

The consequences of Brexit for the industry remain unknown, but are likely to see the UK dairy industry exposed to greater international competition while affording new overseas market opportunities.

Agriculture, along with other industries, is expected to reduce its contribution to emissions of greenhouse gasses and ammonia, so the UK can meet its obligations under internationally binding agreements. Similarly, there is pressure to reduce loading of nitrogen and phosphorus from livestock farms to ground/surface water, and to maintain or enhance biodiversity. The Dairy Roadmap, which will be next updated in 2017, provides an opportunity to capture and report on the benefits of improved efficiency measures and the adoption of more targeted approaches to inputs.

In terms of specific issues, there is a pressing need to better quantify current usage patterns of antibiotics. We must work across industry to achieve this and to promote preventive approaches to disease management, demonstrating responsible use of medicines, consistent with good animal welfare. This approach will help underpin consumer confidence, and support for milk production at home and abroad. The dairy industry must play its part in countering the global threat posed by antimicrobial resistance, especially with regard to those antibiotics deemed critically important for human health.

Key priorities

Accelerate productivity growth to improve our competitive position with a narrowing of our focus on the areas in which we can deliver the biggest impact

Enhance our genetics and genomics evaluation offering with particular focus on driving efficiency gains through new disease resistance evaluations, improved carcase qualities and leading the breeding world with novel feed intake evaluations

Strengthen skills, capabilities and professionalism in the industry by providing tools and services and market intelligence to support decision making

Build trust in our products at home and overseas by undertaking market development activity which in turn will help optimise demand for milk produced in Britain.

A major focus of this strategy, in common with the rest of AHDB will be to deliver a step change in KE activities. This will focus on industry outcomes and work with third parties and other regional knowledge and information providers on delivery.

Knowledge exchange has been a cornerstone of our strategy in dairy in recent years, however we feel we can be even more effective by changing our focus. Working collaboratively with industry we will provide a network of sites and commercial farms to promote farmer to farmer learning, facilitate access to innovation and best practice, and create a stronger link between science and application.

It is vital the dairy industry educates domestic consumers on the nutritional benefits of dairy and promotes the excellence of our dairy products in key export markets. We have increased our investment in market development to reflect this in our strategy.

AHDB Strategic Priority 1: Inspiring British farming and growing to be more competitive and resilient

AHDB Dairy's objective is to improve business resilience, decision making and professionalism in dairying.

This is in order to have a competitive and long term sustainable industry.

Target: To improve the performance of British dairy farming relative to our main international competitors.

Activity 1.1: *Improve understanding and management of cost of production, underpinned by enterprise and whole farm benchmarking*

To have a long term competitive and sustainable industry, farmers require a detailed understanding of all components of business costs and how they relate to key drivers of efficiency and productivity. Around 40% of dairy farmers do not benchmark, therefore scope exists to significantly improve the overall industry position.

We will accelerate understanding and management of production costs through the provision of benchmarking support tools and KE services.

Activity 1.2: *Stimulate greater international competitiveness*

Stimulating supply chain improvements and efficiencies is supported by being able to compare domestic and global performance pre and post farm gate to learn from the best in the world. This will enable the industry to better understand its competitive position, and where to target collective effort, in order to compete in a post-Brexit environment.

We will continue to play a key role in the IFCN international network and establish new international collaborations for global data sharing and benchmarking on cost of production.

Activity 1.3: *Define systems of production and associated key performance indicators (KPIs)*

Production economics data show farms that focus on a clearly defined system of production tend to be more profitable, have clarity of purpose, and a better understanding of business drivers. They are better able to use system-specific KPIs to manage performance, and to compare relative competitiveness with their peers at home and abroad.

We will facilitate a common system of KPI classification, relevant to national and international dairy production, which can then be embedded into insight, analysis and messaging to accelerate uptake of best practice and improved business performance.

Activity 1.4: *Improve understanding of market dynamics, milk contracts and business risk mitigation strategies*

Volatility will continue to have a significant impact on British dairy farming businesses, particularly for those suppliers most exposed to global market forces. We will continue to play an important role assisting farmers to undertake long term planning, better matching supply and market need, to help mitigate risks and improve returns.

We will accelerate uptake of AHDB market intelligence and support tools through KE and digital communications.

Activity 1.5: *Develop business acumen via participation in AHDB-facilitated business/skills themed events.*

Improved business skills, a broader range of management competencies and greater professionalism on-farm have been identified as key development needs for the sector.

We will undertake KE activities to drive improved competitiveness and business resilience, placing businesses in a better position to respond to future threats and opportunities. This skills investment will help accelerate the uptake of innovation, and ensure better decision-making in relation to the management of staff and resources.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE.

AHDB Dairy's objective is to improve farm productivity and optimise cow performance.

Improved productivity underpins the sector's ability to grow, cope with volatility and respond to sustainability drivers.

Target: A sustained improvement in animal lifetime productivity from a baseline to be established from national herd data in 2017.

Activity 2.1: *Identify and lead on promoting best practice in calf, heifer rearing and fertility management*

Herd replacement costs offer one of the biggest areas for improvement on the farm. Calving heifers over 24 months increases rearing costs by £2.87 per day - an extra £344 per heifer calving at 28 months. The drivers farmers can influence the most are age at first calving and herd replacement rate, along with targeting best practice in fertility management.

We will undertake a series of activities to accelerate uptake of knowledge to drive improvements in this area.

Activity 2.2: *Lead the promotion and development of innovative genetics and genomics tools and services*

Genetic improvement underpins the productivity and efficiency of the national herd. The use of genomics increases the accuracy of selection, particularly for hard to measure traits. This can aid herd replacement strategies and ultimately accelerate the speed of genetic gain.

We will lead in the development of an expanding set of selection indices, exploiting the revolution in phenotypic data capture, which will balance production with health, fitness and environmental objectives. This will include new breeding indices for lameness and mastitis, and investigating new traits related to feed efficiency.

Activity 2.3: *Promote the uptake of best practice in herd health and disease control*

Poor health status reduces productivity, compromises animal welfare, and increases wastage and inefficiency in the use of expensive resources. The combined economic costs of mastitis and lameness alone to the British dairy herd is estimated to be approximately £300m per annum. A preventive approach to disease management is also the first line of defence against the development of antimicrobial resistance.

We will continue our research partnership with Nottingham University on Health, Welfare and Nutrition to provide a base for R&D to target a reduction in production and culling losses due to mastitis, lameness and Johne's Disease. We will work with the industry to underpin initiatives for the eradication of BVD, the management of Johne's disease, the Mastitis Control Plan and Healthy Feet Programme.

Activity 2.4: *Improve whole farm feed efficiency*

Feed costs constitute approximately 75% of the total variable costs for milk production and therefore are one of the most important factors determining farm profitability.

In pasture-based systems, milk output from forage is a main driver of profitability and production costs. There is a large variation in concentrates fed at any given yield level. Gains in feed efficiency translate into lower costs of production, reduced loss of nutrients to the environment and less reliance on imported feed.

We will work through third parties and encourage peer-to-peer learning to improve industry performance. We will invest in targeted R&D, benchmark industry performance and promote the uptake of best practice and precision technologies.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy.

AHDB Dairy's objective is to enhance the reputation of, and optimise demand for, British milk and dairy products.

High imports, commodity exports and reduced domestic per capita consumption are challenges for dairy. However milk and milk products remain an essential part of the consumer's dietary needs. They have inherent trust values which should be capitalised on in order to reverse these trends.

Target: To positively influence consumer attitudes and propensity to purchase on domestic and international markets. New targets to be established by Spring 2017 for improving consumer attitudes towards dairy.

Activity 3.1 Upholding the place of dairy products in a sustainable diet

Changing consumer eating habits, reduction of usage occasions and falling consumption in younger consumers are risk factors for dairy. Britain is a net importer of dairy products and so has an opportunity to increase market share.

We will work with the processing sector to build trust in British milk supply, halt these trends and re-position dairy products as healthy, nutritious and sustainable.

Activity 3.2 Grow dairy exports in volume and value by developing current and opening new markets

Securing market access and facilitating export markets will help drive value, optimise returns from the market, and encourage business development. Exports can help provide alternative outlets, address market balance issues (especially for products with low structural demand on the domestic market), tighten domestic supply, mitigate effects of market volatility and increase opportunities to add value.

We will work with the processing sector to exploit new export market opportunities by using AHDB's expertise and presence in international markets.

Activity 3.3 Develop the evidence base to underpin consumer expectations of dairy production systems

Long-term sustainability of milk production depends on being able to balance requirements for sustainable intensification with care for the environment and meeting welfare and behavioural needs of dairy cows. This has to be done across a range of production systems. Any regulation and policy development also needs to be proportionate and evidence-based.

We will undertake a programme of R&D on optimising management of dairy cow housing and produce a revised Dairy Roadmap in conjunction with industry stakeholders.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Dairy's objective is to improve the relevance of knowledge generation to meet the needs of the best in class.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience and greater efficiency in the sector.

Target: Improved satisfaction ratings for AHDB Dairy products and services.

Activity 4.1: Ensuring a competitive dairy supply chain

For the dairy industry to be competitive it is essential the whole supply chain optimises its efficiency and maximises value. Previous studies by the Food Chain Centre highlighted the extent of waste and inefficiency in the dairy supply chain.

We will produce thought-provoking analysis into the competitive drivers of the whole dairy supply chain and capture dairy product innovation opportunities to exploit at home and abroad.

Activity 4.2: Increase integration and exploitation of new and existing industry data

There is a significant amount of data being collected across the industry which is not currently being shared. Other countries have been able to develop programmes and policies from informed datasets which drive their industries forward. Better, more integrated data will lead to better decision making on farm, improve the efficiency of monitoring trends and feedback mechanisms and improve data handling along the supply chain. In time it will allow industry to develop benchmarks for key parameters of technical performance, health and welfare status, or antimicrobial use.

We will develop a livestock industry data exchange hub with stakeholders to ensure greater integration of existing data sets and exploitation of new ones.

Activity 4.3: Issues management

It is essential the industry takes a proactive approach to protect and promote the reputation of the industry. This underpins market development activity and long term sustainability and trust in the sector.

We will provide industry with early warnings of emerging challenges and lead the planning and coordination of industry responses.

We will maintain an issues management capability and be proactive in preparing issue statements and dossiers on likely issues for the industry to access.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: Drive efficiencies in KE and communications

There is a need to speed up the uptake of innovation, the outputs from research and reduce duplication in KE by seeking to coordinate existing delivery from industry and commercial companies. Without compromising AHDB's independence, we will work with third parties to coordinate our KE and communications to help ensure our outputs are fit for purpose. There is also a great opportunity to have greater collaboration across AHDB sectors and to have a 'digital first' approach to communications where appropriate.

Activity: Reduction in own funded R&D

This will be delivered through greater collaboration with emerging research providers and programs such as the UK Agri-Tech centres – particularly the Centre for Innovation Excellence in Livestock (CIEL) and Agri-Epi Centre. Greater influence on public and private funding will be driven through strategy discussions with the Biotechnology and Biological Services Research Council (BBSRC) and Innovate UK.

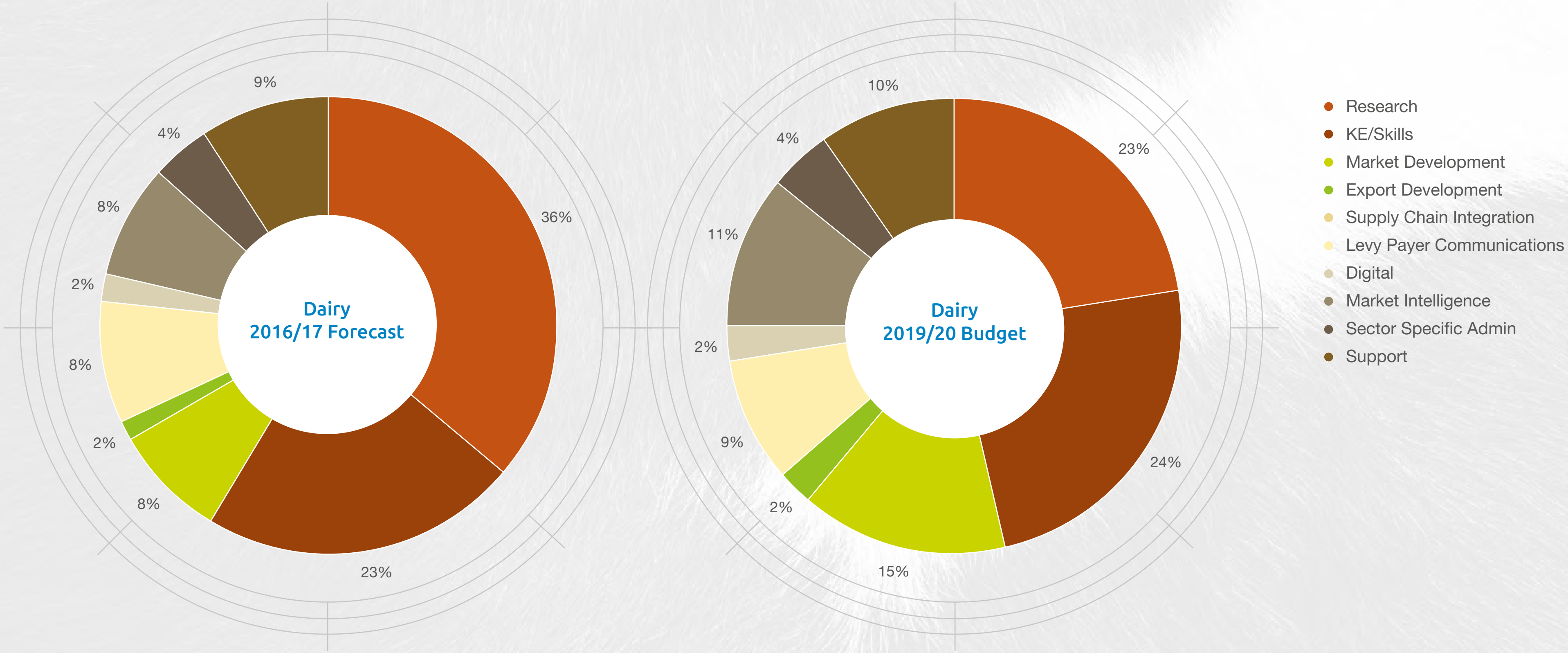
How AHDB Dairy will invest

The proposed budget comprises the percentage allocation of total AHDB Dairy levy income across the AHDB delivery functions.

The allocation of levy funds seeks to support AHDB Dairy's strategic direction. The major shift is to support the enhanced activity in market development both at home and overseas through reduced expenditure in R&D and KE.

Support for market intelligence will increase to better understand potential for supply chain efficiencies, of domestic and global market trends, innovation and development opportunities.

These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.



The 2016/17 figure for Research includes expenditure fully funded by the European Union relating to the Euro Dairy project, which is 9% of total expenditure. This project is completed during 2018/19

> “Technical innovation is a key driver of horticultural business performance, enabling businesses to respond to changing circumstances and demand.”

AHDB Horticulture

Horticulture occupies less than four per cent of British arable land, produces a vast diversity of fruit, vegetable, salad and ornamental crops and employs the full-time equivalent of 50,000 people.

The sector has an estimated farm-gate value of over £3.1 billion, of which 60% is derived from edible crops and 40% from ornamentals, and an estimated gross value of £9 billion according to official statistics.

Eighty per cent of produce grown in Britain is sold to the multiple retailers and the rest to food manufacturers or direct to consumers through local or online outlets. Demand for most crops is fairly static, but the markets for berry fruits, bagged leafy salads and tomatoes are exceptional in having each doubled or more in volume over the last decade or so. Approximately 40% of vegetables, 90% of fruit (including exotics) and over 90% of ornamentals bought in the UK are imported. Little produce grown in the UK is exported.

Fierce competition in the grocery market is driving down margins and forcing supply chain consolidation. Ninety per cent of the produce sold to retailers is now produced by roughly 10% of growers. Seasonal weather conditions can have a major disruptive impact on production and demand and many larger UK growers grow crops overseas to provide the continuity of supply needed to maintain market access.

British growers receive relatively little in the way of Government support except through the EU Producer Organisation (PO) scheme, Rural Development Programme (RDP) and structural programmes in economically disadvantaged parts of the country.

Challenges faced by the horticulture sector include regulatory and commercial constraints on the availability of pesticides for minor uses and the associated need to improve the resilience and sustainability of crop protection systems.

The increasing cost and potentially decreasing availability of skilled labour, the long-term fragmentation of the applied research and KE landscape and the long term erosion of industry expertise are also longer term challenges for the sector.

The potential impact of Brexit, and the public perception of health and well-being associated with edible and ornamental produce also need to be assessed.

Key Priorities

This strategy is intended to help the horticulture industry in Britain survive and thrive. It will do this in four ways:

Generating approvals for the use of plant protection products on horticultural crops

Generating innovative KE and R&D to improve the productivity, resilience and sustainability of horticultural production systems

Working with industry to improve access to existing markets and develop new markets

Working with others to meet the industry's future needs for expertise and knowledge.

AHDB Strategic Priority 1: Inspiring British farming and growing to be more competitive and resilient

AHDB Horticulture's objective is to underpin the competitiveness of horticulture in Britain by maintaining the resilience of crop production.

The resilience of horticultural crop production depends largely on maintaining access to effective plant protection products. As existing approvals are lost for commercial or regulatory reasons, replacements are needed.

Target: To generate new Extensions of Authorisations for Minor Uses (EAMUs) of plant protection products (PPPs) to enable effective management of diseases, pests and weeds of horticultural crops.

Activity 1.1: Generate EAMU applications and supporting data

EU regulatory and commercial pressures on manufacturers mean many currently available PPPs will be withdrawn over the coming decade. As new products of potential value to horticulture become available, EAMUs will be needed to enable their use on horticultural crops.

We will track the loss of actives and approvals, assess potential impact and agree priorities for EAMUs in consultation with grower associations and sector panels. Whenever possible co-funding will be secured from manufacturers. EAMUs approved by the Chemicals Regulation Directorate together with associated efficacy, exposure and crop safety data, will be held by AHDB in a secure database.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and knowledge exchange

AHDB Horticulture's objective is to optimise the productivity, resilience and sustainability of outdoor and protected horticultural crop production systems through innovative KE and R&D.

Technical innovation is a key driver of horticultural business performance, which enables businesses to adapt to changing circumstances and meet changing demand. Fragmentation of the innovation landscape makes it difficult for growers to recognise and capitalise on the potential created by R&D.

Effective integrated crop management (ICM) is fundamental to the production of marketable produce and underpins business profitability. The phased imposition of the National Living Wage (NLW) poses a major threat to the viability and profitability of horticultural production.

The Agri-Tech Innovation Centres offer an exciting opportunity to share costs with others and create new synergies.

Target: Enable growers to increase the productivity, resilience and sustainability of their businesses and achieve a positive return on AHDB's investment in horticultural R&D & KE activities

To maximise the returns on future investment we will review the value of past work when shaping and setting targets for future programmes.

Activity 2.1: Exploiting best practice, new knowledge and technology from all parts of the world

Previous concentration by AHDB Horticulture on tactical problem-solving has meant potentially valuable new knowledge and technological innovation has sometimes not been fully recognised or exploited and past research has sometimes been overlooked. To minimise this risk, we will make horizon scanning and data mining standard practice before research is commissioned.

We will refresh our approach to KE by making more innovative use of digital media and existing industry networks to maximise industry awareness and accelerate the uptake of new knowledge and technology by growers.

We will consolidate R&D into thematic programmes to improve quality and minimise project administration costs. We will strengthen the role of industry coordinators to ensure the relevance and practicability of our work.

Activity 2.2: Developing integrated crop management (ICM) systems to minimise the losses due to diseases, pests and weeds and the environmental impact of crop protection interventions

Cost-effective, resilient, sustainable ICM systems that minimise both the likelihood of pesticide resistance development and possible adverse environmental impacts are essential to the long-term viability of horticultural production systems.

We will focus our KE and R&D work on the development of resilient and sustainable ICM systems using a range of agronomic, behavioural, biological, chemical and genetic control agents, supported by precision diagnostics and decision support tools.

We will seek ways of sharing costs and creating new synergies by working closely with the Crop Health and Protection (CHaP) Innovation Centre and other global centres of excellence in crop protection.

Activity 2.3: *Getting the best and most out of the industry's workforce and operational management processes*

Human labour accounts for between 30% and 70% of total variable production costs. The NLW is driving labour costs up substantially at a time when margins are under strong downward pressure from retailers. Brexit may also alter the future availability of migrant workers.

We will strategically benchmark production systems to determine the scope to improve the use of labour and we will use existing KE networks to cascade awareness of new automation and robotics opportunities to industry.

We will seek ways of sharing costs and creating new synergies by working closely with the Agri-Epi Innovation Centre and other global centres of excellence in automation and robotics technologies.

Activity 2.4: *Building soil health and fertility in horticultural rotations*

Intensive production of field crops has progressively eroded the health and fertility of many soils used for horticultural crop production. We will continue to drive improvements in soil management practice through cross sector KE and R&D programmes including Great Soils.

To enable industry to comply with Government policy on the use of peat in horticulture, we will continue to work with industry on the use of responsibly sourced growing media in protected crop production.

Activity 2.5: *Making efficient use of energy, nutrients and water and securing control of supplies*

Increasing pressure on the availability and cost of resources means growers need secure autonomous capture, storage and recycling facilities and precision control to maximise resource use efficiency. We will continue to develop GrowSave and AHDB's Crop Nutrient Management Guide (RB209) as our primary platforms for disseminating best practice guidelines on energy use and nutrition of horticultural crops. We will collaborate with other AHDB sectors to develop best practice approaches for water management.

Activity 2.6: *Optimising the genetic potential of horticultural crops*

Plant breeding determines and shapes all aspects of crop performance. We will continue to work with industry to ensure the future trait complexes being developed by commercial plant breeders fully reflect the demands of the market, modern production systems and changing environmental conditions.

Activity 2.7: *Understanding microbial contamination of edible produce*

As production, storage, processing and distribution systems evolve, the risk of microbial contamination will change. Working with industry, we will review and periodically update contamination risk mitigation strategies and best practice guidelines.

Activity 2.7: *Improving production systems*

Innovation in production, harvesting, processing and storage systems and associated precision management tools will remain vital to the future security of fresh produce supplies. We will work closely with the Agri-Epi Innovation Centre and other global centres of excellence to evaluate novel production systems and technologies and facilitate their uptake by industry.

Activity 2.8: *Building industry capacity*

The shortage of specialised knowledge in all sectors has become critical. Horticulture offers many fulfilling and rewarding career opportunities which are largely unrecognised by young people. In partnership with the National Land-Based College and others, we will engage with careers advisors and teachers in further and higher education to strengthen careers advice and educational provision.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy

AHDB Horticulture's objective is to build the reputation of horticultural produce grown in Great Britain and assess the scope to displace imported produce and generate overseas sales.

A diet rich in fruit and vegetables is highly beneficial for human health. Current Government guidelines state adults should consume five 35g portions of fresh fruit and vegetables a day. Greened environments also have a highly beneficial impact on mental health and emotional well-being. Over 40% of the vegetables and 90% of the fruit and ornamental plants consumed in the UK are imported. Increasing the demand for edible and ornamental crops was a core strategic priority of the Horticulture Innovation Partnership which is now subsumed within AHDB Horticulture’s strategy.

Target: To improve consumer understanding of the health and well-being benefits of horticultural produce, and facilitate industry exploitation of existing and new market opportunities.

Activity 3.1: Stimulating demand for edible produce grown in Great Britain

Lasting increases of 50% or more in the consumption of fruit and vegetables have been achieved by The Feel Good Family (formerly Food Dudes) behaviour change programme in primary schools. Educational programmes such as Food For Life and quality assurance schemes such as Red Tractor offer effective ways of promoting quality produce.

We will work collaboratively with these and other bodies to explore, and help industry exploit opportunities to stimulate consumption and demand for edible fresh produce.

Activity 3.2: Identifying and accessing domestic and overseas market opportunities

The UK imports large quantities of edible and ornamental produce and exports relatively little. Faced with declining margins in most markets, the industry requires a better understanding of potential market development opportunities and associated technical and commercial barriers. We will work with industry to identify and develop champion products and exploit promising market development opportunities.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Horticulture's objective is to assess the potential impact of external changes on horticulture in Great Britain and inform the thinking of industry and others.

The industry needs a full understanding of the many complex challenges it faces and their implications so that businesses can respond proactively in the most effective ways possible. To achieve this, evidence from different sources must be combined, shared and expertly interpreted. Our planning activities need to engage all key stakeholders.

Target: Annually update risk analyses and mitigation plans and position AHDB Horticulture as a key influencer of horticulture industry thinking and planning.

Activity 4.1: Risk assessment

We will continue to monitor and assess potential challenges to horticulture in Great Britain. We will explore opportunities to exploit horticultural metadata in collaboration with the Agrimetrics Innovation Centre and other centres of excellence. We will work with grower associations, trade associations, leading suppliers and other bodies to develop risk mitigation strategies.

Activity 4.2: Industry skills development

Long-term underinvestment in the diverse expertise and knowledge required by the horticulture industry has eroded capacity. We will work collaboratively to facilitate sharing of expertise and knowledge and will continue to support student bursaries, fellowships, Nuffield Scholarships, PhD studentships and professional and technical training programmes for the industry.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: *Integration of R&D and KE programmes*

Commissioning exclusively in responsive mode through sector panels has generated many small single-contractor projects of variable quality and an unwieldy burden of management and administration of projects and contracts.

We will adopt a more balanced programme development model with proactive commissioning of larger consolidated programmes by balanced consortia. This will encourage research of higher quality and minimise administrative workload, while fully retaining our capacity to react to industry needs as and when these arise.

Activity: *Commercialisation of diagnostics and decision-support systems*

Various research partners have contributed to the development of AHDB Horticulture's existing suite of diagnostics and decision support tools, but none has proved consistently capable of delivering these tools cost-effectively to the market.

We will seek and work with new commercial partners whose track record demonstrates their ability to achieve this, to whom future work of this kind will be transferred.

Activity: *Strengthening alignment with grower associations, trade associations and sector panels*

AHDB will consult with growers of all major crops and grower associations to generate an annually updated list of crop needs. AHDB sector panels will turn these into annual sector priorities aligned with AHDB Horticulture's strategic priorities. Functional teams will plan, manage and deliver the necessary work programmes.

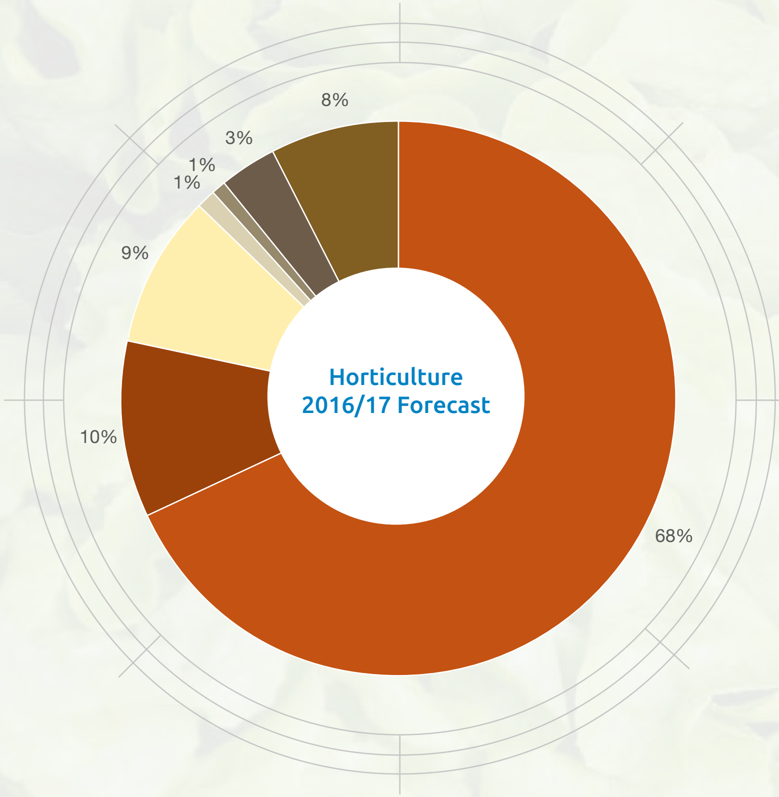
How AHDB Horticulture will invest

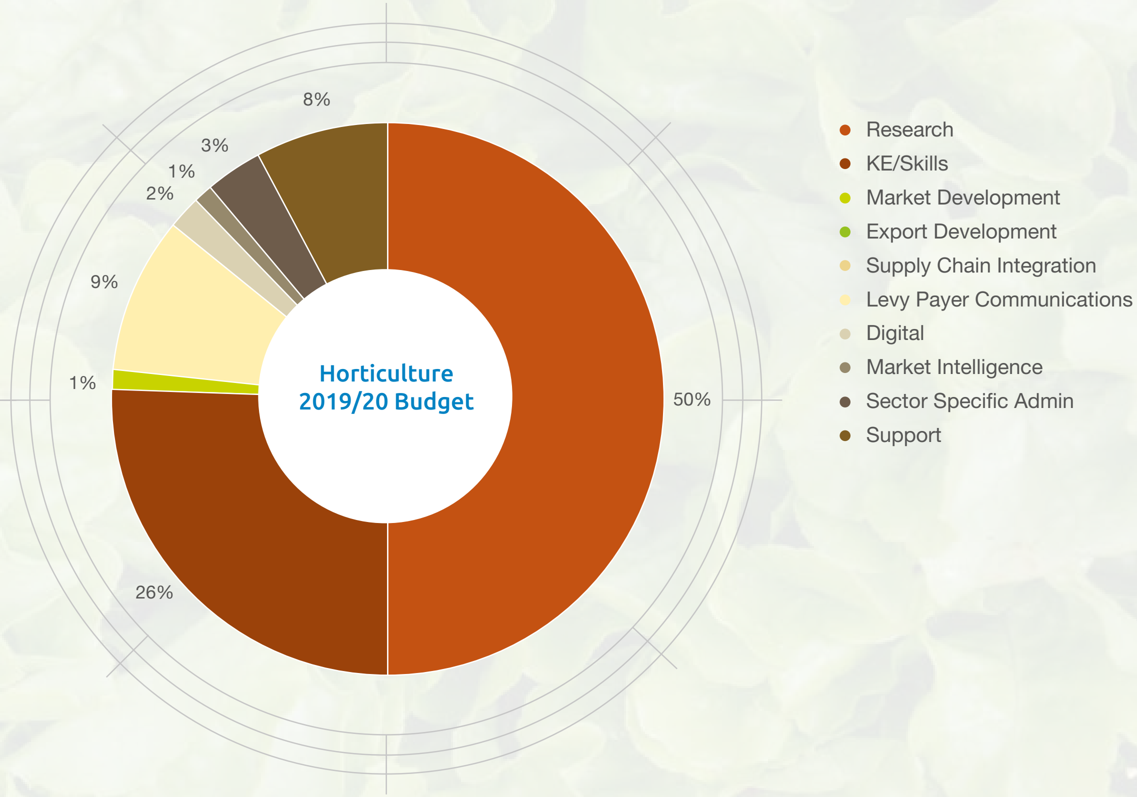
The proposed budget comprises the allocation of AHDB Horticulture levy income across the AHDB delivery functions.

These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy.

Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

The main change to the horticulture budget between 2016-17 and 2019-20 is a progressive increase in KE and corresponding reduction in R&D expenditure. There will also be some new expenditure on KE hub development and capacity building activities.





“Export growth contributes approaching £400 million a year to the value of the industry.”

AHDB Pork

The British pork industry has been generally successful in the last 5 years. Production has increased steadily due to improving productivity offsetting the decline in the breeding herd.

British pigmeat is valued in the marketplace with 8 out of 10 supermarkets choosing to sell only sell fresh meat produced in the UK, and increasing recognition at home and overseas of the differentiation of British product. The industry has become more concentrated both in terms of ownership and organisation and is becoming more focused on a reducing number of supply chains. For example, 16 farming companies now account for more than half of all the pigs produced in Great Britain. This developing structure should enable us to engage more effectively with pig farming and processing businesses in providing new tools, techniques and market insights that will help production grow further.

Exports have increased both in value and volume with all of the growth coming from outside the EU. This now contributes approaching £400 million a year to the value of the industry. We have worked successfully with the British Government in gaining access to markets such as China and Australia. With growing world demand, especially in Asia, there is an opportunity to expand exports further by extending access to new products within existing markets and to new markets for existing products.

However challenges remain. Productivity, especially in the breeding herd, remains behind that of our major competitors. The annual Interpig Report produced by AHDB that compares key production indicators in many of the worlds' leading pig producing countries, shows that the average number of pigs weaned a sow a year on indoor units in Great Britain remains about 0.5 pigs behind our immediate competitors in the EU.

Finishing herd performance is closer to the average for the EU but this is achieved at lower carcase weights than in most countries. Investment in new buildings is generally slow and the industry has a high level of straw-based finishing and naturally ventilated finishing buildings which adds cost. All these factors expose the British market to price-based competition.

Domestic consumption of fresh pork, from which the industry derives most value, is under pressure with retail sales volumes generally falling despite lower average prices. This is due to a perceived lack of relevance in modern eating habits and potential concerns about health. Consumer research shows that compared to other meats such as chicken and beef, pork does not score as well on attributes such as versatility, suitability for any day of the week and succulence. However, research also shows consumers value origin and ethics as important attributes after price and appearance especially when considering meat.

There is an overarching uncertainty about the eventual outcome of Brexit and especially the impact on trade. UK self sufficiency in pork and pork products is just over 60% with considerable imports from the EU. However, imports from the rest of the world and particularly major low cost producers such as the USA, Canada and Brazil, are negligible due to import tariffs. This means the trade deals eventually agreed with the EU and other countries could have a significant impact on the British industry.

AHDB Pork's strategy is to work with industry to address these challenges and maximise the opportunities in the next three years. We plan to build on the benefits from the existing Going for Growth strategy. We are focused on where the AHDB Pork levy can add most value within our limited resources and we will maximise the benefit of having access to expertise and resources across AHDB.

Key priorities

Improve productivity. We will work with producers in new and innovative ways to inspire them to adapt their business to a more competitive market place.

We will seek out the best new ideas from within the British industry and from our competitors in other countries through building effective knowledge networks. We will maximise the use of the €2 mill EUPiG (Pig Innovation Group) being coordinated through AHDB.

We will communicate information by all available channels from farmer to farmer contact through to the use of new technology. We will be more targeted and focused on those things that have the biggest impact on profitability.

Increase demand. We will substantially increase our investment in rejuvenating the image of pork in the domestic market and build on the success of the Pulled Pork Campaign.

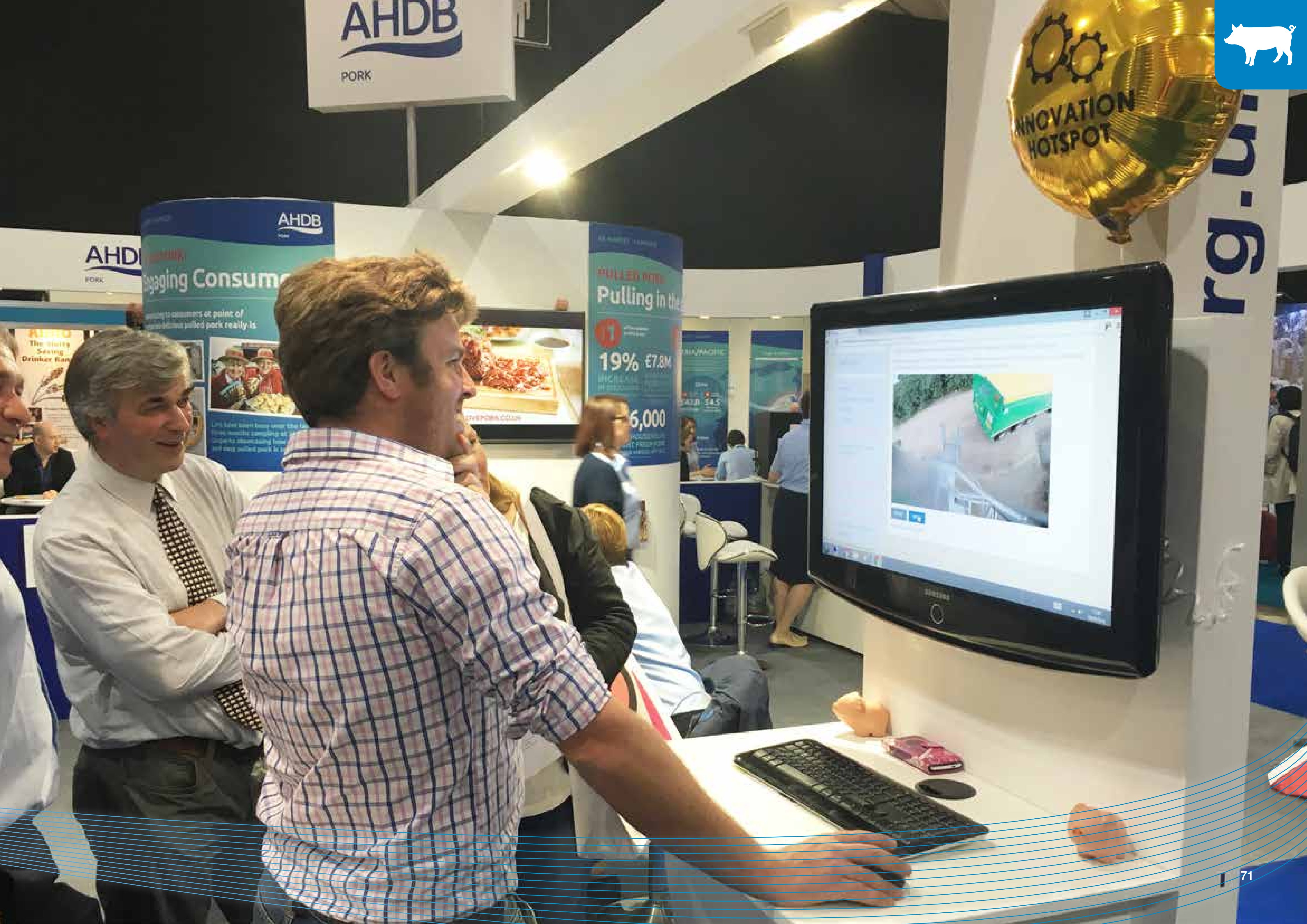
We will move the focus of our work onto growing the relevance of pork in midweek meals.

We will focus on eating quality through improved product specification and cooking and communicate the health benefits of eating pork.

We will use our unique position to work with Government to secure new export markets and promote pork from Britain in these and existing growth markets around the world.

Improve Information. We will work to stimulate the introduction of a new carcase classification system which more effectively transmits consumer demands through the supply chain to producers.

We will work with other sectors to increase the in-depth understanding of the market dynamics vital for businesses across the supply chain are planning to invest. This will become more important as the UK moves out of the EU.



AHDB
PORK
INNOVATION
HOTSPOT
Engaging Consum
Pulling in the
19%
£7.8M

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE

AHDB Pork's objective is to close the competitiveness gap in English pig production.

Despite recent improvements the gap in productivity remains between English producers and our immediate competitors in the rest of Europe, particularly in the breeding herd. This exposes the industry to greater price based competition. A more efficient supply chain that maximises the difference between cost and value is the most resilient.

Targets:

Eliminate the gap between English and EU indoor producers in average number of pigs finished per sow per year

A top third producer in the EU ranking of feed efficiency

Improve productivity of those producers we work with by 10%.

Activity 2.1: Enhance pig health and welfare

The health of pigs has a major impact on overall productivity. We will work with Government and the industry to improve on-farm and abattoir disease surveillance and information feedback to producers so they can act. We will develop the infrastructure to facilitate a reduction in medicines usage while driving productivity and protecting pig welfare. We will develop the collection and communication of Real Welfare assessment to enhance productivity and the reputation of English pig farming. We will work with the Government to ensure contingency planning in the event of an exotic disease outbreak is effective. We will co-ordinate industry stakeholder actions through organising the industry Pig Health and Welfare Council.

Activity 2.2: Harness innovation through capturing best practise from pig industries around the world

Propelling the industry forward will come from understanding how our competitors gain an advantage and adapting their best practice to English conditions. We will help to prioritise research in those areas where there are gaps. We will identify opportunities to improve productivity through enhanced national and international networks. We will refocus our KE activity on areas that demonstrate maximum financial benefit.

Activity 2.3: Help improve the collection, exchange and use of management data throughout the supply chain

The use of quality management information is vital in managing pig production and the effectiveness of processing businesses. We will work with leading producers to demonstrate the benefits of automated data collection and how this can be integrated in the remainder of the supply chain. We will encourage the use of on-farm recording in all contact that we have with producers and use this to measure the effectiveness of our activity. We will develop the PigHub as the core infrastructure to maximise the effectiveness of data exchange.

Activity 2.4: Stimulate the introduction of a new method of carcase classification

The effective transmission of market signals from consumer to producer is essential for an efficient and competitive supply chain. The current system of assessing the value of a pig carcase in the market is inadequate as it is based entirely on the absence of fat at a single point. We will research existing and emerging methods of classifying pig carcases, including measures of quality, as a means of rewarding producers. We will stimulate the introduction of new methods that match market requirements in England.

Activity 2.5: Introduce a new skills framework to improve the skills of existing people in the industry, motivating through a clear career path and attracting new entrants

Pig production is an increasingly technical business requiring highly trained staff to ensure the English industry remains competitive. Existing training and development provision is fragmented and undervalued. We will introduce a national framework for people training and development that is valued by the pig industry and recognises people as professionals in their work.

Activity 2.6: Help build trust in the supply chain

Consumers need to trust the food they buy is safe, wholesome and traceable at every stage in its production. This is particularly the case for meat in the wake of the “horsegate” scandal. We will work with producers and processors to ensure movements of pigs and pork in the supply chain are monitored, production standards such Red Tractor are appropriate and enforced and auditing for origin is enhanced through the use of innovative techniques such as Stable Isotope Reference Analysis.

AHDB Strategic Priority 3: Helping the industry understand and deliver what consumers will trust and buy

AHDB Pork's objective is to help sell more pork.

Realising the maximum value from the production and sale of the whole pig is vital to ensuring the English industry remains competitive. It is important to ensure the industry understands the value consumers place on British pork production and that we satisfy that demand. This could become more important in a post Brexit market.

Targets:

Improve the image of pork dishes for midweek use by 2% points as measured by consumer attitude tracking surveys. Ambitious targets for increasing retail penetration and frequency of loin medallions will be set in early 2017 based on market research results

Assist the growth in the value of pork exports by 35%.

Activity 3.1: Rejuvenate the image of pork in the British market

The perception of pork as a food appropriate for modern consumers is undermining demand and therefore value in the market. We will undertake promotional activity aimed at younger consumers featuring new and innovative presentations of pork in the context of meal solutions rather than a focus on the species. We will build on the success of the Pulled Pork campaign in attracting consumers to try pork and focus on mid-week meals. We will run campaigns that give a short term return on levy investment as well as the long term benefit of improving consumer attitudes.

Activity 3.2: Communicate the benefits of pork consumption

Consumers have a number of misconceptions about pork especially in relation to health. We will communicate balanced, evidence-based information to consumers and opinion formers about the benefits of including pork and pork products in a healthy balanced diet. We will also address growing misconceptions about production methods, welfare and environmental impacts.

Activity 3.3: Promote the export of pork and pork products

Exports of pork, offal and pork products contribute a growing value to the English industry, especially demand coming from outside the EU. We will work in cooperation with the industry to promote exports in existing and emerging markets and seek access to new markets and for new exporting companies.

Activity 3.4: Consumer insight to assist businesses

Insight into consumer trends is vital in knowing how and where to market products to achieve maximum value. We will help the industry identify these opportunities through the generation, interpretation and communication of high quality analysis of consumer markets.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Pork's objective is to deliver better informed levy payer businesses.

Better informed businesses with an understanding of market dynamics are able to respond to opportunities and threats more quickly, driving improved resilience in the sector.

Targets:

AHDB scores at least 7 out of 10 with pork levy payers as the "go to organisation for tools to improve my business" as reported in the annual AHDB levy payer survey.

Activity 4.1: *International innovation monitoring and communication*

A clear understanding of the direction being taken by our competitors is necessary for effective business planning. A knowledge of new and emerging innovations is particularly important. We will use our networks, especially international ones such as EUPiG and the International Meat Secretariat, to gather, interpret and communicate this intelligence.

Activity 4.2: *Excellence in market analysis*

Excellent market information, intelligence and knowledge of market dynamics is essential if the industry is to plan effectively for the future. We will continue to invest in quality market data collection, analysis and communication both in this country and in competitor markets. We will build on excellent analytical and forecasting skills to assist levy payer businesses planning. This will be particularly important in assessing the likely impacts of the UK leaving the EU.

Activity 4.3: *Promote the image of the industry*

The pig production and processing industry is facing unwarranted criticism particularly from activist groups that would like to see an end to livestock farming. This is especially the case for animal welfare and increasingly for environmental impacts and human health. We will defend and promote the image of pig production and processing using impartial evidence and, where required, seek enforcement of legislative and industry standards.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: *Transition of abattoir surveillance*

The industry seeks greater value from abattoir CCIR information that it already pays to have collected. Once we are assured the CCIR data is sufficiently accurate we will transition the current resource supporting CCIR and BPHS to a new scheme to enhance health surveillance.

Activity: *Education work*

It is proposed Pork activity in education currently delivered as part of Meat and Education is delivered through AHDB's overall food programme. Investment in communications initiatives such as This is Pig Farming will be maintained and greater use will be made of social media to combat unwarranted criticism of meat. This requires a more detailed review.

How AHDB Pork will invest

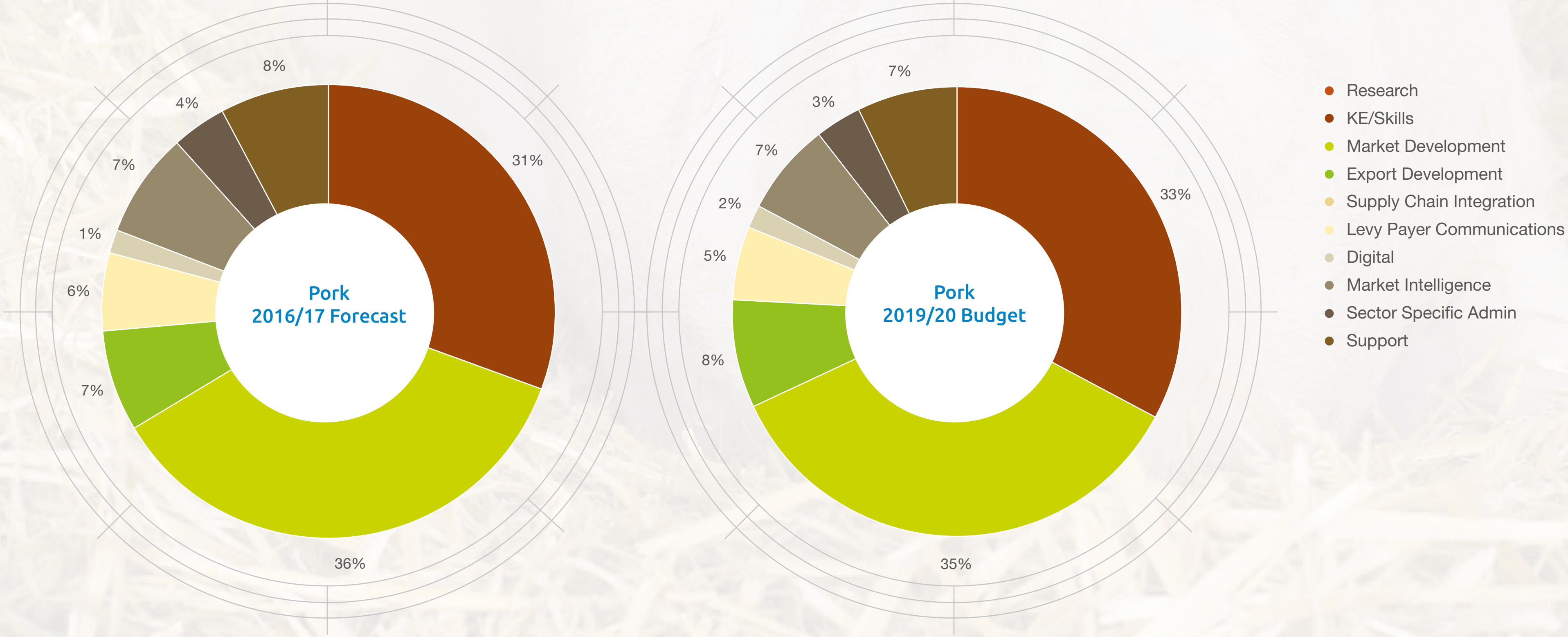
The proposed budget comprises the allocation of AHDB Pork levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Income is expected to increase in the next three years, partly from an increase in levy income, with the remainder from EU project funds.

Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

There will be an increase in spending on domestic marketing of £1 million, weighted towards the start of the plan. Export marketing spend will increase to drive demand. Spending on KE will be augmented by funds administered through the EU PiG project. Approximately 10% of spend will be in England.

Other KE spend will be maintained but redirected to priority areas. There will be a small increase in spending on market information, especially targeted at analysing the impact of Brexit.

Overall, the AHDB Pork budget will operate a deficit over the three years of the strategy, funded from reserves. We will remain within the AHDB reserves policy.



The 2016/17 figures for KE includes fully funded expenditure relating to the EU PiG project which is 1% of total expenditure. In 2019/20 the EU PiG project accounts for 4% of total expenditure and remains fully funded.

“Using advocacy to build a reputation for domestically grown potatoes and potato products.”

AHDB Potatoes

Domestically, potatoes continue a steady and cautious recovery in consumption with both fresh and frozen retail volume growth year on year since May 2015. Pricing strategies continue to be fiercely competitive at retail and collective effort across the whole supply chain will be required to ensure a sustainable and investable future for potato businesses.

Convenience is and will remain front-of-mind for many busy consumers. As an example, the newly emerging chilled category has achieved double digit growth in recent years. Out-of-home, potatoes have also fared well with consumers buying 136 million more portions of potatoes year-on-year (to August 2016), mostly as chips. Significantly, the standard chips of ten years ago are being substituted out by premium offers like skins-on, spiced and flavoured driving cash into the sector. Consumer-attitudes are unlikely to change medium term with convenience, versatility and health remaining important and the move to single-occupancy households (for both young and old) will provide the sector with opportunities around single-meal solutions, frozen portion-controlled offers and smaller pack-sizes.

With regard to export, freedom from key notifiable diseases – ring rot and brown rot – along with excellent low-virus status, continue to make British produced seed attractive under the Safe Haven scheme. Premium snacks, especially crisps, are in high demand overseas. However, the overall level of import trade is both a concern and a substitution opportunity for British producers with around 1.6M tonnes (estimated raw equivalent) frozen product and 240 000 tonnes of fresh crop imported each year. This raises a longer term possibility that any market growth may be fulfilled by overseas rather than domestic producers.

Longer term, the consequences of Brexit remain uncertain. Analysis of potential trade impacts (both positive and negative) is underway and expected to continue. This will help us understand any emerging import threat while providing detail on the shape and size of any new markets in the context of any trade tariffs imposed. In parallel, we will be growing our trade focused presence overseas assisting B2B discussions to fulfil open markets and using our Brexit expertise to identify new opportunities.

A broad package of activities covered in this strategy is required to tackle international trade issues, assist British levy payers to respond to market changes more quickly and help them to cope with the ups and downs of the domestic market by focusing on productivity and competitiveness.

We will be assisting the sector in getting better at interrogating European and global production practices and speeding up how new technologies are deployed on farm.

As we expect the sector to continue to consolidate, better approaches to enable all those who influence production to communicate about improvements in productivity will be vital.

We plan to build stronger relationships with trusted agronomists and supply chain technical teams and use more peer-to-peer learning developed through the SPot Farm network. This will help repair a fragmented KE landscape where new technologies are easily misunderstood and their value can be overlooked.

Our focus on getting research into practice will be primed by the research outcomes coming through our existing Research and Innovation strategy. The strategy already addresses a number of the challenges facing the potato sector. These include rotational management of soil structure and health, management of pest and disease threats, making the link between agronomy and storage, pesticide stewardship and vital management of stores and sprout suppressants. The strategy also provides capacity to anticipate and take on the likely challenges ahead such as availability of pesticides and natural resources. It also recognises how we can exploit a wider research network provided through the newly formed Agri-Tech centres.

There is always a need to convert the gains achieved through adopting new practices into a financial context so growers and supply chains can change practice with confidence. Benchmarking tools and accounting packages differ greatly depending on service provider and we plan to make this benchmarking and understanding cost of production simpler and more consistent by participating in new economic benchmarking tools provided through AHDB Farmbench.

Further, there is a requirement to position potatoes more positively in the public-eye and advocate all that is good about potatoes grown in Great Britain. In particular, growing our evidence base that differentiates between other carbs and imported potato products will be an important requirement in driving demand.

Key priorities

Of the 14 activities identified in the potato strategy, eight constitute genuinely new activity whereas six evolve existing activity. The three we expect to deliver most impact most quickly to allow rapid change in sector performance are:-

Driving productivity by working with agronomists and SPot Farms. This recognises levy payer views that agronomists are the preferred provider of advice and their role in delivering change to businesses and influence on the speed of change. We will be dedicating resource to working with agronomists and supply chain fieldsmen ensuring rapid delivery from R&D through a less fragmented KE landscape. We'll also build on the early successes provided through SPot Farms.

Learning from the best. Buying in to international benchmarking, we'll be able to identify which technologies and practices provide the best improvements in productivity. By running technical comparison missions alongside the new activity we'll be able to identify which changes make the biggest impact most quickly for domestic crops and ensure this is incorporated into our KE. Further, in situations where we simply cannot compete on cost or price, evidence of where home-grown production differs in key inputs and sustainability criteria will feed a positive news agenda.

Using advocacy to build reputation for domestically-grown potatoes and products. Recognising the opportunity to increase use of domestically-grown crop in home markets and overseas we will seek to influence key influencers across government in particular education and health departments, media, NGOs and social media contacts using strong health and sustainability evidence to make potatoes grown in Great Britain the carb of choice. Growing our capacity to bust myths around diet and health will help make potatoes the carb of choice.

AHDB Strategic Priority 1: Inspiring British farming and growing to be more competitive and resilient

The AHDB Potatoes' objective is industry access to better competitive comparisons.

Businesses with a better understanding of costs and efficiencies will be better able to cope with volatility and plan for a sustainable future. Furthermore a detailed understanding of how and where British production differs from key competitors will allow them to adopt the best practices in key technical areas, supply the domestic market more efficiently and substitute imports.

Targets:

Farmbench adopted by the potato sector, consistently in use for 50% area grown and the benefit of technical change driven through software

Production differences with competitors understood in four technical areas

Benefit of change within technical areas understood and changes made.

Activity 1.1: Improved technical analysis of how Britain compares globally in areas such as soils and cultivation, PCN, water and storage

Four priority technical areas need a much more detailed understanding of how Britain differs from key competitors such as the Dutch, French and Belgians in terms of their research agenda, KE methods, deployment on farm and influence on sustainability. Evaluation of how any new findings could be adopted in Britain will be critical to improved competitiveness, so we will be introducing research bursaries to garner new knowledge and a new focus in KE to ensure findings are shared quickly.

Activity 1.2: Providing information on direct competitor cost comparisons

To compete effectively, our levy payers require detailed analysis relating to all elements of variable and fixed costs and how they relate to productivity across a range of end-markets. Joining international benchmarking groups gives AHDB the scope to do this in a way that enables the biggest differences between domestic and international costs to be understood and addressed. We will be leading Northern Europe's entry into the international benchmarking network and will use the new data to not only plot our cost comparison but to identify key differences in use of sustainable inputs that we can use in our advocacy campaign.

Activity 1.3: Engaging growers with production costs

Adopting and rolling out AHDB's Farmbench costings system will provide a consistent platform for increasing grower understanding of, and engagement with costs of production. This will help address industry inconsistencies in accounting conventions which act as a barrier to engagement and restrict like for like comparisons between farm enterprises. Longer term we will start using the benchmarking software to demonstrate where adoption of new practices genuinely impacts production costs.

AHDB Strategic Priority 2: Accelerating innovation and productivity growth through coordinated R&D and KE

AHDB Potatoes' objective is to accelerate productivity growth.

Improved productivity underpins the sector's ability to grow and be profitable. It also enables the sector to better cope with volatility, attract investment and respond to sustainability drivers.

Target:

Yield gain trend improved by 20% in potatoes for processing long term

Yield and value baseline established in fresh and seed sectors, historic trend analysis established and yield/value target agreed with relevant sector and supply chains.

Activity 2.1: *Place soils, water and crop protection at the heart of the research and innovation strategy*

Productivity is already a focus of the current research and innovation strategy with work commissioned around efficient use of inputs, variety performance and best use of resources. This work focuses on soils along with making vital links between seed and ware / agronomy and storage.

As vital inputs such as water and pesticides come under increasing pressure, and threats from indigenous pests and diseases remain real, the industry requires solutions. We will be maintaining our current research and innovation strategy, seeking to capitalise on new innovations emerging through Agri-Tech centres and ensuring resource is available and flexible so that we can respond to issues identified through horizon scanning.

Activity 2.2: *State-of-the-art research and KE services for storage*

Investment in storage nationally has been sporadic. AHDB needs to provide critical and compelling R&D and KE to help the industry improve in areas such as store investment, knowledge and management. This will help the challenge of a changing climate, the introduction of higher yielding but "softer" varieties, along with possible changes to the future sprout-suppression approaches.

We will continue our focus on sprout suppression and store management and explore new opportunities in storage research and innovation as a partner in the Crop Health and Protection Agri-Tech consortium.

Activity 2.3: *Accelerate KE delivery through agronomists, advisors, the supply chain network and responsive growers*

AHDB's levy payer satisfaction survey identified agronomists as the single most important delivery channel of technical information to growers. Our view is that our current research strategy is providing the right sort of game-changing messages (such as soil management) but uptake is stifled by a fragmented pipeline in KE. We will be developing a more consistent third party delivery approach, using relationship-management methods aligned to the research programme and agronomists are central to this. This will speed up KE delivery and its impact which is vital to improving competitiveness.

Activity 2.4: *Placing SPot Farms at the centre of an innovative and improved KE network*

AHDB's levy payer satisfaction survey identified 'learning from other farmers' as one of the preferred ways for farmers and growers to find out about new methods and business practice. This is supported by numerous academic studies showing peer to peer learning is an effective delivery platform for effective KE. SPot Farms will be in an excellent position to share best practice and learnings with other AHDB sector Monitor Farms and we will continue to resource SPot Farms, drawing down match-funding where available ensuring we provide the best geographical access for farmers, supply chain and agronomists.

AHDB Strategic Priority 3: Help the industry understand and deliver what consumers will trust and buy

AHDB Potatoes' objective is to use advocacy to position potatoes and potato products from Britain as the carbohydrate of choice, and increase export volumes.

Potatoes are consistently competing against other carbohydrates and are affected by changing diet trends. This is in spite of strong evidence-based credentials for sustainability and nutrition and envious household penetration rates. Opportunities exist to exploit untapped 'open' markets overseas, grow consumption in all our markets and replace imports with domestic production.

Targets:

Existing markets maintained and trade established in 50% of currently under-traded or dormant markets

EU match funded campaign objectives (5% shift in attitudes on nutrition) and 300 000t uplift in fresh sales met

Consistent "good news" agenda based on evidence.

Activity 3.1: Create an advocacy approach; influencing the influencers to drive a positive attitude to potatoes and potato products from Britain

AHDB already has a strong evidence base that positions potatoes as a virtuous crop – beating carbohydrate competitors in areas such as sustainability and health. By enhancing this evidence and deploying it more effectively we can engage and inspire a broad family of stakeholders to improve the sector's reputation.

By pooling AHDB experience in crops, meat and dairy we will establish a core stakeholder list including agriculture, education, health, NGOs and food bloggers ensuring they receive a steady stream of evidence-based positive messages about potatoes and the potato industry.

Activity 3.2: Continued delivery of EU co-funded partnership with Bord Bia

This has been a highly successful campaign for the past two years, and continues to deliver against its targets of increased awareness of the potato's nutritional value, versatility and convenience in modern diets. By partnering with Bord Bia and achieving match funding from the EU we have provided a good example of how potato levy funds can be leveraged for maximum impact. We plan to continue the current marketing campaign.

Activity 3.3: Exploit existing overseas market access agreements for potatoes

Opportunities currently exist to develop the seed export trade with around 20 overseas markets for which access has been granted at a government or regulatory level. A fresh approach is required to help levy payers establish the right trading partnerships to fulfil these markets. We will be developing a new trade-supporting toolkit assisting exporters to develop trading partnerships. Potential to explore ware and product trading relationships could also benefit levy-paying supply chain businesses and we will work with exporters, other than seed businesses, to explore how we can promote products overseas.

AHDB Strategic Priority 4: Delivering thought leadership and horizon scanning

AHDB Potatoes' objective is to deliver better informed businesses through improved market intelligence horizon scanning and thought leadership.

Better informed businesses are able to respond to both opportunities and threats more quickly, driving improved resilience in the sector.

Target: Businesses are confident in making decisions based on stimulating and inspiring thought pieces from AHDB, measured on the annual AHDB survey as an increased score (from 4.5 to 6 out of 10) on AHDB meeting business needs.

Activity 4.1: Making consumer insight data and analysis available and easier to interpret to stimulate businesses to adapt and provide the best consumer solutions

Ensuring ready access to excellent analysis enables businesses to capitalise on the steadily improving domestic consumption of potatoes. Opportunities exist to respond quickly to factors affecting consumer behaviour including affluence, globalisation, health, and dining opportunities. We will make more consumer analysis readily available to levy payers allowing businesses to adapt to changing market requirements and opportunities.

Post-Brexit, understanding international consumer markets will become a more important feature and will help us prioritise resources against the best international opportunities. We will be pooling international market knowledge with our overseas partners so that our levy payers are better informed about new opportunities and threats.

Activity 4.2: Accelerate a market intelligence shift towards continuous stream of thought-leading reviews that fully extract value from insight

The market intelligence offer has been refocused to deliver more detailed analysis and interpretation, in addition to historic market data. This trend shift is reflected in recent AHDB Horizon reports relating to Brexit.

Activity 4.3: Underpin improved market intelligence analysis with state of the art data capture systems and use of new technology

Addressing big data opportunities will require state-of-the-art data capture systems and use of new technology. This will enable us to explore possibilities for future data capture and ensure potatoes are well represented in a broader big data agenda.

Activity 4.4: Explore investment in satellite technologies providing improved data to underpin research and levy collection

Exploration of satellite technologies will allow AHDB Potatoes to devise a more dynamic and strategic approach to operating a fair levy collection system. It may also have further applications in providing data for market intelligence and research purposes. We will start discussions with potential providers with a view to developing systems in 2019.

Activity to phase out, divest or reduce investment in for 2017 - 2020

Activity: *Routine market intelligence products*

There is ongoing debate in the industry regarding some AHDB Potatoes routine market intelligence products with divergent views on need for the products and their quality. We have collected user data regarding usage and relevance of our product range and will use this to fine-tune the product range in parallel with AHDB's broader review of market intelligence.

Activity: *Grow Your Own Potatoes*

With a renewed focus on return on investment for the potato levy, measuring direct industry benefit from this activity has been a challenge. The programme has evolved to the stage where it could be taken on in its entirety by a third party. We will be engaging potential future deliverers ensuring that we don't create a vacuum of activity and that we maintain opportunities for levy payers to engage directly with schools. Selected educational elements of Grow Your Own Potatoes and our wider work with secondary schools and colleges could be wrapped up into a wider AHDB package on education and form part of strategic advocacy work.

Activity: *Historic approaches to economic comparison overseas*

The last two rounds of economic review undertaken by AHDB Potatoes have fine-tuned market intelligence thinking. The focus around business structures and enterprise costs is 'nice to know' but does not result in beneficial changes in practice. We will replace this work with a deeper technical dive into international production issues.

Activity: *Decision support systems for blight and aphid health and safety toolkit*

With the evolution of services within the national Agri-Tech centres, decision support systems will start to compete with each other and alignment in the industry is needed. As new services develop we will offer our resources and expertise to allow development of the best, independent levy-payer facing tools.

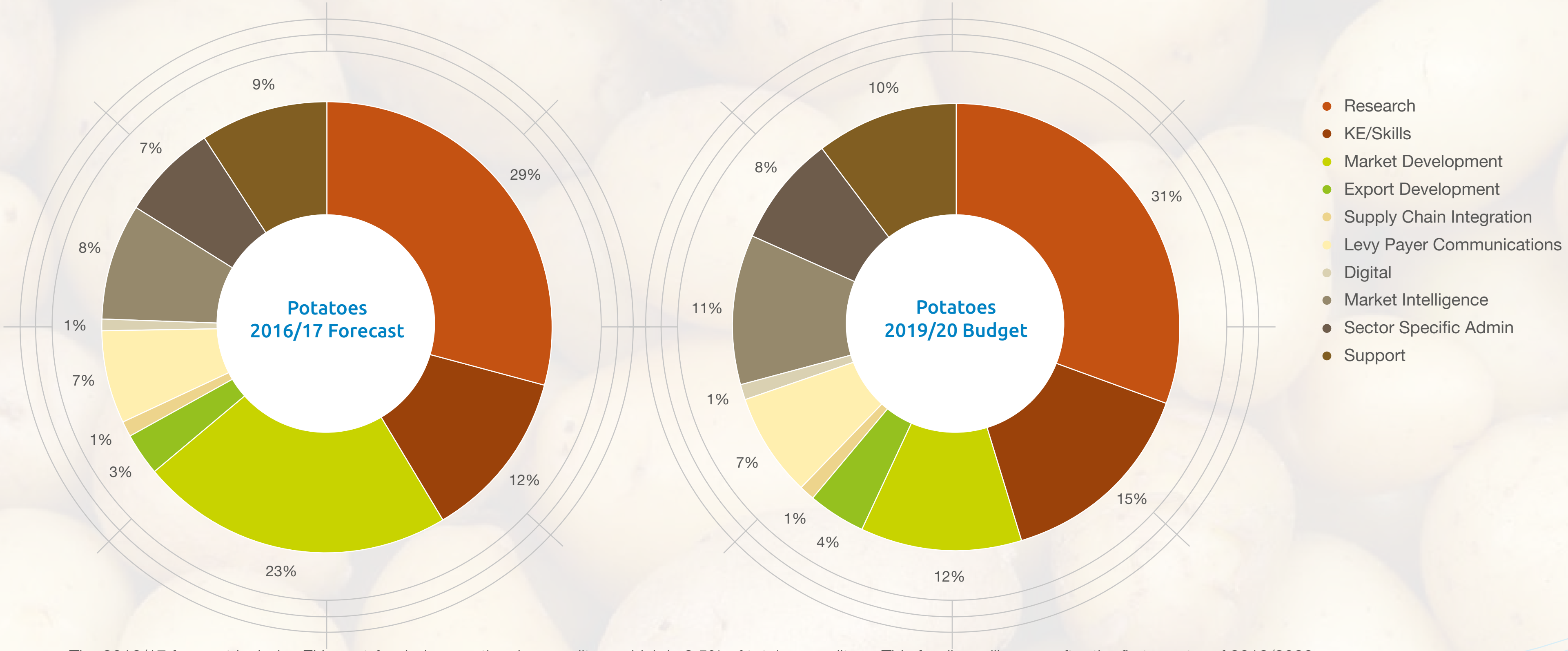
AHDB's health and safety toolkit is fit to run for three years with no further development. We will continue to maintain our multi-language toolkit and encourage levy payers to meet their legal requirements with regard to health and safety.

How AHDB Potatoes will invest

The proposed budget comprises the allocation of AHDB Potatoes' levy income across the AHDB delivery functions. These charts are indicative and show how expenditure will change over the next three years. Levy rates will stay the same for 17/18 and there is no intention for levy rates to change in the final two years of the strategy. Any changes to levy rates would be subject to industry consultation. Current levy rates can be found on page 88.

Key points to note are:

- Increased spend in KE to get R&D adopted more quickly
- Increase spend in market intelligence so industry has a better domestic and international understanding of production and customer attitudes
- Decreased spend in marketing as the current match funded work in the fresh sector draws to a close
- Decrease spend in education as new ways of delivering are developed



The 2016/17 forecast includes EU grant-funded promotional expenditure which is 6.5% of total expenditure. This funding will cease after the first quarter of 2019/2020.

Recommended AHDB levy rates for 2017/18

Sector	Levy rates 2016/17	Levy rates 2017/18	Higher rate for late payment
Beef and Lamb (England)			
Cattle (excluding calves)	£ per head	£ per head	£ per head
Producer	4.05	4.05	4.05
Slaughterer/exporter of live cattle	1.35	1.35	1.35
Calves	£ per head	£ per head	£ per head
Producer	0.08	0.08	0.08
Slaughterer/exporter of live calves	0.08	0.08	0.08
Sheep	£ per head	£ per head	£ per head
Producer	0.60	0.60	0.60
Slaughterer/exporter of live sheep	0.20	0.20	0.20
Pigs (England)	£ per head	£ per head	£ per head
Producer	0.85	0.85	0.935
Slaughterer/exporter of live pigs	0.20	0.20	0.22
Milk (GB)	Pence per litre	Pence per litre	Pence per litre
Buyers and direct sellers of milk	0.060	0.060	0.066
Cereals and oilseeds (UK)	Pence per tonne	Pence per tonne	Pence per tonne
Cereal grower	46.00	46.00	50.60
Cereal buyer	3.80	3.80	4.18
Cereal processor (human and industrial)	9.50	9.50	10.45
Cereal processor (feed)	4.60	4.60	5.06
Oilseeds	75.00	75.00	82.50
Horticulture (GB)	% sales turnover	% sales turnover	% sales turnover
Horticulture products	0.50	0.50	0.55
Mushroom spawn	Pence per litre	Pence per litre	Pence per litre
Agaricus	8.0	8.0	8.8
Non-agaricus	2.0	2.0	2.2
Potatoes (GB)			
Potato growers	£42.62 per hectare	£42.62 per hectare	£46.882 per hectare
Purchasers of potatoes	£0.1858 per tonne	£0.1858 per tonne	£0.2044 per tonne

Contact details

AHDB is a statutory levy board, funded by farmers, growers and processors in the supply chain. **Our purpose is to inspire farmers, growers and industry to succeed in a rapidly changing world.**

We equip the industry with easy to use, practical know-how which can be applied straight away to make better business decisions and improve business performance.

Established in 2008 and classified as a Non-Departmental Public Body, we support the following industries: meat and livestock (cattle, sheep and pigs) in England; horticulture, milk and potatoes in Great Britain and cereals and oilseeds in the UK.

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December 2016