

# The AHDB Dairy Plan 2017 - 2020

## Introduction

This document has been produced in order to give topline detail about how the AHDB Dairy strategy will be delivered. The document works as a 'bridge' between the published Strategy and detailed Activity Plan which has been completed by the internal functions across AHDB.

## The AHDB Strategy

The overall AHDB Strategy '*Inspiring Success*' provides the context in which the Dairy and other sector strategies will be implemented.

The AHDB vision is to be "*A world class food and farming industry inspired by and competing with the best*"

To achieve this, there are four strategic priorities;

1. Inspire British farming and growers to be more competitive and resilient
2. Accelerate innovation and productivity growth in line with competitors through coordinated R&D and knowledge exchange
3. Help our industry understand and deliver what consumers will trust and buy at home and internationally
4. Deliver thought leadership and horizon scanning

## The Strategic Priorities for the AHDB Dairy plan

The Dairy Plan will be delivered through 15 Strategic Activities. Each strategic activity is made up of a number of tasks or projects that will be delivered in the 3 years of the strategy.

The tasks planned under each Strategic Activity, targets for the plan period and KPIs that will monitor progress are detailed at the end of this paper. Through prioritizing these objectives we seek to:

**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 carcass 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.

## Dairy Budget

The allocation of levy funds seeks to support AHDB Dairy's strategic objectives. The major shift is to support the enhanced activity in Market Development both at home and overseas through reduced expenditure in Research & Development, Knowledge Exchange and levy payer Communications.

The strategy will be financed by a relatively stable projected levy income. The plan ensures that Dairy reserves stay within an acceptable tolerance of AHDB guidelines. There are no plans at present to seek an increase in the levy during the plan period.

The table on the following page summarizes the planned budget.

### ***Research and Development & Genetics***

There is a reduction in levy investment in Research and Development (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. The R & D budget includes expenditure fully funded by the European Union relating to the Euro Dairy project. This project is completed during 2018/19.

### ***Knowledge Exchange and levy payer 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. Our reduced levy investment in KE and Communications reflects this drive for efficiencies

### ***Market Development***

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. The plan is to increase spend in domestic market development per annum compared to the expected spend for 16/17 and we are also planning to increase levy investment on promoting exports.

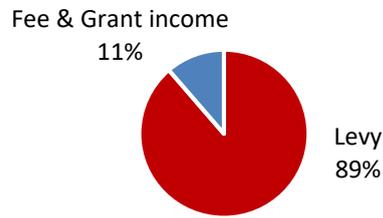
### ***Market Intelligence***

Levy investment for market intelligence will increase to better understand potential for supply chain efficiencies, of domestic and global market trends, innovation and development opportunities. Farm Economics are now accounted for in the KE budget.

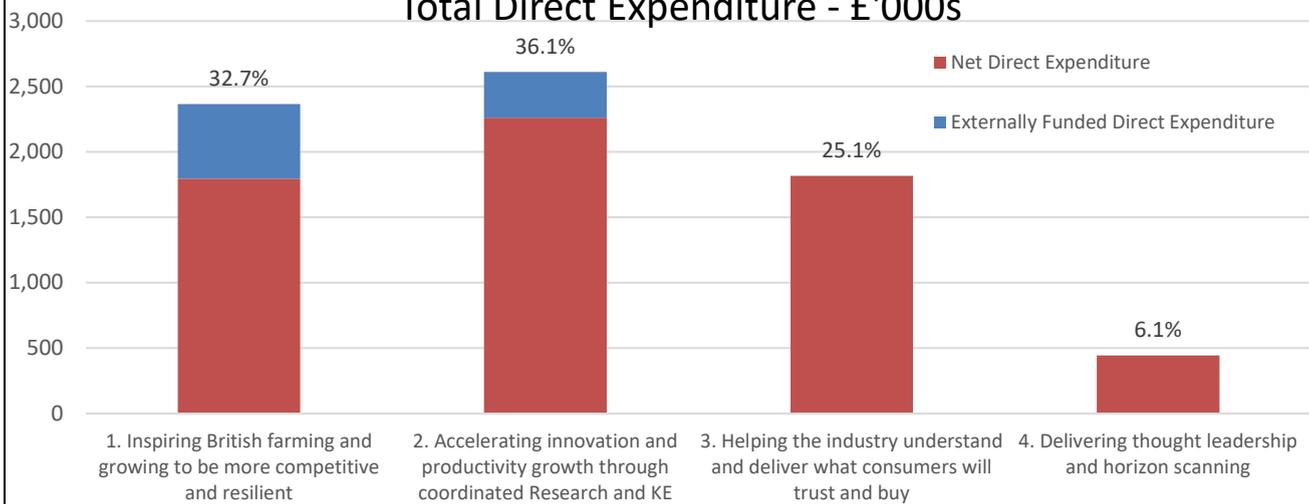
<b>AHDB DAIRY - BUDGET PLAN 2017/18</b>	
	Corporate Plan £'000
<b>Gross Levy</b>	7,200
Direct Levy Collection Costs	0
<b>Net Levy Income</b>	<b>7,200</b>
Fee and Grant Income	916
Bad Debt	-10
<b>TOTAL NET INCOME</b>	<b>8,106</b>
<b>DIRECT EXPENDITURE</b>	
1.1 Improve understanding and management of cost of production, underpinned by enterprise and whole farm benchmarking	-769
1.2 Stimulate greater international competitiveness	-42
1.3 Define systems of production and associated key performance indicators (KPIs).	-190
1.4 Improve understanding of market dynamics, milk contracts and business risk mitigation strategies.	-384
1.5 Develop business acumen via participation in AHDB-facilitated business/skills themed events.	-977
2.1 Identify and lead on promoting best practice in calf, heifer rearing and fertility management.	-288
2.2 Lead the promotion and development of innovative genetics and genomics tools and services.	-1,204
2.3 Promote the uptake of best practise in herd health and disease control	-1,028
2.4 Improve whole farm feed efficiency	-91
3.1 Upholding the place of dairy products in a sustainable diet.	-1,445
3.2 Grow dairy exports in volume and value of by developing current and opening new markets.	-359
3.3 Develop the evidence base to underpin consumer expectations of dairy production systems.	-11
4.1 Ensuring a competitive dairy supply chain	-114
4.2 Increase integration and exploitation of new and existing industry data	-208
4.3 Issues management	-117
Dairy - other	-5
<b>TOTAL DIRECT EXPENDITURE</b>	<b>-7,232</b>
<b>SUPPORT</b>	
Sector Specific Administration	-349
Central Support	-727
<b>TOTAL SUPPORT EXPENDITURE</b>	<b>-1,076</b>
<b>TOTAL EXPENDITURE</b>	<b>-8,308</b>
<b>Operating Surplus/(Deficit)</b>	<b>-202</b>
Non-operating items	0
<b>Retained Surplus/(Deficit)</b>	<b>-202</b>
Support Expenditure % of Income	13.3%
Central Support % of Income	9.0%
<b>Reserves</b>	
Opening General Reserves	3,492
Retained Surplus/Deficit	-202
Closing General Reserves	3,291

### Dairy Budget Plan Net Income £'000s

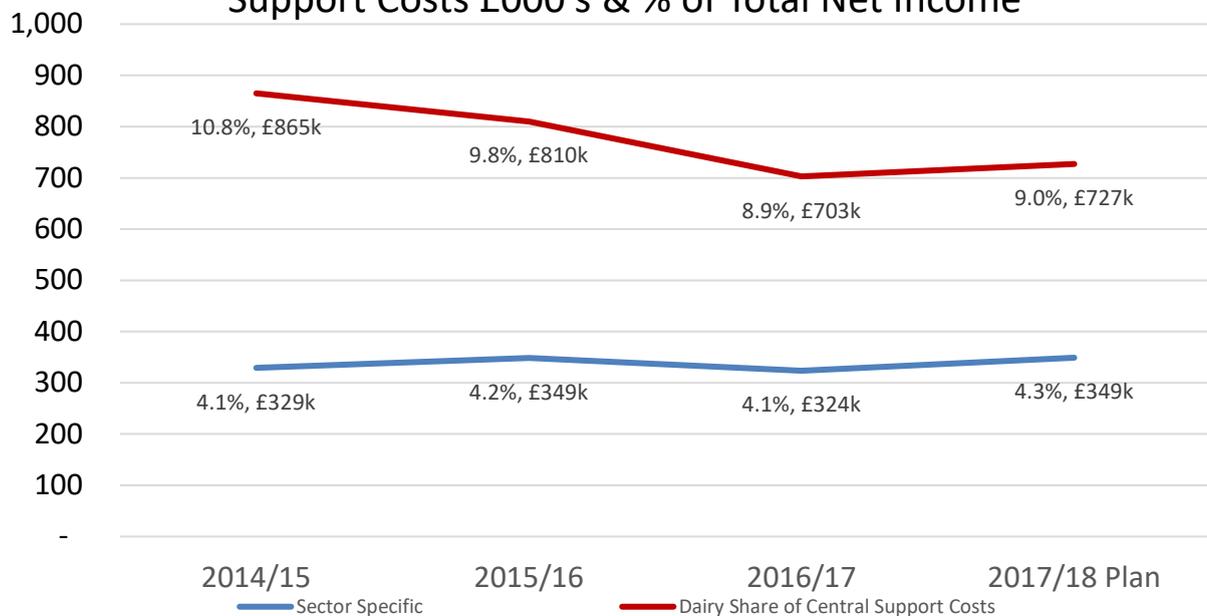
Total: £8,106



### Total Direct Expenditure - £'000s



### Support Costs £000's & % of Total Net Income



Central support costs are shared between sectors based on the relative use of services and are reviewed annually.

## Delivery by Research & Development & Genetics teams

A scaled back research and development programme will focus directly on supporting the revised strategy.

Our Research Partnership on Health, Welfare and Nutrition will invest in new research to optimize the housed environment for dairy cows, including impacts on consumer perception. Further research into lameness will explore novel treatment approaches, and the role of the digital cushion, to reduce production loss and culling rates. The Dairy Mastitis Control Plan will continue to be the main channel for research to improve udder health. Better insight will be gained into the drivers of whole-farm feed efficiency across a range of systems, to lower cost of production and reduce environmental impact. We will investigate the effect of particle size on rumen health, and focus on precision grassland management to increase the efficiency of forage production and utilization. Individual research projects will address potential future challenges, such as the emergence of ischaemic teat necrosis, a new debilitating disease of the udder, and more efficient management of phosphorous.

The R&D team will coordinate the Cattle Health and Welfare Group (CHAWG), regularly updating progress reports on cattle health and welfare. AHDB Dairy will coordinate the BVD Free initiative, and will provide match funding for a further three years to support the Action Johne's campaign. AHDB Dairy will support industry in facing the emerging threat of antimicrobial resistance, working collaboratively with others to ensure the tools and know-how are available to promote good animal health and responsible use of antimicrobials.

Working cross-sector and with external stakeholders, AHDB Dairy will play a leading role to promote better integration and exploitation of industry data, building on concepts developed as part of the Livestock Industry Data Exchange Hub (LIDEH) feasibility study.

With our industry partners we will continue to develop and drive forward national genetic evaluations (including cross-bred evaluations), which now attribute 70% of selection weighting to fitness traits. The development and application of genomic approaches will be expanded, to accelerate the pace of genetic improvement. Direct selection indices for mastitis will be introduced in 2017, increasing precision over the current system. Rollout of comparable indices for lameness is anticipated during 2018. We will collaborate internationally to develop genetic and genomic evaluations for feed efficiency, and to better understand the potential of new cutting edge technologies in animal breeding, such as gene editing.

While the investment in research will reduce, information and research results will be drawn from around the world and used to produce technical content, and to support proactive issues management. International collaborations, for example, through the European Cattle Innovation Partnership and EuroDairy project network, will provide greater opportunity to exchange information, best practice and innovation with other countries. We will leverage the use of finite levy funds through involvement in UK Research Council and InnovateUK programmes, as well as collaborating cross sector on topics of shared interest.

## Delivery by Knowledge Exchange Team

The AHDB Dairy KE strategy reflects the AHDB priority to become the KE organisation. It reflects the unique position of AHDB in being able to bring together farm economics, skills, KE and robust science.

KE plays a key role in the delivery of core aspects of the AHDB Dairy Strategy. In particular, we plan to lead on the acceleration of productivity growth through the uptake of genetic improvement and genomics for better selection (Activity 2.2), the promotion of best practice in calf and heifer rearing and fertility management (Activity 2.1), and whole farm feed efficiency (Activity 2.4).

In addition, the AHDB Dairy KE Strategy focuses on the need for a differentiated approach across the regions, the opportunity to work with third parties in KE delivery, the role of KE in empowering farmers to make better business decisions and the importance of the development of Dairy industry leaders (Activities 1.1, 1.4 and 1.5). It recognises the need to work closely with vets in particular around the delivery of clear messages through the provision of scientifically robust knowledge and access to the latest innovation in cattle health management (Activity 2.3).

The AHDB Dairy KE Plan aims to inform good decision-making on farm by improving farmer access to innovative products and practices and accelerating their uptake. It will reduce fragmentation in KE provision and improve the targeting of new research and development. The focus is on doing a few things really well and working with others to ensure that knowledge provision to the industry is well coordinated and simplified.

Network Building – Working with stakeholders and third parties will form a key element of future KE activity, the Dairy KE team will map third party links with farmers in the regions and develop different approaches for the devolved country regions of Wales and Scotland:

In Wales, there will be enhanced joint working between Farming Connect and AHDB Dairy. This partnership approach will also be taken forward with regards the Strategic Initiative – the detail of which is still to be agreed. This means that there is joint planning and delivery of dairy KE activity and events in Wales; and that many farmer facing events are jointly branded and delivered. In addition to the farmer facing activity AHDB Dairy provides:

- the strategic framework for Farming Connect dairy delivery
- technical advice on
- innovation, demonstration and focus site projects
- activity and events
- quality assurance of delivery
- ensure that consistent messages are being delivered to the industry

In Scotland, KE activity will continue to be delivered jointly by the local KE officer and the dedicated Scottish Dairy Hub during 2017-18. The Scottish Dairy Hub is a unique service within AHDB, offering a bespoke 'one stop' service for levy payers to ask specific questions, and be directed to the relevant resources for the most appropriate answer. Direct delivery of AHDB KE services via 'face to face' meetings in Scotland is likely to remain a significant element of the AHDB Dairy approach, reflecting the 3 year KTIF funded project focusing on benchmarking discussion groups.

Whole-farm benchmarking is recognised as a key contributor to building a competitive and resilient industry. Farmbench functionality will be developed to allow the entry of dairy enterprise data. This brings the significant benefits of the inclusion of international data for comparison, and connection to the development of a suite of additional tools all linked to a common business platform.

KE activity via the Farm Excellence Platform will focus on the establishment of a suite of Strategic Dairy Farms aiming to accelerate innovation and best practice through the use of farmer stories and inspiration, channeled through the farming press and the AHDB website. Working in collaboration with CIEL and EuroDairy delivering KE activity. Technical and Business open meetings and Discussion Groups will continue, but increasingly these will be delivered in partnership or channelled through third parties, depending on the opportunity and the demand.

We plan to strengthen our capacity to translate research outputs into accessible and useful material for farmers and intermediaries. The output from the AHDB Dairy Digital Platform will be targeted at the most progressive farmers, as well as providing scientifically robust, innovative and trusted material that will be valued and used by third parties to improve the quality and relevance of their communications.

### **Delivery by Communications Team**

We will support the delivery of our strategic objectives through the provision of effective and targeted communications to our levy payers using a blend of appropriate digital, MarComms and third party channels.

Understanding our levy payer audience is key. We have moved to a new Customer Relationship Management (CRM) platform and this will enable us to refine and enhance the data we hold in order to prioritize and tailor messages accordingly. We will also review our communications channels, ensuring that timely and effective messages are delivered to levy payers.

The MarComms team will work closely with the Research & Development, KE, MI and Market Development teams to identify key campaigns for the year to support activity on strategic issues – e.g. benchmarking, lifetime productivity, exports and consumer promotion. A structured plan will schedule and prioritise communications activity across the year and enable the co-ordination of key messages. We will continue to optimise our digital, social media, publications and events channels to ensure they are effective and offer value for money. The team will also be heavily involved in the migration of digital content onto the new cross-sector AHDB website during the year.

We will continue to measure the impact of our activity through our levy payer satisfaction survey and capture performance across our digital and social media platforms. A new standardised event evaluation form will allow us to capture essential and consistent feedback from events and meetings. Daily media monitoring feeds across AHDB have been streamlined into three areas: mentions of AHDB, AHDB brands and key words for issues management purposes – reducing duplication and delivering savings. The Media and PR team is carrying out a review on issues management best practice across all sectors and will be updating the media coverage reports to capture tone as well as volume.

## Delivery by Market Development Team

The Market Development team addresses:

### ***Upholding the place of dairy products in a sustainable diet***

Progress has already begun on significantly up-weighting the domestic market development programme alongside reviewing and adjusting current work to focus on activity that has a singular focus of upholding the place of dairy products in a sustainable diet.

In-depth industry collaborative research has allowed us to understand the challenges that the dairy market is facing with milk, cheese, yoghurt & butter all in long term per capita decline (source: DEFRA Family Food Datasets). Usage occasions also declining with an ageing out of the consumer base (source: Kantar). Several levers drive this decline; 24% of consumers are pro-actively cutting intake, 17% are substituting, 56% never consider their consumption at all. It is no longer an accepted norm that dairy is an essential part of a healthy balanced diet. Attributes are being driven at a commoditised product level, leaving the new “dairy” identity to be driven by detractors. A particular source of concern is losing millennials from dairy, but an opportunity is to influence young parents (older millennials 29-36) when they are re-considering their diet in pregnancy and for their children. By focusing our efforts here we can also secure the next generation of consumers (*source*: Edelman).

Domestic market development alongside industry partners Dairy UK therefore will establish the “dairy” identity in consumer minds and establish trust in it through aspirational and contemporary credentials outside of any commercial agenda.

- Anchor dairy in long term societal trends – this isn't a short term agenda
- Create cultural relevance for dairy – how does it fit into my life?

Work to be undertaken will all focus on a common goal, consumers gain trust and consult various sources for validation and advice so activity will influence at each point of interaction:

Core:

- Consumer messaging to build dairy as a positive choice for Young Parents using “Naturalness, nutrition and enjoyment” – Domestic Marketing Campaign and EU funding application

Supporting:

- Validating those messages by good farming practices – This is Dairy Farming/ambassadors
- Nutritional experts validating the position – The Dairy Council
- Rounding the communication to the next generation – AHDB education work
- Creating relevance and including the singular message – The role of brands
- Improving the value of dairy at point of purchase - The role of retail / foodservice
- Traceability of product and quality – The role of Red Tractor

## ***Grow dairy exports in volume and value by developing current and opening new markets***

There has been a lack of coordinated marketing of UK dairy products for some time. Although exports have risen due to the individual efforts of exporters, the consequence has been a worsening of the dairy trade balance which peaked at nearly £ 1.5 billion in 2014. There is considerable enthusiasm from dairy exporters to increase marketing activities and sales. We are favourably placed at this juncture to market our products in Asia, North America and the Middle East. With 75% of UK dairy export currently destined to European markets, the Brexit situation may have some reputational impact, although major change in terms of access can be foreseen before the end of the period (April 2018).

The current strategy is to concentrate our efforts at the top end of the dairy market, particularly with the marketing of premium, traditional cheeses. There are a good number of reasons to do so including:

Optimisation of limited physical and financial resource, engagement with small and medium size exporters, adding value in terms of marketing investment, strategic positioning of British dairy products and potential business wins.

We will aim to develop our activities in conjunction with the current AHDB capability regarding meat exports, gain critical mass through joint events and collaborate with devolved administrations, Defra's Great British Food Unit and other bodies involved in the marketing of British dairy products, such as Dairy UK and the British Cheese Board. We will continue to work closely with DIT (Department for International Trade), DEFRA and the Great British Food Unit (GBFU) to ensure that our target markets and activity types align. A single approach ensures greater penetration into these markets and more opportunity to create critical mass in the visibility of the British brand.

AHDB will also continue to discuss and share our activity for the target markets outlined with processors and Dairy UK. This will ensure processor membership groups efforts on the technical & supply chain side of exports and AHDB efforts have synergistic benefits.

Our approach will comprise:

**Market knowledge, brand development and PR** - We will look at building our market intelligence with key target markets plus brand and identity development of British cheeses and other premium dairy product.

**Demonstrate the quality of British dairy products** - Trade and gastronomy fairs are highly visible ways to demonstrate the unique quality of British dairy products

**Adding value to exports** - Inward and outward missions and supply chain support are particularly important to add value to exporters' work through commercial and trade development

In addition, there will be a strong qualitative aspect in building in the long term reputation and image of the British dairy sector, in providing support to individual exporters and in generating valuable market data and providing/maintaining market access, which we will address through Qualitative & Quantitative Surveys and evaluations.

Industry strategic targets such as those stated by Dairy UK aspire to increase dairy exports by 20-

30% by 2020 and require investment in a range of export activities from interested parties. AHDB Dairy's efforts aim to contribute to this with a target to increase dairy exports by 5% (worth £60m) over the next 5 years. This would represent a return on investment of 75:1.

### **Delivery by the Market Intelligence Team**

Market intelligence is vital to enable business to take effective decisions. We are already making a stride towards consistent thought leadership in our MI work as our recent series of Horizon reports on Brexit highlights. We'll move from explaining what has happened to looking at what might happen to markets. We'll deliver more horizon-scanning analysis to help the industry and inspire action across our industry.

In order to improve uptake of market intelligence, we will be looking to revamp the publications and MI section of the website. The aim is to ensure information and analysis is relevant to our levy payers and provides them with key analysis on a timely basis. We will also focus on providing easy to use charts, tables and slides that can be lifted from our publications and used by industry, while ensuring we are credited for the work.

With an increased focus on coordinating our Knowledge Exchange work with industry, we will aim to encourage more uptake and promotion to farmers of our MI work through milk buyers and other key industry contacts.

Alongside benchmarking farm gate competitiveness through our Farm Economics work, we will look at Supply chain efficiency work beyond the farm gate to help identify opportunities for improvement. To ensure we fully understand the issues and opportunities and remain relevant we must further build relationships throughout the dairy supply chain.

The Milk Price Calculator continues to be a key tool for farmers, and the emphasis over the coming year is to improve functionality and usability of the tool. We have had some, but limited, success in increasing the number of milk buyers in the MPC directly with the buyers. The aim over the year will be to increase the number of milk buyers, as with a more complete dataset. The tool will become even more valuable in monitoring trends, and ensuring milk contracts are relevant to market conditions.

The AHDB Volatility Forum is gaining momentum, with focus areas looking at transparent pricing and in particular dairy wholesale prices. In addition work is on-going on a global supply-demand model with IFCN that can help to show the trigger points for market movements.

In order to support our joint domestic market development plans with Dairy UK, we will be uplifting the level of consumer insight both to identify opportunities for targeting our efforts and to track and measure the impact of our work.

There is also a need for additional trade data analysis to support and direct the export plans of our Market Development team. At present our trade data is limited to UK and EU trade. We will look to improve the knowledge base in this area so we can determine not only where the UK is trading, but who the competition are in those regions and how the UK is performing against those key trade

competitors. In order to deliver this cost effectively, we are looking to combine the dairy trade requirements with the needs from other sectors.

The Brexit work, through our 'Horizon' series, will continue to be covered with additional work expected on econometrics and trade scenarios.

### **AHDB Central Support**

A range of support services are essential for the efficient running of any business. AHDB Dairy will share the cost of services such as finance, HR, IT and office facilities. There are also costs of running the Dairy Board through the Sector Director.

The total central support costs have only changed marginally, representing 9.8% in 15/16 and anticipated to be 8.7% and 9.3% for 17/18 and 19/20.

Efficiency savings arising from the restructure have been identified and will continue to be built into budgets over the next three years.

## Objective 1

Improve business resilience, decision making and professionalism in dairying.

*Overall target:* Improve the performance of British dairy farming relative to our main international competitors.

Dairy strategic activity 1.1	<p><b>Improve understanding and management of cost of production, underpinned by enterprise and whole farm benchmarking</b></p> <p>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.</p> <p><b>We will accelerate understanding and management of production costs through the provision of benchmarking support tools and KE services.</b></p>			
Dairy strategic activity 1.1	Target (2019/20)	KPI - year		
		1	2	3
	<p><i>Improve farm profitability (Full Investment Net Margin ppl) by 3% by the end of year 3 (1.5% per year for year 2 and 3). Measured by comparing performance of approved Farmbench users for any two consecutive years, indexed to remove market volatility.</i></p>	Baseline will be measured in year 1	1.5% improvement	3.0% improvement
Tasks to deliver activity				
1.1.1	Farm Excellence platform & communications – we will undertake/support & promote a programme of regional and national technical KE activities including farmer meetings and discussion groups.			
1.1.2	Farm Excellence platform – we will deliver the government supported initiatives in the devolved regions (Knowledge Transfer Innovation Fund in Scotland, EU conditional aid in England, Dairy Strategic Initiative in Wales).			
1.1.3	Through the EuroDairy H2020 network, fostering the development and dissemination of practice-based innovation in dairy farming to assist in understanding and <b>management</b> of production costs.			
1.1.4	Intelligence gathering – we will provide an improved simplified on line tool to increase the uptake of benchmarking of cost of production & to enable production of analysis of trends & drivers of financial & physical farm performance data.			
1.1.5	Wales DSI – we will undertake a series of scoping studies in Wales as detailed in the DSI development phase.			
1.1.6	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			

<b>Dairy strategic activity 1.2</b>	<p><b>Stimulate greater international competitiveness</b>  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  <b>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.</b></p>			
<b>Dairy strategic activity 1.2</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
	<i>To improve the UK dairy industry average full cost of production (COP) by 1% per year against our European IFCN competitors (Netherlands, France, Germany, Ireland) on an indexed basis against 2016.</i>	1	2	3
		1%	2%	3%
Tasks to deliver activity				
1.2.1	Intelligence gathering & business development– undertake international benchmarking through data sharing & inform levy payers of competitive position and sustainability of GB dairy through evidence reports and KE activity.			
1.2.2	Expand the international dataset available by incorporating the economic analysis of 120 pilot farms within the EuroDairy H2020 Network.			
1.2.3	Undertake improvements of digital offering to improve user experience, engagement & uptake of tools & services.			
1.2.4	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			

<b>Dairy strategic activity 1.3</b>	<p><b>Define systems of production and associated key performance indicators (KPIs)</b>  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.  <b>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.</b></p>			
<b>Dairy strategic activity 1.3</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Agreed definitions of production systems and associated KPI's, and stakeholder engagement established by March 2018.</i>	Deliver by Mar-18		
	<i>A 2% increase by year 3 of the proportion of herds in GB who are operating a block calving system. Expectation is that this increase will accelerate post year 3.</i>		19%	21%
Tasks to deliver activity				
1.3.1	Farm Excellence Platform – develop a network of Strategic farms that reflect production systems.			
1.3.2	Intelligence gathering, interpretation & communication with farmers & third parties to accelerate uptake of farm level KPIs & best practice.			
1.3.3	Develop KPI classifications linked to whole farm feed efficiency as part of the Research Partnership (Health, Welfare and Nutrition).			
1.3.4	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			

<b>Dairy strategic activity 1.4</b>	<b>Improve understanding of market dynamics, milk contracts and business risk mitigation strategies</b> Volatility will continue to have a significant impact on British dairy farming businesses, particularly for those suppliers most exposed to global market forces. <b>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.</b> <b>We will accelerate uptake of AHDB market intelligence and support tools through KE and digital communications.</b>			
<b>Dairy strategic activity 1.4</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Increase performance rating on Levy Payer Satisfaction Survey for q13f "How well do you think AHDB supports your business or sector in providing relevant market information for your business decisions?" Initial target is to take dairy score up to average for all sectors and then to match C&amp;O score.</i>	5.20	5.60	6.00
Tasks to deliver activity				
1.4.1	Support the work of the AHDB Volatility Forum to identify how to maximize advantage from price volatility.			
1.4.2	Provision of Market Intelligence information, tools & analysis. Provide regular, reliable and robust market data and analysis for levy payers and industry to use for their own business decisions.			
1.4.3	Direct and indirect business themed KE (incl. EU risk project).			
1.4.4	Monitor macro-economic and policy issues, providing relevant analysis in MI publications.			
1.4.5	Facilitate industry discussions on the market potential for Dairy Producer Organisations in Wales.			
1.4.6	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			

<b>Dairy strategic activity 1.5</b>	<b>Develop business acumen via participation in AHDB-facilitated business/skills themed events</b>			
	Improved business skills, a broader range of management competencies and greater professionalism on-farm have been identified as key development needs for the sector. <b>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.</b>			
<b>Dairy strategic activity 1.5</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Show an increase in the proportion of dairy farmers who report changing their farming methods or practices as a result of AHDB tools and services through the Levy payer satisfaction survey. Target improvement of 15% over 3 years based on level recorded in other sectors (pork 63%, C&amp;O 71%, potatoes 62%)</i>	50%	55%	60%
Tasks to deliver activity				
1.5.1	Business Development - Improve skills and understanding of business and management topics by dairy farmers.			
1.5.2	Business Development - DairyPro - manage, develop, deliver and promote the professional register and all associated tasks.			
1.5.3	Business Development - Support Bright Crop to encourage new entrants into dairy farming as part of the overall AHDB external skills strategy.			
1.5.4	Network Building - Scottish Dairy Hub- manage, develop, deliver and promote the services of the Hub.			
1.5.5	Participate Lead in the EU financed skills programme to improve engagement with risk management and business planning.			
1.5.6	Participation in AHDB external skills work including Agriskills Forum, Trailblazer apprenticeships and Agritech strategy skills group.			
1.5.7	Maintain a PhD studentship programme to encourage new scientific talent into the industry.			
1.5.8	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			
1.5.9	Co-ordinate the wider KE environment working with 3 <sup>rd</sup> parties to promote the key message of business acumen.			
1.5.10	Deliver business themed KE activity.			
1.5.11	Promote the update of AHDB business tools.			

## Objective 2

Improve farm productivity and optimise cow performance.

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

<b>Dairy strategic activity 2.1</b>	<p><b>Identify and lead on promoting best practice in calf, heifer rearing and fertility management.</b></p> <p>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</p> <p><b>We will undertake a series of activities to accelerate uptake of knowledge to drive improvements in this area.</b></p>			
<b>Dairy strategic activity 2.1</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Reduce the national average age at first calving by 1 month over the next three years.</i>	28.7	28.4	27.9
Tasks to deliver activity				
2.1.1	Farm Excellence Platform – conclude the Delivery of the Calf to Calving programme across network of farms.			
2.1.2	Undertake research to assess the role of management and housing design in the epidemiology of calf respiratory disease.			
2.1.3	Disseminate the outcomes of research investigating management strategies to optimise herd fertility.			
2.1.4	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			
2.1.5	C2C legacy - further promote the key messages from the C2C campaign, through delivery of KE activities such as resources/ webinars and C2C lite meetings.			

<b>Dairy strategic activity 2.2</b>	<p><b>Lead the promotion and development of innovative genetics and genomics tools and services</b>  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.  <b>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.</b></p>			
<b>Dairy strategic activity 2.2</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Weighted average Profitable Lifetime Index (£PLI) of service sires based on recorded inseminations to increase by £60 per year.</i>	£490	£550	£610
Tasks to deliver activity				
2.2.1	Launch genetic evaluations for new traits Incl. Mastitis, Lameness and Carcass traits.			
2.2.2	Network building – Joint delivery KE Events and meetings with key industry partners.			
2.2.3	Deliver national Genetic & Genomic evaluations for UK dairy cattle and International dairy sires.			
2.2.4	Research to drive genetic improvement in the UK dairy herd – Incl. genetic selection for improved Feed Efficiency.			
2.2.5	Promote uptake of Herd Genetic Reports (HGRs).			

<b>Dairy strategic activity 2.3</b>	<b>Promote the uptake of best practice in herd health and disease control</b> Poor health status reduces productivity, compromises animal welfare, and increases wastage and inefficiency in the use of expensive resources. A preventive approach to disease management is also the first line of defence against the development of antimicrobial resistance. <b>We will continue our research partnership with Nottingham University on Health, Welfare and Nutrition to provide a base for R&amp;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.</b>			
<b>Dairy strategic activity 2.3</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>To continue the positive trend in daily lifetime productivity as measured in Kgs in milk solids per day of life, showing a 1% improvement over 3 years.</i>	1015	1018	1021
	<i>Increase in percentage of dairy holdings who are registered for BVDFree. Anticipated accelerated uptake on the basis of campaign traction, and developments to allow herd status to be determined and displayed (currently limited by access to BCMS).</i>	10%	25%	50%
Tasks to deliver activity				
2.3.1	Co-ordinate the Cattle Health and Welfare Group (CHAWG), agreeing priorities, setting targets and engaging with industry to improve health and welfare status of cattle.			
2.3.2	Ensure outputs from previous and current levy-funded research are made available to farmers, channelled as appropriate through industry intermediaries.			
2.3.3	Networking building - Utilise the 'trusted advisor' position of vets to help promulgate key AHDB messages, via individual consultations and client meetings for e.g. mastitis control plan, hoof health, BVD control, Action Johnes.			
2.3.4	Roll out the next phase of the Dairy Mastitis Control Plan (2017-2020).			
2.3.5	Support and co-ordinate with stakeholders and industry owned initiative to eradicate BVD from the national herd (BVD Free).			
2.3.6	Make available a tool to standardize the calculation of antimicrobial use on farm.			
2.3.7	Report progress at a national level via updates to the Cattle Health and Welfare Report.			
2.3.8	Networking building - Briefing partners on AHDB strategy, approaches tools and services. Encouraging partners to use and reference the tools and services.			
2.3.9	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			

<b>Dairy strategic activity 2.4</b>	<b>Improve whole farm feed efficiency</b> 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. <b>We will work through third parties and encourage peer-to-peer learning to improve industry performance. We will invest in targeted R&amp;D, benchmark industry performance and promote the uptake of best practice and precision technologies.</b>			
<b>Dairy strategic activity 2.4</b>	Target (2019/20)	<b>KPI - year</b>		
		1	2	3
	<i>Measureable improvements in feed use efficiency on those farms participating in Farmbench of 5% per year from baseline data established during year one of rollout of the service</i>	Set baseline	5% Improvement	10% Improvement
Tasks to deliver activity				
2.4.1	Undertake detailed measurements of whole farm feed efficiency on a sample of 20 dairy farms, to determine drivers, appropriate KPIs, proxy measures and best practice in relation to whole farm feed efficiency.			
2.4.2	Capture and promote international experience and innovations on improving feed and nutrient use efficiency via the EuroDairy network.			
2.4.3	Undertake specific trial work investigating copper metabolism, the effect of particle size on rumen health, and optimal strategies for protein nutrition.			
2.4.4	Promote efficient production and utilization of forage by publishing the Recommended Grass and Clover List, promoting revisions to RB209, updating decision support tools for MANNER and PLANET, and assessing the potential for precision grassland management.			
2.4.5	Joint delivery of KE activities with key industry partners.			
2.4.6	Enhance links with key industry partners – encourage partners to use and reference AHDB tools and services.			

### Objective 3

Enhance the reputation of, and optimise demand for, British milk and dairy products.

*Overall target:* To positively influence consumer attitudes and propensity to purchase on domestic and international markets.

<b>Dairy strategic activity 3.1</b>	<b>Upholding the place of dairy products in a sustainable diet</b> 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 <b>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.</b>			
<b>Dairy strategic activity 3.1</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Changes in behaviour: An increase in propensity to purchase dairy products in the target audience (millennials) by 6% by the end of year 3.</i>	1% increase	3% increase	6% increase
Tasks to deliver activity				
3.1.1	Driving a collaborative AHDB/industry campaign, unifying voices to create the “Dairy” category, re-establishing trust and promoting its contemporary and healthy credentials to consumers. Including an application for EU funding.			
3.1.2	Driving forward AHDB education and nutritional work to secure the future of dairy in the diet by influencing positive understanding of dairy products and farming.			
3.1.3	Utilising This is Dairy Farming and our Red Tractor relationship to promote the importance of traceability, good practices and quality products that GB dairy farmers offer the consumer.			
3.1.4	To provide evidence on consumer attitudes in the UK and abroad.			
3.1.5	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels. KE will target links with processors.			

<b>Dairy strategic activity 3.2</b>	<b>Grow dairy exports in volume and value by developing current and opening new markets</b> 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. <b>We will work with the processing sector to exploit new export market opportunities by using AHDB's expertise and presence in international markets.</b>			
<b>Dairy strategic activity 3.2</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Be working with at least 10 GB dairy companies per year on developing export markets by year 2 and maintain that number through year 3.</i>	8	10	10
	<i>Target by year 3 at least 80% of exporters that AHDB is working with on growing export market report an increase in their exports as a result.</i>	70%	75%	80%
Tasks to deliver activity				
3.2.1	Building market knowledge in key markets, provide a platform for exporters to showcase British dairy products.			
3.2.2	Inward and outward missions, promotional support at retail and in food service. Developing in -market capability.			
3.2.3	AHDB co-funding share of Ag. Counsellor post in Beijing.			
3.2.4	Providing timely and accurate information from Brussels office on policy and legislative developments in all relevant areas. Support overall AHDB information and guidance on Brexit.			
3.2.5	Provide key trade information and analysis to aid business decisions at both industry and individual level. Provide international trends in food, retail, product development and other related areas.			

<b>Dairy strategic activity 3.3</b>	<b>Develop the evidence base to underpin consumer expectations of dairy production systems</b> 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. <b>We will undertake a programme of R&amp;D on optimising management of dairy cow housing and produce a revised Dairy Roadmap in conjunction with industry stakeholders.</b>		
<b>Dairy strategic activity 3.3</b>	Target (2019/20)	KPI - year	
		1	2
	<i>Deliver Nottingham housing project and Dairy Roadmap on time and within budget.</i>	On time and in budget	
Tasks to deliver activity			
3.3.1	Help industry manage its impact on the environment through more efficient use of resources.		
3.3.2	Collate information nationally for the dairy sector on emissions and mitigation options for GHG and ammonia.		
3.3.3	Establish research to improve the efficiency of phosphorous management on dairy farms.		
3.3.4	Establish research on optimizing the housed environment for dairy cows, including consumer perceptions.		
3.3.5	Share information on resource utilisation, alternative housing design, and management for biodiversity through the EuroDairy network.		
3.3.6	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.		

## Objective 4

Improve the relevance of knowledge generation to meet the needs of the best in class.

*Overall target:* Improved satisfaction ratings for AHDB Dairy products and services.

<b>Dairy strategic activity 4.1</b>	<b>Ensuring a competitive dairy supply chain</b> 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. <b>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.</b>			
<b>Dairy strategic activity 4.1</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Publish at least 6 thought-provoking articles or analysis per year with all picked up by wider national agricultural press.</i>	6	6	6
	<i>By year 3, of the thought-provoking articles published at least 2 per year achieve a web-hit level of 1,000 hits per article.</i>	800	900	1000
Tasks to deliver activity				
4.1.1	Learn from the best in the world, disseminate that information to levy payers and allow us to benchmark GB performance against international competitors throughout the supply chain.			
4.1.2	Brexit implications work including third party econometric analysis.			
4.1.3	We will deliver effective and targeted communications to a range of audiences using a blend of appropriate digital, MarComms and third party channels.			
4.1.4	KE activity on a number of areas including Wales DPO, risk and lean, delivered directly to levy payers as well as through third parties and supply chain colleagues such as Nestle.			

<b>Dairy strategic activity 4.2</b>	<p><b>Increase integration and exploitation of new and existing industry data</b>          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.  <b>We will develop a livestock industry data exchange hub with stakeholders to ensure greater integration of existing data sets and exploitation of new ones.</b></p>			
<b>Dairy strategic activity 4.2</b>	Target (2019/20)	<b>KPI - year</b>		
	<i>By 2019/20, infrastructure in place to enable better aggregation and sharing of livestock industry data. Based on the concepts developed with the Livestock Industry Data Exchange Hub (LIDEH) feasibility study, produce an exploitation plan during 2017 which will increase the effectiveness of data exchange in the primary supply chain.</i>	1	2	3
Tasks to deliver activity		Develop business plan	Launch	Report
4.2.1	Co-ordinate industry stakeholders to shape the infrastructure required, liaising closely with the Defra Livestock Identification Programme to maximize synergies and collaborative opportunities.			
4.2.2	Validate a methodology to quantify farm antimicrobial use using veterinary dispensing information as initial source data.			

<b>Dairy strategic activity 4.3</b>	<b>Issues management</b> 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. <b>We will provide industry with early warnings of emerging challenges and lead the planning and coordination of industry responses.</b> <b>We will maintain an issues management capability and be proactive in preparing issue statements and dossiers on likely issues for the industry to access.</b>			
<b>Dairy strategic activity 4.3</b>	<b>Target (2019/20)</b>	<b>KPI - year</b>		
		1	2	3
	<i>Stakeholder survey - Achieve an 80% satisfaction score (as good or excellent) with key stakeholders on AHDB's preparedness to deal with issues.</i>	70%	75%	80%
Tasks to deliver activity				
4.3.1	Media & PR team will produce monthly reports measuring impact and tone of coverage.			
4.3.2	Media & PR will review issues management grid with key stakeholders.			
4.3.3	Drawing from internal and external sources, provide relevant intelligence and robust scientific evidence support issues management.			