

The background of the entire page is a photograph of a black and white cow in a milking parlour. The cow is the central focus, looking towards the camera. It has yellow identification tags on its ears. The parlour has metal railings and blue overhead structures. The lighting is warm and focused on the cow.

Delivering the future of farming

Your levy in action

Dairy sector plan
2022–2027

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A man with dark, curly hair, wearing a light pink button-down shirt and a dark blue quilted vest with a plaid pattern, stands in a farm setting. He is smiling slightly and looking towards the camera. The background is blurred, showing what appears to be a barn or farm structure.

“ The role of AHDB in having farmers’ backs is more crucial than ever ”

Lyndon Edwards

A word from the Dairy council chair

The role of AHDB in having farmers' backs is more crucial than ever. Around 8,000 farmers, like me, pay the dairy levy to ensure AHDB tackles the challenges that cannot, and will not, be addressed by commercial organisations, individual farmers, or governments.

Dairy farming is not without its challenges. We are currently facing rising input costs, labour shortages, and uncertainty about the impact of food price inflation on demand for our products. We are also dealing with evolving consumer trends, navigating through new trading arrangements, and even dealing with some groups who want dairy farming to stop altogether.

However, British dairy farms have many advantages. Our high animal health and welfare enables our cows to produce nutritious milk, rich in protein, calcium and essential vitamins. This milk is among the most sustainable in the world, with dairy farmers and processors on a journey towards net-zero carbon emissions. Each month, 99% of British households purchase a real dairy product.

Using dairy levy funding, AHDB can promote the benefits of British dairy products while at the same time working to ensure we have hard data and evidence to back up our claims.

As a result of the Shape the Future vote, we now know what's most important to you. You told us that protecting the reputation of dairy, educating consumers and advertising campaigns are your priorities.

We worked through your feedback and comments. At the same time, we considered the available budget plus the immediate and likely future opportunities and challenges for the sector. This resulted in the three key themes of work below, which are detailed later in this document:

- Promoting our reputation
- Data and evidence to underpin our reputation
- Practical support for farmers

The plan sets out what work we have directed AHDB to do over the coming five years. The Dairy Sector Council and I are keen to hear your views, and our contact details are at the end of this report.

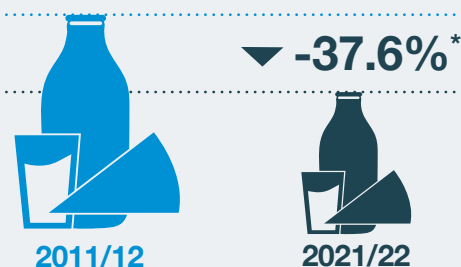
Lyndon Edwards
Dairy Sector Council Chair

Dairy levy

Like many organisations, AHDB faces financial constraints, meaning that the sector council has had to make some hard choices on where we put your levy funds. While AHDB Dairy has been successful in securing funds from third parties to add to levy funds over the last few years, inflation and changes in AHDB's VAT status (meaning that we can no longer reclaim it) have all combined to reduce the total available to spend on services for you by around £1m per annum from 2023–24.

The levy empowers all levy payers to act together to tackle challenges and opportunities that cannot, or will not, be addressed by individuals or commercial organisations alone. The current dairy levy rate is 0.06 pence per litre and has been at this level since before AHDB was created in 2008. The sector council will seek your views over the coming months on where the levy rate should head in the longer term.

Effect of inflation on the spending power of your levy

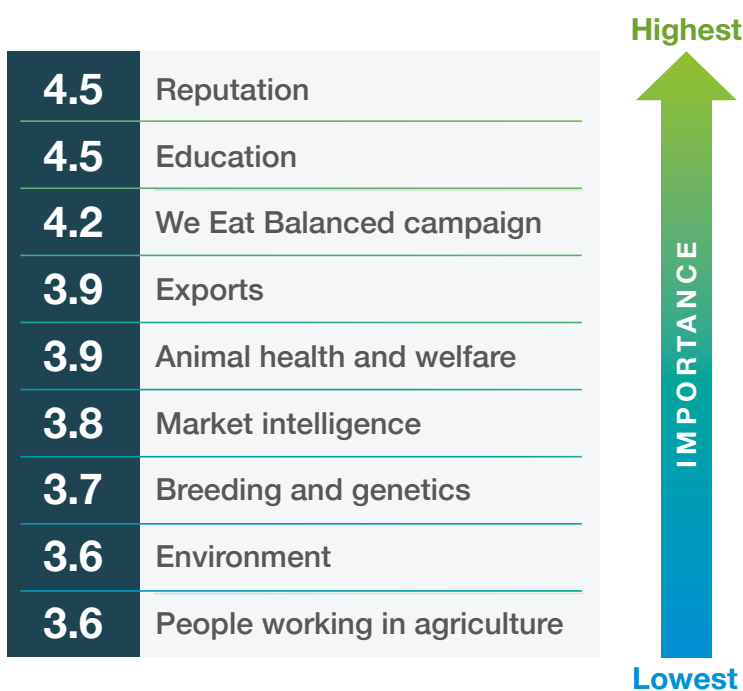


*RPI inflation change over 10 years

Results of Shape the Future voting

For the first time in the history of the levy boards, every levy payer was able to share their views on how their levy should be spent via the AHDB Shape the Future vote in spring 2022.

You were asked to rate how important a range of priorities were on a score of 1 to 5 (5 being the most important). The results were as follows:



Scale: 5 high (important) – 1 low (less important)

As you can see, while there was a spread of results there were no low scores.

The sector council also took into account the 200-plus comments that were submitted via Shape the Future. The most common were about the importance of consumer marketing and advertising, plus the need to challenge claims from dairy alternatives.

Many comments emphasised the need to raise awareness of the work that is being done for the environment and in animal health and welfare; others stressed the importance of collaborating with other industry bodies.





Your sector council's comments on the results

Levy payers gave us a clear message about the high importance of post-farmgate work such as marketing campaigns, reputational defence, consumer education and exports. We took this to mean that while all areas of work were valued, there was a preference for more of the levy to be directed towards this reputational work.

There was also strong support for areas such as animal health and welfare, environment, and dairy genetics and genomics. We took this to mean that these are also important to levy payers, especially where activity provides data and evidence to underpin the sector's reputation.

For example, on the environmental side, the data we collect for the Dairy roadmap provides proof of our comparatively low and improving impact of dairy production on the environment, which is vital data to inform consumers and government. Similarly, the independent insight we have on dairy genetics and genomics clearly demonstrates a reduction in the sector's environmental emissions year-on-year. Likewise, collecting data on antibiotic usage via AHDB's electronic Medicine Hub will be vital in supporting the sector's reputation.

The sector council believes that AHDB's knowledge exchange work is a route for thousands of levy payers every year to learn (through face-to-face meetings or online resources) from other farmers on animal health and welfare, environment, and genetics and genomics. AHDB's market intelligence work also helps inform government and consumers on the facts around dairy and boosts the impact of our export and marketing activities.

In summary, the sector council asked AHDB to:

- Prioritise marketing, reputational defence, consumer education and exports to promote the reputation of British dairy and dairy products
- Focus on the elements of animal health and welfare, genetics and genomics and environmental work that supports the reputation of British dairy farming and products with governments and consumers at home and overseas
- Concentrate AHDB's knowledge exchange and market intelligence work on practical support for farmers that underpins the sector's reputation while ensuring we eliminate duplications with others and maximise collaboration opportunities

The five-year plan

As a result of the Shape the Future results, the sector council wants to significantly change what AHDB does for the Dairy sector.

Over the next five years, there will be a focus on what levy payers said was most important. And all existing work has been scrutinised to ensure it aligns with those priorities; where it does not, it will be stopped.

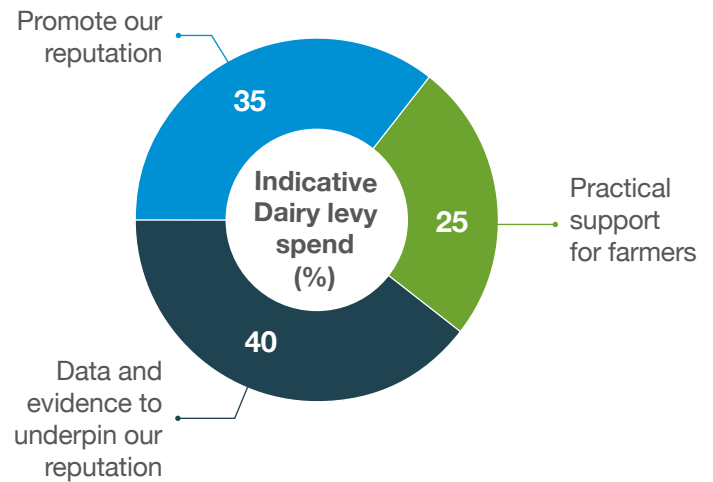
The sector council has factored in your feedback on work areas and individual comments, and taken into account the available budget for the next few years plus the immediate and likely future opportunities and challenges for the sector.

As a result, the sector council has directed AHDB to focus on three themes of work:

- Promote our reputation
- Data and evidence to underpin our reputation
- Practical support for farmers

As a result of the vote, the distribution of levy will change.

Future levy distribution:



See pages 7 to 9 for detailed activity under each of these three themes



Promote our reputation

We believe that AHDB should lead in promoting the products that our sector sells at home and abroad, as well as promoting dairy farming.

We also want AHDB to continue to engage with consumers of all ages and promote and defend the reputation of dairy in the media, while opening new markets and increasing dairy exports.

The sector council has directed the AHDB Management team to:

- Deliver consumer marketing campaigns that drive a positive attitude towards dairy consumption and inspire consumers to eat and cook with dairy products
- Educate consumers of the future by working with partners like the British Nutrition Foundation. Ensure that the work dovetails with activities by the farming unions and other bodies
- Use data, evidence and experts to robustly challenge misinformation about dairy in the media, whether this be on environmental, animal health and welfare or human health grounds

- Open new export markets by collaborating with government and industry
- Support the sales of British dairy in established export markets like North America, the Middle East and Asia through activities including championing products at international food and drink shows
- Host foreign buyers and governments seeking to approve increases in access and trade
- Facilitate exporters to visit and increase trade
- Provide independent, evidence-based analysis on the impact that new trade deals may have on British agriculture to farmers, industry stakeholders and governments

To measure success for this theme, AHDB will:

- Share with you the pre- and post-campaign results for We Eat Balanced, showing how consumers' attitudes have shifted as a result of the campaign
- Share information on market access, and volume and value of dairy exports



Data and evidence to underpin our reputation

AHDB cannot defend or enhance the reputation of the dairy industry at home or abroad without evidence. As part of the work to provide such evidence, we have asked the AHDB Management team to convene industry discussions to identify specific areas where data is needed to support key reputational claims.

The sector council has directed the AHDB Management team to:

- Track the use of antibiotics in the sector via its electronic Medicine Hub. AHDB's role in consolidating evidence on antibiotic use directly supports the reputation of the industry in domestic and international markets
- Work in collaboration with others to prevent or minimise the effect of diseases such as Johne's, which can affect the physical and economic performance of the herd but also the reputation of our sector
- Continue to work with Defra to develop its Animal Health and Welfare Pathway. To also work with

governments and industry-led groups in Scotland and Wales on animal health and welfare initiatives

- Consider the leading role that genetics and genomics play in helping us in our journey towards net zero. AHDB has commissioned an independent review of its current work and is to continue discussions with stakeholders in the breeding arena on what the sector needs
- Act as a facilitator on the environment, joining up others working in this area and providing clarity to levy payers. AHDB will:
 - Make sense of the existing data and evidence, to provide levy payers with the best practice advice including 'safe steps' that enable them to maximise profitability while minimising environmental impact, for example, soil health, reducing methane emissions and fertiliser/manure management
 - In conjunction with Dairy UK, NFU and others, further develop the UK Dairy Roadmap, with practical steps to reduce the dairy industry's environmental impact
 - Provide government with information about the impact of its proposed policies, for example, on air quality

To measure success for this theme, AHDB will:

- Establish a baseline of sentiment on the most important areas for consumers relating to dairy and track this regularly



Practical support for farmers

We want AHDB's knowledge exchange work to focus on answering farmers' key questions on how to make their businesses more profitable and sustainable.

The multi-year relationships with the Betty Lawes Foundation and the Welsh Government have proven fruitful. We want to see more collaborations like these, to get robust research onto farms quickly and deliver farmer-to-farmer learning.

In addition, targeted market intelligence will support farmers with forecasts and insights from horizon-scanning work.

- Disseminate research and facilitate knowledge exchange between farmers through AHDB's Strategic Dairy Farms network and other channels
- Continue to provide sector-leading market intelligence and information that underpins farmer decision-making such as:
 - Cost of production/farm margins analysis, including international comparisons
 - Evidence to inform government policies and helping other stakeholders to support the sector
 - Tracking consumer, retail and foodservice trends
 - Horizon-scanning for emerging longer-term market signals that will impact the UK's ability to compete at home or overseas
 - Analysing consumer trends and global trade to feed into its domestic marketing and export work

To measure success for this theme, AHDB will:

- Survey dairy levy payers regularly to establish their views on the practical support being delivered by AHDB

The sector council has directed the AHDB Management team to:

- Convene and facilitate farmers, supply chain, government, the research community and other relevant stakeholders at national and regional level to address farmer questions and needs



Work reducing or stopping following the vote

The sector council has acted on clear messages from levy payers to promote the reputation of dairy, backed up by data and evidence and aligned with more targeted practical support for farmers.

Focusing on these themes, combined with a reduction in total income, means that hard choices have to be made and so some existing work must be reduced or stopped. Therefore, we have reviewed all existing activities with AHDB colleagues and ensured that levy funds are only spent on areas that are not currently being addressed by others and where there is a clear need from farmers.

We recognise the importance of animal health and welfare, not only for animals but for the profitability of the industry as well as the high level of consumer interest in this area. We asked the AHDB team to review all its existing work to ensure that any work was in line with supporting the sector's reputation. As a result, new work on BVD, mastitis and the Colostrum is Gold campaign will be stopped and existing

information on these areas will be made available to farmers on our website.

The forecast and consumer analysis work to support AHDB's market campaigns will continue. However, activity on benchmarking will stop because this is done by others in the industry. In addition, while it is important that AHDB continue to analyse trade deals and policy changes, we have asked the team to reduce the spend on reports, as this work is also done by others.

Our work around labour had the lowest score in the vote. We interpret this to mean that, while labour supply and skills are extremely important challenges for the industry, such work is better carried out by others. We will therefore discontinue work in this area except for the AgriLeader programme.

Finally, while the area of environment was rated as less important by levy payers, independent research tells us that consumers are very interested in what the dairy sector is doing in this area. We are keen for AHDB to continue with the essential work to defend the industry's reputation, for example, the Dairy roadmap programme. We will keep talking with you, to ensure that the sector stays on the front foot and that levy funds are only put into areas that are not being addressed by others.

Your council – next steps and contacting us

The sector council has firm measures in place for each area of work that AHDB delivers on your behalf.

To receive regular updates, online and at events, register now to stay in touch, at ahdb.org.uk/keeping-in-touch

Keep talking

Contact the Engagement team via ahdb.org.uk/dairy-engagement-team

Contact a sector council member at ahdb.org.uk/dairy-council

For all other enquiries, email us at info@ahdb.org.uk

Who's who in your sector council 2022



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