

Welsh Government Response to the Independent Review of the Dairy Sector in Wales

Progress updated: 7 November 2016

The Welsh Dairy Review Recommendations

	Recommendation	Response	Action	Responsibility	Milestones/progress	Time-scale
	Leadership					
1	<p>Establish the “Welsh Dairy Leadership Board” (WDLB) that integrates the Dairy Task Force for Wales (DTFW). The Board should be chaired by industry and build on the existing Welsh Dairy Task Force to achieve a balance of experience, youth and knowledge. It is accountable for;</p> <ul style="list-style-type: none"> • Prioritising work streams, clarifying outcomes and allocating accountabilities to deliver the Welsh Dairy Review recommendations • Driving the future industry strategy • Coordinating and leveraging activities with the Welsh Food & Drink Board • Collaborating across the UK to ensure that efforts are not duplicated • Capturing, resourcing and delivering innovation through the “Welsh Dairy Innovations Think Tank” (see below) • Identifying knowledge and skills 	Accept (in principle)	Welsh Government supports the integration of DTFW into the WDLB. The WG will meet and work with the DTFW and support the new Board in developing new Terms of Reference. There will be a continuing need for WG to draw on the Board’s expertise to further inform dairy policy issues.	Industry	<p>The WDLB was formed in May 2015 with agreed terms of reference and meet at two monthly intervals.</p> <p>Review recommendations have been prioritised, divided between work streams and responsibility for their delivery allocated to board members.</p> <p>Andy Richardson is Chair of the WDLB and has been appointed Chair for the Food and Drink Wales Industry Board. This ensures a join up of the work of both Boards.</p>	May 2015

	<p>gaps and coordinating solutions through the “Welsh Dairy Knowledge & Skills Group” (see below)</p> <ul style="list-style-type: none"> • Owning and driving the “Next Generation Engagement Project” (see below) 					
2	<p>Appoint a “Welsh Dairy Champion” sponsored by Welsh Government.</p>	<p>Accept (in principle)</p>	<p>The Welsh Government currently sponsors the post “Head of Dairy Development (Wales)” within DairyCo. The Job description for this post is similar to the proposal within this recommendation. This post will be reviewed by Welsh Government to ensure the role meets expectations and will propose a way forward.</p>	<p>Welsh Government (with AHDB Dairy)</p>	<p>Since the Review was completed, the post “Head of Dairy Development (Wales)” became fully funded by AHDB Dairy. It was not considered appropriate for Welsh Government to review a post over which it had no influence.</p> <p>The funding for the post of a bespoke Dairy Champion and for some of the other Review recommendations is currently being considered within the scope of a proposed project bid under RDP co-operation funds.</p>	<p>June 2015</p>
3	<p>Instigate an annual “Welsh Dairy Farming Awards” The Welsh Dairy Leadership Board to select category winners.</p>	<p>Accept in principle</p>	<p>The Welsh Government recognises the need to celebrate success within the dairy industry and will work with the Welsh Dairy Leadership Board to implement awards in 2015.</p>	<p>Industry</p>	<p>To be taken forward by the dairy industry and the WDLB.</p>	<p>Oct 2015</p>

			As the awards are for the dairy industry, it is suggested the awards be presented at the Welsh Dairy Show, held in Carmarthen.			
4	Identify potential Welsh dairy industry leadership talent across the supply chain and implement a mentoring & training scheme to ensure these leaders achieve their potential for the benefit of the industry.	Accept	The Welsh Government will work with the WDLB and with the wider supply chain to take this initiative forward. Discussions are currently underway to explore the possibility of establishing Core Industry Projects funded by the RDP which could deliver this recommendation.	Industry and Welsh Government	Further development of students from the Farming Connect Agri-academy is being considered within the proposed RDP project (as per recommendation 2, above). Suitable individuals will be offered further mentoring and opportunities to join dairy industry groups.	Oct 2015
5	Integrate existing Welsh dairy “steering” groups and the Dairy Task Force into the Welsh Dairy Leadership Board where it is agreed that this simplifies and improves efficiency.	Accept	Welsh Government acknowledges there are a number of groups which meet and represent various parts of the dairy supply chain but not necessarily with common purpose.	Welsh Government and Industry	The Strategic Advisory Board (SAB) for Farming Connect has been formed and meets quarterly. AHDB will provide strategic advice for delivery of knowledge transfer and advisory elements. Dairy interests are represented on both the SAB and the Knowledge Transfer management sub-group.	July 2015

					It has been agreed the co-ordination of all RDP and levy funded activity will be by regular meetings of Farming Connect and AHDB staff.	
	Market Focus					
6	Complete a feasibility study to evaluate the potential of a market driven dairy processing facility in South West Wales to provide a secure added value market for the anticipated additional 400m litres/annum of Welsh milk produced by 2020.	Accept	The Welsh Government will work with the Welsh Dairy Leadership Board to enable them to procure a study to investigate opportunities to develop dairy processing in South West Wales.	Welsh Government	This recommendation has been completed and the report published on the Food and Drink Wales website.	Dec 2015
7	Establish a Welsh “Dairy Innovations Think Tank” which is accountable to the WDLB.	Accept in principle	Welsh Government recognises innovation on farm and in processing will be essential if the Welsh dairy sector is to achieve sustainable growth. Welsh Government will work with the WDLB to deliver on this recommendation through a core industry project.	Industry	The WDLB have completed this recommendation with Terms of Reference and have appointed members of a “dairy innovations think tank.” It was decided the work will should be divided between two sub-groups: <ul style="list-style-type: none"> • Farmer innovation • Processor innovation. Both groups have meetings and meet with the WDLB to develop their ideas.	Sept 2015
8	Ensure that the next round of European Structural Funds, including the future RDP, is used to encourage and facilitate improved primary milk	Accept	The Welsh Government will work with the WDLB as well as the wider supply chain to ensure maximum benefit is	Welsh Government	The dairy sector has been considered as EU programmes in Wales were developed.	On going

	production, dairy processing, product marketing and innovation in Wales.		derived from EU and Welsh Government funding.		<p>The Sustainable Production Grant (SPG) offers funding for on farm investment projects.</p> <p>Farming Connect and AHDB levy funded activity will be delivered in partnership.</p> <p>The Feasibility Study in Recommendation 6 will be used to influence the use of RDP and Structural Funds for potential investments in processing facilities.</p>	
9	Collaborate with the new Welsh Food & Drink Industry Board (WFDIB) to: understand the value of the Welsh brand and the benefits of tightening Country of Origin Labelling (CoOL), enhance the Welsh procurement and promotional website.	Accept	The Welsh Government will support the WDLB to work closely with the WFDIB to ensure the dairy sector is fully represented. The WFDIB will advise on issues around use of Welsh branding and will work with the Food Standards Agency (FSA) on issues relating to CoOL.	Industry	<p>Andy Richardson is currently Chair of both the WDLB and the WFDIB allowing for close integration.</p> <p>The WFDIB are best placed to investigate the potential benefit of Welsh branding across the whole Welsh food and drink sector.</p> <p>The Towards Sustainable Growth Action Plan for Food and Drink takes a balanced approach considering the needs of the consumer against costs incurred by food producers.</p>	On going

			<p>Public procurement for the benefit of all the Welsh food and drink sectors will also be addressed by the WFDIB, Action Plan recommendations 30 and 42 refer.</p>		<p>The National Procurement Service (NPS) is engaged with key stakeholders across the Welsh public sector and through its Food Category Forum it has started the process to procure food for the public sector. Welsh Government officials are engaged in this process and are working with NPS and the Food Category Forum to identify and support opportunities for Welsh suppliers who may wish to tender for these contracts. The aim is to procure all public sector food once, with a reduced journey of travel through an optimum supply chain.</p>	
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10	<p>Establish a next generation engagement project which is accountable to the WDLB to connect school children to dairy farming and dairy products with the following intended outcomes; Children understand the value of dairy foods & farming, Parents understand and value dairy through child activities & behaviours.</p>	Accept (in part)	<p>It is proposed the new RDP will introduce a programme which will include engagement with schools. The Welsh Government will work with the WDLB to integrate awareness of dairy production and dairy products into this project. There are currently mechanisms within the existing school curriculum to enable education of farming and food, through PSHE (Personal, Social, Health Education), on food/wellbeing and food technology.</p>	Industry	<p>This is being included in the project at recommendation 2, above. Additional funding will integrate with levy funded work undertaken by AHDB Dairy and Dairy UK.</p>	Jan 2016
11	<p>Work with the Government public procurement service to ensure Welsh dairy products are included in tenders to supply Welsh schools and hospitals and the wider public sector.</p>	Accept	<p>The Food and Drink Action Plan, Towards Sustainable Growth (Action 30) focuses on public sector purchasing and states the WFDIB will work with the Welsh Government to enable opportunities for Welsh food companies to supply the public sector.</p>	Welsh Government	<p>Investment in the distribution structure across Wales is a key priority for the National Procurement Service (NPS) for Wales. The NPS will make it easier for Welsh SMEs to access public contracts; it will also ensure food frameworks are posted on the Sell2Wales website to allow Welsh SMEs to tender for them.</p>	On going

	Efficiency					
12	The WDLB, working with the Welsh Government, should understand and quantify how improved logistical collaboration could remove cost from the Welsh dairy supply chain.	Accept in principle	Logistical collaboration could be part of a Core Industry Project proposed for support under the Rural Development Programme. This recommendation could be met In conjunction with Recommendation 4.	Welsh Government	This work will be included in the dairy project at recommendation 2, above.	Oct 2015
13	Ensure that the knowledge transfer activities, such as those delivered by the new Farming Connect programme and AHDB Dairy are joined up and focus on the priorities of the 5 point plan, with particular focus on efficiency gains in the following areas: grass utilisation, silage quality and improved utilisation of slurry & soil nutrients (including use of anaerobic digesters)	Accept	The Welsh Government is currently in the process of carrying out a procurement exercise for the provision of advisory and knowledge transfer services under the new Rural Development Programme. Productivity, technical efficiencies and animal health and welfare are proposed areas of support looking to be delivered through the service. Part of the role of the Dairy Champion, with the Leadership Board, will be to ensure support into the dairy supply chain, from all available funding sources, is co-ordinated and used to the maximum benefit of the sector.	Welsh Government	AHDB have been included as a strategic partner in Farming Connect delivery and will help steer the Farming Connect offer, in line with the priorities identified by the WDLB. Farming Connect and AHDB Dairy now implementing a joint delivery plan for dairy farmers in Wales. Integrating dairy delivery with additional activity under other dairy projects will be part of the role of the Dairy Champion – recommendation 2 above.	Sept 2015

14	Welsh Government should seek to influence HM Treasury to look urgently at whether the current taxation regime hinders future investment in the dairy sector and to act accordingly.	Accept	The Welsh Government will raise the issue of Taxation of agricultural businesses with H M Government. Welsh Government will seek agreement with other Devolved Administrations for the recommendation to be taken forward at a UK level. This action will also address a similar recommendation in Malcolm Thomas' Independent Review into the Next Generation of Farming, to help new entrants and those wishing to leave the industry.	Welsh Government	<p>This recommendation will be actioned in conjunction with a similar recommendation from the Malcolm Thomas review of the Next Generation in to Farming.</p> <p>Delivery of the recommendation has been delayed because the issue of taxation of agricultural businesses has also been raised in England and with the other administrations. It was felt it would offer more strength to the recommendation if it was delivered in partnership with other countries within the UK.</p>	August 2015
15	Evaluate the potential for Welsh dairy share farming schemes in line with recommendations by Malcolm Thomas.	Accept	The Welsh Government considers collaborative ventures to be an important means of enabling innovative solutions to support new entrants into the industry.	Welsh Government	<p>This recommendation been completed as there was a complementary recommendation within the Malcolm Thomas review of the Next Generation in to Farming.</p> <p>Venture has been launched by Farming Connect. It is an initiative designed to help match farmers and landowners who are looking to step back from the industry with new entrants</p>	Dec 2015

					<p>looking for a way into farming. Venture will guide people on both sides through the key steps required to find a potential business partner. An integrated package of training, mentoring, specialist advice and business support will equip participants with the skills, knowledge and confidence needed to help them achieve their goals.</p> <p>http://businesswales.gov.wales/farmingconnect/venture</p>	
16	Ensure RDP payments focus on improving dairy farm productivity, animal health and welfare.	Accept	<p>Productivity and technical efficiencies will be a critical focus of the support to agricultural businesses. In particular, Farming Connect will offer advisory services and knowledge transfer in these areas highlighted.</p> <p>Ensure the WDLB links to the work of the Wales Animal Health and Welfare Framework Group.</p>	Welsh Government	<p>Improving farm productivity by better technical performance and improving animal health and welfare are integral components of the advice offered by Farming Connect and AHDB Dairy delivery. The Sustainable Production Grant is also available for dairy farmers for developing their business in ways which could improve their productivity and health and welfare.</p> <p>Welsh Government officials are currently considering how to link the work of the AH&W framework group with the WDLB</p>	On going

					and the Agriculture Strategic Framework partnership group.	
17	Benchmark the cost and environmental impact of energy used by Welsh dairy farmers and processors against global competitors to understand international competitiveness and comparative environmental impact. Identify areas for costs reduction and viable options for alternative fuel sources to reduce environmental impact.	Accepts	The Welsh Government identifies benchmarking as a useful tool for dairy farmers to increase efficiency and recognises the need for businesses across the supply chain to benchmark.	Industry	Completed. Options to benchmark physical and financial performance for farm businesses are within the Farming Connect “Measure to Manage” programme. AHDB Dairy also provides benchmarking tools for farmers and consultants through their website.	Oct 2015
18	Evaluate a dairy farmer exit scheme, through funded professional advice which has the potential to retain knowledge & respect lifestyles of retiring farmers and ensure land, buildings machinery are used more efficiently.	Accept	Within the new RDP, there is proposed to be a scheme to support mobility in the agricultural industry which will include support to those wishing to exit the industry.	Welsh Government	Completed as part of recommendation 16.	Jan 2016
Knowledge and Skills						
19	Develop a common strategy and funding plan to improve knowledge transfer, business skills and leadership for dairy farmers. <ul style="list-style-type: none"> Coordinates and makes most effective use of Welsh Colleges, DairyCo, Dairy Innovation Centres and Farming Connect. Establishes a dairy centre of 	Accept (in part)	Professor Wynne Jones’ Independent Review of Learning Delivered by Further Education Colleges and the Relevance of Delivery in Supporting Farm Businesses in Wales made a number of key recommendations which	Industry	The recommendation of establishing a dairy centre of excellence was rejected as there are a number of centres already established within Wales e.g. Coleg Sir Gar and IBERS at Aberystwyth University, as well as outside of Wales e.g. Harper Adams	On going in line with the Prof Wynne report

	<p>excellence to rival Moorepark in Ireland</p> <ul style="list-style-type: none"> • Collaborates with English and Scottish Agricultural colleges to pool resources / expertise and avoids duplication • Develops and leverages study tours, farm visits, benchmarking, farmer exchange and discussion groups 		<p>complement elements of this recommendation and will be taken forward through the delivery of the action plan.</p>		<p>University College. These centres already have the expertise and facilities to support the Welsh dairy industry.</p> <p>To ensure effective knowledge transfer, Farming Connect proposes through the RDP to continue to support the elements identified in the final bullet.</p> <p>All Universities and research centres will have the opportunity to develop projects under the European Innovation Partnership (EIP). EIP AGRI Wales will facilitate Operational Groups to pilot innovative ideas. Farming Connect has a target to form 45 groups during the RDP. Those ideas which merit further development can progress to further research funding through schemes such as Horizon 2020 and the Technology Strategy Board (TSB).</p>	
20	<p>Ensure that commissioned consultants within the new Farming Connect programme provide a consistent and</p>	Accept	<p>Farming Connect consultants are awarded contracts by Welsh</p>	<p>Welsh Government</p>	<p>The advisory service contract to deliver one-2-one advice has been awarded to Menter a</p>	<p>Dec 2015</p>

	<p>effective service, possibly through an accredited charter for relevant consultants.</p>		<p>Government following an open and fair procurement process. Included within the services procured for Farming Connect in 2015 will be an element to quality control advisory services, as well as developing consistent Continuous Professional Development for those consultants.</p>		<p>Busnes and eight private sector advisory companies. This contract incorporates an important quality control process for all advisors (carried out by IBERS) before they can deliver services through Farming Connect.</p> <p>There was no successful bid for an independent quality assurance and CPD contract (lot 4). This work will be re-tendered.</p>	
21	<p>Develop farmer understanding of how the global, UK and Welsh dairy markets operate and how to future proof their businesses against market volatility.</p>	Accept	<p>Delivery of this recommendation will be through the proposed Farming Connect Scheme under the next Rural Development Programme as well support made available by DairyCo as part of their support to Levy payers.</p>	<p>Welsh Government and AHDB Dairy</p>	<p>An understanding of markets and the global position of the Welsh dairy sector is included within the knowledge transfer programme of Farming Connect.</p> <p>This recommendation will also be addressed by work undertaken at UK and EU level following the dairy summit in London and the EU Ag Council meeting in September 2015. The EU Agricultural Markets Task Force has been established to improve the position of farmers in the food chain. It will consider issues,</p>	<p>Sept 2015</p>

				<p>such as market transparency, access for farmers to financial instruments and futures markets to hedge price risks. The Task Force consists of 12 members all of whom are experienced experts on one or more aspects of the food chain. The UK is represented by: David Dobbin - Group Chief Executive of United Dairy Farmers (NI). Details of the Task Force meetings can be found here: http://ec.europa.eu/agriculture/agri-markets-task-force/meetings/index_en.htm</p> <p>AHDB has been asked to consider resilience within the Dairy sector. This work started in January with a working group of farmers, processors, retailers and trade organisations. The members were asked to prioritise areas of work to shape the group's focus. The top priority was identified as helping the industry better understand the commodity cycle and its impact on agricultural business strategy. Shortly behind was the need to up skill the industry in its</p>	
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					<p>approach to assessing risk likelihoods, impacts and prioritisation. The meeting was Chaired by Gwyn Jones AHDB (also a member of the Welsh Dairy Leadership Board). The WDLB are well placed to push forward work in this area.</p>	
22	<p>Establish a “Welsh Dairy Knowledge & Skills Group” which is accountable to the WDLB with the purpose of develop a long term strategy to forge links with business and improve the quality, number and motivation of the following key industry skills;</p> <ul style="list-style-type: none"> • Farm labour • Farm managers • NPD and innovation • Marketing • Food science • Engineering • Processing (linking to existing Wales Dairy Industry Skills partnership) 	Accept in part	<p>Skills development will be an important aspect and will be delivered in conjunction with LANTRA. The Welsh Government does not feel the need, at this time, to establish a new group purely for the dairy sector. This action will be delivered through the Wales Agricultural Strategy Programme, the Food & Drink Action Plan and Professor Wynne Jones’ independent review.</p>	Welsh Government	<p>“Improve”, the Industry Skills Partnership formed a Wales Dairy Industry Skills Partnership in response to the dairy review. The group, which has the key milk processors in Wales as members, has met several times and has prepared Terms of Reference. Courses have now been held for operators within processing plants, the courses to date have concentrated on milk composition and chemistry. These have been well received and further courses are being planned.</p> <p>Developing the “Dairypro” system to log CPD for farmers and their workers has been taken on by AHDB dairy. This will be joined up with Farming Connect so dairy farmers will</p>	Dec 2015

					earn CPD credits for attending Farming Connect events.	
	Environment					
23	Develop a strategy to reduce greenhouse gas emissions on Welsh dairy farms	Accept	<p>The Welsh Government has had commitments in place to reduce the greenhouse gas emissions from the agriculture sector since 2010 as part of our overarching targets. Reductions from dairy farms are a key part of the approach needed and also offer opportunities to farms to support their future sustainability. The Agriculture Strategy and the next Rural Development Programme's support for measures which mitigate against GHG emissions will take forward this recommendation.</p>	Welsh Government, working with industry	<p>The Agriculture Industry Climate Change Group has formed and meets quarterly. Their work will inform the industry so GHG emissions can be reduced.</p> <p>Work is on-going preparing dairy KPIs to reduce emissions. A CSCDS project led by IBERS/Aberystwyth University will identify a suitable method of emission measurement and will collate data from farms to monitor progress.</p> <p>The WDLB has worked with the Industry to refresh the Dairy Road map, published in December 2015. The Road Map includes targets to cut GHG emissions across the dairy sector.</p> <p>http://dairyuk.org/images/documents/publications/2015_Dairy_Roadmap.pdf</p>	On going

24	Develop specific plans to improve the impact of dairy on natural capital (air, soil, water and biodiversity)	Accept	The Welsh Government will work with the industry to develop and deliver on the Dairy Road map. It will also continue to support delivery on Natural Capital through Farming Connect delivery and through cross compliance and the Code of Good Agricultural Practice (CoGAP).	Industry	To be taken forward by the WDLB and the NFU under the industry lead Milk Road Map. Work on Natural Capital and the dairy sector (partly sponsored by Volac) has recently been published, see: http://www.cisl.cam.ac.uk/publications/natural-resource-security-publications/addressing-natural-capital-dairy-challenges	June 2016
25	Improve the uptake of Glastir (Welsh sustainable land management) by making the scheme more attractive to dairy farmers	Accept in principle	The Welsh Government has already reviewed the Glastir scheme for the new RDP. WG will be seeking to help the industry improve its environmental performance through Glastir and other parts of the RDP.	Welsh Government	The Welsh Government has introduced changes to Glastir to increase the speed and accessibility of farm businesses to enter Glastir Advanced.	On going
26	Develop plans to ensure the long term water needs of the dairy processing industry are met	Accept	The Welsh Government will work with dairy processors and NRW to ensure water is used sustainably and the environment is protected.	Industry	To be taken forward by Dairy UK by use of their environmental benchmarking tool, here: http://www.dairyuk.org/areas-of-work/environment-sustainability The industry Milk Road Map is co-ordinated by AHDB Dairy, Dairy UK and the NFU.	June 2016

					<p>The 2015 report found an increase of 15% in efficiency of water use by milk processors.</p> <p>The report also found 78% of dairy farmers had implemented measures to reduce water consumption and reset the target to 90% of farmers implementing water saving measures by 2020.</p>	
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