



Introduction By Shelagh Hancock, Chief Executive



Since my last newsletter update in November, we have seen the festive period come and go and a new wave of COVID-19 challenges in the form of the Omicron variant.

Christmas is always a busy time from an operational point of view, and I'm pleased to say that although both sites were operating at maximum milk intake capacity throughout the Christmas period, site performance remained on plan. A big thanks to all the colleagues who worked hard over this time to keep things running smoothly.

At Lake District Creamery the commissioning of the new blockformers and whey treatment processes was completed following our maintenance shutdown at the end of November. This is an important part of our ongoing capital investment programme to deliver operational stability, building business resilience and improving quality and productivity. You can read more about

the exciting developments at our sites on page 3.

When it comes to the ongoing challenges of COVID-19, we did see increased staff absence during the Omicron wave of infection, but I'm pleased to report it had no impact on our day-to-day operations and we have seen absence return to more normal levels in the last couple of weeks. We remain vigilant, with restrictions on non-essential visitors to our sites to protect business continuity.

Looking beyond our own business, the dairy markets remain buoyant largely driven by a shortage of milk supply nationally and the ongoing pressure of cost inflation. This is affecting all parts of the dairy supply chain and wider society. We've been continuing to support you, our members, to help counter the cost price inflation you are seeing on farm, delivering milk price increases by as much and, as soon, as possible. However, within the business, there is a lag effect

between these milk price increases and our ability to recover the impact of inflation and rapidly rising markets (putting pressure on margins in the short term). We will, of course, continue to focus on keeping the pace up in this area.

As part of our ongoing work to further strengthen our market position and build on the strong foundations we have in place, we are also beginning to focus much more on the profile of our business in the wider industry. A key element of this is about bringing to life the fantastic provenance and sustainability of your milk, building awareness of our regenerative agriculture programme and our broader sustainability activity. We will share more on this as it develops.

Finally, I am pleased to say that we'll be holding a series of face-to-face member meetings in early April, so look out for the dates and venues in due course. I look forward to seeing many of you then.

2021 Responsible Farming Awards



The pandemic put a stop to the 2020 Responsible Farming Awards, but they are now able to go ahead. Nominees from 2020 are still eligible, as well as those from 2021, making the job of judging the exceptional work being done by First Milk members a tough one. With Animals, Earth and People priority areas in the First4Milk Pledge, we know these elements feature highly on members' farms.

Judging will take place during February with the awards announced at the member meetings in March.

Animals

Marc Allison, Sychpant Farm, Rhoshill, Cardigan

Marc Allison farms at Sychpant with his wife Lucy and parents, John and Mair. The family is showing outstanding herd health management through the use of custom-built cubicle housing resulting in considerably reduced antibiotic use and improved cow welfare.



David and Richard Baynes, Marley Cote Walls, Slaley, Hexham, Northumberland

David and Richard Baynes have invested heavily in animal welfare with bespoke herd health software, a new purpose-built cow shed, robots and grazing gates. They have also reduced calf illness and disease significantly through diligent colostrum management.

Pete and Mike Smith, Pelcomb Farm, Pelcomb Bridge, Haverfordwest

The Smith brothers are big believers in looking after the soil to look after the farm. They are pioneers of foliar fertiliser applications and use min till for sowing their maize as well as undersowing it to minimise carbon and nutrient losses post harvest.



Pelcomb Farm

Earth

Mike and Gem King, Old Green Farm Dairy, Alveston, Bristol

Mike King has embraced digital innovation through his use of robotics. As well as milking robots, he uses grazing gates, a robotic scraper and a robotic feed wagon, enabling him to reduce feed waste and the use of traditional "heavy" machinery.



Andrew McKinley, Rosehill Farm, Thornhill, Dumfries

Rosehill Farm is within Lower Nithsdale NVZ, north of Dumfries, so Andrew McKinley is working hard to minimise nitrate losses from his land. He's planted 600 reeds in an existing ditch to filter yard water run-off and created a new pond in an undrainable field.



Rosehill Farm

People

Gavin and Archie Ballantyne, Auchenheath Farm, Lanark

Gavin and Archie Ballantyne are keen to invest in young people as the future of dairy farming. They employ and invest in young staff wherever possible, taking on 16-year-old apprentice. They also volunteered to take part in a TV programme illustrating the importance of dairy farming.



Archie and Gavin Ballantyne



Matthew and Sarah Workman, The Beeches, Carleton, Carlisle

Matthew Workman, and his wife, Sarah, work tirelessly to promote dairy farming to consumers. They host regular farm events, public open days and school visits, converted a hay loft into a classroom and, earlier this year, installed a milk vending machine.

Marc Evans and Will Mason, Cuckoo Grove Farm, Haverfordwest, Pembrokeshire

Marc Evans decided to take a step back to assist his wife, Sally, who runs a growing marketing business and to give someone else the opportunity to run the farm. He set up a successful share-farming joint venture with Will Mason in 2017.

Chairman's Award

An additional award is made to a member demonstrating outstanding professionalism and dedication to dairy farming.

Investment in sites produces record highs

Lake District and Haverfordwest Creameries broke new ground over the Christmas and New Year period. Both sites have benefited from a busy year of investment to build operational resilience and stability, and support improvements in quality and productivity. First Milk's Operations Director, Paul Rowe explains.

During November and its annual maintenance shutdown, Lake District Creamery saw five new blockformers brought online. This marked a major step in the creamery's on-going investment programme and certainly a visual highlight of the work being done. The new blockformers are installed in a state-of-the-art room with increased levels of automation helping to drive further efficiency in site operation.

The impact of the installation is already being seen. Over the Christmas and New Year period the daily volume of milk processed into cheese averaged almost 900,000

litres a day, up 50,000 litres a day on the same period last year. This increased further to 930,000 litres a day by mid-January and is on target to be approaching a million litres a day in time for peak.

At Haverfordwest, new whey processing assets were brought on stream during its shutdown period unlocking further capacity. The site now processes an additional 200,000 litres of milk per week, its daily processing capacity topping a million litres at 1,028,000, with plans to increase this further by the end of the year.

This continued investment is meeting the demands of customers and our farmer members, as well as delivering significant efficiencies and benefits across packaging, yield and ingredient utilisation.

These most recent successes are testament to the planning and execution of intense hard work by the teams at both sites and across the wider First Milk business.



Strengthening First Milk's position in the marketplace

We are committed to increasing our brand profile to ensure we continue to build additional value in our sustainable dairy proposition and enable us to deliver our vision of long-term dairy prosperity.



This involves focusing more on the values around our First4Milk sustainability programme to commercial partners and reinforcing the positive position of being a farmer-owned co-operative. To help drive this important activity, we have appointed Rebecca Miah as Head of Marketing.

Rebecca brings experience from the dairy and wider agricultural industry joining us after ten years at AHDB in roles including head of domestic marketing for dairy. She also spent time in the food and drink industry working for Britvic, Bottlegreen and Milk Link. At Milk Link, Rebecca was responsible for brand management and new product development across cheese, which included managing the growth of Tickler cheddar from a small regional brand to a major national listing. Rebecca has a BA Hons in Business and Marketing from the University of Hull.

Throughout her career, Rebecca has driven the strategic direction of market development to change consumer attitudes and behaviours and increase market penetration. She also has global experience representing AHDB within the International Dairy Federation.

"I am so pleased to have joined First Milk at a time when the business is driving forward the value of its strong commitment to sustainability," says Rebecca. "The fact we are greatly supported by and focused on our members makes taking this position an important and fulfilling responsibility.

"The current business trajectory shows huge promise for a stable and profitable future. There is no mistaking how far First Milk has come, and recognition must be given to the loyalty and commitment of all involved. I hope the business continues to capitalise on the market-leading work being done on sustainability, adding value for both its customers and members."

In her spare time, Rebecca has three ponies, two cats and three children to keep her busy and she loves the great outdoors. During winter, she can be found reading a good book, watching a decent box set or sitting by the fire in her local pub.

Council chat: election results



The recent Council elections saw Louise Davies and David Walker re-elected and Andrew Smith elected as a new Council member. Andrew will undergo an induction process before beginning his first term on 1st April 2022.

Andrew Smith believes he can offer inspiration and guidance to the next generation of farmers having come from a non-farming background: "I had to start on the very bottom rung of the farming ladder, working my way up through an apprenticeship and herd and farm manager roles, before setting up my own business."

Near Brampton in north Cumbria, Andrew and his wife Margaret own 500 spring block calving cows and a 250-head youngstock enterprise within a contract farming agreement. The three-year agreement began 19 years ago, reflecting, Andrew feels, the long-term, trust-based relationship they've developed with their landowners.

Andrew is encouraged by First Milk's vision for sustainability, driving the business forward with the right values as well as a solid financial base, providing a good return to members. "As farmers, we have a moral obligation to farm sustainably providing a more secure future for the next generation, and to survive we have to embrace change."



On his election to Council, Andrew commented: "I'd like to thank everyone who voted for me. It feels very humbling to receive such a vote of confidence as I take on this new responsibility and I will endeavour to undertake it to the best of my ability."



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