



Business Update

The last few weeks have seen the end of one financial year and the start of a new one. Our team is working hard to complete the year end accounts and we are in the process of going through our financial audit with Deloitte as part of the preparation of our Annual Report. This is due to be signed off at our June Board meeting and will be distributed to all members in early July in advance of our AGM in August.

This year will see some developments to the way we deliver the AGM, as we'll be having a true hybrid event for the first time. The AGM takes place on Thursday, 4 August at FarmED in Chipping Norton and I hope many of you will be able to attend in person. FarmED is a pioneering regenerative agriculture demonstration farm and education centre, which we felt made it the ideal venue to host this year's AGM. As well as the formal voting required as part of our rules, there will also be the opportunity to hear updates from the Executive team on recent business progress. While it is always good to see people in person, we also recognise for many the travel involved in attending the AGM is off-putting. This year we will deliver a hybrid event, with live online streaming so you can login and participate fully in the presentations and, most importantly, in the voting, from the comfort and convenience of home. Full details will be circulated in July, but I hope you'll make a note of the date and find the new approach makes it easier to take part in this important element of the governance of your co-operative.

Since I last wrote, we have launched the first Golden Hooves site at Hooks Farm in Borrowwash, Derbyshire. The launch event was incredibly well supported by the local community, with queues across the yard for milk and produce – a great start! Our team was on hand to explain the story of regenerative farming and to sample cheese, which generated considerable interest. You may have seen mention of the brand launch in the press, and we are already receiving interest from members about further sites, so we look forward to seeing this new business extension grow in the months ahead. If you'd like to find out more, speak to your area manager.

Of course, this has not distracted from our core business as we start a new year. Our FY23 capital projects have got off to a good start, with around £8m spend planned, primarily at Haverfordwest Creamery. This will see us install two new cheese vats at the creamery, providing further capacity increases for FY24 and beyond



By Shelagh Hancock,
Chief Executive

of around 14% compared to current output. In addition, the year will see further investment in Lake District Creamery, in IT across the business and at LDB.

Another huge factor for the business is the continued pressure on cost inflation, which I know is also impacting you on farm. We see sustained inflation across a range of inputs including chemicals, packaging and fuel, as well as more generally from suppliers, which remains challenging as it squeezes margin across the business. We are committed to addressing this by achieving inflationary returns from the market and, while there is a lag in this coming through, we have managed to return a further 7.3ppl between April and June, which I hope is helping mitigate the impact of inflation at farm level. As you'd expect, this remains a key focus moving forward.

Council Chat

In this month's Council Chat, we look at some of the important business issues Council influences on your behalf and give an update on the recent farmhouse meetings.

One of the working groups comprising Council members is the milk price committee. Council has a central role within First Milk's business process of determining milk price considering alternative options and making recommendations regarding better, longer-term outcomes for famers.

Another significant aspect of the Council's work is to approve the budgets. Unsurprisingly, Council members attach great importance to this, supporting First Milk's continuing programme of capital expenditure in particular and the value this brings to business growth. Before this can be done, Council receives detailed presentations on the markets and financial outlook as well as First Milk's business strategy enabling it to make robust and informed decisions on the financial commitments being made.

The latest round of farmhouse meetings will be completed by the end of May following the member meetings in early April. This is the best opportunity for members to see their Council 'in action' and update themselves on the main issues impacting members at the current time. These latest meetings covered milk price and cost inflation, FY22 financials, the launch of Golden Hooves, member views on the profile adjustment scheme and the ongoing regenerative farming initiatives.

As farmers themselves, members of Council are all too aware this is a challenging and uncertain time for individual First Milk members. They know it is for First Milk as a business too and such matters have been at the forefront of its discussions with the Board.

The most recent Council meeting was held at the beginning of May. This gave Council members the chance to attend the launch of the first Golden Hooves vending business at Hooks Farm, Borrowwash in Derbyshire, an initiative it supports wholeheartedly. The Council meets again in early June via Teams.



The new Golden Hooves vending business at Hooks Farm



Locals trying out the new vending machine at the launch of Golden Hooves



Council members (left to right)

Andrew Smith, Cumbria
Jess Mills, Derbyshire
Alan Trainer, Lanarkshire

David Walker, Cumbria
Willie Campbell, Ayrshire
Louise Davies, Cardigan

Christine Kelsall, Lancashire
Séan Rickard, Chair

“Excellent cheese starts with good quality milk”



Technical & Safety Director Kevin Murphy joined First Milk in September 2021 with 20 years' experience of working in technical management roles in the dairy industry. His career has included time with Glanbia, MilkLink, Yeo Valley and Arla, as well as taking a few years out of dairy to work as a technical lead in a meat processing business.



Kevin Murphy

At First Milk, Kevin leads the technical team, which in turn supports the operations and commercial functions in relation to all aspects of food safety and quality. He also helps set the short- and long-term strategies for food safety & quality and health & safety.

Asked about his role, Kevin commented: “As our business grows, it is paramount we continue to focus on enhancing the quality of our products, while still optimising product yield and minimising waste. This helps ensure the business continues to prosper and contributes to our aspiration of being **indispensable to our customers**.

“Producing a consistent and excellent cheese starts with good quality milk. High fat and protein constituents, along with a low somatic cell count and low total bacterial counts (bactoscan) are critical in ensuring maximum yield and sustained quality throughout the maturation process.



“Along with the constant drive to improve and maintain milk quality, the creameries place a very high emphasis on process control and recipe management. This allows us to yield the best quality cheese from the milk supplied by our farmers. We also strive to provide a very high standard of technical support to our customers to meet the ever-growing demand from consumers for information regarding the products they eat.

“My team also considers the welfare and safety of every First Milk staff member in all we do. It is important we continue to foster a culture of safety and welfare in our business, so everyone feels secure and safe in the workplace.”

Kevin grew up on a dairy farm in Ireland and studied agriculture and food science in Dublin before moving to the UK in 1999, when working for the Irish co-operative, Glanbia.

He now lives in North Wales with his accountant wife Gwen and their two children Efa (9) and Gethin (7). They are all first

language Welsh speakers, so he's had to learn the basics to protect himself from being picked on.

In his spare time, Kevin keeps himself fit running and using weights and enjoys spending time with family. He's also an avid reader of biographies and popular science and a keen film buff.

Summer Shows

Underlining the company's commitment to regenerative farming practices, First Milk will have a presence at two leading events dedicated to this growing area of agriculture during June. We'd love to see members at these events.

Down to earth

New from the Royal Association of British Dairy Farmers (RABDF), this one-day event is being hosted on the farm of Tim Downes in Shropshire. Tim has been following regenerative principles for many years and is now achieving grass yields of 11t DM/ha without bought-in inputs and 4,500l milk from forage.

The event aims to bring the industry together to look at the opportunities and examine the latest science. Farm tours will allow regenerative farming to be seen in action, along with drop-in workshops, practical demonstrations and presentations from top industry speakers covering the following:

- Soil health and management
- Grassland management and use of multi-species swards
- Agroforestry
- Water management
- Managing slurry and manure and preparing for regulation changes
- Bokashi and other bugs

Among the line-up of speakers is First Milk's Sustainability Director Mark Brooking. He will be speaking on 'Regenerative farming at scale for the dairy industry', highlighting the impressive work being done on farm by First Milk members. His presentation comes within the 'Taking up the sustainability challenge' session beginning at 1.30pm.

Event details:

Date: Wednesday 15 June

Venue: The Farm, Longnor, Shrewsbury, Shropshire, SY5 7PT

Cost: RABDF members FREE; non-members £15

For more information and tickets:
projectdowntoearth.co.uk



Groundswell

Now in its sixth year, Groundswell is the largest national event on regenerative agriculture, but remains practical and focused on soil as the farmer's central asset. The show's comprehensive programme features over 150 national and international speakers, including some of those known to First Milk farmers from our regenerative workshops.

This year, the group of 200 exhibitors includes First Milk and we would love to see members on our stand. We are keen you come to share the experience and be inspired to 'see things differently'. We are also inviting major customers to join us and learn more about our work in this area.

The Soil Farmer of the Year Awards will be presented at the show and First Milk Member, Andrew Rees, is amongst the finalists. Congratulations and good luck to Andrew. The awards received a record number of entries this year, so being selected as a finalist is a huge achievement.

Event details:

Date: Wednesday 22 and Thursday 23 June

Venue: Lannock Manor Farm, Hertfordshire, SG4 7EE

Cost: £80 day ticket; £120 two-day ticket

For more information and tickets: groundswellag.com



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