

The Dairy Group

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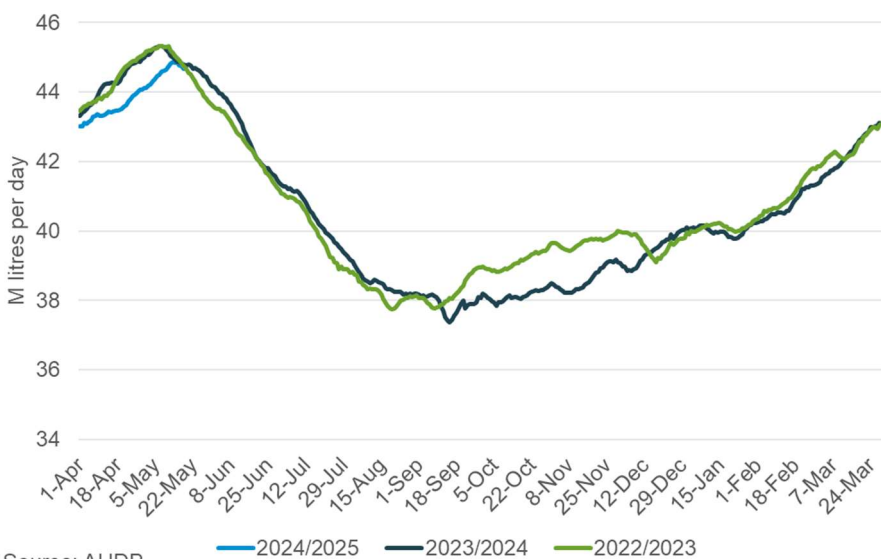


Outlook for milk prices

Christine Pedersen, Principal Consultant

It has been a very challenging Spring for most dairy farmers, which was reflected in daily milk supplies in April being 1.8% lower than April 2023 and 2.4% lower than the 3 year average. Peak production in May lagged 5 days behind, and 1% below peak production in 2023.

UK daily milk deliveries
(7 day rolling average)



Source: AHDB

The relationship between supply and milk price only comes about when adverse weather causes supply to fall below the long-term trends. Weather windows for harvesting 1st cut have coincided with opportunities to cultivate and drill maize and whilst farm teams have worked hard to optimise both, invariably some compromises have been made. As things currently stand, supply in 2024/25 looks likely to remain below long-term trends. This potential departure from trend could be significant enough for the markets to take notice.

Dairy farmers can take some control over their milk price by reviewing monthly milk statements and identifying opportunities to optimise milk price within their milk supply contract, most of which have moved towards constituent payments. UK average butterfat and protein levels follow typical seasonal trends with troughs in June and July. There is a definite relationship between diet composition, rumen function and milk composition. Levels of effective fibre in the diet are critical to butterfat as they influence saliva production and rumen pH, which in turn influences fibre digestion and subsequent butterfat levels. Increasing the intake of effective fibre (chopped hay or straw, grass or wholecrop silage) can stabilise or improve butterfat levels, but in practice can be difficult due to practical constraints or a compromise between buffer and

EDITORIAL

Welcome to our June 2024 newsletter. The first article looks at milk supplies this Spring, implications for milk price and how dairy farmers can take control over their milk price.

The second article covers the competitive sourcing of key inputs, particularly dairy compounds whilst the third focuses on the path to Net Zero.

The fourth article is for anyone looking for a strategy to maximise grant funding opportunities whilst remaining compliant with existing agreements.

Articles covering teat skin condition, EA inspections, SFI expanded offer and CS Capital Grants can be found on the final page.

If you would like to discuss any of the topics featured in this newsletter, please speak to your consultant or ring the office on 01823 444488.

Christine Pedersen

grazed grass intakes. The type, amount and presentation of any buffer feed needs careful consideration as does the timing of feeding. High concentrate and high starch diets also contribute to butterfat depression and replacing high starch cereals with high digestible fibre ingredients such as sugar beet pulp and soya hulls will also help. Low milk protein levels may be a result of inadequate dry matter intake (DMI) or dietary protein break-down to supply energy if energy supply is limiting. In both cases, rations should be re-formulated to increase energy supply and mitigate the effects on performance.

Christine provides nutrition, dairy technical and business management advice to clients across southern England. She can be contacted on 07831 172940.



Competitive sourcing of compound feed

Susie Felix, Senior Dairy Business Consultant

It is always good practice for businesses to obtain three quotes for significant purchases. Feed is the single biggest area of expenditure for most dairy farmers so feed cost savings have a significant impact on profitability. We source several key inputs including compound feeds which saves our clients the time and hassle of comparing quotes. Due to the continued strength of our buying group's ability to negotiate prices for high quality feed, group members typically save 10 – 15% of the cost per tonne for dairy compounds which currently equates to £20,000 - £30,000 per annum for a 250 cow herd.

Comparing compound feeds is impossible unless you have access to the full nutrient break-down so you can be confident that you are comparing 'like with like'. Our approach is for our nutrition specialist to set out the specifications for a range of dairy compounds, typically ranging from 14% - 24% protein (depending on the time of year) and include high fibre and high starch options. We have responded to our clients' requirements in recent years by offering nil-soya options for those feeding nil soya diets. Our feed groups go out to tender for a fixed period and request the formulations from the companies tendering. The proposed formulations are checked to ensure that the products supplied will meet our specifications and the contract awarded to the supplier offering the most competitive quote.

During the contract period, random samples of the dairy compound are taken for independent analysis to ensure that the original specification is achieved. Put simply, we are quality controlling the dairy compound supplied to the group. Have you checked the quality of the compound feed you are feeding? If not, your consultant can arrange to take a sample and review the results. We have found a wide range in quality and often significantly below our feed group specification.

We currently source almost 20,000 tonnes of dairy compound feed annually through our 8 regional groups so the benefit of our competitive tendering process speaks for itself. Some dairy farmers have been group members for almost 30 years and cite the feed quality and of course the cost savings as advantages. Alan Hough, a long-time member of the Vale Buying Group says, "being part of the group gives me the benefit of better control over feed prices and quality, enabling the cost of the ration to be managed to the highest quality". Vale group member Robert Trow says "My cows have performed better since I switched to group dairy cake; milk yields jumped up by almost 2 litres per cow. I have confidence in the dairy compound knowing that the quality is monitored".

To make use of our sourcing services for dairy cake or other products including minerals, maize and grass seed, please ring the office or speak to your consultant.

Susie Felix specialises in farm business consultancy, working across the North West, West Midlands and North Wales. She can be contacted on 07471 035199



Working towards Net Zero

Richard Lane, Dairy Business Management Consultant

Dairy Emissions Manager, the carbon footprint module in MCi is a unique web-based tool that utilises dairy herd performance data i.e. herd & production details, feed inputs and resources such as land use, fertiliser, fuel, electricity, plastic and bedding. These are recorded monthly to allow emissions to be reported for any time period. Data collection is flexible either via web entry, via an APP or via a bureau service. Being able to input resources in 'real time' allows ongoing benchmarking so dairy farmers can monitor emissions and react in a timely manner rather than waiting for a historic year-end report to be produced some months later.

Tom Kimber, dairy farmer at Higher Stavordale Farm, has achieved an impressive reduction in dairy emissions over the last 3 years. Tom sees value in monthly recording of data and monitoring the farm's performance and says "Carbon is a

good indication of farm efficiency, so this is a great tool for benchmarking our performance to improve profitability. Dairy Emissions Manager provides a quick and easy way for regularly recording and reporting my dairy emissions. Being integrated into the monthly costings makes it very convenient. We can run reports monthly to track carbon footprint in real time and make informed decisions on the effect of resource input and output levels. I benchmark my resources and identify areas to target which is extremely helpful.”

Tom has been recording resources in MCI for over 3 years. Since October 2019 emissions have reduced from 1.45kg CO_{2-e} per kg ECM to 1.23 CO_{2-e} per kg ECM. Multiple actions have resulted in the reduction and emissions are expected to reduce below 1 kg CO_{2-e} with the changes and investments that have already been made.

Reducing diet protein levels have been easy wins. Diets are formulated to meet metabolisable protein requirements rather than crude protein. This winter’s diets have been running at 16% crude protein with good results and lower diet costs. Legumes have been introduced into most grass leys which has boosted silage protein levels, reducing the protein supplementation required. Introducing clover into leys also increased nitrogen supply so the amount of artificial nitrogen fertiliser has reduced. A new slurry store will allow slurry to be used more effectively in the future, using umbilical and trailing shoe applications, thereby further reducing artificial fertiliser and carbon losses.

Following maize harvest, a grass cover crop is established which has proved successful in reducing nutrient losses and enabling zero grazing or an early silage cut before returning to maize. Multi-species leys are being planted across the grazing platform to increase nitrogen fixation from legumes and sequester carbon deeper into soils.

Tom comments “We are confident we are on the right track and Dairy Emissions Manager monitors our progress towards Net Zero.” To find out more about Dairy Emissions Manager please call the office on 01823 444488.

Richard provides nutrition, herd monitoring & business management advice, driving efficiency, reducing waste and improving animal welfare & environmental sustainability. Contact Richard on 07717 502505



Grant Manager

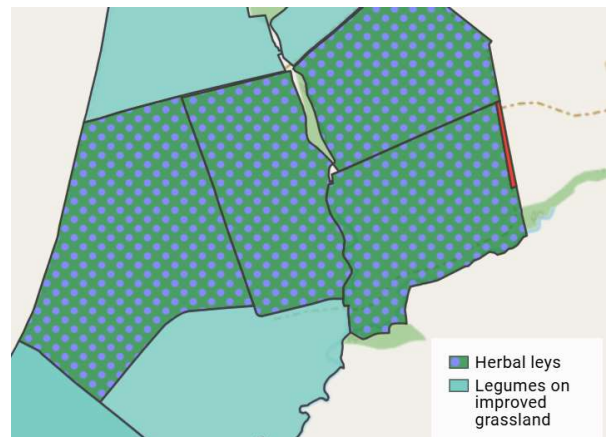
Naomi Read, Senior Dairy Business Consultant

Many clients are experiencing ‘grant fatigue’ and are looking for strategies to maximise grant funding opportunities whilst ensuring they remain compliant with existing agreements and do not miss important deadlines. As such, we have developed our Grant Manager offer which assists clients with the management of new and existing schemes.

All relevant scheme information is collated into a single folder which is a tool to allow the agreement holder to manage and understand the commitments of the agreement. All information is bespoke for each business and provides:

- a simplified summary of agreement actions
- a summary of the agreement details with start and end dates, relevant claim deadlines and estimated revenue payments
- option management prescriptions
- option maps with a key showing different options.

Relevant information will also include agreement documents, an option summary table, and an evidence checklist. The majority of the current SFI actions require paper records or evidence to demonstrate that the requirements of the action have been met. Some of these options are management plans (for example SAM1, NUM1 and HRW1) whilst other actions may require specific records (for example field records and seed receipts for winter cover crops). Our team of consultants can collate and prepare all of the evidence required to manage agreements and our FACTS qualified advisors can prepare compliant nutrient management plans to satisfy option NUM1.



Our approach is to provide a single point of reference to ensure correct management and full compliance with all schemes so that your business is prepared for an inspection. It also ensures that claim deadlines and annual declarations are met which is particularly important where businesses are managing multiple agreements.

Naomi is a dairy business management consultant based in Somerset. She can be contacted on 07768 701135.

News in brief.....

Teat Skin Condition Challenges - this Spring has proven to be particularly challenging for grazed herds with a combination of low night temperatures, heavy rainfall, strong drying winds and soiled gateways. We have seen several herds suffering with dry skin condition and severe teat chapping.

Irrespective of the active ingredient of the disinfectant, the level of skin conditioning agents included in the formulation, the cost of the product or whether it is delivered as a concentrate or a ready to use product, it can only be effective if it is applied to the whole of the teat. The critical feature of any post milking teat disinfectant is whether it is applied accurately, completely, and consistently.

At the first sign of teat skin becoming dry (this can be easily assessed by running a clean latex gloved finger lightly down the teat surface before milking) action needs to be taken to ensure the dryness does not develop into teat chaps and open lesions.



Applying the old saying that prevention is better than cure, keep a close eye on skin condition and at the first sign of dryness assess coverage of disinfectant, compare rates of usage, and consider investing in a ready to use product with > 10% glycerol.

Environment Agency (EA) Inspections - the EA has increased their presence on farm with the aim of protecting the natural environment by building closer relationships with landowners and managers. To achieve this, they have recruited and continue to recruit new Agricultural Regulatory Officers (ARO) who are working in catchments across England. These officers are conducting on farm inspections throughout England and providing a follow up 'Inspection Findings Report' along with relevant advice. Dairy farms are considered a high priority and should expect an inspection.

But what should you expect? The main purpose of the inspection is to assess the compliance and pollution risk of all structures that fall under the Silage Slurry and Agricultural Fuel (SSAFO) Regulations. The emphasis is to manage, contain and store pollutants and ensure that they are not discharged to the natural environment. The ARO will assess silage clamp condition and effluent management along with slurry store structures and storage capacity. They will also review relevant paperwork to demonstrate compliance with the Nitrate Vulnerable Zones (NVZ) and Farming Rules for Water (FRW) Regulations, including nutrient management plans and farm spreading risk maps which should be up to date. You should also ensure that you comply with the rules regarding water abstraction and that you have the relevant licences in place if you are extracting more than 20 cubic meters per day. **Speak to your consultant about preparing for an inspection.**

Sustainable Farming Incentive (SFI): expanded offer for 2024 - the RPA recently announced the expansion of the current SFI scheme, with new actions being available from July 2024. The SFI actions in the expanded offer include:

- the actions from the SFI 2023 offer, some of which have been updated since they were launched in 2023.
- new actions – such as no tillage farming, precision farming and spring-sown or summer-sown cover crops.
- actions previously offered under Countryside Stewardship Mid-Tier updated for SFI.

The new offer will initially comprise 102 actions available to landowners and managers, including new entrants who have not been eligible under the previous scheme. Further actions will be introduced later in 2024. **Speak to your consultant about how these new actions will fit with your existing schemes.**

Countryside Stewardship (CS) Capital Grants: CS capital grants remain unchanged with grants for boundaries, air and water quality available including items to improve farmyard infrastructure and reduce slurry storage requirements. These include RP28 (roofing), RP15 (concrete renewal), RP16 (rainwater goods) and various drainage options to separate clean and dirty water. The funding limit is uncapped, and you can apply at any time. Some items require Catchment Sensitive Farming support but in some catchments, this is proving challenging due to high uptake and resourcing issues.

The Dairy Group consultants work across the UK providing a wide range of independent dairy technical and business advice. Please contact Karen or Anne in our admin team on 01823 444488 or visit our website for further information or to contact our consultants.

Website: www.thedairygroup.co.uk,

Email: enquiries@thedairygroup.co.uk

Dairy herd management: www.dairy-mci.com

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