



8<sup>th</sup> May 2020

## **The impact of Covid-19 lockdown measures on the British sheep dairy sector**

### **Introduction**

The sheep dairy sector in the UK is small in comparison with many European nations with the UK having a long history of sheep farming being associated with meat and wool. However, with the steady growth of interest in specialist foods with provenance, and healthy and nutritionally beneficial foods, the sector has seen growth in the UK and could grow further. Future growth is likely to come from a continued growth in the market but also from import substitution.

Sheep dairy production is predominantly the domain of innovative new entrants to farming and those with access to smaller farms seeking to maximise output from a relatively small area of land. Evidence shows that it is an entry point to farming businesses for young and new entrants seeking to innovate and do something different.

Work done by the British Sheep Dairy Association shows there are export opportunities for British sheep milk products, cheeses and powder and this sector is ripe for investment to break the barriers to greater levels of economic success and stimulate further growth in the UK.

Along with many other specialist food producers this sector has been severely hit by the closure of the hospitality market as part of the Covid-19 lockdowns and is in danger of collapse without support for the small number of businesses affected.

The NSA and the BSDA believe strongly that this sector needs the same Covid-19 financial support as has now been made available to the cow dairy sector, and furthermore that once this crisis is over it is worthy of Govt investment support to benefit from export opportunities.

This paper makes the case for the British sheep dairy sector being treated fairly in the same way as the cow dairy sector, and that sheep dairy farmers should be eligible to apply for financial assistance in the form of a grant to help see their businesses through this crisis.

## The industry

We are aware of between 30 and 45 sheep dairy farms in the UK, with 30 of these being in England. There may be more, but these are known through membership of our associations.

Around 2.3 – 3 million litres of sheeps milk is produced annually. Of this:

- 88% is made into cheese
- 10% yoghurt
- 2 % other

Most sheep farmers are on annual contracts with relatively a small-scale processors and >95% have had their contracts seriously affected during April and May 2020.

The result, as shown below, has been cancelation of orders, reductions in milk price where milk is taken, the culling of healthy animals to safeguard welfare, and serious economic hardship on what are small family farms.

Case studies to evidence the situation

The following examples of the impact of Covid -19 lockdowns show how individual farms, and collaborations of farms and processors have been affected through the loss of market access.

### 1. Dear Phil

We set up Sheep Milk UK Ltd a sheep dairy co-operative 21 years ago. We collect from 9 farms across the north west and supply 28 dairies across the UK.

From the date of the lock down announcement we saw 20 of the 28 customers cancel orders from that date .Most of these small dairies are supplying cheese markets, restaurants and farmers markets and therefore all these customers cannot commit to purchasing from us for the foreseeable future.

An example of the orders would be Ford Dairy in Dorset take 5 x 25,000 litres loads and have taken one this year and cancelled all the rest, due to Waitrose delisting the product as their deli counter is closed.

This resulted in SMUK having to pass on the disappointing news to the 9 farms in the co-operative asking them to reduce production on a gradual basis in order to protect the welfare of the sheep and that the last collection of sheep milk would be the end of April.

Any of the remaining dairies that continued to take milk have now fulfilled their orders and are stock piling , we have had to drop price per litre during April from

£1.07 to 0.80p for the remaining dairies to assist with their cash flow as sales have stopped.

Now collection has been stopped from the following family farms;

James Hadwin

Neil Sutcliffe

Matthew Sharpe

Roger Marsden

Chris Heslop

The details from each of these farms can be provided , those remaining have taken a 27p per litre reduction along with a 50% production.E.g Neil Sutcliffe was producing 1000litre per day and reduced down to 400 litres by end of April and was milking just once per day however from 27th April we could no longer collect his milk.

I hope this information is sufficient should you require more detail please contact me.

Many thanks and hope you appreciate that the impact on the sheep dairy industry.

Regards Simon Stott

2. Dear Mr Stocker,

We are writing to explain our plight in this global pandemic.

We live on a 140 acre farm with our 3 children. For the last 10 years we have been supplying Sheep Milk UK from our flock of 130 milking ewes. This business has grown for us as we have expanded our flock over the years. Also when we came to the farm we invested in a second hand parlour. Then 3 years ago we upgraded this to a new parlour and larger bulk tank. There has been much investment and improvement to stock, equipment, animal health and grassland. We believe the industry to be viable and profitable, and the product both nutritional and sustainable.

Sadly Covid 19 has changed all this. Simon Stott of Sheep Milk UK informed us on 22nd March that cheese companies no longer required our milk. Our sheep lamb at Christmas so at this time we were in peak production. As there is not a market for our milk and we are in a position of having to tip milk away which is a total waste. We have tried to manage the awful situation by culling 50% of healthy sheep. This is for animal welfare reasons to protect them from mastitis

whilst trying to lesson the amount of milk produced. We have also invested in some calves to feed the milk to, rather than tip it all down the drain which is outrageous. We have really tried to be forward thinking and not let the situation which is beyond our control effect us. This is proving very difficult as it is soul destroying.

Financially we are looking at losses of £35000

After 10 years of sending milk weekly to Sheep Milk UK, we as a family are devastated emotionally and seriously affected financially. We both hard working and try our utmost for our family, with 2 children at university these are very worrying times for us.

Thank you for taking the time to read this,

Kind Regards

Matthew and Janet Sharpe  
Loftrans Farm  
Carters Lane  
Gisburn  
Lancashire  
BB7 4HZ  
07711446681

### 3. Dear Phil

Here is information for stand alone producer in Somerset. Tom & Helen Garland and their two small children.

Pre COVID, 6 main cheese and ice cream processor customers plus few irregulars taking 650lpd (19,500pcm) @ £1.28/litre (£24,960pcm)

Day of lockdown (23 March), 4 customers and all irregulars cancelled orders leaving sales of only 250 lpd (7,500pcm) @ £1.28/litre (£9,600pcm)

Lost turnover £15,360pcm.

Profit margin on milk 38%

Therefore, lost profit £5,836.80pcm.

### Summary

All we are asking for at this stage is for British sheep dairy farmers to be offered the same financial support opportunities as cow dairy farmers. While the sheep dairy

sector may be small it is a sector that offers real opportunity in the future and indeed was entirely market driven until the lockdown measures were introduced. Once this pandemic is behind us there is every likelihood that demand will return in time, export opportunities will re-emerge, and the sector will again see success and growth. At this stage we would value the chance to discuss with relevant Defra official's possible investment and capital grant opportunities.

Phil Stocker

Chief Executive  
National Sheep Association  
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