

Methodology, data users and revisions policy

Methodology

1. Farm gate milk prices: Defra runs a compulsory monthly survey of dairies in England and Wales to collect information on the volume, value, protein and butterfat content of milk purchased from farms in England and Wales. All major dairies purchasing over 2 million litres of milk a year (34 in England and Wales) take part in the survey.

Similar surveys are run by the Rural & Environment Science and Analytical Service (RESAS) for Scotland and the Department of Agriculture, Environment and Rural Affairs (DAERA) for Northern Ireland. Scottish milk price and production statistics are available in the Economic Report on Scottish Agriculture at the [Scottish government agricultural economic report](#) (Section 5.25). This website also contains contact details and more information. Northern Ireland results are available at the [Daera milk price, quality, and production statistics webpage](#).

2. UK average prices are calculated using the weighted results from the Defra, RESAS and DAERA surveys.
3. Quarterly surveys of dairies that purchase less than 2 million litres a year are used to estimate the volume of milk that is not accounted for within the monthly survey. This information is used to raise the monthly milk deliveries to a national level.
4. The published farm gate prices are weighted according to the volume of milk purchased by dairies. The averages are strongly influenced by the larger milk purchasers, and smaller purchasers have little influence on the UK weighted average. The farm gate price is the average price paid to producers, net of delivery charges. No deduction is made for superlevy. Some purchasers pay bonuses retrospectively to producers, these payments are used to calculate an annual average milk price including bonuses but are excluded from the monthly figures. An annual average milk price is also calculated excluding the retrospective bonus payments.
5. Composition of milk: The Rural Payment Agency no longer collects information on the butterfat or protein content of milk delivered to dairies (previously collected under the milk quota regulations). This information is now collected by Defra, RESAS and DAERA from the milk prices surveys to obtain a UK average. In the same way as for the average prices, the average butterfat and protein contents are weighted according to the volume of milk purchased.
6. The data are subject to a variety of validation checks which identify inconsistencies in the data. All data are cleaned prior to publication in discussion with the survey respondents. Where data not received in time estimates are made for that company and are updated when actual data received.
7. Company estimates are based upon their last received survey response. Their last response is weighted by an overall industry trend, which is calculated by forming a weighted average trend for successfully surveyed companies between the companies last response month and the current notice month. Although we take care in creating the most accurate estimates, there may be times they fail to account for certain situations such as changes in the current industry landscape (e.g. companies considerably increasing/reducing throughput), and the effects of external circumstances that add unknown consequences into the industry (e.g. Covid-19).
8. From February 2017, we are reporting on monthly milk prices excluding any retrospective bonus payments. We are still capturing these retrospective bonus payments and we use these to produce an annual average price including bonus payments. In the process of calculating the new price without retrospective bonus payments improvements were applied to the weightings used to calculate the milk price. The result of the new weighting is a change to the previously published milk price data back to February 2014. As a result there will be some minor changes to previously published data for the period. We no longer publish monthly milk price with bonus payments.

Data users

9. The milk price statistics accompany another Defra monthly publication on milk utilisation by dairies (this is available at the [UK government milk utilisation by dairies statistical webpage](#) and provides more detailed statistics on the volumes of raw milk which are processed into other products e.g. liquid milk, butter, cheese etc. This data, alongside the milk prices, gives a comprehensive overview of the UK milk market and is used heavily by the dairy industry, in particular the division of the Agriculture and Horticulture Development Board (AHDB) known as DairyCo (who represent milk producers) and Dairy UK (who represent milk processors). DairyCo consider the price and utilisation statistics vital for assessing market trends and to carry out further analysis on how changing prices affect the sector. Milk utilisation data provides insight into market characteristics and to monitor where milk is being used for domestic production. It provides insight to how production of products (such as butter, cheese etc.) changes in response to changes in global demand and market conditions.
10. The information in this notice is also used by the UK government as evidence for assessing market conditions and evaluating agricultural policy. Other users include academia and the general public.
11. Contact details are available on the front page of this notice, for you to send feedback or ask questions about the information provided.

Revisions policy

12. We provide information about any revisions to previously published information in the statistics notice, and the associated datasets. Revisions could occur for various reasons, including:
 - a. If we have not received survey data from respondents we make an estimate based on their previous returns. These estimates are replaced with actual figures when they are received.
 - b. Survey respondents occasionally supply amended figures for previous periods.
 - c. Receipt of amended data from Scotland and Northern Ireland.
 - d. Payment of retrospective bonuses which affect the previously supplied price data.