
Ed Humpherson, Director General for Regulation

Ken Roy
Head of Profession for Statistics, Defra Group
Natural England
[by email]

21 December 2017

Dear Ken

NATIONAL STATISTICS STATUS OF MILK UTILISATION STATISTICS

In March 2017 you asked the Office for Statistics Regulation to temporarily suspend the National Statistics status of Defra's *Usage of milk by dairies in England and Wales* statistical release. This was based on an increase in the number of revisions to the data due to errors that resulted from the methodology and process for completing the statistical release.

Thank you for sharing with us the findings of your review of the methodology and quality assurance processes. I welcome the way that you have brought users along during the methodology review, consulting key industry stakeholders and statistical producers in the Devolved Administrations about these changes.

The key changes and impacts on the statistics are:

- Direct milk sales are no longer included in datasets, and the volume of milk available will now be same as the figures published in milk price statistical release
- You now take into account the overall production of milk in each region when producing regional estimates. This makes a small change to milk use and production at the UK level. The England and Wales dataset will now be an estimate for all of England and Wales rather than 90% of data covered in current dataset.
- You have consulted users about the conversion factors (used to estimate wholesale production figures from the volume of milk used) and have proposed to make some changes. This will have an impact on the production volumes for both the England and Wales and the UK dataset.

These changes have a positive impact on the quality and value of the milk utilisation statistics. By not including direct sales data, which are usually received later than other milk sales data, the data will not need to be revised as frequently. Changing the estimate for England and Wales to one that captures milk production in the whole of the region enhances the coverage of the estimate, and therefore, the quality. Making the figure for the volume of milk available comparable to the figure in the milk price statistical release increases the coherence of statistics on milk – it will be easier for users to understand the link between statistics in these two releases. And, the change of conversion factors will better reflect the quantity of product produced from available milk and more accurately reflect the output of the industry.

I welcome your evaluation of the parallel run of this new methodology. This analysis showed that the impact on the trend for volume of liquid milk, cheese and butter produced is small. The inclusion of more frequent and automated quality assurance checks will further reduce the potential for revisions due to errors.

I also welcome the way that you have been open and transparent by alerting users to the review of the methodology on the front page of your statistical bulletin, and your commitment to clearly

explain these changes to the methodology to users. Such openness reinforces the trustworthiness of the people, processes and systems that underlie the production of the statistics.

Based on the above, I am pleased to re-instate the National Statistics status of the 'Usage of milk by dairies in England and Wales' release from January 2018 onwards.

Thank you for your proactive engagement with us during this process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Humpherson', written in a cursive style.

Ed Humpherson
Director General for Regulation