

How the bovine TB compensation table values are calculated

The monthly table values are calculated using auction market sales data. This is collected by the Agriculture and Horticulture Development Board (AHDB) as part of their regular price reporting for the industry.

AHDB receive and publish price and throughput information for cattle every day from auction markets across Great Britain. These markets are members of the Livestock Auctioneers' Association in England and Wales and the Institute of Auctioneers and Appraisers in Scotland.

Livestock markets report all cattle sale types to AHDB. These include calves, stores, primestock, dairy and suckler sales, as well as pedigree and dispersal sales, which can be held in the mart or on farm. All cattle sold at auction, except for cull cows, are used in the monthly dataset for the bovine TB compensation values.

In 2019, AHDB collected information for approximately 1.4 million cattle sold at 111 auction markets from almost 6,000 sales. In addition to regular weekly and fortnightly sales, AHDB also receive seasonal, pedigree, dispersal and specialist sales held by auction markets.

Livestock markets send their data electronically to AHDB after every sale and include the following information on each individual animal sold:

- Lot number
- Breed code
- Sex category e.g. heifer, steer, bull, cow
- Date of birth
- Pedigree status
- Price per head

AHDB have a dedicated team of analysts and a bespoke system built specifically to manage the collection of the auction market data, using an ISO 9001 accredited process. All data passes through various validation checks in order to maintain data integrity. Where necessary, data will be checked back to the auction market. Animals will only be included in the table valuations once all checks have been completed.

Every month, the average price of all animals in the 51 different category bands of cattle in the bovine TB table valuations are calculated and submitted to Defra. The bands are based on the animal's age, sex, pedigree status and breed type (e.g. beef and dairy) as set out under legislation.

For commercial cattle, Defra publish the compensation values based on the previous month's prices. For pedigree cattle, the values are based on the previous six month's prices. Each year, sales data collected in the previous 12 months is analysed by Defra to determine the minimum amount of animals required in each of the 51 categories to provide confidence that the average values are representative of market prices. If insufficient data is collected for a particular category, either a previously determined table valuation or individual valuation will be used.

Sales volumes and prices naturally fluctuate throughout the trading year. At the start of the year the minimum required number of sales is set by Defra for each compensation category. The entire previous year's sales data for each category is used to determine the level of sales in each period to be 95% confident that that month's average price set is within 20% of the true mean of all prices both recorded and unrecorded. If Defra statisticians' calculations determine that there aren't sufficient sales at the start of the year then the category value for compulsorily slaughtered animals will be assessed by a valuer appointed by the government. A practice known as independent valuation.