



Farm Business Income by type of farm in England, 2012/13

Data on the income of farm businesses is used in conjunction with other information on the agricultural sector to help monitor and evaluate Government and EU policies. It also informs wider research into the economic performance, productivity and competitiveness of the agricultural industry. The data are provided to the EU as part of the Farm Accountancy Data Network (FADN) and are used widely by the industry for benchmarking.

This statistical release provides estimates of Farm Business Income for 2012/13 alongside those for the years 2009/10 to 2011/12 (Table1). These figures are for March/February years with the latest estimates covering the **2012 harvest** and including the 2012 rate of Single Farm Payment (which is included within total farm output and therefore contributes to Farm Business Income). Note that all the income figures here represent the average whereas data for individual farms may be very different.

These data replace the provisional estimates for 2012/13 published on 31 January 2013. More detailed analysis of these results will be published on 19 December 2013 in Farm Accounts in England and can be found at <https://www.gov.uk/government/collections/farm-business-survey>. Forecasts of income by farm type for the year ending February 2014 and covering the 2013 harvest will be published in January 2014. A time series showing other measures of income can be downloaded [here](#).

Key results

- Average Farm Business Income fell across most farm types in 2012/13 (the exceptions being specialist pig and poultry farms) as the effect of the poor growing season and harvest was felt across both the cropping and livestock sectors.
- For the cropping sector lower yields and quality were offset to some extent by higher prices. However the additional impact of higher costs resulted in a fall in incomes.
- On dairy and grazing livestock farms (lowland and LFA) the impact of higher feed costs was a key driver behind lower incomes.
- For specialist pig and specialist poultry farms, incomes increased via higher output which was only partially offset by higher input costs, particularly for feed.
- The single payment for 2012/13 was on average 12% lower than the previous year due to the pound strengthening against the euro.

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Detailed results

On **cereal farms**, average Farm Business Income fell by just over 25 percent in 2012/13 to around £68,000 (table 1). Both the yield and quality of cereal and oilseed rape crops were affected by the poor growing season but a substantial increase in prices driven by global markets meant that overall output from the crop enterprises, particularly winter barley, increased. However higher input costs, particularly for seed, fertiliser and crop protection offset this, resulting in a net fall in average incomes.

Average incomes on **general cropping farms** also fell but to a lesser extent (9 percent) than those on cereal farms (table 1). Output from potatoes was considerably higher than the previous year but total agricultural output fell due to a lower output from the other cropping enterprises, particularly wheat and sugar beet. This reflects changes to the sample with a smaller average cropping area compared to the previous year. Input costs also fell although this can also be attributed to a reduced tillage area. On a per hectare basis, agricultural costs on these farms increased in line with those on cereal farms.

On **dairy farms**, average Farm Business Income fell substantially by around 40 percent to £51,000 (table 1). Agricultural output was higher, largely due to slightly higher milk prices and an increase in average herd size. However, input costs increased to a greater extent, particularly for feed. This is likely to reflect increased volumes as well as higher prices for purchased feed and forage due to a combination of reduced grazing days and lower quality home produced forage.

Large falls in average incomes were seen on **grazing livestock farms** in both the lowland and less favoured area in 2012/13 (table 1). Lower livestock output reflecting lower sheep prices in 2012, combined with higher costs, resulted in a 48 percent fall in incomes on lowland grazing farms and a 33 percent fall for LFA grazing livestock farms. Both these farm types failed to make a positive return from agriculture reflecting the difficult conditions for beef and sheep farmers throughout the year. The lower exchange rate for the single payment also represents a noticeable reduction in receipts for these farm types.

Incomes on **mixed farms** fell by nearly 50 percent in 2012/13 to around £38,000 (table 1). Total farm output fell by almost a quarter with lower output across both crop and livestock enterprises. Total costs fell by around 15 percent. Some of these differences are likely to be due to a slightly different sample compared to last year. This is because relatively small changes to cropping or stocking on farms that don't have a strongly dominant enterprise (as these are) can result in individual farms switching designated farm types between years.

On **horticulture farms** average incomes fell by over 40 percent as the poor growing season reduced output from fruit, flowers, bulbs and hardy nursery stock. Output from outdoor vegetables and potatoes increased, reflecting higher farmgate prices and a higher yield for some crops.

On **specialist pig farms** total output from the agriculture enterprises increased slightly, driven by higher output from the pig enterprise. The increase in costs was slightly less, particularly as feed costs did not increase to the extent expected, the net effect being that average Farm Business Income increased by 8 percent in 2012/13 on this farm type (table 1). For **specialist poultry farms** average incomes more than doubled due to a substantial increase in output via higher output from the broiler and other poultry enterprises. Although

egg prices increased, average output from eggs was unchanged due to a fall in production. Input costs also increased on these farms but to a lesser extent than output. The FBS samples for both specialist pigs and specialist poultry are relatively small, meaning that individual farms can have a large influence on the results. The weighting methodology was changed for 2012/13 to improve the reliability of the results for farms with poultry. For more information about the reliability of results please see the annex and technical note at the end of this release.

Table 1: Average Farm Business Income per farm (£/farm)

Average farm business income per farm (£/farm)

| Farm Type | 2009/10 | 2010/11 | 2011/12 | 2011/12 ^(a) | 2012/13 | Annual % Change 2012/13 / 2011/12 |
|--|---------|---------|---------|------------------------|---------|--------------------------------------|
| At current prices | | | | | | |
| Cereals | 42,000 | 85,000 | 94,500 | 93,500 | 68,000 | -27% |
| General cropping | 66,500 | 111,500 | 101,000 | 100,500 | 91,500 | -9% |
| Dairy | 59,000 | 66,000 | 86,500 | 86,500 | 51,500 | -40% |
| Grazing livestock (Lowland) | 29,000 | 21,500 | 32,000 | 32,000 | 16,500 | -48% |
| Grazing livestock (LFA) | 26,000 | 21,500 | 29,000 | 29,000 | 19,500 | -33% |
| Specialist pigs | 75,500 | 44,500 | 38,000 | 38,000 | 41,000 | 8% |
| Specialist poultry | 72,500 | 68,000 | 41,000 | 46,500 | 94,000 | 102% |
| Mixed | 33,000 | 51,000 | 66,000 | 74,000 | 38,000 | -49% |
| Horticulture | 66,500 | 48,000 | 55,500 | 53,000 | 30,000 | -43% |
| All types | 44,000 | 57,500 | 66,000 | 66,000 | 46,500 | -30% |
| In real terms at 2012/13 prices | | | | | | |
| Cereals | 48,000 | 92,500 | 98,000 | 97,000 | 68,000 | -30% |
| General cropping | 76,000 | 121,500 | 104,500 | 104,000 | 91,500 | -12% |
| Dairy | 67,500 | 72,000 | 89,500 | 89,500 | 51,500 | -42% |
| Grazing livestock (Lowland) | 33,000 | 23,500 | 33,000 | 33,000 | 16,500 | -50% |
| Grazing livestock (LFA) | 29,500 | 23,500 | 30,000 | 30,000 | 19,500 | -35% |
| Specialist pigs | 86,000 | 48,500 | 39,500 | 39,500 | 41,000 | 4% |
| Specialist poultry | 82,500 | 74,000 | 42,500 | 48,000 | 94,000 | 96% |
| Mixed | 37,500 | 55,500 | 68,500 | 76,500 | 38,000 | -50% |
| Horticulture | 76,000 | 52,000 | 57,500 | 55,000 | 30,000 | -45% |
| All types | 50,000 | 62,500 | 68,500 | 68,500 | 46,500 | -32% |

Years ending in end-February

^(a) Revised weighting framework separating specialist poultry meat from specialist poultry layers

Figure 1: Distribution of Farm Business Income by farm type, 2012/13

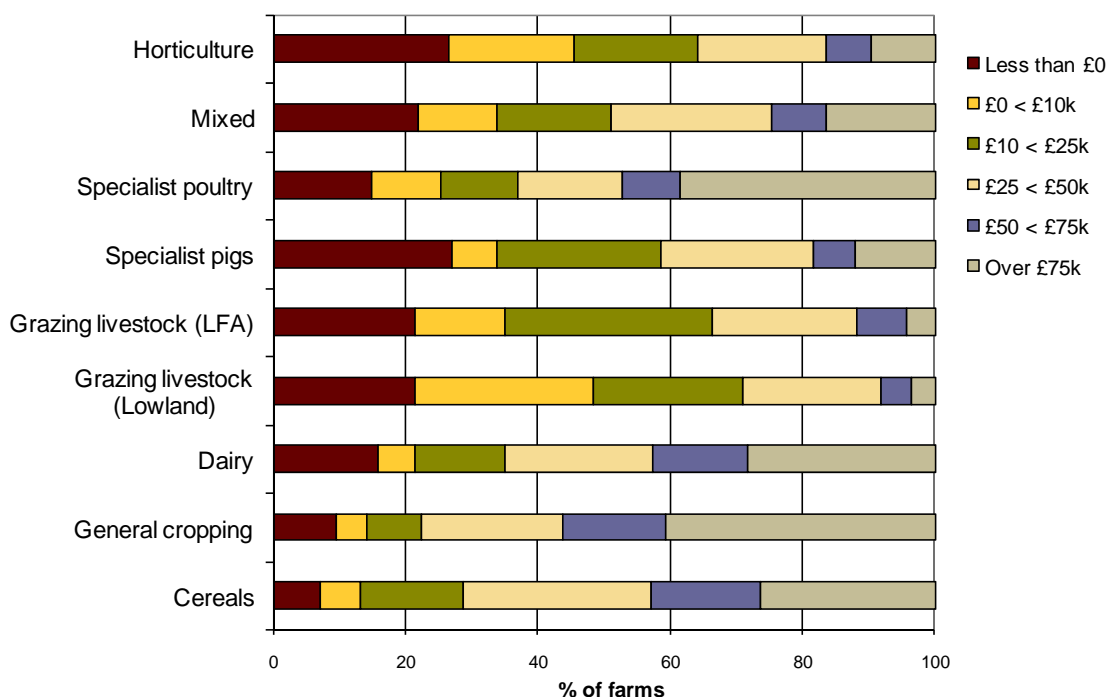
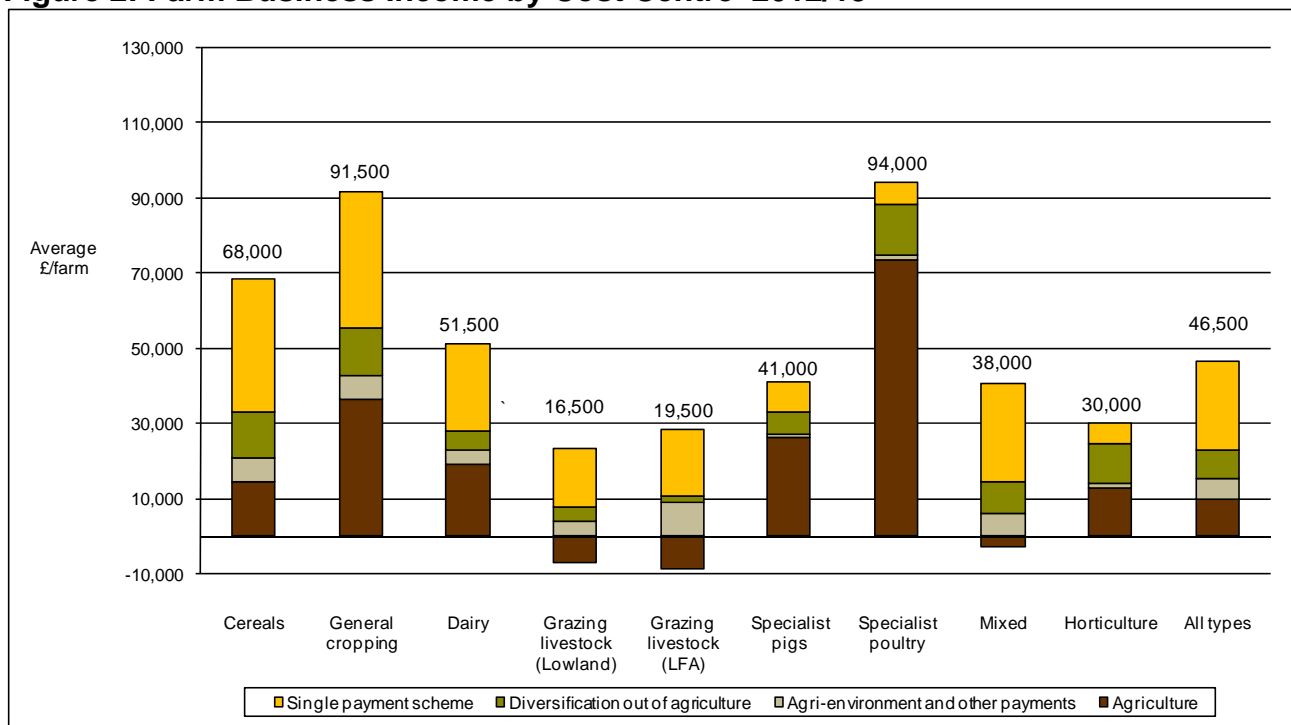


Figure 1 shows how variable farm business income is both between and within farm types. Over a fifth of horticulture, mixed, specialist pig and grazing livestock farms failed to make a profit in 2012/13. More than a quarter of dairy farms had an income of less than £25,000 whilst a similar proportion made more than £75,000. In the arable sector (cereals and general cropping farms) over three quarters of farms had an income greater than £25,000.

The variation in incomes within farm type reflects different production costs between farms which are influenced by a number of factors such as size, location, soil type etc. More detailed analysis of farm incomes based on performance bands is provided in Farm Accounts in England. This will be updated with 2012/13 data on 18 December 2013 and published [here](#).

Figure 2: Farm Business Income by Cost Centre¹ 2012/13



¹ Data represent averages across all farms in the sample including those that do not have any income within some of the cost centres

Figure 2 shows how Farm Business Income can be broken down by cost centre and illustrates the contribution that each cost centre makes to the average total income (shown as text at the top of each column). The numerical data can be seen in Table 2 in the annex. Further information about the methodology adopted for allocating costs across cost centres can be found in Appendix 2 of [Farm Accounts in England](#).

In 2012/13 the Single Payment continued to account for a substantial proportion of average farm business income for all farm types apart from horticulture, specialist pig and poultry farms. Across all farm types the average single payment was just under £25,000.

On average, mixed and grazing livestock farms (Lowland and LFA) failed to make a positive return from agriculture. On LFA grazing livestock farms income from agri-environmental activities is particularly important, contributing just over £9,000 per farm to the average Farm Business Income whilst these activities are less significant for the intensive livestock and horticulture sectors.

On cereal farms the average contribution from agriculture to Farm Business Income fell by over 60 percent from just under £40,000 in 2011/12 to around £14,000 in 2012/13. On specialist poultry farms the contribution from agriculture more than doubled.

Annex

Table 2 provides the data used in Figure 2 in the main body of this release.

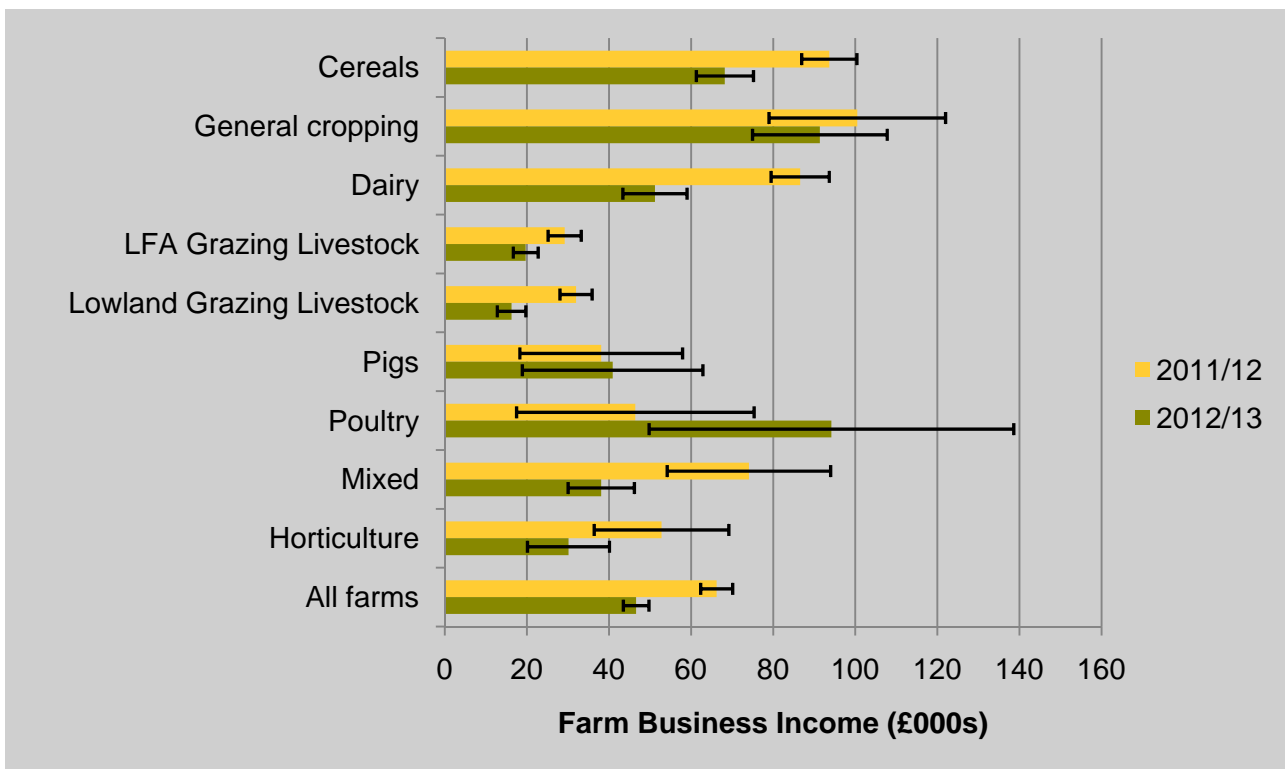
Table 2 Farm Business Income by Farm Type and Cost Centre (£/farm)²

| Farm Type | Agriculture | Agri-environment and other payments | Diversification out of agriculture | Single payment scheme | Farm business income |
|-----------------------------|-------------|-------------------------------------|------------------------------------|-----------------------|----------------------|
| Cereals | 14,300 | 6,300 | 12,500 | 35,200 | 68,000 |
| General cropping | 36,400 | 6,500 | 12,600 | 36,000 | 91,500 |
| Dairy | 19,200 | 3,800 | 4,900 | 23,400 | 51,500 |
| Grazing livestock (Lowland) | -7,100 | 3,800 | 4,000 | 15,600 | 16,500 |
| Grazing livestock (LFA) | -8,900 | 9,100 | 1,600 | 17,800 | 19,500 |
| Specialist pigs | 26,100 | 1,100 | 6,000 | 7,700 | 41,000 |
| Specialist poultry | 73,700 | 1,200 | 13,200 | 6,100 | 94,000 |
| Mixed | -2,700 | 6,100 | 8,200 | 26,500 | 38,000 |
| Horticulture | 12,800 | 1,300 | 10,300 | 5,700 | 30,000 |
| All types | 9,900 | 5,200 | 7,800 | 23,700 | 46,500 |

² Figures may not add to totals due to rounding

Figure 3 shows average farm business income split by farm type, with 95% confidence limits as range bars around the averages. This shows the range of values that may apply to the averages: we are 95% confident that the true average farm business income lies within this range either side of the published estimate. For more guidance on how to interpret these results, please see *Accuracy and reliability of results* in the Technical Note below.

Figure 3: Average farm business income (£000s) by farm type, with 95% confidence limits, England 2011/12 and 2012/13



- The smaller range of possible values that could apply to grazing livestock, dairy, cereal and mixed farms types reflects relatively large sample sizes and the relative homogeneity of these sectors in terms of the range of income levels across the farms in each of these types.
- The range of values that could apply to general cropping and horticulture farm types reflect a more diverse range of agricultural activities, e.g. general cropping is made up of arable crop and field scale vegetable producers, while horticulture includes specialist fruit producers, hardy nursery stock and fruit and vegetables grown in glasshouses. As a result these sectors are less homogeneous in terms of income levels.
- Confidence limits for specialist pig and poultry farms are affected by the relatively small samples and a huge range in scale of production. Figure 1 shows the presence of farms at opposite ends of the income scale.

Availability of results

Defra statistical notices can be viewed on the Gov.UK site at <https://www.gov.uk/government/collections/farm-business-survey>. The site also has links to other publications and to technical notes and guidance.

Revisions

Compared with the forecasts published in January 2013, the outturns published here show much higher incomes for specialist pig and poultry farms. This is partly due to changes to the sample but also to the fact that the increase in feed costs was lower than expected. Differences for mixed and specialist poultry farms are also influenced by a change to the weighting procedure made since the forecasts were calculated. Further details can be seen in the Technical Note below.

TABLE3 Revisions to Farm Business Income by Type of Farm in England (£/farm)

| Farm Type | 2012/13 | 2012/13 | % Change |
|-----------------------------|----------|---------|----------|
| | Forecast | Outturn | |
| At current prices | | | |
| Cereals | 85,000 | 68,000 | -20% |
| General cropping | 90,000 | 91,500 | 2% |
| Dairy | 50,000 | 51,000 | 2% |
| Grazing livestock (Lowland) | 18,000 | 16,500 | -8% |
| Grazing livestock (LFA) | 14,000 | 19,500 | 39% |
| Specialist pigs | 18,000 | 41,000 | 128% |
| Specialist poultry | 41,000 | 94,000 | 129% |
| Mixed | 50,000 | 38,000 | -24% |

The fall in incomes on cereal farms was greater than expected due to an underestimation for input costs, particularly seed, fertiliser and agrochemicals. On grazing livestock farms average output from the sheep enterprise was higher than expected resulting in a smaller fall in average incomes.

User engagement

As part of our ongoing commitment to compliance with the Code of Practice for Official Statistics (<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>), we wish to strengthen our engagement with users of these statistics and better understand the use made of them and the types of decisions that they inform. Consequently, we invite users to make contact to advise us of the use they do, or might, make of these statistics, and what their wishes are in terms of engagement. Feedback on this statistical release and enquiries about these statistics are also welcome.

Please contact Charles Mbakwe at fbs.queries@defra.gsi.gov.uk.

Technical Note

Survey coverage and weighting

The Farm Business Survey (FBS) is an annual survey providing information on the financial position and physical and economic performance of commercial farm businesses in England. It covers all types of farming in all regions of the country and includes owner-occupied, tenanted and mixed tenure farms. The FBS only includes farm businesses with a Standard Output of at least €25,000, based on activity as recorded in the previous June Survey of Agriculture and Horticulture. In 2012 this was some 56,000 farm businesses. Data is collected from a sample of around 1,900 farm businesses by face to face interviews with farmers, conducted by highly trained researchers.

Each record is given a weight to make the sample representative of the population. Initial weights are applied to the FBS records based on the inverse sampling fraction. These weights are then adjusted by calibrating certain totals to match published totals from other surveys¹) so that they can be used to produce unbiased estimators of a number of different target variables.

The weighting methodology was changed for 2012/13 to improve the reliability of the results for farms with poultry. The change was two-staged. A split of specialist poultry farms into egg and poultrymeat producers was introduced to the inverse sampling fraction stage. In addition, the FBS estimates of total number of laying birds and total number of table birds are now calibrated to match those from the previous June Survey of Agriculture and Horticulture. This practice is already in place for other livestock counts (as well as crop areas and farm counts) to draw strength from the increased robustness of the much larger sample of the June Survey. The egg and poultrymeat sectors are able to move separately, recognising their differing fortunes.

The results in this release for 2011/12 have been produced under the old and new weighting methodology to provide a fair comparison to last year and demonstrate the scale of the impact of the change to the weights. The change to the weighting procedure impacts heavily on the specialist poultry and mixed farm types and as such results for these farm types should not be compared across the two weighting methodologies. The results for all other farm types are still affected as small numbers of poultry exist on those farms and some calibrations (such as the total number of farms in each size band) work across all farm types. However these impacts are minimal so it is valid to compare results for these farm types across both weighting methodologies, whilst exercising some caution in respect of the small changes that are likely.

More detailed information about the Farm Business Survey and the data collected can be found at <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

¹ Further information on calibration weighting can be found in the 'Statistical Issues' document here http://webarchive.nationalarchives.gov.uk/20130315143000/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-statissues_111123.pdf

Farm Business Income

For non corporate businesses, Farm Business Income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business.

In essence Farm Business Income is the same as *Net Profit*, which as a standard financial accounting measure of income is used widely within and outside agriculture. Using the term *Farm Business Income* rather than *Net Profit*, gives an indication of the measure's farm management accounting rather than financial accounting origins, accurately describes its composition and is intuitively recognisable to users as a measure of farm income.

Accuracy and reliability of results

In common with other statistical surveys, the above published estimates of income from the Farm Business Survey are subject to sampling error, as we are not measuring the whole population.

We show error bars based on 95% confidence intervals for mean Farm Business Income as a measure of uncertainty that may apply to the estimated means. They signify that we are 95% confident that this range contains the true value. They are calculated as the standard errors (se) multiplied by 1.96 to give the 95% confidence interval (95% CI).

For the Farm Business Survey, the confidence limits shown are appropriate for comparing groups within the same year only; they should not be used for comparing with previous years since they do not allow for the fact that many of the same farms will have contributed to the Farm Business Survey in both years.

Standard errors (and therefore confidence intervals) only give an indication of the sampling error. They do not reflect any other sources of survey errors, such as non-response bias.

Farm type classification

Note that the classification of farms has been revised since the 2010/11 Farm Business Survey and backdated for 2009/10 data only. The results published here are therefore not directly comparable with those published in earlier years. Please see the explanatory document on our [web site](#) for further details of these changes.