



7 May 2020

## Total Income from Farming in the United Kingdom, first estimate for 2019

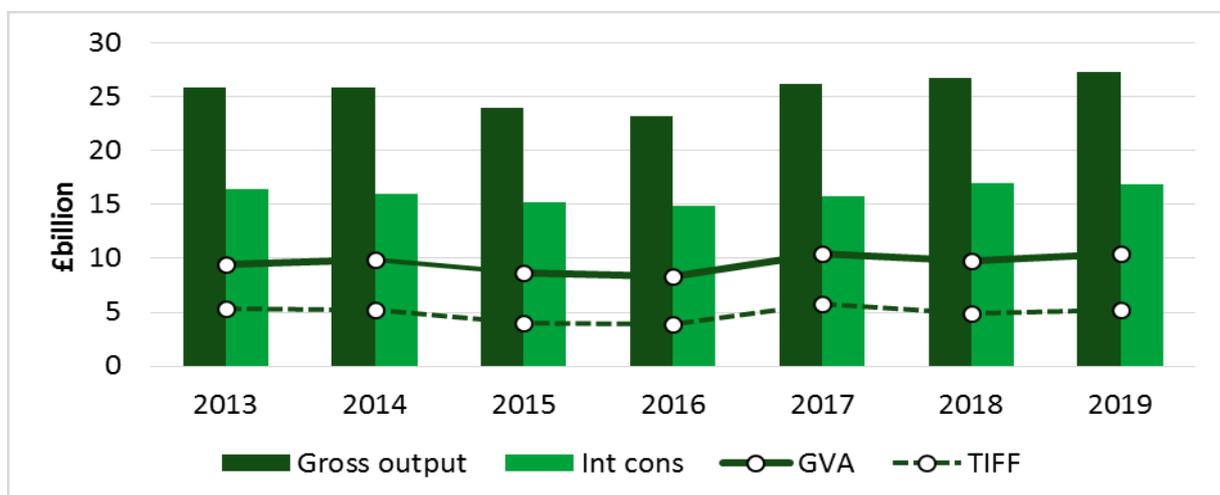
This release presents the first estimate of Total Income from Farming (TIFF) for the United Kingdom for 2019 replacing the initial forecast figures published in December 2019. These estimates are more robust as they are based on additional data now available. Details of the changes are provided in the revisions section of this document. Some estimates for earlier years have also been revised slightly due to the availability of additional / updated data.

Total Income from Farming is the total profit from all UK farming businesses on a calendar year basis. It measures the return to all entrepreneurs for their management, inputs, labour and capital invested.

### Key Messages

- Total Income from Farming in 2019 rose from 2018 by £398 million (8%) to £5,278 million.
- Agriculture contributed £10,408 million or 0.53% to the national economy (Gross Value Added), an increase of £633 million (6%) on the year.
- The main driver for the increase is the high levels of crop production, particularly for cereals. Weather conditions were generally more favourable in 2019, with higher yielding crops boosting the value of crop output by 6% to £10,000 million, despite lower commodity prices. Total input costs remained stable.

**Figure 1: Gross output, intermediate consumption (int cons), Gross Value Added (GVA) and total income from farming (TIFF) for the United Kingdom: 2013 to 2019**



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## What you need to know about this release

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### National Statistics Status

National Statistics are produced to high professional standards. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

The statistics last underwent a full assessment in 2014 by the UK Statistics Authority's Assessment team. A copy of the full report can be found on the internet, [Assessment Report 271 Statistics on Agriculture](#).

The continued designation of these statistics as National Statistics was confirmed in December 2017 following a compliance check by the UK Statistics Authority (now the Office for Statistics Regulation) against the [Code of Practice for Statistics](#). The compliance check letter can be found on the [UK Statistics Authority website](#).

Since the latest review by the Office for Statistics Regulation, we have continued to comply with the Code of Practice for Statistics and have enhanced data quality by reviewing methodologies and data sources.

For general enquiries about National Statistics, contact the National Statistics Public Enquiry Service:

Tel: 0845 601 3034

Email: [info@statistics.gov.uk](mailto:info@statistics.gov.uk).

You can find National Statistics on the internet [on the Gov.uk website](#).

### Key words

**Annual work unit** is equivalent to the input of one person in the farm business who is engaged in agricultural activities on a full-time basis over an entire calendar year.

**Basic price** is the market price plus directly paid subsidies that are linked to the production of specific products.

**Current price** is the value based on price during the reference year.

**Gross output** is the total value of output by producing farm businesses.

**Intermediate consumption** is the goods and services used as inputs in the productive process, e.g. feed, energy and fertiliser.

**Real terms** is the value adjusted for inflation.

**Total Income from Farming** is the income to those with a business interest in the agricultural industry.

The term **income** used throughout this notice refers to Total Income from Farming. This is the total profit from all UK farming businesses on a calendar year basis.

## Section 1 – Summary of overall trends

### 1.1 Latest figures and long term trends in real terms, i.e. adjusted for inflation

Values in this section are expressed in real terms at 2019 prices. The figures are adjusted to take into account inflation to allow more meaningful comparisons between years over the longer term.

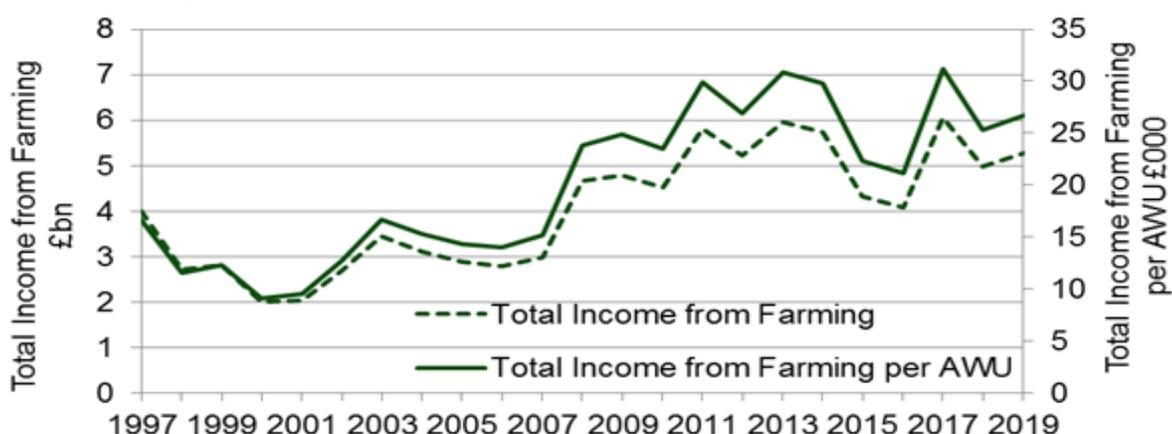
The key drivers of agricultural income include the volume of production, commodity prices and the cost of inputs. These are themselves driven by a range of factors such as the weather, exchange rates, oil price and global supply and stocks of commodities. As a result, UK agricultural income tends to be volatile and fluctuate from year to year.

Total Income from Farming is estimated to have risen between 2018 and 2019 by 6 per cent (£309 million) in real terms after adjustment for the effect of inflation, to £5,278 million.

Over the longer term, incomes have generally followed an overall upward trend since the year 2000 (Figure 2). In more recent years, in spite of high levels of production, TIFF fell sharply in 2015 driven by lower commodity prices and a stronger pound. In 2016 the exchange rate improved but a poor harvest and continued low commodity prices kept income low.

In 2017, TIFF increased to the highest point for 20 years as a result of a favourable combination of a weaker pound, strong commodity prices and high levels of production. In 2018, extreme weather conditions led to poor yields and pushed up the price of key inputs. These factors were not fully offset by strong commodity prices resulting in an 18% fall in income.

**Figure 2 Agriculture industry income trends in the United Kingdom (in real terms at 2019 prices)**



“Total Income from Farming per Annual Work Unit of entrepreneurial labour” is an alternative measure of income that takes into account the labour used to produce that income and allows comparisons to be made with other countries. It follows a similar trend to Total Income from Farming, but owing to a decline in the number of

farmers and other unpaid workers, has performed better from the year 2000 onwards.

An Annual Work Unit (AWU) equals the input of one person in the farm business on a full-time basis for the calendar year. The values in table 1 are adjusted at 2019 prices. The GDP deflator used to adjust prices is sourced from Office of National Statistics Gross Domestic Product, Expenditure YBGB series.

**Table 1: Aggregate Agricultural Accounts: Summary of production and income accounts for the United Kingdom in real terms (at 2019 prices)**

**Units: £ million**

	<b>Average 2012 to 2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total crop output</b>	<b>9,673</b>	<b>9,774</b>	<b>9,609</b>	<b>10,000</b>
<b>Total livestock output</b>	<b>14,805</b>	<b>15,006</b>	<b>15,010</b>	<b>14,700</b>
10 Other agricultural activities	1,176	1,190	1,262	1,262
11 Inseparable non-agricultural activities	1,262	1,274	1,309	1,311
12 Output (at market prices)	26,917	27,244	27,190	27,273
13 Total subsidies (less taxes) on product	31	48	47	47
<b>14 Gross output at basic prices (12+13)</b>	<b>26,948</b>	<b>27,292</b>	<b>27,237</b>	<b>27,320</b>
<b>25 Total intermediate consumption</b>	<b>17,108</b>	<b>16,454</b>	<b>17,284</b>	<b>16,912</b>
<b>26 Gross value added at market prices (12-25)</b>	<b>9,809</b>	<b>10,791</b>	<b>9,906</b>	<b>10,361</b>
<b>27 Gross value added at basic prices (14-25)</b>	<b>9,840</b>	<b>10,839</b>	<b>9,953</b>	<b>10,408</b>
28 Total consumption of Fixed Capital	4,399	4,290	4,430	4,528
<b>29 Net value added at market prices (26-28)</b>	<b>5,410</b>	<b>6,500</b>	<b>5,476</b>	<b>5,832</b>
<b>30 Net value added at basic prices (27-28)</b>	<b>5,441</b>	<b>6,548</b>	<b>5,523</b>	<b>5,879</b>
31 Other taxes on production	-115	-100	-100	-98
32 Other subsidies on production	3,404	3,386	3,341	3,296
<b>33 Net value added at factor cost (30+31+32)</b>	<b>8,729</b>	<b>9,835</b>	<b>8,764</b>	<b>9,077</b>
34 Compensation of employees	2,668	2,733	2,751	2,775
35 Rent	591	594	572	556
36 Interest	410	455	472	468
<b>37 Total Income from Farming (33-34-35-36)</b>	<b>5,032</b>	<b>6,052</b>	<b>4,968</b>	<b>5,278</b>
Annual Work Unit agricultural labour input (thousand head)	194	194	196	198
<b>Total Income from Farming per annual work unit (£)</b>	<b>25,922</b>	<b>31,130</b>	<b>25,285</b>	<b>26,703</b>

## Section 2 – Detailed comparison between 2019 and 2018 using contemporaneous prices

This year on year comparison is made on the basis of contemporaneous (i.e. current for the year in question) prices, which have not been adjusted for inflation.

### 2.1 Headline figures

In 2019 Total Income from Farming rose by £398 million to £5,278 million, an 8% increase on 2018. The main contributors to this increase are the rise in the value of output of wheat (+£332 million), potatoes (+£192 million), vegetable, horticulture and fruit (+£182 million combined). In addition some input costs fell, including plant protection (-£108 million), animal feed (-£80 million) and seeds (-£34 million).

Gross Value Added at basic price, which measures agriculture's contribution to the Gross Domestic Product (GDP), rose by 6% (£633million) to £10,408 million. In 2019 agriculture added 0.53% to the national economy.

### 2.2 Crop Outputs

Overall output of crops value rose by £562 million or 6.0% to £10,000 million.

A key contributor to this increase was wheat, whose value rose by £332 million (+16%) to £2,442 million. Planted area was 3.9% higher than in 2018 and the favourable weather conditions produced much better yields that led to a good quality bumper harvest, up 20% in volume on 2018. The plentiful harvest contributed to lower prices, down 3.7%.

The value of barley rose by £58 million (+5.8%) to £1,073 million, with higher volumes more than offsetting the 14% fall in price. The harvest was the largest for over 30 years, in contrast to 2018, which saw production well below the 5 year average. The increase in production (+22%) is attributed to an increase in total area planted, a switch to higher yielding winter barley, and more favourable growing conditions.

Oilseed rape output fell in value by £69 million (-11%) to £585 million, driven by lower production (-13%), the lowest since 2004. Planted area decreased by 9.2%, the lowest since 2002. Issues with pest control affected quality and, along with difficulties harvesting the crop in the wet autumn, led to a 3% fall in yield. Overall, prices remained firm.

The value of sugar beet fell by £6 million (-2.9%) to £208 million. Reduced planted area, average yields and a difficult harvest due to the wet autumn contributed to a 2.0% fall in production.

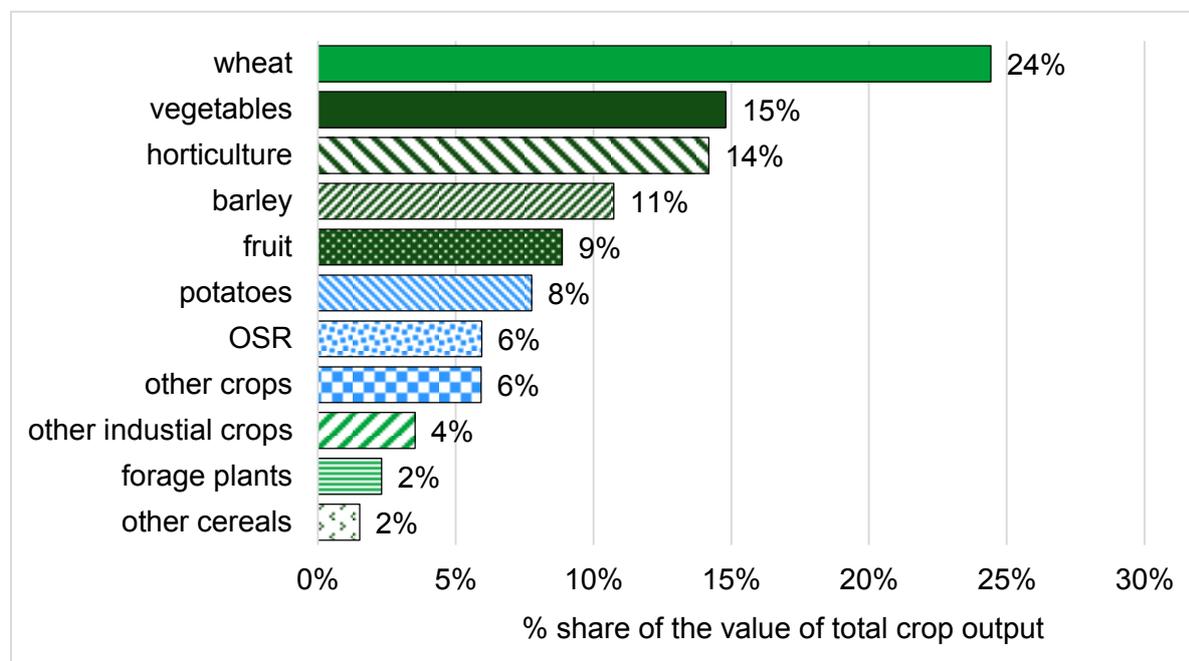
The value of vegetables increased by £55 million (+3.9%) to £1,481 million, driven by higher prices (+4.6%) as volumes slightly fell. An early start to the season meant crops were well established by early summer, however, wet conditions in both June and then autumn meant some crops were left unharvested.

The value of potatoes rose by £192 million (+33%) to £776 million, mainly driven by a 28% increase in price. The prolonged drought in 2018 meant opening stocks in 2019

were low and, despite far better growing conditions in 2019, production was only up by 3.8%. Although there was an increase in plantings this year, overall production was adversely impacted by the wet autumn and winter that caused disruption to lifting.

The value of fruit rose by £90 million to £887 million, driven almost entirely by a 12% increase in price, as production was little changed on the year.

**Figure 3: Percentage share of the value of total crop output in 2019**



### 2.3 Livestock Outputs

Overall the value of total livestock output was almost unchanged (-0.3%) at £14,700 million.

The value of milk decreased by £56 million (-1.2%) to £4,431 million primarily driven by price changes. Despite a further fall in dairy cow numbers, the good weather and strong grass growth boosted production levels by 1.5%. Prices were 2.7% lower, reflecting increased supplies.

The value of eggs rose by £18 million (2.9%) to £660 million. A 3.8% increase in volumes more than offset a 0.9% price drop.

The value of livestock primarily for meat fell by £111 million (-1.3%). The value of cattle meat decreased by £195 million (-6.6%) to £2,758 million, driven by a 6.6% drop in prices.

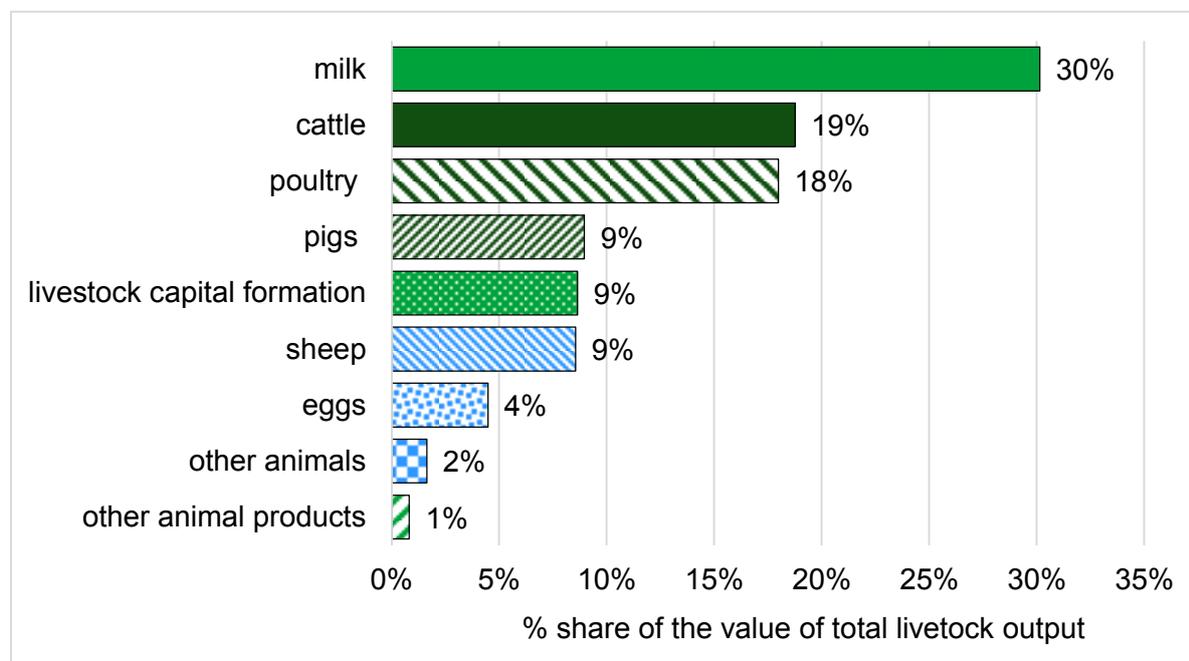
Pig meat rose in value by £65 million (5.2%) to £1,318 million, prices rising slightly despite an increase in production. Production levels rose by 4.5%, boosted by an increase in throughput and marginally heavier carcass weights.

The value of sheep meat was almost unchanged (-0.3%) at £1,258 million with a rise in production (+7.3%) offset by a fall in price (-7.1%). Production levels were lifted by

higher carcass weights as well as increased throughput that put downward pressure on price.

Poultry meat continues its upward trend, rising in value by £17 million (+0.7%) to £2,643 million, the highest recorded value. Whilst production fell slightly (-0.7%), price increased by 1.3%.

**Figure 4: Percentage share of the value of total livestock output in 2019**



## 2.4 Intermediate Consumption

The total cost of intermediate consumption fell by £62 million to £16,912 million. In general, prices were higher and usage lower, with falls in costs of plant protection products, animal feed and seeds more than offsetting any increases seen in the other input costs.

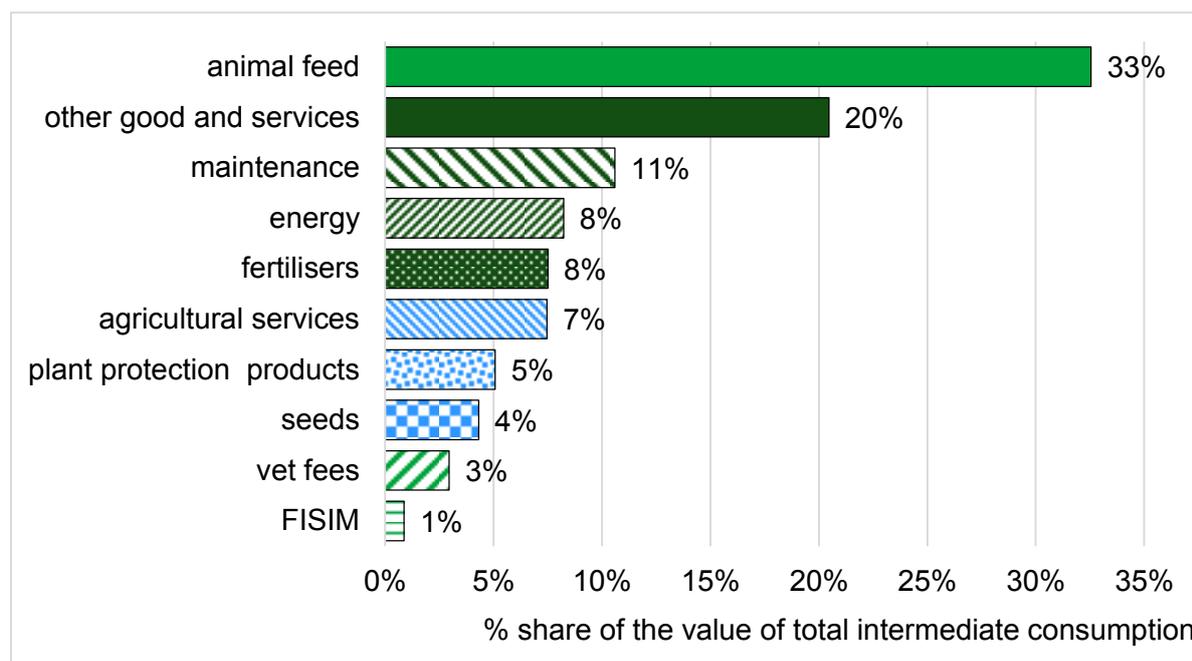
The cost of animal feed fell by £80 million to £5,505 million. Good grass growth and lower livestock numbers led to decreased demand, coupled with lower feed and forage prices resulted in reduced feed costs.

Plant protection product costs fell by £108 million to £858 million, largely driven by a 10% fall in volumes applied. The dry spring led to relatively low weed pressure and dry soils that required no herbicide application on established crops. Wet autumn weather also reduced applications because it was impossible to get onto the land at the appropriate time.

The total cost of seeds fell by £34 million, as the wet weather led to difficult conditions for drilling in the autumn.

Energy costs rose by £20 million to £1,392 million, reflecting increases in oil price although use was down. It was a similar story for fertilisers, which are also closely linked to oil price, with costs rising by £15 million to £1,269 million.

**Figure 5: Percentage share of the total value of intermediate consumption costs in 2019**



## 2.5 Compensation of employees

The total value of compensation to employees was £2,775 million, a rise of £73 million. In line with the national living wage increase, average labour costs were higher whilst labour volume was slightly down on the previous year. In 2019, agriculture provided 1.45% of jobs in the United Kingdom.

## 2.6 Other subsidies on production

Direct payments, including payments on product (worth £47 million), rose to £3,296. Compared to 2018, Basic Payments in 2019 changed little reflecting the stable € to £ exchange rate.

**Table 2: Aggregate Agricultural Accounts: Production and income account for the United Kingdom in current price terms**

£ million	Calendar years			
	2018	2019	<i>Change 2018 &amp; 19 £ million</i>	<i>% Change 2018 &amp; 19</i>
1 Output of cereals	3 252	3,667	415	13%
of which: wheat	2,111	2,442	332	16%
barley	1,015	1,073	58	6%
oats	120	145	25	21%
2 Output of industrial crops	1,029	980	- 48	-5%
of which: oilseed rape	654	585	- 69	-11%
protein crops	113	145	32	29%
sugar beet	214	208	- 6	-3%
3 Output of forage plants	233	231	- 2	-1%
4 Output of vegetables and horticulture	2,808	2,900	92	3%
of which: fresh vegetables	1,426	1,481	55	4%
plants and flowers	1,382	1,419	37	3%
5 Output of potatoes (including seeds)	583	776	192	33%
6 Output of fruit	797	887	90	11%
7 Output of other crop products, incl seeds	735	559	- 176	-24%
<b>Total crop output (sum 1-7)</b>	<b>9,437</b>	<b>10,000</b>	<b>562</b>	<b>6%</b>
8 Output of livestock	9,490	9,488	- 2	0%
primarily for meat	8,327	8,217	- 111	-1%
of which: cattle	2,952	2,758	- 195	-7%
pigs	1,253	1,318	65	5%
sheep	1,261	1,258	- 4	0%
poultry	2,626	2,643	17	1%
gross fixed capital formation	1,163	1,272	109	9%
of which: cattle	677	733	56	8%
pigs	5	6	2	35%
sheep	193	270	77	40%
poultry	288	262	- 26	-9%
9 Output of livestock products	5,251	5,212	- 39	-1%
of which: milk	4,487	4,431	- 56	-1%
eggs	641	660	18	3%
<b>Total livestock output (8+9)</b>	<b>14,741</b>	<b>14,700</b>	<b>- 41</b>	<b>0%</b>
10 Other agricultural activities	1,239	1,262	23	2%
11 Inseparable non-agricultural activities	1,286	1,311	25	2%
<b>12 Output (at market prices) (sum 1 to 11)</b>	<b>26,703</b>	<b>27,273</b>	<b>570</b>	<b>2%</b>
13 Total subsidies (less taxes) on product	46	47	1	2%
<b>14 Gross output at basic prices (12+13)</b>	<b>26,749</b>	<b>27,320</b>	<b>571</b>	<b>2%</b>

continued

**Table 2: Aggregate Agricultural Accounts: Production and income accounts in the United Kingdom in current price terms (continued)**

Units:£million		Calendar years		
	2018	2019	Change 2018 & 19 £ million	% Change 2018 & 19
15 Seeds	763	729	- 34	-5%
16 Energy	1,371	1,392	20	1%
of which: electricity and fuels for heating	437	464	28	6%
motor and machinery fuels	934	927	- 7	-1%
17 Fertilisers	1,254	1,269	15	1%
18 Plant protection products	966	858	- 108	-11%
19 Veterinary expenses	476	499	23	5%
20 Animal feed	5,585	5,505	- 80	-1%
of which: compounds	3,432	3,353	- 79	-2%
straights	1,416	1,427	11	1%
feed produced/used on farm or bought from other farms	737	724	- 13	-2%
21 Total maintenance	1,771	1,791	20	1%
of which: materials	1,062	1,073	11	1%
buildings	709	718	10	1%
22 Agricultural services	1,239	1,262	23	2%
23 FISIM	125	148	23	19%
24 Other goods and services	3,425	3,461	36	1%
<b>25 Total intermediate consumption(sum 15 to24)</b>	<b>16,974</b>	<b>16,912</b>	<b>- 62</b>	<b>0%</b>
<b>26 Gross value added at market prices(12-25)</b>	<b>9,729</b>	<b>10,361</b>	<b>632</b>	<b>6%</b>
<b>27 Gross value added at basic prices(14-25)</b>	<b>9,775</b>	<b>10,408</b>	<b>633</b>	<b>6%</b>
28 Total consumption of Fixed Capital	4,350	4,528	178	4%
of which: equipment	2,019	2,076	56	3%
buildings	1,044	1,071	27	3%
livestock	1,287	1,382	95	7%
cattle	751	806	55	7%
pigs	4	6	2	38%
sheep	265	278	13	5%
poultry	266	292	26	10%
<b>29 Net value added at market prices(26-28)</b>	<b>5,378</b>	<b>5,832</b>	<b>454</b>	<b>8%</b>
<b>30 Net value added at basic prices(27-28)</b>	<b>5,424</b>	<b>5,879</b>	<b>455</b>	<b>8%</b>
31 Other taxes on production	-98	-98	0	0%
32 Other subsidies on production	3,281	3,296	15	0%
<b>33 Net value added at factor cost (30+31+32)</b>	<b>8,607</b>	<b>9,077</b>	<b>470</b>	<b>5%</b>
34 Compensation of employees	2,702	2,775	73	3%
35 Rent	562	556	- 6	-1%
36 Interest	464	468	4	1%
<b>37 Total income from farming (33-34-35-36)</b>	<b>4,879</b>	<b>5,278</b>	<b>398</b>	<b>8%</b>

## Section 3 - About these statistics

### 3.1 Revisions

This release replaces the initial forecast published in December 2019. Table 3 details the level of change to 2019 data since December. Data revisions were planned, are typically small and increase the precision as more survey data has become available.

2019 figures are first estimates and will be subject to revision when second estimate results are published in November.

**Table 3: Revisions made to Total Income from Farming for 2019 between December 2019 and May 2020**

<b>Total Income from Farming for 2019</b>	<b>Published December 2019 (forecast)</b>	<b>Published May 2020 (provisional)</b>	<b>% change (December to May)</b>
Gross output at basic price £ million	27,737	27,320	-1.5%
Intermediate consumption, £ million	17,202	16,912	-1.7%
Gross Value Added at basic price, £ million	10,535	10,408	-1.2%
Net Value Added at factor cost, £ million	9,187	9,077	-1.2%
Total Income from Farming, £ million	5,380	5,278	-1.9%

The revisions to back series are for 2013 to 2018 and were largely planned and a result of new information received from Devolved Administrations following the publication of their final accounts for 2018 earlier this year and further improvements to data quality and accuracy. Additional information on these revisions can be found on [Scotland](#), [Wales](#) and [Northern Ireland](#) websites.

In addition there are revisions to the value of crops output data from 2015 as a result of updates to price for grains survey data.

Total Income from Farming is sensitive to small percentage changes in the values of outputs and intermediate consumption. A combination of a revision downwards in output and revision upwards in intermediate consumption leads to more sizeable revisions in percentage terms to Gross Value Added and Total Income from Farming.

Further information can be found at [revisions and data correction procedures and standards](#).

### 3.2 Covid-19 disruption and the production of these statistics

Some data used in the estimation of the UK Accounts are supplied by statisticians in the Devolved Administrations. Due to the unusual situation this year (2020) caused

by Covid-19, some data for Scotland are not yet available. Three options to impute these missing data were assessed using historic data and the most accurate one was applied to estimate the required data to allow the calculation of the UK accounts. Scottish forecast data published in January 2019 are used where appropriate. Imputation was used for some 2019 data where these are missing (e.g. for intermediate consumption). A detailed report is available on request from the Responsible Statistician (contact details above). The next revision of these statistics will incorporate the published data from Scotland in place of these imputed values.

### **3.3 Summary quality report**

A summary quality report for this statistical release can be found [on the GOV.UK website](#).

This is an overview note which is not release specific and was last updated in March 2019. It pulls together key qualitative information on the various dimensions of quality as well as providing a summary of methods used to compile the output. It relates to estimates of Total Income from Farming and aims to provide users with information on usability and fitness for purpose of these estimates.

### **3.4 Quality assurance**

Defra has in place quality assurance processes to check the accuracy and reliability of the aggregate agricultural accounts that includes:

- Ongoing review of methods employed in the calculation of the accounts.
- Assessment of the quality of the estimates of components of the accounts with internal experts.
- Discussion of components of the accounts with external experts.
- Quality assessments made by Eurostat, the statistical office of the European Union.

### **3.5 Development areas**

Defra statisticians carry out a continuous review of methods employed in making estimates of the production and income accounts. This may lead to revisions to data series owing to improvements in methods in addition to the use of later information.

### **3.6 Main users and uses of the aggregate agricultural accounts**

The aggregate agricultural accounts are used in conjunction with other economic information to:

- Monitor the productivity and competitiveness of the farming industry.

- Inform policy decisions and to help monitor and evaluate current policies relating to agriculture in the UK by Government and in the European Union by the European Commission.
- Inform stakeholders of the performance of the agricultural industry.
- Inform research into the economic performance of the agricultural industry.
- Total Income from Farming sets the context when looking at a number of policies; the agricultural industry, on average, contributes around £9 billion to the national economy and accounts for about 0.5% of national Gross Domestic Product. It is most relevant to policies relating to Common Agricultural Policy reform and the competitiveness of farming.

### **3.7 User engagement**

As part of our ongoing commitment to compliance with the Code of Practice for Official Statistics, 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 themselves known, 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 notice and enquiries about these statistics are also welcome.

### **3.8 Future publications**

These estimates will be updated in November 2020 and forecasts replaced, for example intermediate consumption and other costs data forecast this time will be replaced by Farm Business Survey (FBS) data, following publication of FBS results in October 2020.

To find out when these statistics will be next released go to [research and statistics](#) on the Gov.uk website and click on statistics (up-coming).