



## Total Income from Farming in England *Second estimate for 2017*

This release presents the second estimate of Total Income from Farming (TIFF) for England for 2017. This is a scheduled improved estimate based on additional data that replaces the figures published in August 2018. Details are provided in the revisions section of this document. Estimates for earlier years have also been revised slightly due to the availability of additional 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, labour and capital invested.

### Key points, 2017 compared to 2016 (current price terms)

- Total Income from Farming in England increased by 46% (£1,281 million) to £4,047 million.
- The main drivers of this change were:
  - An increase of £1,960 million (11%) in gross output to £19,208 million.
  - 13% increase in crop output was driven by increases in both prices and production for cereals and industrial crops.
  - 10% increase in output from livestock for meat was driven by price increases.
  - 23% increase in livestock products was driven by an increase in milk price.
- The cost of intermediate consumption rose by 6%, driven by higher prices, in particular for animal feed.
- Agriculture contributed £7,785 million (0.50%) to the economy in England (Gross Value Added).
- Total Income from Farming in the United Kingdom was £5,711 million in 2017; England was the largest contributor accounting for 71% of this total, Scotland 16%, Northern Ireland 8% and Wales 5%. Detailed United Kingdom figures can be found [here](#).

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## **Background**

All data relate to the 2017 calendar year. Data are in current price terms so are not adjusted for inflation. All comparisons are with 2016 unless stated otherwise.

This is an improved estimate based on additional data and replaces the figures published in August 2018. Estimates for earlier years have also been revised slightly as data becomes complete. Details are provided in the revisions section of this document.

## **Content and related publications**

Total Income from Farming in England has previously been published as part of the Agriculture in the English Regions series. In this and future publications results for England will be published separately from results for the English regions because they are available at an earlier date.

Second estimates at a regional level for 2017 are not currently available whilst improvements are completed to the methodology and data sources. A publication in June 2019 will include both first estimates for 2018 and second estimates for 2017 at a regional level for England.

A comprehensive data series can be found alongside this publication [here](#).

## **Total Income from Farming in England (2017 compared to 2016)**

All figures quoted can be referenced in Table 1 on pages 4 and 5.

Total Income from Farming increased by 46% (£1,281 million) to £4,047 million.

The greatest contribution to the total value of output was production of milk (£2,759 million), followed by poultry meat (£2,031 million), wheat (£1,834 million), cattle reared for meat (£1,445 million), plants & flowers (£1,266) and fresh vegetables (£1,224 million).

Gross Value Added at basic price, which identifies agriculture's contribution to the Gross Domestic Product (GDP) increased by £1,361 million (21%) to £7,785 million.

Direct payments to farmers rose by £31 million (2%) to £2,087 million as a result of the slightly stronger sterling against the euro.

The total value of compensation to employees increased by £72 million to £2,033 million.

The agricultural workforce saw a slight increase on the year and accounted for 1.1% of the those employed in England.

## **Outputs**

In England the overall value of crops increased by £887 million to £7,898 million and accounted for 41% of the total value of agricultural output. This was mainly driven by increases in both volumes and prices for cereals and industrial crops.

The value of wheat increased by £335 million (+22%) to £1,834 million. This was mainly driven by a significant increase in price whilst volume was up slightly on 2016.

The value of barley increased by £99 million (+20%) to £598 million, driven by increases in both price and volume.

The value of oilseed rape increased by £214 million (+43%) to £716 million. This was as a result of increases in both price and volume, with the yield matching the record high seen in 2015.

The value of sugar beet increased by £79 million (+53%) to £229 million. The abolition of EU sugar quotas led to a 29% increase in cropped area and, combined with increased yields led to a 58% rise in production.

The value of potatoes increased by £62 million (+11%) to £608 million. Increases in both planted area and yield contributed to high year-end stocks.

Overall, the total value of output from livestock (including livestock products) increased by £1,032 million (+12%) to £9,430 million and accounted for approximately half of the total value of agricultural output.

The value of milk, the largest individual contributor to the value of all outputs, increased by £593 million (+27%) to £2,759 million. This was driven by increases in both price and yield per cow.

The value of output from livestock primarily for meat increased by £484 million (+10%) to £5,370 million, with increases seen across all sectors. The increases for cattle and pig meat were entirely price driven whereas increases for sheep meat and poultry meat were driven by both price and volume.

#### Intermediate consumption

The total cost to the industry of intermediate consumption increased by £599 million (+6%) to £11,422 million. This was mainly driven by a 16% increase in animal feed costs, with smaller increases for all other costs.

The cost of energy increased by £70 million (+9%) to £896 million, driven by increased global oil prices.

The cost of fertiliser decreased by £55 million (-6%) to £888 million. This was driven by a reduction in fertiliser usage which outweighed a price rise driven by higher global oil prices.

The cost of animal feed, the largest contributor to the value of inputs, increased by £472 million (+16%) to £3,393 million as a result of both increased price and volume. Higher cereal prices kept the annual feed price up on the year. Greater demand by the dairy sector on the back of higher milk prices, higher livestock numbers and poor forage quality all led to increased supplementary feed use.

**Table 1: Production and income account for England (a)**

	£ million (current price)				
	2015	2016	2017	2016 to 2017	
				Diff	% diff.
<b>Output at market prices</b>					
1. Cereals	2,586	2,062	2,509	447	22%
of which: wheat	1,908	1,499	1,834	335	22%
barley	608	499	598	99	20%
2. Industrial crops	1,002	813	1,139	326	40%
of which: oilseed rape	668	502	716	214	43%
protein crops	137	131	153	22	17%
sugar beet	173	150	229	79	53%
3. Forage plants	156	139	113	-26	-19%
4. Vegetables and horticultural products	2,197	2,412	2,490	78	3%
of which: fresh vegetables	1,119	1,201	1,224	23	2%
plants and flowers	1,078	1,211	1,266	55	5%
5. Potatoes (including seeds)	426	546	608	62	11%
6. Fruit	524	538	597	59	11%
7. Output of other crop products including seeds	525	500	441	-58	-12%
<b>Total crop output (sum 1 to 7)</b>	<b>7,415</b>	<b>7,011</b>	<b>7,898</b>	<b>887</b>	<b>13%</b>
8. Livestock	5,825	5,781	6,212	431	7%
primarily for meat	4,885	4,885	5,370	484	10%
of which: cattle	1,314	1,307	1,445	139	11%
pigs	875	885	1,048	163	18%
sheep	618	606	650	44	7%
poultry	1,895	1,898	2,031	133	7%
gross fixed capital formation	940	896	842	-53	-6%
of which: cattle	481	458	447	-11	-2%
pigs	3	4	4	1	19%
sheep	234	228	193	-35	-15%
poultry	221	207	198	-8	-4%
9. Livestock products	2,977	2,616	3,218	602	23%
of which: milk	2,465	2,167	2,759	593	27%
eggs	458	384	384	0	0%
<b>Total livestock output (8 + 9)</b>	<b>8,802</b>	<b>8,398</b>	<b>9,430</b>	<b>1,032</b>	<b>12%</b>
10. Other agricultural activities	863	867	902	35	4%
11. Inseparable non-agricultural activities	926	972	977	5	1%
<b>12. Output at market prices (sum 1 to 11)</b>	<b>18,006</b>	<b>17,248</b>	<b>19,208</b>	<b>1,960</b>	<b>11%</b>
13. Total subsidies (less taxes) on product	-	-	-	-	-
<b>14. Gross output at basic prices (12 + 13)</b>	<b>18,006</b>	<b>17,248</b>	<b>19,208</b>	<b>1,960</b>	<b>11%</b>

Continued

**Table 1: continued**

	£ million (current price)				
	2015	2016	2017	2016 to 2017	
				Diff	% diff.
<b>Intermediate consumption</b>					
15. Seeds and planting stock	622	647	639	-8	-1%
16. Energy	865	826	896	70	9%
17. Fertilisers	1,037	943	888	-55	-6%
18. Plant protection products	871	864	877	13	2%
19. Veterinary expenses	275	267	273	6	2%
20. Animal feed	3,072	2,920	3,393	472	16%
21. Total maintenance	1,198	1,210	1,218	9	1%
22. Agricultural services	859	860	896	37	4%
23. FISIM	64	70	89	19	27%
24. Other goods and services	2,240	2,218	2,253	35	2%
<b>25. Total intermediate consumption (sum 15 to 24)</b>	<b>11,103</b>	<b>10,824</b>	<b>11,422</b>	<b>599</b>	<b>6%</b>
<b>26. Gross value added at market prices (12 - 25)</b>	<b>6,903</b>	<b>6,424</b>	<b>7,785</b>	<b>1,361</b>	<b>21%</b>
<b>27. Gross value added at basic prices (14 - 25)</b>	<b>6,903</b>	<b>6,424</b>	<b>7,785</b>	<b>1,361</b>	<b>21%</b>
28. Total consumption of fixed capital	2,934	2,990	3,034	45	1%
of which: equipment	1,341	1,386	1,451	65	5%
buildings	667	685	713	28	4%
livestock	926	919	870	-48	-5%
<b>29. Net value added at market prices (26 - 28)</b>	<b>3,969</b>	<b>3,434</b>	<b>4,751</b>	<b>1,317</b>	<b>38%</b>
<b>30. Net value added at basic prices (27 - 28)</b>	<b>3,969</b>	<b>3,434</b>	<b>4,751</b>	<b>1,317</b>	<b>38%</b>
31. Other subsidies (less taxes) not linked to production	1,779	2,056	2,087	31	2%
<b>32. Net value added at factor cost (29 + 31)</b>	<b>5,749</b>	<b>5,490</b>	<b>6,837</b>	<b>1,348</b>	<b>25%</b>
33. Compensation of employees	1,934	1,961	2,033	72	4%
34. Rents	473	480	479	-1	0%
35. Interest	281	283	279	-4	-2%
<b>36. Total Income from Farming (32 - 33 - 34 - 35)</b>	<b>3,061</b>	<b>2,766</b>	<b>4,047</b>	<b>1,281</b>	<b>46%</b>

(a) Due to methodology differences sub-total data contained in this table may not agree with sub-totals shown in Chapter 3 Agriculture in the United Kingdom.

- means nil or negligible.

## **Description of Total Income from Farming**

Total Income from Farming is income generated by production within the agriculture industry including subsidies and represents business profits and remuneration for work done by owners and other unpaid workers. It excludes changes in the values of assets, including stocks, due to price changes but includes non-agricultural activities such as further processing or tourist activities where these cannot be separated from the agricultural business. It is the preferred measure of aggregate income for the agricultural industry conforming to internationally-agreed national accounting principles required by the UK National Accounts.

Total Income from Farming is designed to show the performance of the whole of the agricultural industry. A measure of individual farm incomes, Farm Business Income, designed to compare performance across different types of farming, is available in the publication 'Farm Accounts in England 2017/2018' at:

<https://www.gov.uk/government/statistics/farm-accounts-in-england>.

Values for England are derived by deduction from the production and income account for the United Kingdom of similar accounts for Northern Ireland, Scotland and Wales. Data contained in this release is based on figures available for all countries as at November 2018.

## **Revisions**

Over time, as more data becomes available, estimates will be revised and forecasts replaced. For example, intermediate consumption and other costs data for 2016 and 2017 estimated in the August publication have been replaced by data from the Farm Business Survey. More detailed information on revisions made to the latest United Kingdom account can be found at: <https://www.gov.uk/government/publications/total-income-from-farming-in-the-uk>.

For further details on revisions to accounts published by Scotland, Wales and Northern Ireland see [Scottish Government](#), [Welsh Government](#) and [Department of Agriculture and Rural Development, Northern Ireland](#).

A full statistical methodology and results review of English regional account statistics is being conducted and therefore second estimates for 2017 data are not currently available. The aim of the review is to improve the design and quality of the regional statistics. Future results for the English regions will be published separately. Regional first estimates for 2018 are due to be published in June 2019 using the new methodology.

## Definition of terms used in this release

<b>Current price</b>	The value based on prices during the reference year
<b>Agricultural industry</b>	All activities taking place within businesses that carry out any agricultural activities. These businesses include all farms and specialist agricultural contractors.
<b>Basic prices</b>	Market price plus directly paid subsidies that are linked to production of a specific product. There have been no direct subsidies in England since 2013.
<b>Compensation of employees</b>	The full costs of employees to the business including national insurance contributions
<b>Consumption of fixed capital</b>	The reduction in value (at current prices) of capital assets used in the production process, e.g. buildings, plant, machinery, vehicles and livestock.
<b>FISIM</b>	Financial Intermediation Services Indirectly Measured (FISIM) is an estimate of the value of services provided by financial intermediaries, such as banks, for which no explicit charges are made, and which are paid for as part of the margin between rates applied to savers and borrowers.
<b>Gross Fixed Capital Formation (GFCF) in livestock</b>	The production of animals that will be used as the means of production, e.g. breeding animals.
<b>Gross Value Added</b>	Gross output less intermediate consumption.
<b>Inseparable non-agricultural activities</b>	Non-agricultural activities that are included within the business level accounts and are inseparable, e.g. some cases of bed and breakfast and recreation facilities.
<b>Intermediate consumption</b>	Goods and services consumed or used as inputs in the productive process e.g. feed, seeds, fertiliser, and pesticides.
<b>Net Value Added</b>	Gross Value Added at basic prices less consumption of fixed capital.
<b>Net Value Added at factor cost</b>	Net Value Added at basic prices plus other subsidies (less taxes) on production.
<b>Other agricultural activities</b>	Agricultural activities that do not result in sales of final product, e.g. quota leasing, contract work
<b>Other subsidies (less taxes) not linked to production</b>	Subsidies and taxes not linked to production of a specific product, e.g. Single Payment Scheme, agri-environment payments, animal disease compensation.
<b>Output at market prices</b>	Output excluding subsidies. The output of the agricultural industry includes some non-agricultural activities and transactions within the industry.
<b>Subsidies (less taxes) on product</b>	Subsidies and taxes linked to the production of a specific agricultural product. All subsidies are recorded on an 'as due' basis.
<b>Total Income from Farming</b>	Income to those with an entrepreneurial interest in the agricultural industry, e.g. farmers, partners, spouses and most other family workers.

## National Statistics status

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards.

The continued designation of these statistics as National Statistics was confirmed in December 2017 following a compliance check by the Office for Statistics Regulation [[Total Income from Farming in the United Kingdom statistics](#)].

The statistics last underwent a full assessment [[Assessment Report 271 Statistics on Agriculture](#)] against the [Code of Practice for Statistics](#) in 2014.

Since the latest review by the Office for Statistics Regulation, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- Undertaken a full statistical methodology and results review of English regional account statistics. The aim of the review is to improve the design and quality of the regional statistics and results will be published in June 2019.
- Results for England published separately from results for the English regions. England results are available at an earlier date and will be released as soon as they are considered ready, ahead of the English regional results.

## Summary quality report

A summary quality report for Total Income from Farming at the UK level can be found at: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/aggregate-agricultural-accounts/> (see “Total income from farming - quality report”). This report 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 aim to provide users with information on usability and fitness for purpose of these estimates.

## 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.



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

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

- 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 contributes around 0.5% to UK GDP. It is most relevant to policies relating to CAP reform and the competitiveness of farming.

## **User engagement**

As part of our ongoing commitment to compliance with the Code of Practice for Official Statistics [[Code of Practice for 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. All enquiries should be directed to the lead statistician as named in the footnote on page 1 of this release.