



## Total Income from Farming in the United Kingdom First estimate for 2018

This release presents the first estimate of Total Income from Farming (TIFF) for the United Kingdom for 2018. This is an improved estimate as actual data and firmer estimates replace the initial forecast figures published in December 2018. Details of the changes 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.

### First estimate figures for 2018 compared to 2017, in current prices, show:

- Total Income from Farming fell by £929 million (17%) to £4,697 million
- Agriculture contributed £9,586 million or 0.51% to the national economy (Gross Value Added), a decrease of £626 million (6%) on the year.

The main drivers of these changes are:

An increase of £583 million (2%) in gross output to £26,651 million.

- Crop output value rose by 2% to £9,388 million. The cold, wet spring followed by the dry, hot summer contributed to lower yields of key crops however better prices helped offset production falls.
- The value of total livestock output rose by 3% to £14,800 million. Prices were generally higher but the challenging weather conditions affected volumes; the late cold spring disrupted lambing and the hot, dry summer led to poor grass growth and difficulties feeding livestock.
- The value of intermediate consumption is estimated to have risen by 8% to £17,065 million. In general all costs were higher, particularly fuel, feed and fertiliser costs.
- Total Income from Farming per annual work unit (AWU)<sup>1</sup> of entrepreneurial labour (farmers and other unpaid labour) fell by 19% in real terms to £23,957.

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<sup>1</sup> AWU equals input of one person engaged in the agricultural activities of the farm business on a full-time basis for one year

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## Summary of overall trends

### Notes:

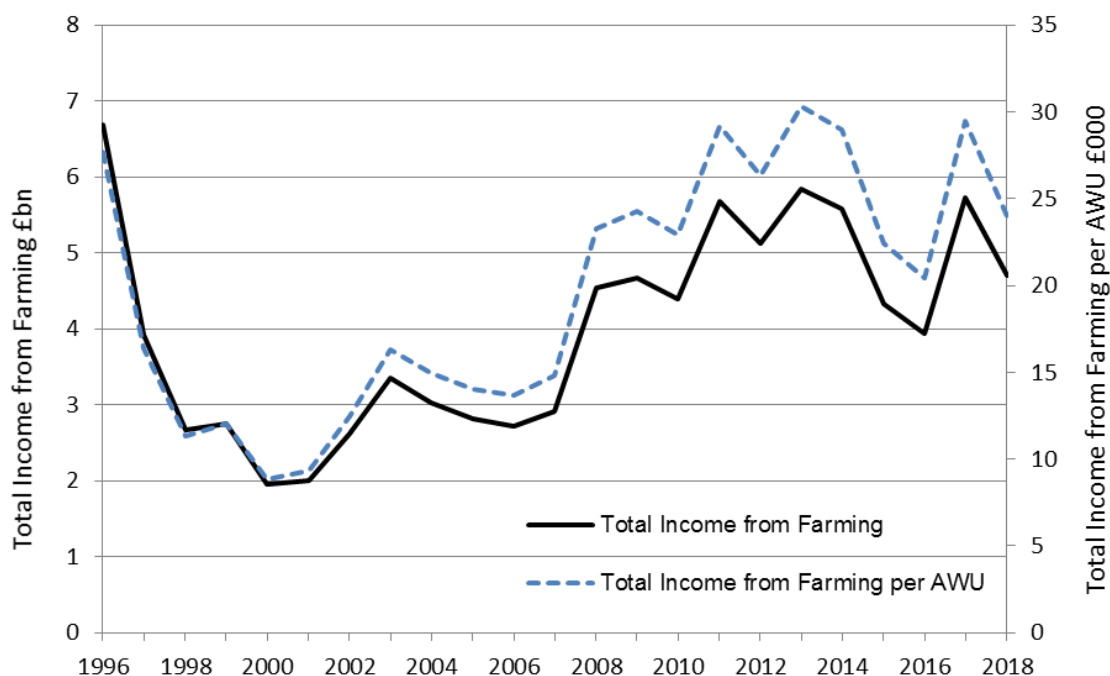
- The term income used throughout this Notice to refers to Total Income from Farming. This is the total profit from all UK farming businesses on a calendar year basis
- Values in this section are expressed in real terms, adjusted to take into account inflation to allow more meaningful comparisons between 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.

Incomes have generally followed an overall upward trend from the year 2000 (Figure 1). However, in spite of high levels of production that year TIFF fell sharply in 2015 driven by lower commodity prices and a less favourable exchange rate. 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 in 20 years as a result of a favourable combination of a weaker pound, strong commodity prices and high levels of production.

In 2018 incomes fell from this high level in spite of the total value of production remaining high. The value of production increased slightly with lower crop yields being more than offset by strong commodity prices. However, the price of key inputs (particularly energy, fertilisers and feed) increased sharply pushing up the costs of production. As a result incomes fell by 18% to just below £4.7 billion.

**Figure 1 Agriculture industry income trends in the United Kingdom (in real terms)**



“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 (Figure 1).

**Table 1 Aggregate Agricultural Accounts: Summary of real term price production and income accounts for the United Kingdom (a)(c)**

£ million

Calendar years

	Average 2013 to 2017	2013	2014	2015	2016	2017	2018
<b>Total crop output</b>	<b>9 384</b>	<b>10 232</b>	<b>9 766</b>	<b>9 088</b>	<b>8 431</b>	<b>9 401</b>	<b>9 388</b>
<b>Total livestock output</b>	<b>14 547</b>	<b>15 415</b>	<b>15 322</b>	<b>14 025</b>	<b>13 279</b>	<b>14 693</b>	<b>14 800</b>
10 Other agricultural activities	1 161	1 142	1 196	1 166	1 135	1 165	1 163
11 Inseparable non-agricultural activities	1 256	1 276	1 248	1 259	1 250	1 247	1 253
12 Output (at market prices)	26 348	28 066	27 532	25 539	24 096	26 506	26 604
13 Total subsidies (less taxes) on product	35	23	22	38	46	47	47
<b>14 Gross output at basic prices (12+13)</b>	<b>26 383</b>	<b>28 088</b>	<b>27 554</b>	<b>25 577</b>	<b>24 142</b>	<b>26 553</b>	<b>26 651</b>
<b>25 Total intermediate consumption</b>	<b>16 566</b>	<b>17 884</b>	<b>17 063</b>	<b>16 238</b>	<b>15 496</b>	<b>16 151</b>	<b>17 065</b>
<b>26 Gross value added at market prices (12-25)</b>	<b>9 781</b>	<b>10 182</b>	<b>10 469</b>	<b>9 301</b>	<b>8 601</b>	<b>10 355</b>	<b>9 538</b>
<b>27 Gross value added at basic prices (14-25)</b>	<b>9 816</b>	<b>10 204</b>	<b>10 491</b>	<b>9 339</b>	<b>8 647</b>	<b>10 402</b>	<b>9 586</b>
28 Total consumption of Fixed Capital	4 264	4 326	4 361	4 214	4 219	4 199	4 336
<b>29 Net value added at market prices (26-28)</b>	<b>5 517</b>	<b>5 855</b>	<b>6 107</b>	<b>5 087</b>	<b>4 381</b>	<b>6 156</b>	<b>5 203</b>
<b>30 Net value added at basic prices (27-28)</b>	<b>5 553</b>	<b>5 878</b>	<b>6 129</b>	<b>5 125</b>	<b>4 427</b>	<b>6 203</b>	<b>5 250</b>
31 Other taxes on production	- 106	- 128	- 106	- 101	- 97	- 97	- 96
32 Other subsidies on production	3 269	3 624	3 136	3 004	3 283	3 300	3 283
<b>33 Net value added at factor cost (30+31+32)</b>	<b>8 716</b>	<b>9 374</b>	<b>9 159</b>	<b>8 028</b>	<b>7 613</b>	<b>9 406</b>	<b>8 438</b>
34 Compensation of employees	2 629	2 617	2 563	2 654	2 633	2 676	2 739
35 Rent	586	565	592	597	597	581	572
36 Interest	416	353	420	446	443	419	429
<b>37 Total Income from Farming (33-34-35-36)</b>	<b>5 085</b>	<b>5 839</b>	<b>5 584</b>	<b>4 332</b>	<b>3 940</b>	<b>5 731</b>	<b>4 697</b>
Annual Work Unit agricultural labour input (thousand head) (b)	193	193	193	193	193	194	196
<b>Total Income from Farming per annual work unit (£) (b)</b>	<b>26 323</b>	<b>30 311</b>	<b>28 967</b>	<b>22 406</b>	<b>20 455</b>	<b>29 477</b>	<b>23 957</b>

Source: Defra

(a) Real term price is where previous year's data is adjusted to take account of inflation so the values are comparable

(b) Annual Work Unit (AWU) equals input of one person engaged in the agricultural activities of the farm business on a full-time basis for one year

(c) GDP deflator used to convert current prices into real term prices is sourced from Office of National Statistics series YBGB:Gross Domestic Product (Expenditure) at market prices deflator

## **Detailed comparison between current year and previous year (2018 compared to 2017)**

*Year-on-year comparisons are made on the basis of current prices which have not been adjusted to take into account inflation.*

The following commentary refers to table 2, detailed production and income accounts from the aggregate agricultural accounts.

### **Headline figures**

In 2018 Total Income from Farming fell by £929 million to £4,697 million, a 17% decrease on 2017. The main contributors to this decrease are the rise in animal feed (+£509 million), goods and services (+£358million), fertiliser (+£116 million), energy and labour costs (+£110 million each). Conversely the value of the output of potatoes fell by £220 million and oilseed rape by £122 million.

Gross value added at basic price, which identifies agriculture's contribution to the Gross Domestic Product (GDP), fell by 6% (£626 million) to £9,586 million. In 2018 agriculture added 0.51% to the national economy.

### **Outputs: Crops**

Overall output of crops value rose by £159 million or 1.7% to £9,388 million.

Cereal harvests were down on last year. Whilst cropped area changed little on the year, yields fell notably as a result of the prolonged dry, hot weather. The value of production was boosted by better prices offsetting the falls in production.

The value of wheat rose by £95 million to £2,084 million. Lower yields and only a slight increase in planted area resulted in volumes down by 4.0%, with quality better than expected. Better prices, up by 9.2%, compensated for the fall in volume and boosted the value.

Production of barley was down well below the 5 year average as a result of decreases in both planted area and yield. However the overall value rose by £85 million to £957 million as a result of higher prices (up 10%).

Oilseed rape fell in value by £122 million to £643 million, driven by lower production (-4.7%) and price (-12%). Yields fell back to more average levels following the record high of 2017 whilst planted area increased by 6%.

The value of sugar beet rose by £17 million to £246 million wholly driven by price (+26%). Whilst planted area was 4.5% higher, yields were 20% down on the 2017 record high resulting in a 15% fall in production.

Potatoes fell in value by £220 million to £641 million. Both reduced planted area (-2.0%) and lower yields (-15%) affected by the summer drought contributed to a 19% fall in production. Price fell by 8%, with the price recovery throughout the year failing to offset the low prices at the start of the year.

The value of vegetables decreased by £38 million to £1,417 million, driven by lower volumes as a result of the challenging weather conditions. Planting was delayed due to the cold, wet spring and subsequent drought of the hot dry summer. Higher prices (+8.0%) failed to offset

falls in production (-9.8%). Fruit fared better and despite a late start to the season, the hot, dry weather resulted in an early harvest with production slightly up on the year (+1.4%). Overall the value of fruit rose by £17 million to £769 million with price up 0.8%.

The value of other crop products, including seeds and straw increased significantly by £337 million to £776 million. Demand for straw from the livestock industry resulted in an increase in both production and price however this higher value is reflected in the costs livestock farmers incurred which is shown in other goods and service costs.

### **Outputs: Livestock**

Overall the value of total livestock output was 2.7% higher at £14,800 million.

The value of milk increased by £136 million to £4,487 million, primarily price driven. Despite a slight fall in dairy cow numbers and the dry weather conditions affecting grass growth production levels were maintained. The average price of milk in 2018 (calendar year) was 29.26 pence per litre (ppl), 0.56 ppl (1.9%) higher than 2017.

The value of eggs rose by £17 million to £641 million, entirely volume driven as throughput at egg packing stations rose by 5.2% putting downward pressure on price (-2.3%).

The value of livestock primarily for meat rose by £236 million with increases seen in all sectors, with the exception of pigs. The value of cattle meat increased by £43 million to £3,031 million, production was slightly up on the year and price rose by 1.0%

Pig meat fell in value by £76 million to £1,250 million. Price fell by 6.9%, as result of over production early in the year and a continued downward pressure on price in the autumn/winter, in spite of this price was still around 14% higher than 2016. Production levels rose by 1.3% although carcass weights were unchanged.

The value of sheep meat rose by £57 million to £1,258 million, price driven as volumes were lower. The cold late spring affected lambing and the hot dry summer affected finishing and as a result production decreased by 3.4%. Price was the highest seen in recent years, the stabilising of sterling supported exports and boosted prices.

Poultry meat rose in value by £208 million to £2,626 million, the highest recorded value. Continued expansion of the sector to meet demand boosted production (+5.7%) with price 2.8% higher than the previous year.

### **Intermediate consumption**

The total cost of intermediate consumption rose by £1,209 million to £17,065 million. All intermediate consumption costs rose with animal feed, other goods and services, energy and fertiliser showing the largest increases.

The cost of animal feed rose by £509 million to £5,615 million, a combination of increased volumes and feed price. The extreme weather conditions led to greater demand by the livestock sector as the late, cold spring kept livestock inside for longer and the hot summer affected forage and grass growth. The higher cereal prices kept the annual average feed price up on the year.

Energy costs rose by £113 million to £1,346 million, global oil prices continued to rise in 2018, pushing up energy costs however weather conditions and efficiency savings helped reduce usage on farm.

Fertiliser costs rose by £116 million to £1,345 million, a consequence of the higher oil price as usage was down.

Other goods and service costs rose by £358 million to £3,603 million reflecting the increased demand for straw by the livestock industry.

### **Compensation of employees**

The total value of compensation to employees was £2,739 million, a rise of £112 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 2018 agriculture provided 1.17% of jobs in the United Kingdom.

### **Other subsidies on production**

Direct payments, including payments on product (worth £47 million), rose to £3,330 million. The value of the Basic Payment Scheme was just slightly above 2017 payments at £2,750 million, maintained due to the stable exchange rate. In 2018 agri-environment payments were around £30 million higher than 2017.

**Table 2 Aggregate Agricultural Accounts: Current price production and income accounts for the United Kingdom**

	Calendar years			
	2017	2018	Change 17-18	% Change 17-18
1 Output of cereals	2 963	3 160	197	7%
of which: wheat	1 989	2 084	95	5%
barley	871	957	85	10%
oats	98	114	16	16%
2 Output of industrial crops	1 193	1 052	-142	-12%
of which: oilseed rape	764	643	-122	-16%
protein crops	153	115	-37	-25%
sugar beet	229	246	17	7%
3 Output of forage plants	205	236	31	15%
4 Output of vegetables and horticultural products	2 817	2 756	-61	-2%
of which: fresh vegetables	1 454	1 417	-38	-3%
plants and flowers	1 363	1 339	-24	-2%
5 Output of potatoes (including seeds)	860	641	-220	-26%
6 Output of fruit	752	769	17	2%
7 Output of other crop products incl. seeds	439	776	337	77%
<b>Total crop output (sum 1-7)</b>	<b>9 229</b>	<b>9 388</b>	<b>159</b>	<b>2%</b>
8 Output of livestock	9 351	9 549	197	2%
primarily for meat	8 164	8 399	236	3%
of which: cattle	2 988	3 031	43	1%
pigs	1 326	1 250	-76	-6%
sheep	1 202	1 258	57	5%
poultry	2 418	2 626	208	9%
gross fixed capital formation	1 187	1 149	-38	-3%
of which: cattle	674	664	-10	-2%
pigs	6	5	-1	-17%
sheep	251	193	-58	-23%
poultry	257	287	31	12%
9 Output of livestock products	5 073	5 251	178	4%
of which: milk	4 351	4 487	136	3%
eggs	624	641	17	3%
<b>Total livestock output (8+9)</b>	<b>14 424</b>	<b>14 800</b>	<b>375</b>	<b>3%</b>
10 Other agricultural activities	1 144	1 163	19	2%
11 Inseparable non-agricultural activities	1 225	1 253	28	2%
12 Output (at market prices) (sum 1 to 11)	26 022	26 604	582	2%
13 Total subsidies (less taxes) on product	46	47	1	3%
<b>14 Gross output at basic prices (12+13)</b>	<b>26 068</b>	<b>26 651</b>	<b>583</b>	<b>2.2%</b>

continued

**Table 2 (continued) Aggregate Agricultural Accounts: Current price production and income accounts for the United Kingdom**

£ million	Calendar years			
	2017	2018	Change 17-18	% Change 17-18
<b>Intermediate consumption</b>				
15 Seeds	735	760	25	3%
16 Energy	1 233	1 346	113	9%
of which:				
electricity and fuels for heating	403	435	32	8%
motor and machinery fuels	831	911	81	10%
17 Fertilisers	1 230	1 345	116	9%
18 Plant protection products	977	1 000	23	2%
19 Veterinary expenses	467	492	25	5%
20 Animal feed	5 106	5 615	509	10%
of which:				
compounds	3 193	3 516	323	10%
straights	1 296	1 420	125	10%
feed produced & used on farm	618	679	61	10%
21 Total maintenance	1 591	1 609	18	1%
of which:				
materials	1 003	1 019	16	2%
buildings	588	590	2	0%
22 Agricultural services	1 144	1 163	19	2%
23 FISIM	128	131	2	2%
24 Other goods and services	3 245	3 603	358	11%
<b>25 Total intermediate consumption (sum 15 to 24)</b>	<b>15 856</b>	<b>17 065</b>	<b>1 209</b>	<b>8%</b>
<b>26 Gross value added at market prices (12-25)</b>	<b>10 166</b>	<b>9 538</b>	<b>- 628</b>	<b>-6%</b>
<b>27 Gross value added at basic prices (14-25)</b>	<b>10 212</b>	<b>9 586</b>	<b>- 626</b>	<b>-6%</b>
28 Total consumption of Fixed Capital	4 122	4 336	213	5%
of which:				
equipment	1 893	2 019	126	7%
buildings	1 013	1 044	31	3%
livestock	1 217	1 273	56	5%
cattle	694	738	44	6%
pigs	5	4	- 1	-18%
sheep	256	265	9	3%
poultry	261	265	4	2%
<b>29 Net value added at market prices (26-28)</b>	<b>6 044</b>	<b>5 203</b>	<b>- 841</b>	<b>-14%</b>
<b>30 Net value added at basic prices (27-28)</b>	<b>6 090</b>	<b>5 250</b>	<b>- 840</b>	<b>-14%</b>
31 Other taxes on production	- 95	- 96	- 1	1%
32 Other subsidies on production	3 240	3 283	44	1%
<b>33 Net value added at factor cost (30+31+32)</b>	<b>9 235</b>	<b>8 438</b>	<b>- 797</b>	<b>-9%</b>
34 Compensation of employees	2 627	2 739	112	4%
35 Rent	570	572	2	0%
36 Interest	411	429	18	4%
<b>37 Total income from farming (33-34-35-36)</b>	<b>5 626</b>	<b>4 697</b>	<b>- 929</b>	<b>-17%</b>



## Revisions

This release replaces the initial forecast published in December 2018. Table 3 details the level of change to 2018 data since December. Data revisions were planned, are typically small and increase the precision as more survey data has become available.

2018 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 2018 between December 2018 and May 2019**

<b>Total Income from Farming for 2018</b>	<b>Published December 2018</b>	<b>Published May 2019</b>	<b>% change</b>
Gross output at basic price (£m)	26 453	26 651	0.7%
Intermediate consumption (£m)	16 769	17 065	1.8%
GVA at basic price (£m)	9 684	9 586	-1.0%
Total Income from Farming (£m)	4 850	4 697	-3.1%

The revisions to back series (2011 to 2017 data) were also planned and largely a result of new information received from Devolved Administrations following the publication of their final accounts for 2017 earlier this year and further improving data quality and accuracy. Additional information on these revisions can be found here: [Scotland](#), [Wales](#) and [Northern Ireland](#).

The real price (i.e. current price adjusted for inflation) index reference period has been updated with the statistical series 1973 to 2018 now available on the new basis.

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 on revisions and data correction procedures and standards can be found [here](#).

### 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.

## 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.

## 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 enhanced data quality by reviewing methodologies and data sources.

## 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.

## 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.

## **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.