



Total Income from Farming in the United Kingdom Forecast for 2018

This release presents a forecast for Total Income from Farming (TIFF) for the United Kingdom for 2018. This is an early estimate produced to meet a requirement by the European Commission before all data for the 2018 calendar year is available. It is subject to a degree of forecasting and estimation and as a result cannot be produced with the same statistical reliability as later estimates which are to be published in May 2019 (first estimate for 2018) and November 2019 (second estimate for 2018).

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.

Total Income from Farming

The forecasts for 2018 compared to 2017 are:

- Total Income from Farming is expected to be £4,850 million, a decrease of £861 million (-15%).
- Agriculture is expected to contribute £9,684 million to the national economy (Gross Value Added), a decrease of £601 million (-6%).

The main drivers of these changes are:

- An increase of £349 million (1%) in gross output.
 - Crop output value is estimated to have fallen by 1% to £9,162 million. The hot, dry summer contributed to lower yields of key crops. Price increases failed to offset this fall in production.
 - The value of livestock output is estimated to have risen by 3% to £14,843 million. Whilst prices were generally slightly higher the extreme weather affected volumes. The exceptionally cold spring disrupted lambing and the wet spring followed by the hot, dry summer led to poor grass and fodder growth which contributed to slightly lower milk production and difficulties feeding livestock.
- The value of intermediate consumption is forecast to have risen by 6% to £16,769 million driven by rising fuel, feed and fertiliser costs.

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Table 1 - Aggregate Agricultural Accounts: Production and income account
United Kingdom

| | £ million (current prices) | | | Calendar years | |
|---|----------------------------|---------------|---------------|-----------------|-------------------|
| | 2016 | 2017 | 2018 | Change 17-18 | % Change 17-18 |
| 1 Output of cereals | 2 423 | 2 966 | | | |
| 2 Output of industrial crops | 859 | 1 197 | | | |
| 3 Output of forage plants | 201 | 205 | | | |
| 4 Output of vegetables and horticultural products | 2 699 | 2 807 | | | |
| 5 Output of potatoes (including seeds) | 789 | 863 | | | |
| 6 Output of fruit | 698 | 759 | | | |
| 7 Output of other crop products incl. seeds | 502 | 444 | | | |
| Total crop output (sum 1-7) | 8 172 | 9 241 | 9 162 | - 79 | -1% |
| 8 Output of livestock | 8 753 | 9 369 | | | |
| 9 Output of livestock products | 4 013 | 5 096 | | | |
| Total livestock output (8+9) | 12 765 | 14 465 | 14 843 | + 379 | +3% |
| 10 Other agricultural activities | 1 091 | 1 138 | | | |
| 11 Inseparable non-agricultural activities | 1 200 | 1 215 | | | |
| 12 Output (at market prices) (sum 1 to 11) | 23 228 | 26 058 | | | |
| 13 Total subsidies (less taxes) on product | 42 | 46 | | | |
| 14 Gross output at basic prices (12+13) | 23 270 | 26 105 | 26 453 | + 349 | +1% |
| Intermediate consumption | | | | | |
| 15 Seeds | 733 | 733 | | | |
| 16 Energy | 1 132 | 1 242 | | | |
| 17 Fertilisers | 1 259 | 1 219 | | | |
| 18 Plant protection products | 953 | 984 | | | |
| 19 Veterinary expenses | 453 | 462 | | | |
| 20 Animal feed | 4 483 | 5 104 | | | |
| 21 Total maintenance | 1 552 | 1 580 | | | |
| 22 Agricultural services | 1 091 | 1 138 | | | |
| 23 FISIM | 104 | 127 | | | |
| 24 Other goods and services | 3 138 | 3 231 | | | |
| 25 Total intermediate consumption (sum 15 to 24) | 14 898 | 15 819 | 16 769 | + 950 | +6% |
| 26 Gross value added at market prices (12-25) | 8 330 | 10 239 | 9 637 | - 602 | -6% |
| 27 Gross value added at basic prices (14-25) | 8 372 | 10 285 | 9 684 | - 601 | -6% |
| 28 Total consumption of Fixed Capital | 4 055 | 4 122 | | | |
| 29 Net value added at market prices (26-28) | 4 275 | 6 117 | | | |
| 30 Net value added at basic prices (27-28) | 4 317 | 6 163 | | | |
| 31 Other taxes on production | - 93 | - 95 | | | |
| 32 Other subsidies on production | 3 169 | 3 274 | | | |
| 33 Net value added at factor cost (30+31+32) | 7 392 | 9 342 | | | |
| 34 Compensation of employees | 2 530 | 2 644 | | | |
| 35 Rent | 574 | 574 | | | |
| 36 Interest | 424 | 412 | | | |
| 37 Total income from farming (33-34-35-36) | 3 865 | 5 711 | 4 850 | - 861 | -15% |

Individual farm accounts items have not been published due the level of estimation involved in producing these forecast figures

Accuracy and reliability of results

These early forecasts for production and outputs are largely based on survey results and administrative information available up to early October applying the relative change over 12 months to these aggregated data. Most intermediate consumption and other costs use modelling techniques and are derived from price data and estimates of volume changes based on professional advice.

A level of estimation is necessary for variables where no market information is available. As a result the data cannot be produced with the same statistical reliability as later estimates which are published in May 2019 (first estimate for 2018) and November 2019 (second estimate for 2018).

These forecasts are subject to a margin of error reflecting the fact that Total Income from Farming is sensitive to small percentage changes in the values of outputs and intermediate consumption. Small percentage changes in either can result in large percentage changes in Gross Value Added and Total Income from Farming.

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 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.