



16 January 2020

## Total Income from Farming in England *Second estimate for 2018*

This release presents the second estimate of Total Income from Farming (TIFF) for England for 2018. This is a scheduled improved estimate based on additional data that replaces the figures published in May 2019. Estimates for earlier years have also been revised slightly due to the availability of additional data, details are provided on page 8 of this document under revisions.

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.

### **2018 figures compared to 2017, in current prices, show:**

Total Income from Farming in England fell by £763 million (-19%) to £3,305 million

The key changes were:

- An increase of £347 million (+2%) in gross output to £19,569 million
  - Crop output value rose by 1% to £7,913 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 2% to £9,640 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 small increases in both crop and livestock output were outweighed by larger increases in costs. Intermediate consumption increased by 8% to £12,258 million. Animal feed, other goods and services and energy showed the highest increases.

Total Income from Farming in the United Kingdom is £4,644 million; England is the largest contributor accounting for 71% of this total, Scotland 14%, Northern Ireland 8% and Wales 7%. Detailed United Kingdom figures can be found [here](#).

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## Section 1 - Trends in Total Income from Farming

*Note - 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*

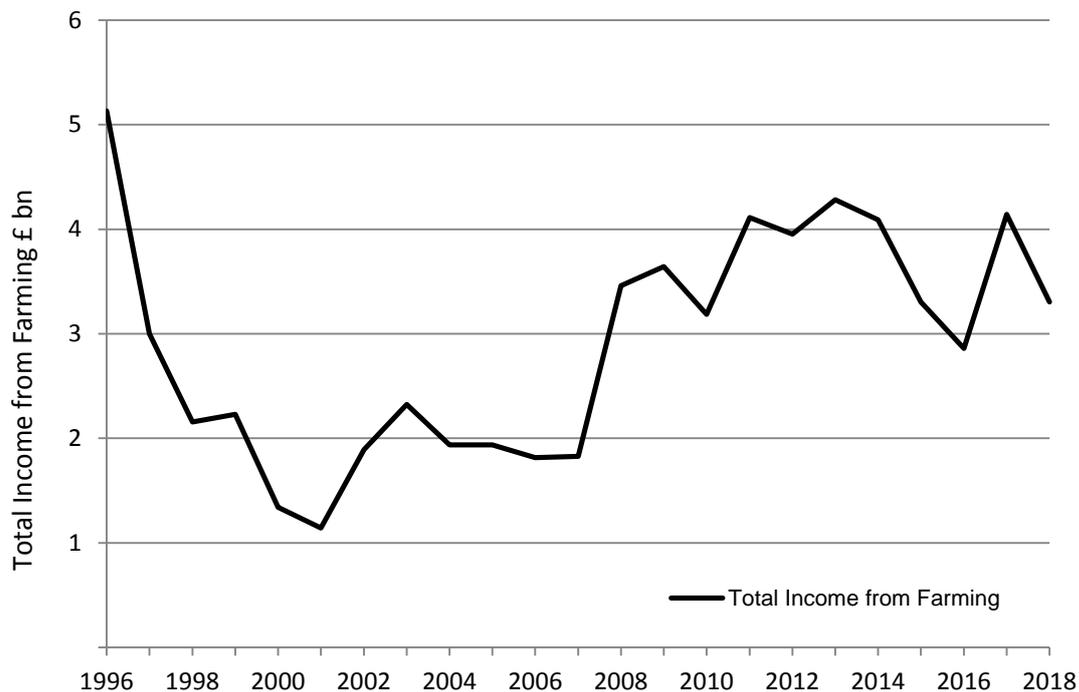
The key drivers of agricultural income include the volume of production, commodity prices and the cost of inputs. These are themselves driven by a range of factors such as the weather, exchange rates, oil price and global supply and stocks of commodities. As a result agricultural income tends to be volatile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

Farm incomes (measured by Total Income from Farming (TIFF)) have shown an overall increase since the year 2000 (Figure 1). However, in 2015 TIFF fell sharply in spite of high levels of production that year, driven by lower commodity prices and a less favourable exchange rate (stronger pound compared to euro). In 2016 the exchange rate improved (pound weakened) but a poor harvest and continued low commodity prices kept income low.

In 2017, TIFF increased to the highest point in 4 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 value of production remaining high as a result of strong commodity prices. The price of key inputs (particularly energy, other goods and services and feed) increased sharply pushing up the costs of production. As a result, in real terms, incomes fell by 20% to just over £3.3 billion.

**Figure 1 Agriculture industry income trends in England (in real terms)**



**Table 1 Aggregate Agricultural Accounts: Summary of production and income accounts for England in real term prices (a)(b)**

£ million	Calendar years						
	Average 2013-2017	2013	2014	2015	2016	2017	2018
<b>Total crop output</b>	<b>8,094</b>	<b>8,836</b>	<b>8,528</b>	<b>7,865</b>	<b>7,230</b>	<b>8,014</b>	<b>7,913</b>
<b>Total livestock output</b>	<b>9,601</b>	<b>10,161</b>	<b>10,091</b>	<b>9,356</b>	<b>8,748</b>	<b>9,648</b>	<b>9,640</b>
10. Other agricultural activities	910	887	926	915	899	923	982
11. Inseparable non-agricultural activities	976	977	917	982	1,009	995	1,034
<b>12. Output at market prices (sum 1-11)</b>	<b>19,581</b>	<b>20,860</b>	<b>20,462</b>	<b>19,118</b>	<b>17,886</b>	<b>19,580</b>	<b>19,569</b>
<b>14. Gross output at basic prices (12+13)</b>	<b>19,581</b>	<b>20,860</b>	<b>20,462</b>	<b>19,118</b>	<b>17,886</b>	<b>19,580</b>	<b>19,569</b>
<b>25. Total intermediate consumption (sum 15-24)</b>	<b>11,937</b>	<b>12,842</b>	<b>12,278</b>	<b>11,746</b>	<b>11,211</b>	<b>11,608</b>	<b>12,258</b>
<b>26. Gross value added at market prices (12-25)</b>	<b>7,645</b>	<b>8,018</b>	<b>8,184</b>	<b>7,373</b>	<b>6,676</b>	<b>7,973</b>	<b>7,311</b>
<b>27. Gross value added at basic prices (14-25)</b>	<b>7,645</b>	<b>8,018</b>	<b>8,184</b>	<b>7,373</b>	<b>6,676</b>	<b>7,973</b>	<b>7,311</b>
28. Total consumption of fixed capital	3,157	3,212	3,252	3,110	3,103	3,107	3,242
<b>29. Net value added at market prices (26-28)</b>	<b>4,488</b>	<b>4,806</b>	<b>4,932</b>	<b>4,262</b>	<b>3,572</b>	<b>4,865</b>	<b>4,069</b>
<b>30. Net value added at basic prices (27-28)</b>	<b>4,488</b>	<b>4,806</b>	<b>4,932</b>	<b>4,262</b>	<b>3,572</b>	<b>4,865</b>	<b>4,069</b>
31. Other subsidies (less taxes) not linked to production	2,061	2,233	1,940	1,890	2,117	2,127	2,092
<b>32. Net value added at factor cost (29+31)</b>	<b>6,549</b>	<b>7,040</b>	<b>6,872</b>	<b>6,153</b>	<b>5,689</b>	<b>6,992</b>	<b>6,161</b>
33. Compensation of employees	2,045	2,059	2,009	2,050	2,035	2,071	2,072
34. Rents	491	470	495	501	499	489	474
35. Interest	277	229	276	297	294	290	310
<b>36. Total Income from Farming (32-33-34-35)</b>	<b>3,736</b>	<b>4,281</b>	<b>4,091</b>	<b>3,304</b>	<b>2,861</b>	<b>4,143</b>	<b>3,305</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) 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

## **Section 2 - Year on year comparisons of the agricultural accounts (2018 figures compared to 2017)**

*The following commentary refers to table 2, detailed production and income accounts from the aggregate agricultural accounts. Values in this section are expressed in current prices so are **not** adjusted to take into account inflation*

### **Headline figures**

In 2018 Total Income from Farming fell by £763 million to £3,305 million, a 19% decrease on 2017. The main contributor to this decrease are the rise in costs, particularly, animal feed (+£342 million), goods and services (+£204 million) and energy (+102 million). Conversely the value of the output of potatoes fell by £211 million and Industrial crops by £157 million.

Gross value added at basic price, which identifies agriculture's contribution to the Gross Domestic Product (GDP), fell by £516 million (-7%) to £7,311 million.

### **Outputs: Crops**

Overall output of crops value rose by £46 million or 1% to £7,913 million and accounted for 40% of the total value of agricultural output.

Cereal harvests were down on 2017, yields fell affected by the dry, hot weather and cropped area showed little change. The value of production was boosted by better prices helping to offset the fall in production.

The value of wheat increased by £57 million (+3%) to £1,875 million, whilst the value of barley remains steady. Both crops produced lower yields due to the challenging weather however higher prices compensated for the fall in volume.

The value of oilseed rape decreased by £101 million (-14%) to £609 million driven by lower production and price. Yields fell back to more average levels in 2018 following the high level seen in 2017 whilst planted area increased by 4.2%.

The value of sugar beet fell by £15 million to £214 million. Whilst planted area was 2.6% higher, yields were 17% down on the 2017 record high resulting in a 15% fall in production.

Potatoes decreased in value by £211 million (-35%) to £399 million. Delayed planting and the summer's drought led to lower yields and difficult conditions this season. As a result, production was lower and whilst price increased due to short supply at harvest this failed to offset the low prices at the start of the year.

The value of vegetables decreased slightly. Higher prices failed to offset the lower volumes, a result of the challenging weather conditions with planting delayed due to the cold, wet spring and subsequent drought of the hot dry summer. 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. Overall the value of fruit rose by £20 million to £602 million.

The value of other crop products, including seeds and straw increased significantly by £318 million to £746 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 (including livestock products) increased by £168 million (+2%) to £9,640 million and accounted for just under half of the total value of agricultural output.

In spite of challenging weather, the value of livestock output primarily for meat increased by £133 million (+2%) to £5,493 million whilst sheep and poultry delivered gains, cattle and pigs fell. In particular the value of poultry meat increased by £199 million to £2,223 million, increased demand boosted both production and price.

The value of milk, the largest individual contributor to the value of all outputs, increased by £40 million (+1.4%) to £2,837 million.

## **Intermediate consumption**

The total cost of intermediate consumption to the industry rose by £863 million (+8%) to £12,258 million. In general intermediate consumption costs rose. Animal feed, other goods and services and energy showing the largest increases.

The cost of animal feed, the largest contributor to the value of inputs, rose by £342 million to £3,629 million as a result of both increased price and volume. The cold weather in spring led to greater demand for animal feed as livestock were kept inside for longer and the hot summer affected forage and grass growth. The higher cereal prices kept the annual average price of feed up on the year.

Other goods and services increased by £204 million to £2,465 million reflecting the increased demand for straw by the livestock industry.

The cost of energy increased by £102 million (+11%) to £998 million, driven by increased oil prices.

## **Compensation of employees**

The total value of compensation to employees was £2,072 million, a rise of £39 million. In line with the national living wage increase. In 2018 agriculture accounted for 1.17% of jobs in England.

## **Other subsidies on production**

The value of direct payments on production, consisting of Basic Payment Scheme and Agri-environment scheme payments, was little changed on the year at £2,092 million, a result of the stable exchange rate. In 2018 €1 =89.3 pence compared to €1=89.5 pence in 2017.

**Table 2 Aggregate Agricultural Accounts: Current price production and income account for England**

£ million	Calendar years			
	2017	2018	Change 17-18	% Change 17-18
<b>Output at market prices</b>				
1. Cereals	2 491	2 566	75	3%
of which: wheat	1 817	1 875	57	3%
barley	598	602	4	1%
2. Industrial crops	1 121	964	- 157	-14%
of which: oilseed rape	711	609	- 101	-14%
protein crops	151	111	- 40	-27%
sugar beet	229	214	- 15	-6%
3. Forage plants	147	176	28	19%
4. Vegetables and horticultural products	2 487	2 459	- 28	-1%
of which: fresh vegetables	1 211	1 206	- 5	0%
plants and flowers	1 276	1 254	- 22	-2%
5. Potatoes (including seeds)	610	399	- 211	-35%
6. Fruit	582	602	20	3%
7. Output of other crop products including seeds	429	746	318	74%
<b>Total crop output (sum 1 to 7)</b>	<b>7 867</b>	<b>7 913</b>	<b>46</b>	<b>1%</b>
8. Livestock	6 216	6 327	110	2%
primarily for meat	5 360	5 493	133	2%
of which: cattle	1 455	1 407	- 47	-3%
pigs	1 045	988	- 57	-5%
sheep	644	678	34	5%
poultry	2 024	2 223	199	10%
gross fixed capital formation	856	833	- 23	-3%
of which: cattle	461	472	11	2%
pigs	4	3	- 1	-18%
sheep	197	138	- 59	-30%
poultry	194	219	26	13%
9. Livestock products	3 255	3 313	58	2%
of which: milk	2 797	2 837	40	1%
eggs	385	382	- 3	-1%
<b>Total livestock output (8 + 9)</b>	<b>9 472</b>	<b>9 640</b>	<b>168</b>	<b>2%</b>
10. Other agricultural activities	906	982	76	8%
11. Inseparable non-agricultural activities	977	1 034	57	6%
<b>12. Output at market prices (sum 1 to 11)</b>	<b>19 222</b>	<b>19 569</b>	<b>347</b>	<b>2%</b>
13. Total subsidies (less taxes) on product	-	-	-	-
<b>14. Gross output at basic prices (12 + 13)</b>	<b>19 222</b>	<b>19 569</b>	<b>347</b>	<b>2%</b>

continued

**Table 2 (continued) Aggregate Agricultural Accounts: Current price production and income account for England**

£ million	Calendar years			
	2017	2018	Change 17-18	% Change 17-18
<b>Intermediate consumption</b>				
15. Seeds and planting stock	640	666	26	4%
16. Energy	896	998	102	11%
17. Fertilisers	888	907	19	2%
18. Plant protection products	877	867	-10	-1%
19. Veterinary expenses	273	277	4	1%
20. Animal feed	3,287	3,629	342	10%
21. Total maintenance	1,293	1,394	101	8%
22. Agricultural services	896	972	75	8%
23. FISIM	84	83	-1	-2%
24. Other goods and services	2,261	2,465	204	9%
<b>25. Total intermediate consumption (sum 15 to 24)</b>	<b>11,395</b>	<b>12,258</b>	<b>863</b>	<b>8%</b>
<b>26. Gross value added at market prices (12 - 25)</b>	<b>7,827</b>	<b>7,311</b>	<b>-516</b>	<b>-7%</b>
<b>27. Gross value added at basic prices (14 - 25)</b>	<b>7,827</b>	<b>7,311</b>	<b>-516</b>	<b>-7%</b>
28. Total consumption of fixed capital	3,050	3,242	192	6%
of which: equipment	1,453	1,554	100	7%
buildings	712	742	30	4%
livestock	885	946	61	7%
<b>29. Net value added at market prices (26 - 28)</b>	<b>4,776</b>	<b>4,069</b>	<b>-708</b>	<b>-15%</b>
<b>30. Net value added at basic prices (27 - 28)</b>	<b>4,776</b>	<b>4,069</b>	<b>-708</b>	<b>-15%</b>
31. Other subsidies (less taxes) not linked to production	2,088	2,092	4	0%
<b>32. Net value added at factor cost (29 + 31)</b>	<b>6,864</b>	<b>6,161</b>	<b>-704</b>	<b>-10%</b>
33. Compensation of employees	2,033	2,072	39	2%
34. Rents	480	474	-6	-1%
35. Interest	284	310	26	9%
<b>36. Total Income from Farming (32 - 33 - 34 - 35)</b>	<b>4,067</b>	<b>3,305</b>	<b>-763</b>	<b>-19%</b>

Source: Defra

- means 'nil' or 'negligible' (less than half the last digit shown).

a) due to methodology differences and timing of publication sub total data contained in this table may not agree with sub totals shown in Chapter 3 Agriculture in the United Kingdom

## **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 2018/2019' 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 are based on figures available for all countries as at November 2019.

## **Revisions**

As more data becomes available, estimates are revised and forecasts replaced. 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 was concluded in September 2019 and corresponding regional (NUTS 1, 2 and 3 data is now available and can be found at <https://www.gov.uk/government/statistics/total-income-from-farming-for-the-regions-of-england>.

The second regional estimate for 2018 will be published on 23 January 2020.

## **Summary quality report**

A summary quality report for these statistics can be found on the GOV.UK website at <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs/series/aggregate-agricultural-accounts>.

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.

## Definition of terms used in this release

<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>Current price</b>	The value based on prices during the reference year
<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>Real term prices</b>	Prices adjusted to take account of inflation
<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.

## 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 made the following improvements:

- Undertaken a full statistical methodology and results review of English regional account statistics, with results using new methodology published in September 2019.
- Results for England are published separately from results for the English regions. England results become available earlier than the English regional results and are now released as soon as they become available.

## 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 £9.5 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 (<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.