

## Aggregate agricultural output and income, 2020

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Both gross value added and total income from farming have increased after the low in 2019, by 18% and 25% respectively. Aggregate agricultural output increased by 6% in 2020 against a slight increase in intermediate consumption. The 2020 forecast has risen closer to the level seen in 2017 following a decrease in total income from farming in 2019.

Between 2019 and 2020, the following changes are estimated in the headline measures of aggregate agricultural output and income in Wales:

- The value of aggregate agricultural output (gross output) rose by £99 million (or 6%) to £1.7 billion.
- Intermediate consumption (the goods and services consumed or used in the production process) increased by £17 million (or 1%) to £1.2 billion. This is, in effect, an increase in costs.
- Gross value added (aggregate agricultural output, less intermediate consumption) increased by £83 million (or 18%) to £548 million.
- Total income from farming increased by £65 million (or 25%) to £322 million. (see [notes](#) for an explanation of TIFF)

Both the Covid-19 pandemic and the UK exit from the EU were the biggest driving factors for these estimated changes in headline measures. Specifically:

- The value of output from cattle increased by £62 million (or 16%) to £437 million due to a buoyant market. The value of output from sheep increased by £42 million (or 15%) to £313 million. In combination, gross output from cattle and sheep represents 44% of the value of agricultural output in Wales.
- Whereas Livestock increased overall (16%) livestock products decreased slightly (1%) mainly due to milk and milk products decreasing £10 million (or 2%) although this was offset by an increase in eggs of £8 million (or 16%) attributed to increased home baking and cooking during lockdown periods.
- In looking more closely at intermediate consumption, Feeding stuffs increased by £12 million (or 3%) to £387 million, the highest value since 2014 (£395 million). Feeding stuffs are the largest component of intermediate consumption, at around a third.
- The value of other subsidies decreased by £3 million (1%) to £290 million.

### About this release

This release provides forecast estimates of aggregate agricultural output and total income from farming at the Wales level for 2020. These estimates make use of information available up to March 2021 during the coronavirus (COVID-19) pandemic.

The Aggregate Agricultural Account is compiled using data from a wide variety of sources, for example, agricultural surveys, livestock markets, marketing organisations and the Department for Environment, Food and Rural Affairs (DEFRA). COVID-19 had relatively little impact on the collection of the data. See [Key Quality Information](#) for details.

In the next annual release scheduled for April 2022 (provisional), the figures for both 2019 and 2020 will be revised to incorporate additional up-to-date information.

**Table 1: Aggregate Agricultural Account, 2015 to 2020**

£ million	Calendar Years					
	2015	2016	2017	2018	2019 Provisional	2020 Forecast
<b>Outputs:</b>						
1. Cereals	21	21	22	25	26	27
2. Other Crops	7	8	8	8	8	6
3. Potatoes	13	17	16	20	13	8
4. Horticulture	42	52	53	52	52	52
5. Livestock	686	696	721	736	711	822
<i>of which:</i>						
Cattle	372	376	407	404	375	437
Sheep	257	267	264	281	271	313
Pigs	5	5	6	5	6	8
Poultry	52	47	44	45	59	64
6. Livestock Products	499	438	578	637	584	580
<i>of which:</i>						
Milk and Milk Products	440	381	517	568	522	512
Eggs	43	41	46	53	49	57
Clip Wool	6	5	3	5	3	1
7. Capital Formation in Livestock	79	63	62	74	72	68
8. Other Agricultural Activities	77	76	78	79	80	81
9. Inseparable Secondary Activities	51	51	52	54	54	54
<b>10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)</b>	<b>1,475</b>	<b>1,421</b>	<b>1,592</b>	<b>1,685</b>	<b>1,599</b>	<b>1,699</b>
11. Total Subsidies on Product	0	0	0	0	0	0
<b>12. Gross Output at basic prices</b>	<b>1,475</b>	<b>1,421</b>	<b>1,592</b>	<b>1,685</b>	<b>1,599</b>	<b>1,699</b>
<b>Intermediate Consumption:</b>						
<b>13. Intermediate Consumption</b>	<b>1,057</b>	<b>1,044</b>	<b>1,081</b>	<b>1,111</b>	<b>1,134</b>	<b>1,151</b>
<i>of which:</i>						
Feeding stuffs	338	334	350	363	376	387
Veterinary and Medical Expenses	59	58	60	61	62	62
Fertilisers and Lime	94	92	95	97	99	99
Machinery Expenses	125	123	127	129	131	132
Farm Maintenance	38	38	39	40	41	41
Contract Work	75	74	76	78	79	79
Other Farming Costs	305	301	310	316	320	322
<b>14. FISIM (Financial Intermediation Services Indirectly Measured)</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>Value Added and Income:</b>						
<b>15. Gross Value Added at basic prices (12-13)</b>	<b>418</b>	<b>376</b>	<b>511</b>	<b>574</b>	<b>465</b>	<b>548</b>
<b>16. Gross Value Added at market prices (10-13)</b>	<b>418</b>	<b>376</b>	<b>511</b>	<b>574</b>	<b>465</b>	<b>548</b>
17. Consumption of Fixed Capital	301	301	305	335	340	338
<i>of which</i>						
Buildings and Works	91	91	93	95	97	95
Vehicles, Plant and Machinery	141	146	153	163	168	171
Livestock	69	63	60	77	75	72
18. Net Value Added (at basic prices) (15-17)	118	76	205	239	125	210
19. Other Subsidies	236	270	296	299	293	290
20. Net Value Added (at factor cost) (18+19)	354	346	501	537	418	499
21. Compensation of Employees	119	119	104	113	115	137
22. Interest	23	27	27	28	29	25
23. Rent	21	22	20	17	16	16
<b>24. Total Income from Farming (20-21-22-23)</b>	<b>190</b>	<b>178</b>	<b>350</b>	<b>379</b>	<b>257</b>	<b>322</b>

## Notes

### **Total income from farming (TIFF)**

Income generated by production within the agriculture industry, including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers. It excludes changes in the value of assets, including stocks, due to price changes. It 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, conforming to internationally agreed national accounting principles, required by both UK national accounts and by Eurostat.

### **Financial intermediation services indirectly measured (FISIM)**

An estimate of the value of the services provided by financial intermediaries, such as banks, for which no explicit charges are made. Instead these services are paid for as part of the margin between rates applied to savers and borrowers. The supposition is that savers would receive a higher interest rate and borrowers pay a lower interest rate if all financial services had explicit charges. In these accounts, the amounts of interest paid and received are adjusted and the amount of FISIM is recorded with intermediate consumption.

Included in other farming costs (line 13 of the account under intermediate consumption) are items such as pesticides, seeds, utilities, insurance, rates, banking fees and other general costs.

Included in other subsidies (line 19 of the account) are the following:

- The Basic Payment Scheme for 2015 to 2020.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal).
- Animal disease compensation (predominantly bovine TB) for 2015 to 2020.
- Payments to Welsh dairy farmers from the:
  - EU Dairy Package: £3.2 million in 2015.
  - EU Conditional Aid Benchmarking Scheme: £3.2 million recorded against 2016, although this was actually paid out in 2017.
  - EU Milk Reduction Fund: £1.1 million recorded against 2016, although this was actually paid out in 2017.

These subsidies are not included in agricultural output since they are decoupled from production, but they are included in total income from farming (TIFF) in accordance with national accounting conventions.

Basic Payment Scheme information included in the 2020 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2020. In other words, the 2020 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2021 (for applications made in 2020).

Differently for agri-environment payments, the 2020 forecast includes Glastir payments made during the year, regardless of when Glastir contracts were actually signed.

All of these estimates will be revised in future publications when final figures become available.

## Rounding

The figures shown in this release have been rounded to the nearest million pounds. Calculations such as percentage or actual change have been made on unrounded figures.

## The effect of the COVID-19 pandemic

The calendar year 2020 to which this release relates was significantly effected by the COVID-19 pandemic (the first lockdown started on 23rd March 2020). In particular, Covid-19 caused a number of problems for food production with some individual processing plants significantly affected at various points in time. However, the overall impact at the aggregate level was more limited.

As with many other surveys during 2020, there was some disruption to the compilation of data which resulted in delayed analysis and publication of results. It is also acknowledged that due to the effect of the pandemic in 2020 there is more uncertainty around these financial estimates; however, as the impact of COVID-19 on data collection was fairly limited, the estimates are still considered robust.

## Key quality information

These results are produced using internationally agreed national accounting principles.

Income measures exhibit some degree of volatility across years, influenced by prevailing market conditions. As all the measures of income include an element relating to profits, these measures in the agricultural sector are therefore more volatile than measures in other sectors (which are defined purely in terms of income from wages).

## Revisions

Figures for previous years are regularly revised to include up-to-date information. Table 2 below shows revisions to figures for 2018 and 2019 that have been made in this edition of the release.

**Table 2: Revisions to the 2018 and 2019 aggregate agricultural account in this release**

		<i>£ million</i>			
		Published 2 April 2020	Published 13 May 2021	Actual change	% change
2018	Gross Output	1,685	1,685	0	0.0%
2018	Intermediate Consumption	1,111	1,111	0	0.0%
2018	Gross Value Added	574	574	0	0.0%
2018	Net Value Added (at factor cost)	537	537	0	0.0%
2018	Total Income from Farming	379	379	0	0.0%
2019	Gross Output	1,602	1,599	-3	-0.2%
2019	Intermediate Consumption	1,133	1,134	1	0.1%
2019	Gross Value Added	469	465	-3	-0.7%
2019	Net Value Added (at factor cost)	423	418	-6	-1.3%
2019	Total Income from Farming	261	257	-4	-1.5%

The figures for 2018 compare the provisional figures published in April 2020 with the final figures published in May 2021; the comparison is stable. As we would expect, the changes are larger for 2019 when comparing the forecast published in 2020 with the provisional figures published in 2021.

The figures in this release will be revised in the future to include up-to-date information from sources such as the Farm Business Survey for 2020-21.

Any revisions to the 2020 agricultural output and income figures will be published alongside 2021 forecast estimates in April 2022 (provisional). In line with the above, the figures for agricultural output and income in 2018 and 2019 have been revised to incorporate up-to-date information. Figures for 2019 remain provisional.

Methodological and terminological changes were made in 1998 to conform to the requirements of both the 1993 System of National Accounts (SNA) and the UK National Accounts.

## **Well-being of Future Generations Act (WFG)**

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The Act puts in place seven well-being goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators (“national indicators”) that must be applied for the purpose of measuring progress towards the achievement of the Well-being goals, and (b) lay a copy of the national indicators before Senedd Cymru. The 46 national indicators were laid in March 2016.

Information on the indicators, along with narratives for each of the well-being goals and associated technical information is available in the [Well-being of Wales report](#).

Further information on the [Well-being of Future Generations \(Wales\) Act 2015](#).

The statistics included in this release could also provide supporting narrative to the national indicators and be used by public services boards in relation to their local well-being assessments and local well-being plans.

## **Further details**

This statistical release is available on the [Welsh Government web pages](#).

More detailed statistics for agriculture in Wales can be found on the [Welsh Government Statistics and Research page](#).

## Useful links

DEFRA are scheduled to publish first estimates of [Total Income from Farming](#) in the United Kingdom for 2020 in May 2021. All official statistics on Total Income from Farming in the UK and constituent countries are considered by Defra as “Fully Comparable at level C” of the [UK Countries Comparability Scale](#) across countries.

[Agriculture in the United Kingdom](#) 2020 is due to be published by DEFRA in June 2021.

The Scottish Government published [agricultural survey results](#) for 2020 on 23 March 2021.

Department of Agriculture, Environment and Rural Affairs (DAERA) published [provisional agricultural income figures](#) for Northern Ireland on 15 April 2021.

## Next update

April 2022 (provisional)

## We want your feedback

We welcome any feedback on any aspect of these statistics which can be provided by email to [stats.agric@gov.wales](mailto:stats.agric@gov.wales).

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