



Farm Business Survey 2020/2021 Hill Farming in England



David Harvey and Charles Scott
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David Harvey and Charles Scott

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Foreword to the Sixteenth Series

Welcome to the sixteenth series of reports on the economics of agriculture and horticulture in England from *Rural Business Research (RBR)*. Our sixteenth series, covering the 2020/21 financial year largely corresponds with the start of the Covid-19 pandemic impact on farm businesses. In addition, the new Agriculture Act came into being (1 January 2021), alongside other changes to how farm, and other businesses, operate given the UK's exit from the EU. Readers may also be interested in our twice annual intelligence reports, published at www.ruralbusinessresearch.co.uk, and in addition, during the spring and summer of 2020, we produced regular "Coronavirus Impact on Farming in England" reports. The importance of providing the industry and government with independent evidence on the changing fortunes of farm and horticultural business has never been greater. Through submission of data and Coronavirus reports to Defra, our work has helped to support policies that have directly benefited farm businesses, including the Dairy Response Fund in April and May 2020.

The 2020/21 financial year for farmers and growers saw seasonal, market and supply impacts in addition to, and often aligned with, Covid-19 impacts. Reduced winter cropping in 2019, led to an increase in spring cereal cropping in 2020. While cereal and oilseed crops yields were lower, strong cereal, oilseed and straw prices helped offset fixed cost increases. However, greater output prices led to higher concentrate and straw prices affecting livestock farms. There were increases in cattle and sheep prices, following temporary market collapses at the outbreak of Covid-19, but pig prices fared less well and this sector has suffered from processing capacity shortages at abattoirs. General labour shortages, alongside input supply challenges, have had short and medium term impacts. Some diversified activities were initially severely impacted by Covid-19, with "lockdown" leading to cancelled tourist and accommodation bookings, however with a subsequent large increase in demand for UK holidays, demand outstripped supply, providing welcome business recovery.

For the 2020/21 financial year, average Farm Business Income (FBI), derived from our work on the Defra-funded Farm Business Survey (FBS), increased to £51,900 per business, representing an increase of 13% on the previous 2019/20 year, and marginally greater than in 2018/19. In percentage increase terms, Lowland Grazing Livestock saw an increase of 97% in FBI, but this was from a very low base of £9,400 in 2019/20 to £18,400 in 2020/21, resulting in this farm type recording the lowest average FBI once again. Despite the challenges in the dairy sector at the start of the Covid-19 pandemic, with some farmers not having milk collected, Dairy farm businesses returned the highest average FBI of £92,500 (9% up on 2019/20), followed by Poultry (£77,700; down 12%) and Cereals (£71,700; up 14%). Of course, in order to appreciate the full drivers of these average headline data, the costs and revenues that have led to these results need to be understood. Our series of reports provide these details, and increasingly demonstrate that in some farm types it is the non-agricultural business activities that are providing important business level income.

In addition to this series of in depth reports, our free to use interactive online tools provide a further wealth of information at www.farmbusinesssurvey.co.uk. This series of reports, along with previous versions are also all available at www.ruralbusinessresearch.co.uk. The 2020/21 financial year, and our work on the FBS to accurately and independently report on the changing fortunes of farm and horticultural businesses, has been like no other in recent memory. Our sincere thanks go to the farmers and growers for their most valuable contribution, in not only continuing to provide access to their farm business data, but also doing so in the face of changing ways in which we have had to access data and interact with participating farm businesses due to the Covid-19 pandemic. I also thank all my colleagues for the positive way in which they have professionally adapted to the changing work circumstances that we have all experienced since March 2020.

Professor Paul Wilson

Chief Executive Officer, Rural Business Research
December 2021

www.ruralbusinessresearch.co.uk

Executive Summary

The total area of land classified as Less Favoured Area (LFA) in England is 2.2 million hectares. Of this, 1.8 million hectares are farmed - 17% of the total farmed area of England¹. This total is made up of Severely Disadvantaged Areas (67%) and Disadvantaged Areas (33%). The Moorland designation of semi-natural vegetation covers 42% of the LFA area². These are areas where farming is more difficult due to poor climate, soils and terrain, which in turn lead to lower yields, and higher production and transportation costs. LFAs essentially define the upland hill-farming areas; they include almost all of the upland areas in the North of England (including the Pennines, Lake District and North York Moors), the Peak District, the English part of the English-Welsh border, Exmoor, Dartmoor, and parts of Cornwall. In England, 27% of beef cows and 40% of female breeding sheep are on LFA grazing livestock farms³. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

The average LFA Grazing Livestock farm has 164 ha of enclosed land and typically has access to an area of common grazing. It is part owned (74 ha) and part rented (89 ha) and most of the farm (94 ha) is in permanent grass. The average LFA farmer is 60 years old, has 23 beef cows and 384 breeding ewes. Cattle and sheep youngstock and fatstock make up the total to 76 cattle and 738 sheep on the farm, making a total of 84 Grazing Livestock Units.

The average LFA Grazing Livestock farm earns 62% of its total revenue (output) from crop and livestock farming activities, 24% comes from the Basic Payment, and 10% from specific agri-environment payments. The balance of revenues (5%) is earned from diversification activities.

The crop and livestock farming side of the business covers its variable costs and earns a respectable gross margin of £37,236 per farm. However, since this side of the whole farm business is assumed to incur most of the fixed costs (83%) the average LFA farm is shown as making an Agricultural Business Income loss of -£6,624 (before unpaid labour) from crop and livestock production per farm in 2020/21. Allowing for the unpaid labour allocation of £26,488 to this side of the business results in an Agricultural Corporate Income of -£33,113.

Farm revenues from all sources combine to generate a headline Farm Business Income of £33,360 per farm in 2020/21, a 46% increase on the previous year. This income has to cover the opportunity costs of the unpaid labour (provided mainly by the farmer's family) estimated at £28,284 per farm. As a result, Farm Corporate Income shows a return of £5,076 per farm (from -£5,459 in the previous year). Adjusting for the net interest payments made by the farm, Farm Investment Income (which represents the return on risk and entrepreneurship on all capital invested in the farm business whether borrowed or not) of £7,806 is improved by £9,884 compared with the previous year's figure of -£2,078. The traditional measure of farm income of Net Farm Income (which puts all farm businesses on a comparable tenanted basis)

1

Defra-
<https://webarchive.nationalarchives.gov.uk/ukgwa/20100713171709/http://www.defra.gov.uk/rural/countryside/uplands/land-classification.htm>

² Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

³ Data from Defra, June Survey of Agriculture and Horticulture, 2020

averaged £23,608 per farm, up 68% from £14,044 in 2019/20. LFA farms depend to a substantial extent on public payments; the Basic Payment and Agri-environmental payments together account for over 34% of their revenue. Although there is substantial variation amongst the farms in terms of their commercial performance, most of these farms could not survive in their present form as commercial businesses without the public payments, particularly those with an emphasis on cattle production.

1. Background & Context

The total area of land classified as Less Favoured Area (LFA) on farms in England is 2.2 million hectares. Of this, 1.8 m hectares are farmed - 17% of the total farmed area of England⁴. This total is made up of Severely Disadvantaged Areas (SDAs) which account for 67% of the LFA, and Disadvantaged Areas (DAs) accounting for 33% of the LFA. The Moorland designation of semi-natural vegetation covers 42% of the LFA area⁵. These are areas where farming is more difficult because of poor climate, soils and terrain, which in turn lead to lower yields and higher production and transportation costs. LFAs essentially define the upland hill-farming areas; they include almost all of the upland areas in the North of England (including the Pennines, Lake District and North York Moors) the Peak District, the English part of the English-Welsh border, Exmoor, Dartmoor, and parts of Cornwall. In England, 27% of beef cows and 40% of female breeding sheep are on LFA grazing livestock farms⁶. Farming plays a crucial role in maintaining the distinctive landscape of such areas.

There are some 12,323 commercial holdings classified as Grazing Livestock (LFA) farms and these account for 1.3 million ha of English farmland (excluding commons)⁷. While these holdings predominantly farm in the LFA this is not exclusively the case; that is some LFA Grazing livestock farms may farm areas of lowland and some Lowland grazing farms may farm some areas of the LFA. Of the 12,323 LFA Grazing livestock holdings, this report presents data representing the 6,818 commercial holdings above the lower size limit of 25,000 euros of Standard Output (see below).

As we reported last year (Hill Farming in England, 2019/20, RBR) the continued economic health of the farmers (and other land users and managers) in the uplands is of considerable value to society. The current performance and, hence, economic health of the livestock farmers in the Less Favoured Areas of England is the focus of this report. (Other farm types present in the LFA including Upland Dairy farms are covered by other Enterprise Reports in this series, see Appendix 8. Reports in this series).

1.1 The LFA

Map 1 (Appendix 1) shows the LFA areas and also the Government Office (GO) Regions. This report does not concentrate on data by Government Office region (which is otherwise available on the [Rural Business Research](#) website) but rather the the England Regions, which represent amalgamations of GO Regions:

- England West Region comprises the South West and West Midlands GO regions.
- England North Region includes North West, North East and Yorkshire & Humberside GO regions.

⁴ Defra- <http://archive.defra.gov.uk/rural/countryside/uplands/land-classification.htm>

⁵ Natural England - Entry Level Stewardship: Environmental Stewardship Handbook (NE349)

⁶Data from Defra, June Survey of Agriculture and Horticulture, 2020

⁷ Data from Defra, June Survey of Agriculture and Horticulture, 2020

- England East Region is the East Midlands, Eastern and South East GO regions.

The LFA designation is part of EU law and extra farm support was provided for farms in these areas as Hill Livestock Compensatory Allowances between 1975 and 2000. This was paid as headage support to eligible beef cows and ewes. In 2001 this support was replaced by an area based scheme - the Hill Farming Allowance (HFA). In 2010 the HFA scheme was replaced by the Uplands Entry Level Stewardship Scheme (Uplands ELS). For further detail see the section on Hill Farm Support below.

A major change to note is that land in the Disadvantaged Areas (DA) became ineligible for HFA as of 1st January 2007 (including Moorland and common land in the DA). In comparison to land in the SDA, land in the DA is generally higher-grade agricultural land, is more accessible, and producers have more options to maximise the potential of the land. Under the Single Payment Scheme (SPS) and now the Basic Payment Scheme (BPS) the DA is subsumed within the lowland region and therefore receives a higher flat rate payment than the SDA.

1.2 Hill Farm Support

The traditional basis of farming in the LFA is the keeping of beef suckler cows and breeding ewes. The breed of livestock kept corresponds with the type of land; the hills being dominated by hardy breeds and the lower land having more upland and lowland type stock. Between 2006 and 2009 (and with the exception of DA land from 2008 – see above) suckler cow and/or sheep producers who had at least 10 ha of eligible forage area in the English LFAs (including common land) were eligible for the HFA. Holdings with less than 10 ha of English LFA land were not eligible, unless part of the holding was in Wales, Scotland or Northern Ireland. Livestock had to be kept at a minimum stocking density of 0.15 livestock units per hectare (LU/ha); this could be less if producers were taking part in an agri-environment or other scheme which restricted their stocking density. Up to and including 2006, producers needed to follow Good Farming Practice (GFP) and undertake to keep their LFA land continuously in agricultural production for five years from the date of first payment of LFA support (i.e. HFA or HLCA).

Since 2007 producers had to follow Good Agricultural and Environmental Condition (GAEC) requirements to qualify for all support payments. The HFA scheme ended with the HFA 2010 payment in Spring 2010 (covering land farmed and stock held in 2009). From July 2010, uplands support became fully integrated into Environmental Stewardship with a specific uplands strand to the Entry Level Stewardship (Uplands ELS - UELS, and Organic Uplands ELS - OUELS). Farms that were in Environmentally Sensitive Area (ESA) agreements or Countryside Stewardship Schemes (CSS) were excluded from applying for UELS but were able to apply for the Uplands Transitional Payment (UTP) until such time as the ESA or CSS agreement terminated. The payment rates (per hectare) for the 2020 UELS and OUELS schemes are shown in Table 1. Although 2019 was designated the final year for the UELS, some farms have been invited to roll the scheme forward at the discretion of Natural England.

Table 1 Uplands Entry Level Scheme rates (2020)**Uplands Entry Level Scheme payments (£/ha) 2020**

Land Type	UELS	OUELS
SDA below the moorland line	£62	£92
SDA above the moorland line in parcels of <15ha (not commonland)	£62	£92
SDA above the moorland line in parcels of >15ha (not commonland)	£23	£23
SDA above the moorland line in parcels of >15ha on commons	£28	£28

2. The Data: FBS Grazing Livestock Farms (LFA)

The data presented in this publication comes from 202 farms, which are all part of the Farm Business Survey. Sixty-four per cent come from the EU North Region, 28% from the EU West and the remaining 8% from the EU East. The data have been ‘weighted’ to represent the total population with each individual farm assigned a weighting factor. As a consequence, the ‘raised sample’ provides a basis for estimating the total land use and performance for the LFA, by farm type and by region.

It is important to note that all surveys are subject to sampling error as they are not measuring the whole population, the FBS is no exception. It is common practice to publish 95% confidence intervals and error bars alongside any published estimated figures to give the reader an indication of the size of the sampling error. These signify that we are 95% confident that this range contains the true value. For simplicity within these reports, the confidence intervals have not always been published. Readers should be aware that the figures calculated from the FBS data have a level of uncertainty around them and that all figures are estimates. Generally, the smaller the sample size the greater the sampling error and the less confidence we have in the estimates. For details on the FBS confidence intervals, please refer to Defra FBS publications <https://www.gov.uk/government/collections/farm-business-survey>

2.1 Farm Types within the LFA

The Farm Business Survey classifies farms based upon Standard Outputs (SO)⁸. This is a departure from the Standard Gross Margins (SGM) basis for classification which was used prior to the 2010/11 year (see <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs>). LFA Grazing Livestock Farms are holdings on which cattle, sheep and other grazing livestock account for more than two thirds of their total SO - except holdings classified as dairy. Dairy farms are those where dairy cows account for more than two thirds of the

⁸ The Standard Output (SO) for a farm business represents the theoretical output for all the agricultural production activities on the farm, based on standard coefficients for each commodity on the farm. The SO is representative of expected output under typical conditions for enterprises of average size and performance. Farms are classified according to the enterprise mix of SOs on a farm. 2007 SO coefficients are used to classify the farm datasets from 2010/11 to 2011/12, 2010 SO coefficients used for the datasets 2012/13 to 2017/18 and 2013 SO coefficients from 2018/19 (2017/18 results have been recalculated and presented in this report on the 2013 coefficients. (See Appendix 10. Definition of Terms, for more information on Standard Output.)

total SO (and are excluded from this report). A holding is classified as an LFA holding if 50% or more of its total area is in the LFA. Of holdings classified as LFA, those whose LFA land is wholly or mainly (50% or more) in the SDA are classified as SDA; those whose LFA land is wholly or mainly (more than 50%) in the DA are classified as DA. For the purposes of the survey, only those farms with an SO of greater than 25,000 euros are considered, which excludes some 11,000 very small holdings in the LFA. In addition, these farms are also classified according to their size (measured by their ‘standard labour requirement’ (SLR) see Appendix 10. Definition of Terms).

The structure of the sample and estimates of the population distribution are shown in Table 2. The population estimates are calculated using weighted sample data. As can be seen, the FBS sample is biased towards the larger (and more commercial) farms, which are responsible for the management of most of the LFA. However, the results presented in this report are weighted to remove this selection bias.

Table 2 Sample characteristics and population distribution (2020)

Farm	Sample		FBS Population (based on 2020 June survey)		Average size (SLR) *		Average area farmed (ha) [€]	
	No.	%	No.	%	Sample	FBS Popn.	Sample	FBS Popn.
Part-time & Spare-time [†]	20	10%	1,807	27%	0.7	0.7	54	53
Small	61	30%	2,769	40%	1.5	1.5	113	100
Medium	39	19%	967	14%	2.5	2.5	197	168
Large & Very large	82	41%	1,275	19%	5.7	5.8	417	308
All Sizes	202	100%	6,818	100%	3.3	2.2	269	132

* The Standard Labour Requirement (SLR) for a farm business represents the labour requirement (in full-time equivalents) for all the agricultural activities on the farm, based on standard coefficients for each enterprise on the farm. The SLR is representative of labour requirement under typical conditions for enterprises of average size and performance.

[€] Average area farmed is unadjusted UAA plus land rented in on a short term basis (net of land let out on a short term basis).

[†] 7 Spare-time sample farms which are excluded from the SLR analysis.

Note: FBS survey data refers only to those businesses calculated to generate more than €25,000 of Standard Output (see footnote 8) which excludes 5,570 very small but commercial ‘holdings’ within the LFA as recorded by the June Survey.

Within this Grazing Livestock (LFA) group there are four sub-groups:

1. *SDA Sheep*- farms where more than two thirds of the total SO is accounted by sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
2. *SDA Beef*- farms where more than two thirds of the total SO is accounted by beef cattle, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;

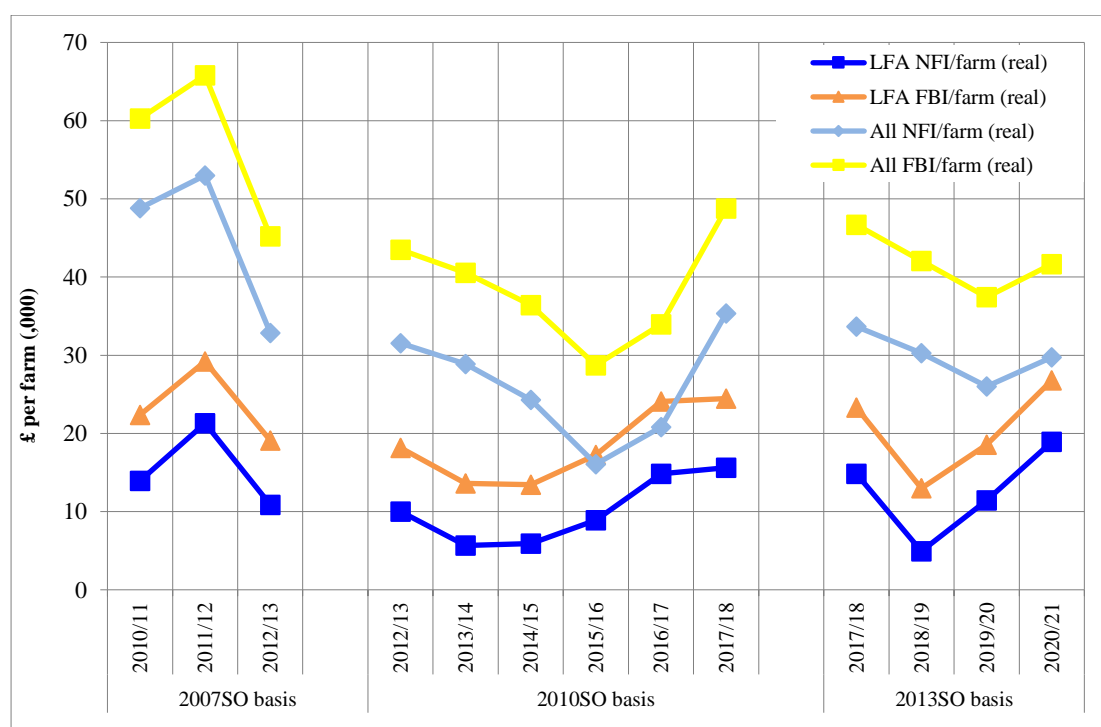
3. *SDA Cattle and Sheep*- farms that are neither specialist sheep or cattle but where more than two thirds of the total SGM is accounted by beef cattle and sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
4. *DA Cattle and sheep farms*- farms where more than two thirds of the total SO is accounted by beef cattle and sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the DA;

Other farm types are present in the LFAs, but analysis has been restricted to cattle and sheep farms as they represent the most common type of LFA holdings.

3. The LFA Farms in context

The comparative business performance of LFA farms is illustrated in Figure 1, which compares the Net Farm Income (NFI) and Farm Business Income (FBI) per farm earned by the LFA grazing farms and by all farms in the England FBS sample over the last ten years. Farm Business Income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings (net of any interest payments on debt capital). Net Farm Income deducts from Farm Business Income a notional return to unpaid family labour (at local wage rates) and also deducts an imputed rental figure for owner-occupied land (at prevailing local rents for similar land) and adds back net interest payments and landlord type expenses. Hence NFI is a measure of the returns to the farmers' own labour, tenant's capital and management, on a consistent basis for both owned and tenanted farms.

Figure 1 LFA^a farms vs All farms 2010/11 to 2020/21 (England in real^b terms)



Source: *Farm Accounts in England, 2020/21*, Defra

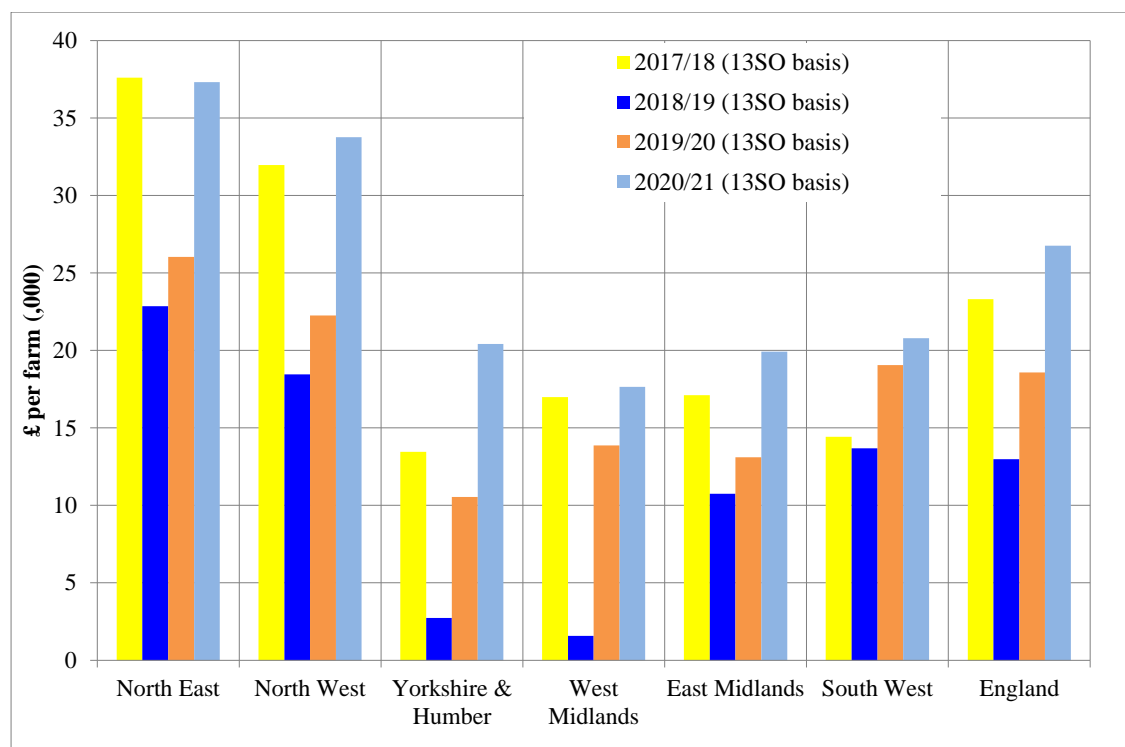
Notes: a: defined as Upland Grazing Farms

b: Real terms = deflated by RPI (all items).

As can be seen, the upland farms have always under-performed relative to their peers elsewhere in the industry in terms of income per farm. The average farm generally has shown variable income performance over the last ten years in real (purchasing power) terms. The national income peaks of English farms in general, of 2011/12 and 2017/18, were not shared with their upland counterparts although the LFA farms did experience slight upturns at those points. From 2014/15 LFA incomes did increase slightly through to 2017/18, only to drop back again in 2018/19.

However, there is substantial variation around these average figures for all farms, both between regions and between years, as Figure 2 illustrates.

Figure 2 LFA Farm Business Income per farm, by region (2017/18 to 2020/21)



Source: - Government Office Reports, 2020/21, [RBR](#).

Notes: Data in real terms (by RPI)

4. The Average LFA Farm in 2020/21

Although the average LFA farm in the FBS sample in 2020/21 does not reflect the wide variation in either the sample, or still more the whole population, its description still provides a general picture of the sector. The sample represents just over 6,800 LFA farms in England (excluding the smallest farms - those with a Standard Output of less than 25,000 euros). The average farm area is 164 ha plus common grazing. This area includes some 5 ha under woodland, buildings and roads and 52 ha rough grazing. A small area (0.3 ha) of land is rented out (net of land rented in) giving a total of 157 ha farmed (excluding common grazing). The adjusted area (see Appendix 10. Definition of Terms, for a full description of adjusted area) of the on-farm rough grazing equates to 15 ha adjusted area which, plus 11 ha of adjusted common grazing, gives a total adjusted area farmed of 131 ha. The average farm is part owned (74 ha) and part rented (89 ha) and most of the farm (94 ha) is in permanent grass. The average LFA farmer is 60 years old, and has 23 beef cows and 384 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 76 cattle and 738 sheep on the farm, making a total of 84 Grazing Livestock Units (GLUs)⁹.

⁹ GLUs convert different livestock types (cows, sheep, young stock) into a common unit based on nutrient requirements, with a dairy cow being the numeraire (=1 GLU).

4.1 The average LFA Farm account

The average LFA Grazing Livestock farm in England in 2020/21 is represented by the set of accounts shown in Table 3. This table reports the average farm accounts for the whole sample of 202 farms, broken out by four “cost centres” representing the different aspects of the farm business: agriculture (production agriculture and agricultural contracting) environmental management, diversification (off farm activities except agricultural contracting) and the Basic Payment Scheme. To the extent possible, the variable costs of the business have been separated out as relevant to each of these cost centres, while fixed costs (including depreciation) have also been allocated so far as possible, including the casual labour cost, according to the shares of each centre in total costs.

On average, these farms only earn some 62% of their total revenue (output) from the agriculture cost centre, with 24% coming from the Basic Payment, and 10% from specific agri-environment payments. The balance of revenues (5%) is earned from non-farm activities (mostly associated with tourism and recreation and non-agricultural contracting; agricultural contracting is included in the agriculture cost centre). The farming business covers its variable costs and earns a positive gross margin of £37,236 per farm (a 43% increase on the previous year). However, since the production agriculture side of the farm business is assumed to incur most of the fixed costs (83%) the average LFA farm is shown to generate a negative Agricultural Business Income of -£6,624 per farm in 2020/21 – a 60% improvement on the figure of -£16,622 in the previous year.

The revenues earned from agri-environment, diversification and the Basic farm payments more than offset their own costs and are able to offset the losses from traditional agriculture production activities to generate a headline Farm Business Income (FBI) (or profit) of £33,360 per farm in 2020/21, a 46% improvement on the previous year. This income covers the opportunity costs of the unpaid labour (provided by the farmer and partners) of £28,284 per farm and as a result, Farm Corporate Income registers at £5,076 per farm (a 193% increase on the -£5,459 in 2019/20). Adjusting for the net interest payments made by the farm, the Farm Investment Income (which represents the return on risk and entrepreneurship on all capital invested in the farm business whether borrowed or not) is £7,806, up by 476% compared with the previous year’s figure of -£2,078.

The traditional measure of farm income is Net Farm Income (NFI)¹⁰. NFI adjusts the business accounts to put all farm business on the same (tenancy) basis. A rental value is imputed for all owner-occupied farms (as a measure of the opportunity cost of owning land, item 12 in Table 3) and adjusted for landlord costs (item 13 in Table 3). In addition, NFI is gross of the unpaid labour of the principal farmer and spouse (though not that of other partners). NFI is, therefore, an expression of the returns earned by the business to pay the farmer and spouse for their own labour, management and tenant’s capital invested in the business. The net result of these

¹⁰ Following extensive consultation, Defra decided that Farm Business Income is a more appropriate headline measure of farm income, particularly on the grounds that most farms are not rented nowadays, and that there are a number of other business arrangements emerging between landowners and operators. However, this does mean that Farm Business Income may not be strictly comparable between farms with different tenure/ownership arrangements.

adjustments is shown in Table 3, giving an average NFI of £23,608 per farm, up 68% from £14,044 in 2019/20.

In the case of LFA grazing farms there is still a substantial number of tenanted farms. In the EU North Region, where 65% of LFA farms are found, only 42% of the land is owned. The average proportion of land owned on LFA grazing farms over the whole country is only 45% compared to a national average of 61% across all farm types (Defra 2020). It therefore makes some sense in the case of LFA farms to retain a focus on NFI as opposed to FBI for comparison purposes.

4.2 Hill farm support

The Hill Farm Allowance (HFA) ended with the 2010 HFA payment in the spring of 2010 (relating to the 2009 farming year). All farmers previously eligible for the HFA were entitled to apply for the Uplands Entry Level Scheme (UELS) or the Uplands Transitional Payment (UTP) if still participating in other agri-environment schemes. As the Environmentally Sensitive Area (ESA) and Countryside Stewardship Schemes (CSS) came to an end in 2015 to 2016 so did the top-up UTP – all upland support now accessed through the UELS (or Organic UELS [OUELS] for organic farms). The UELS (and OUELS) measures of support are recorded on an “as-received” basis (as are most other agri-environmental payments) rather than on an “as-due” basis as had been the case for the HFA. This does mean that year on year comparisons of both overall income and the agri-environment cost centre’s contribution to farm income must be tempered with the understanding that there may be multiple payments in some years and absent in others – simply due to the timing of these payments. The UELS (and OUELS) officially ended in 2019 but some farms have been invited (by Natural England, and where appropriate criteria are met) to roll the scheme forward one year at a time.

Table 3 LFA Grazing Livestock Farms: Business Output, Input Costs and Income

Derivation of farm income measures		Cost Centre (£ per farm)											Farm Business (£ per farm)			
		Agriculture			Agri-environment and other payments			Diversification out of agriculture			Basic Payment Scheme					
		2019/20	2020/21	% change	2019/20	2020/21	% change	2019/20	2020/21	% change	2019/20	2020/21	% change	2019/20	2020/21	% change
% contribution of cost centre revenue to total:		58%	62%		12%	10%		5%	5%		25%	24%				
1	Total output (Revenue)	67,708	79,384	<i>17%</i>	13,853	13,045	<i>-6%</i>	5,626	5,988	<i>6%</i>	29,790	30,445	<i>2%</i>	116,977	128,862	<i>10%</i>
2	Variable costs	41,679	42,148	<i>1%</i>	30	91	<i>199%</i>	189	204	<i>8%</i>	6	4	-	41,904	42,446	<i>1%</i>
3=1-2	Total Gross margin	26,029	37,236	<i>43%</i>	13,822	12,954	<i>-6%</i>	5,437	5,783	<i>6%</i>	29,784	30,442	<i>2%</i>	75,073	86,415	<i>15%</i>
4	Fixed costs	42,878	44,347	<i>3%</i>	2,527	2,564	<i>1%</i>	2,818	2,883	<i>2%</i>	4,269	3,748	<i>-12%</i>	52,492	53,542	<i>2%</i>
5=2+4	Total Costs	84,557	86,494	<i>2%</i>	2,557	2,655	<i>4%</i>	3,007	3,087	<i>3%</i>	4,275	3,751	<i>-12%</i>	94,396	95,988	<i>2%</i>
6	Profit/(loss) on sale of fixed assets	227	486	<i>115%</i>										227	486	<i>115%</i>
7=1-5+6	Farm Business Income	-16,622	-6,624	<i>60%</i>	11,295	10,390	<i>-8%</i>	2,619	2,900	<i>11%</i>	25,516	26,694	<i>5%</i>	22,808	33,360	<i>46%</i>
8	Adjustment for unpaid manual labour	26,322	26,488	<i>1%</i>	661	551	<i>-17%</i>	1,284	1,245	<i>-3%</i>	0	0	-	28,267	28,284	<i>0%</i>
9=7-8	Farm Corporate Income	-42,945	-33,113	<i>23%</i>	10,634	9,839	<i>-7%</i>	1,335	1,655	<i>24%</i>	25,516	26,694	<i>5%</i>	-5,459	5,076	<i>193%</i>
10	Interest payments (net of interest received)	3,059	2,476	<i>-19%</i>	105	65	<i>-38%</i>	81	90	<i>11%</i>	137	98	<i>-28%</i>	3,382	2,730	<i>-19%</i>
11=9+10	Farm Investment Income	-39,886	-30,636	<i>23%</i>	10,739	9,904	<i>-8%</i>	1,417	1,745	<i>23%</i>	25,652	26,792	<i>4%</i>	-2,078	7,806	<i>476%</i>
% contribution of cost centre costs to total:		90%	90%		3%	3%		3%	3%		4%	4%				
				12	Imputed rent								11,065	11,684	<i>6%</i>	
				13	Ownership charges								3,698	323	<i>-91%</i>	
				18	Director's remuneration								225	0	-	
				16	Unpaid labour of principal farmer and spouse								23,264	23,464	<i>1%</i>	
				17=11-12+13+18+16								14,044	23,608	<i>68%</i>		
				19	Holding gains not included in farm income								15,270	9,278	<i>-39%</i>	
				20	Breeding Livestock Appreciation (BLSA)								2,597	6,629	<i>155%</i>	
2020/21 Sample size (unweighted)	202			21	Revaluation of machinery, permanent crops, glasshouse, quota								1,742	739	<i>-58%</i>	
Number (weighted)	6,818			22	Revaluation of land								10,931	1,909	<i>-83%</i>	
2019/20 Sample size (unweighted)	202			23	Manager's paid managerial input								52	74	<i>43%</i>	
Number (weighted)	6,842			24=17-16+23								Management and Investment Income	-9,168	218	<i>102%</i>	

5. The LFA Farms’ circumstances

There is, as already noted, a substantial range of performance exhibited by the sample. Figure 3 shows the sample distribution by quartile, based on Farm Business Income per farm. The “high” group of farms is the upper quartile of the (weighted) distribution of farms, consisting of the top 25% of farms ranked by FBI/farm, with the other quartiles defined accordingly. Figure 3 also distinguishes between the Agriculture Business Income (ABI) (derived solely from the agricultural enterprises, and excluding environmental, diversification and the Basic Payment Scheme (BPS)) and the Farm Business Income (which includes environmental, diversification and BPS payments). Hence, the difference between the two measures indicates the contribution of the strictly non-agricultural ‘enterprises’ in the farm business – the environmental schemes, diversification income and BPS payments. As can be seen, the agricultural enterprises on an average LFA farm lose money. The high-medium and top quartiles return negligible agricultural incomes. The low-medium quartile manages to offset these losses by the incomes earned through environmental and diversification activities and the BPS, but not so for the lowest quartile which returns a negative FBI (and NFI). In general, the better performing farms make greater incomes from their non-agricultural farm business activities and receipts.

As we reported in Hill Farming in England, 2006/7 (RBR) current estimates of the social value of landscape management and environmental conservation associated with hill farming in England broadly correspond to the extent of public payments made to these farms for their provision of CARE (Conservation, Amenity, Recreation and Environment). We have no new information to elaborate on this broad correspondence for this report.

Figure 3 LFA Agriculture and Farm Business Income by FBI/farm quartile

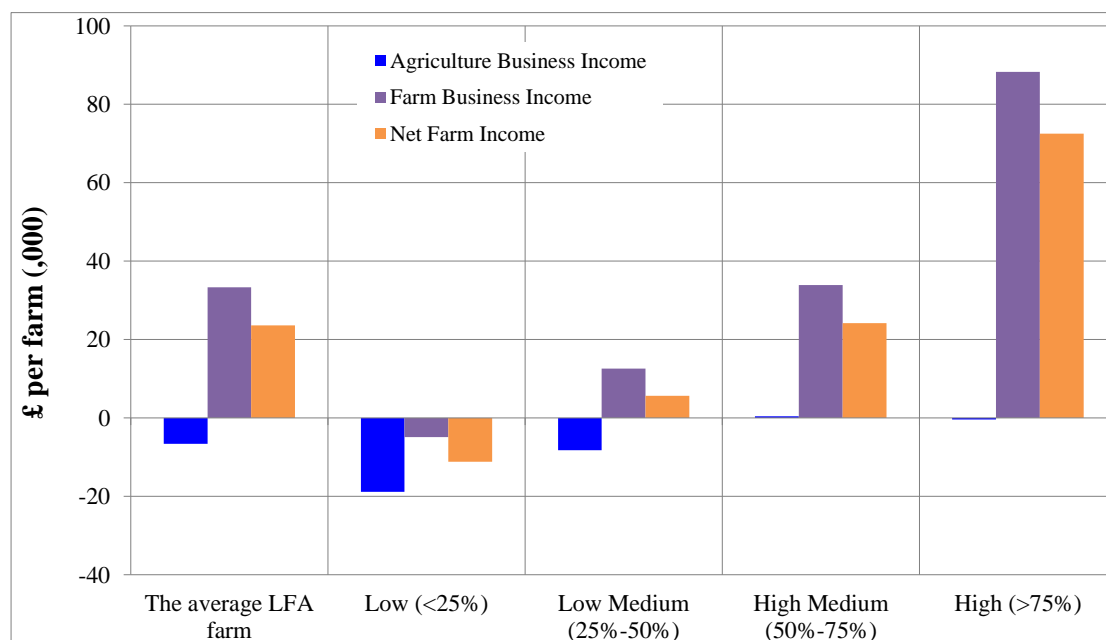


Figure 4 presents similar data on farm business performance by quartile, though here on the basis of Farm Business Income (FBI) per Grazing Livestock Unit (GLU) which

removes the effect of farm size on the FBI earnings per farm. The story remains the same with most LFA farm groups returning a negative Agriculture Business Income or net margin for their production activities.

Figure 4 LFA Farm Business Performance by FBI/GLU quartile

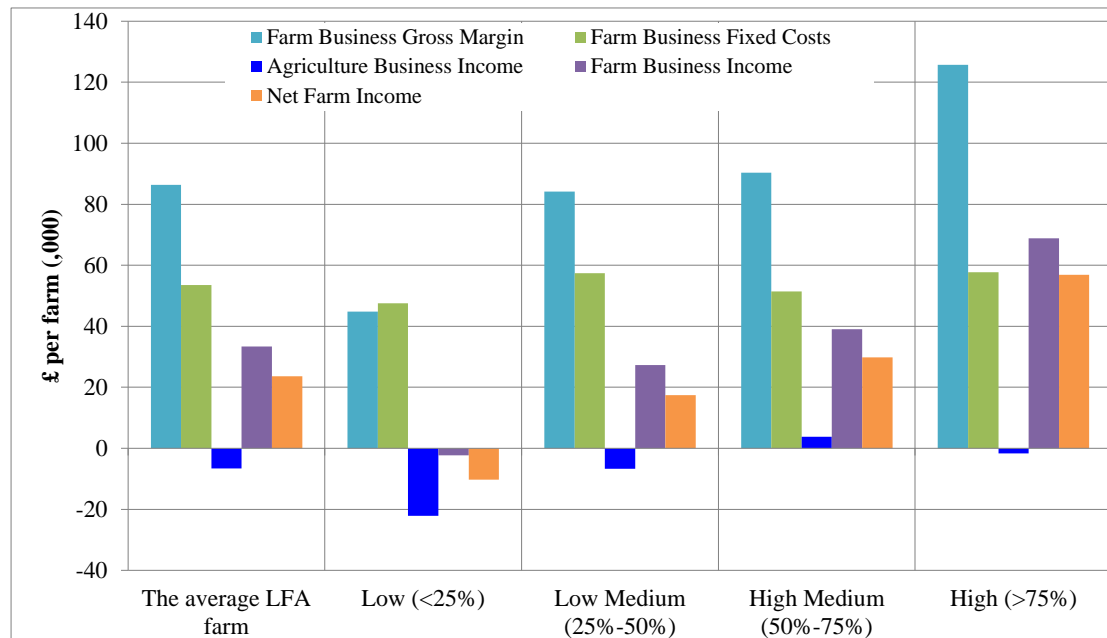
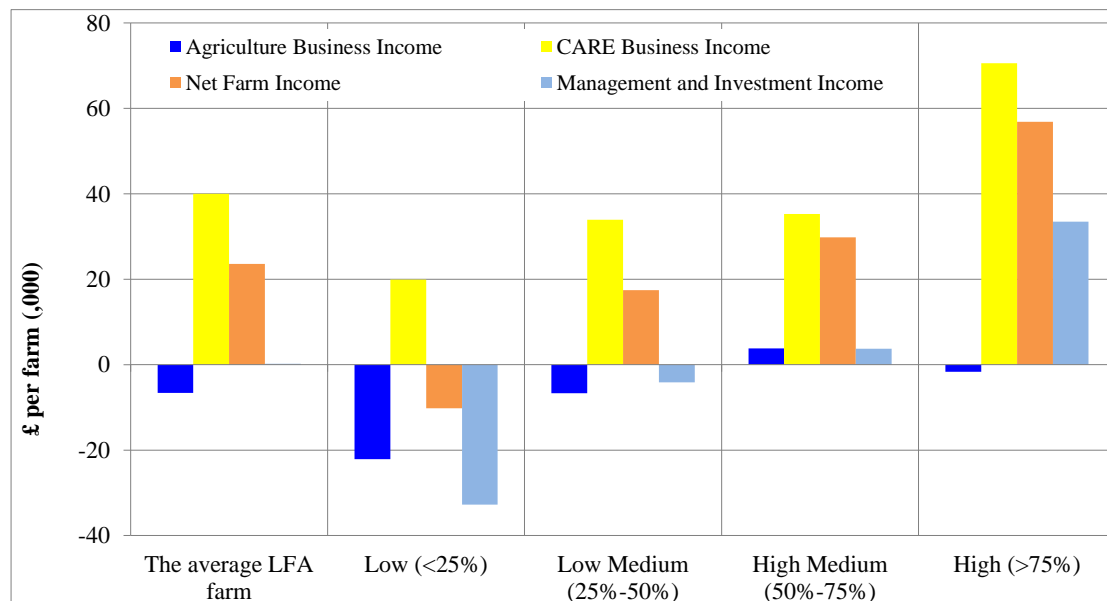


Figure 5 demonstrates how, while the CARE Business Income can rescue most farms, it is insufficient to offset the ABI losses of the lowest quartile and this group returns a negative NFI. The improvement in ABI performance is seen to be the result of both better gross margins (revenues minus variable costs) and lower fixed costs per GLU exhibited by these farms.

Figure 5 LFA Farm Earnings Performance by FBI/GLU quartile



The viability of all LFA farms depends heavily on the CARE payments (the BPS payments, environmental payments and income from recreation and amenity services)

as indicated by the differences between the Agriculture Business Income and the Farm Business Income. Figure 5 also shows the Management and Investment Income (MII) per farm; Management and Investment Income deducts a notional payment for the unpaid labour of the farmer and spouse and represents the balance available as a return on invested capital. Only the top two quartiles manage a positive MII suggesting that only these businesses are economically robust in the longer term.

Figure 6, showing the main measures of business performance by main farm type, suggests that the SDA Mixed grazing and Specialist sheep livestock groups appear to be the most profitable at the NFI level despite both having a negative ABI. The Specialist beef farms however, not only suffer losses at the ABI level but are barely able to recoup these losses through gains in CARE income in the same way as other farm types are able. The Various grazing livestock (DA) farms in the Disadvantaged Area of the LFA designation are now (since 2008) ineligible for the targeted Upland support (now the UELS) which provides a substantial share of the CARE revenue for farms with predominantly SDA land.

Figure 6 LFA business performance by Main Farm Type

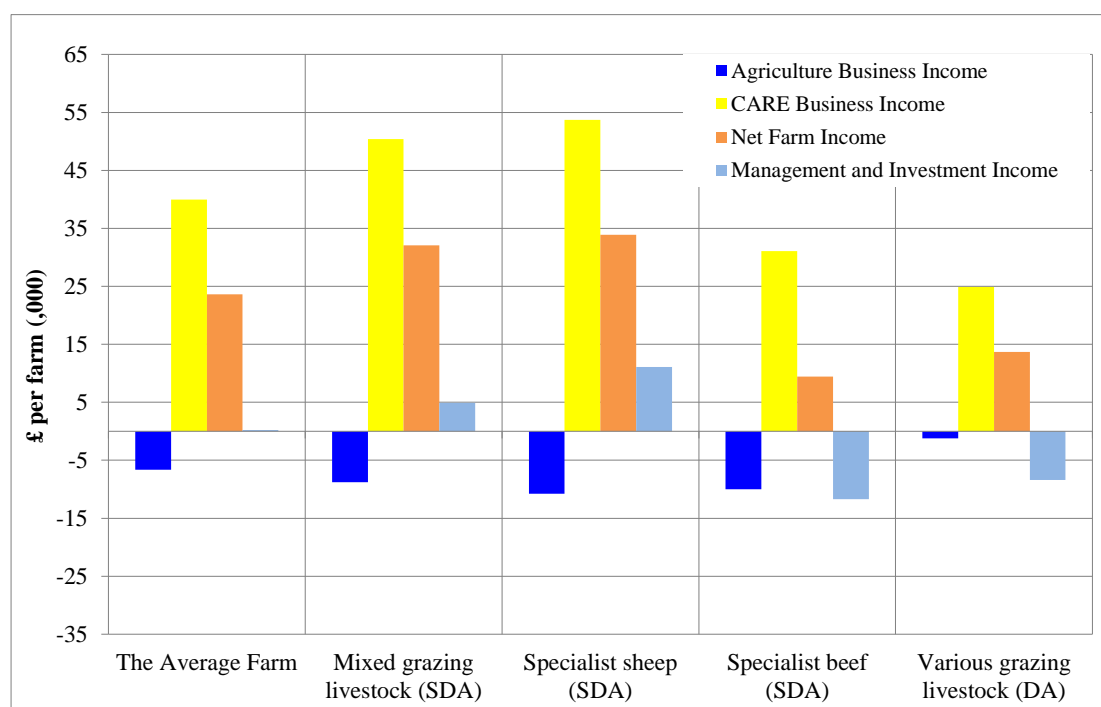


Figure 7 shows the business performance by size, measured here by the Standard Labour Requirement (SLR)¹¹ and illustrates that size is important to these farms' earning ability, although as previously seen it is the CARE income that rescues all farms from economic failure. The greater losses of ABI in the larger size groups demonstrate that in years of poor performance of the Agriculture cost centre when farm gross margins are reduced, there are size related fixed costs that still have to be covered. This figure dramatically demonstrates both the importance of CARE income

¹¹ The Standard Labour Requirement (SLR) for a farm business represents the labour requirement (in full-time equivalents) for all the agricultural activities on the farm, based on standard coefficients for each commodity on the farm. The SLR is representative of labour requirement under typical conditions for enterprises of average size and performance.

and the weak position of production agriculture to LFA farms. A full explanation of the derivation and boundaries of the SLR size bands is given in paragraph 15 of Appendix 10. Definition of Terms.

Figure 7 LFA business performance by size (SLR) quartile

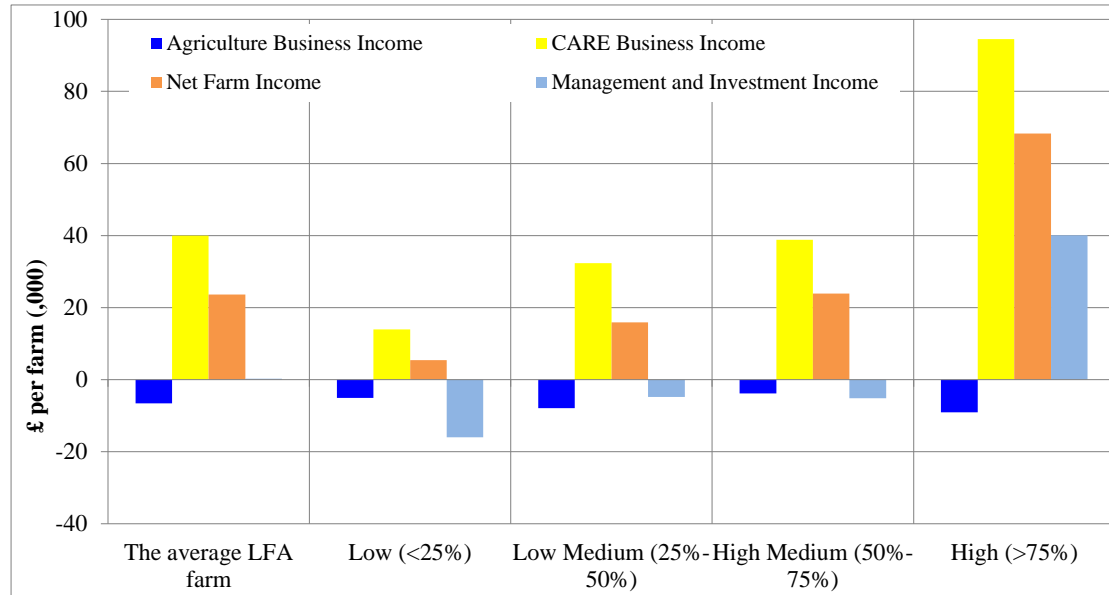
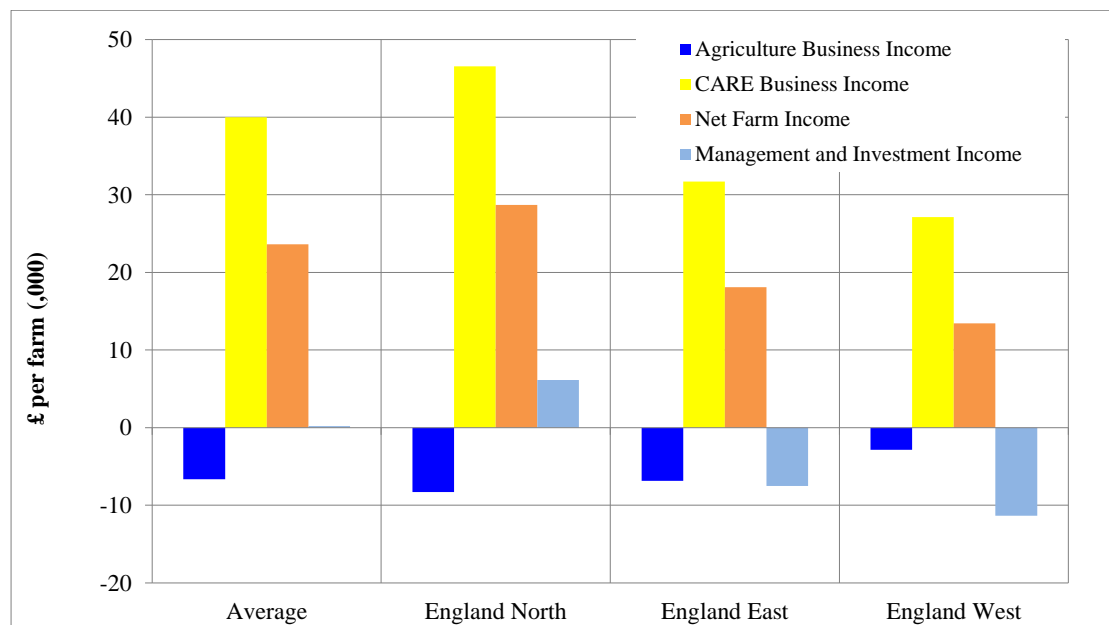


Figure 8 shows the same business performance measures by England region. As above, it is the CARE income that dominates the picture of business performance. The average LFA farm in England North is considerably larger, has more sheep and has less cattle than LFA farms in England East or West – which, from above, will partly explain the differences in regional profitability.

Figure 8 LFA business performance by England region



5.1 Frequency distribution of farm incomes

The distribution of LFA farm incomes in England is shown in Figure 9 to Figure 11. The income bands have been amalgamated to avoid presenting groups of less than 10 farms. There is substantial variation between farms across the income measures and it is abundantly clear that less than 50% manage to realise a positive MII – as in a positive return on the tenant’s capital invested and return on the farmer’s management skills.

Figure 9 Frequency Distribution of FBI/farm of LFA Farms in England

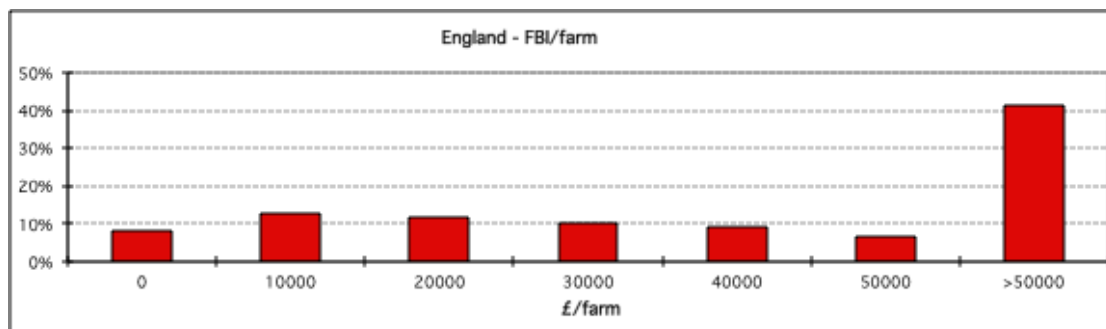


Figure 10 Frequency Distribution of NFI/farm of LFA farms in England

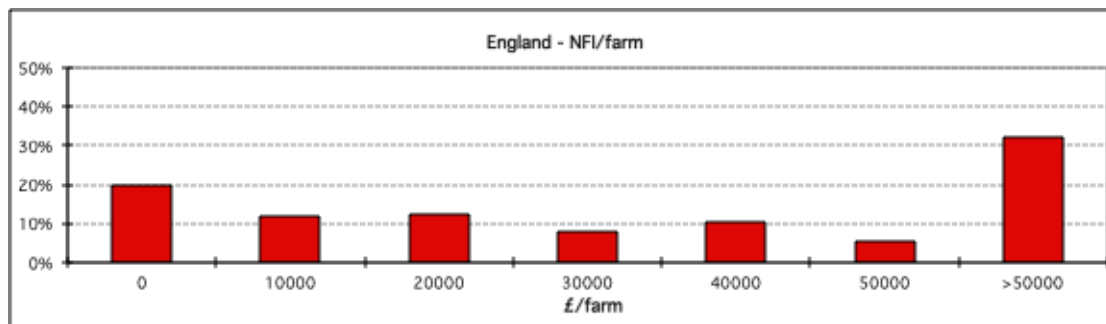
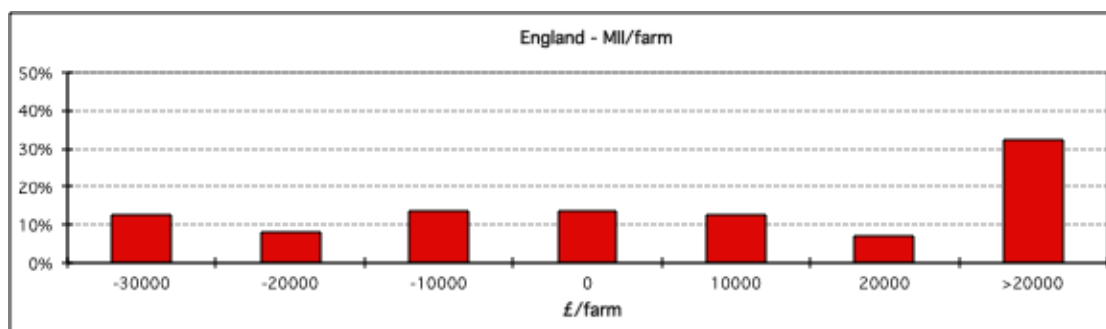


Figure 11 Frequency Distribution of MII/farm on LFA farms in England



6. LFA Enterprise Gross Margins

The major livestock enterprises on LFA grazing farms are suckler cows, typically producing store cattle (for finishing in the lowlands) and Hill and Upland sheep flocks, typically producing cross-bred ewe lambs (supplying the lowland flocks with breeding stock) and store lambs (also for finishing in the lowlands). Where conditions allow some cattle and lamb finishing also occurs on LFA farms.

Enterprise margins for Upland sheep are shown in Table 4 with a flock stratification shown in Table 5. Upland sheep flocks are those with lambing rates typically in excess of 100% (FBS Enterprise code 103) and more typically found on lower altitude LFA farms than Hill sheep flocks (lambing rates typically less than 100% FBS Enterprise code 102).

Table 4 SDA upland sheep flock performance 2019 and 2020 lambing

	All Upland flocks		Change	
	2019 lambing	2020 lambing	£/ewe	%
<i>Number of farms in FBS</i>	94	94		
<i>Number of farms in FBS population</i>	2,959	2,888		
<i>Flock size (no. ewes)</i> (£ per ewe)	503	516	12.6	2%
Enterprise Output (excl. BLSA)	96.8	122.3	25.5	26%
BLSA	4.6	13.2	8.6	187%
Total Variable costs	49.7	53.3	3.6	7%
Concentrates	18.2	19.9	1.7	10%
Purchased fodder and keep	3.8	3.8	0.0	0%
Veterinary and medicines	8.6	9.3	0.6	7%
Other livestock costs	12.7	14.2	1.5	12%
Forage variable costs	6.3	6.1	-0.3	-4%
Gross Margin (excl. BLSA) / Ewe	47.1	69.0	21.9	46%
Gross Margin range	-33 to 136	-12 to 179		
Total Fixed costs	70.3	80.0	9.7	14%
Total costs	119.9	133.3	13.4	11%
Enterprise NM (excluding BLSA)	-23.1	-11.0	12.1	-52%
Enterprise NM after F&S labour (excl BLSA)	-55.2	-43.9	11.3	-21%
Stocking rate (GLUs/total adj ha)	0.71	0.66	-0.1	-7%
Lambing rate (born and reared/average no. ewes)	1.40	1.49	0.1	7%

Table 5 SDA upland sheep flock performance by flock size 2020 lambing

2020 lambing	All flocks	<300 ewes	300-600 ewes	>600 ewes
<i>Number of farms in FBS sample</i>	94	28	32	34
<i>Number of farms in FBS population</i>	2,888	1,144	1,072	672
<i>Flock size (no. ewes)</i>	516	183	437	1208
(£ per ewe)				
Enterprise Output (excluding BLSA)	122.3	125.0	110.4	128.5
BLSA	13.2	8.0	12.0	15.3
Total Variable costs, of which:	53.3	51.1	53.8	53.5
Concentrates	19.9	18.6	21.3	19.5
Purchased fodder and keep	3.8	4.5	4.3	3.3
Veterinary and medicines	9.3	8.9	9.1	9.4
Other livestock costs	14.2	14.3	12.7	15.1
Forage variable costs	6.1	4.8	6.4	6.2
Gross Margin (excluding BLSA) / Ewe	69.0	73.9	56.6	74.9
Total Fixed costs	80.0	95.8	76.9	77.7
Total costs	133.3	147.0	130.7	131.3
Net Margin (excluding BLSA) / Ewe	-11.0	-22.0	-20.3	-2.8
Net Margin after F&S labour (excl BLSA)	-43.9	-94.9	-65.4	-18.3
Stocking rate (GLUs/total adj ha)	0.66	0.78	0.70	0.60
Lambing rate (born and reared/average no. ewes)	1.49	1.47	1.40	1.55

Table 6 SDA hill sheep flock performance 2019 and 2020 lambing

	All Hill flocks		Change	
	2019 lambing	2020 lambing	£/ewe	%
<i>Number of farms in FBS sample</i>	67	69		
<i>Number of farms in FBS population (weighted)</i>	2,274	2,252		
<i>Flock size (no. ewes)</i>	451	445	-6	-1%
(£ per ewe)				
Enterprise Output (excl. BLSA)	67.6	87.1	19.5	29%
BLSA	3.4	11.4	8.0	238%
Total Variable costs	41.8	44.4	2.6	6%
Concentrates	16.0	17.3	1.3	8%
Purchased fodder and keep	5.5	5.0	-0.5	-10%
Veterinary and medicines	6.4	7.6	1.2	19%
Other livestock costs	9.8	10.2	0.4	4%
Forage variable costs	4.1	4.4	0.2	6%
Gross Margin (excl. BLSA) / Ewe	25.8	42.7	16.9	66%
Gross Margin range	-48 to 122	-16 to 149		
Total Fixed costs	70.6	73.3	2.7	4%
Total costs	112.4	117.7	5.3	5%
Net Margin (excl. BLSA) / Ewe	-44.8	-30.6	14.2	-32%
Net Margin after F&S labour (excl. BLSA)	-76.5	-62.9	13.6	-18%
Stocking rate (GLUs/total adj ha)	0.54	0.54	0.0	1%
Lambing rate (born and reared/average no. ewes)	1.12	1.16	0.0	4%

Table 7 SDA hill sheep flock performance by flock size 2020 lambing

2020 lambing	All flocks	<300 ewes	300-600 ewes	>600 ewes
<i>Number of farms in FBS sample</i>	69	22	27	20
<i>Number of farms in FBS population</i>	2,252	969	921	361
<i>Flock size (no.ewes)</i>	445	178	439	1177
(£ per ewe)				
Enterprise Output (excl. BLSA)	87.1	84.5	87.9	87.5
BLSA	11.4	8.3	11.4	12.7
Total Variable costs, of which:	44.4	44.6	46.7	42.2
Concentrates	17.3	20.3	16.9	16.5
Purchased fodder and keep	5.0	1.6	5.0	6.3
Veterinary and medicines	7.6	7.0	8.5	6.9
Other livestock costs	10.2	11.6	11.3	8.6
Forage variable costs	4.4	4.2	5.0	3.9
Gross Margin (excl. BLSA) / Ewe	42.7	39.9	41.2	45.2
Total Fixed costs	35.0	52.7	35.2	27.5
Total costs	46.4	61.0	46.6	40.2
Net Margin (excl. BLSA) / Ewe	-30.6	-48.6	-30.2	-23.6
Net Margin after F&S labour (excl. BLSA)	-62.9	-116.9	-64.8	-39.1
Stocking rate (GLUs/total adj ha)	0.54	0.60	0.61	0.47
Lambing rate (born and reared/average no. ewes)	1.16	1.17	1.11	1.19

Table 4 to Table 7 show that Sheep farming on its own in the English LFA by whatever measure is unable to fully cover all enterprise costs. There are also very clear economies of scale. This has major implications for the UK Sheep industry as a whole and the critical role that non-agricultural income streams play on LFA farms.

Table 8 LFA suckler herd performance 2019/20 and 2020/21

	All herds		change	
	2019/20	2020/21	£/cow	%
<i>Number of farms in FBS sample</i>	144	141		
<i>Number of farms in FBS population</i>	3,959	3,718		
<i>Herd size (no.cows)</i>	37	40	3	8%
(£ per cow)				
Enterprise Output (excl. BLSA)	408	463	55	13%
BLSA	39	71	32	82%
Total Variable costs	210	218	8	4%
Concentrates	57	61	4	7%
Purchased fodder and keep	20	16	-4	-20%
Veterinary and medicines	29	30	1	3%
Other livestock costs	57	66	9	16%
Forage variable costs	48	45	-3	-6%
Gross Margin (excl. BLSA) / Cow	197	245	48	24%
Gross Margin range	-1825 to 1855	-3046 to 1690		
Total Fixed costs	439	442	3	1%
Total costs	650	660	10	2%
Enterprise NM (excl. BLSA)	-242	-197	45	-19%
Enterprise NM after F&S labour (excl. BLSA)	-413	-365	48	-12%

LFA Suckler cow results, for 2019/20 and 2020/21, are shown in Table 8 with a herd size stratification shown in Table 9, both tables demonstrate that Beef farming in the

English LFA, regardless of size, is unable to cover all enterprise costs, and that this must have major implications for the UK Beef supply industry.

Table 9 LFA suckler herd performance by herd size 2020/21

2020/21 calving period	All herds	<30 cows	30-60 cows	>60 cows
<i>Number of farms in FBS sample</i>	141	53	43	45
<i>Number of farms in FBS population</i>	3,718	2,058	919	741
<i>Herd size (no.cows)</i>	40	18	44	94
(£ per cow)				
Enterprise Output (excl. BLSA)	463	451	466	468
BLSA	71	56	63	83
Total Variable costs, of which:	218	217	220	217
Concentrates	61	67	61	58
Purchased fodder and keep	16	21	19	12
Veterinary and medicines	30	26	32	30
Other livestock costs	66	63	66	68
Forage variable costs	45	40	43	49
Gross Margin (excl. BLSA) / Cow	245	234	246	250
Total Fixed costs	442	443	421	454
Total costs	660	660	641	671
Enterprise NM (excl. BLSA)	-197	-209	-175	-204
Enterprise NM after F&S labour (excl. BLSA)	-365	-473	-368	-305

A further more detailed analysis of LFA enterprise gross margins and efficiency factors is presented in Table 37 to Table 41 for all LFA enterprises with a sample size greater than 10 farms. The premium group is calculated as the top third of the sample on the basis of Gross Margin per cow or ewe, or in the trading livestock enterprises, the top third by Gross Margin per adjusted hectare.

7. Organic LFA farms

The current sample of 202 English LFA grazing farms includes 22 fully organic farms. Within this there are 19 organic suckler herds, 11 organic upland flocks and 6 organic hill flocks.

Table 10 compares suckler herd performance to the gross margin (GM) and net margin (NM) level across organic and non-organic farms. The organic suckler herd output is £11/cow less than the non-organic output but with £93/cow less spent on variable costs (particularly concentrates and purchased fodder) the gross margin for organic sucklers is £82/cow more than the non-organic average. As can be seen from the spread of GMs there is considerable variation across farms. Organic fixed costs are higher than the non-organics, by £54/cow, giving the organic farms a £28/cow advantage at the net margin level (excepting farmer and spouse labour). After allowing for the farmer and spouse labour the final net margins are £20/cow lower for organic herds than the non-organic herds (albeit negative in both cases). The stocking rate for both the organic and the non-organic farms is 0.73 GLU/total adjusted area (including commons and all land rented in).

Table 10 LFA suckler herd performance Organic and Non-organic (£/cow)

2020/21	All Suckler herds	
	Non-organics	Organics
<i>Number of farms in FBS sample</i>	122	19
<i>Number of farms in FBS population</i>	3,496	222
Herd size (no.cows) (£ per cow)	40	38
Enterprise Output (excluding BLSA)	464	453
BLSA	71	70
Total Variable costs	223	130
Concentrates	64	12
Purchased fodder and keep	17	6
Veterinary and medicines	30	31
Other livestock costs	67	57
Forage costs	46	24
Gross Margin (excluding BLSA)	240	322
Gross Margin range	-3,046 to 1,690	-119 to 568
Total Fixed costs	439	493
Total costs	662	623
Enterprise NM (excluding BLSA)	-199	-171
Enterprise NM after F&S labour (excl BLSA)	-364	-383
Stocking rate (GLUs/total adj ha)	0.73	0.73

Table 11 compares organic and non-organic Upland SDA flocks to the GM and NM level. Enterprise output is £4/ewe lower for organics (at £119/ewe) than that of the non-organics. Variable costs are £16/ewe lower for organic flocks (at £37/ewe) than the non-organics. The resultant gross margin is £81/ewe for organic flocks and £69/ewe for the non-organic flocks. Fixed costs are £93/ewe for organic flocks and £80/ewe for non-organics – this results in net margins (after farmer and spouse labour) of -£35/ewe for organic flocks and -£44/ewe for non-organic flocks.

Table 11 SDA flock performance Organic and Non-organic

2020 lambing	Upland SDA Flocks	
	Non-organic	Organic
<i>Number of farms in FBS sample</i>	83	11
<i>Number of farms in FBS population</i>	2,820	68
Flock size (no. ewes) (£ per ewe)	518	446
Enterprise Output (excluding BLSA)	122.4	118.6
BLSA	13.1	17.2
Total Variable costs	53.6	37.3
Concentrates	20.1	10.5
Purchased fodder and keep	3.8	1.8
Veterinary and medicines	9.3	8.8
Other livestock costs	14.2	13.6
Forage costs	6.1	2.7
Gross Margin (excluding BLSA) / Ewe	68.8	81.3
Gross Margin range	-12 to 179	59 to 179
Total Fixed costs	79.8	93.0
Total costs	133.4	130.4
Enterprise NM (excluding BLSA)	-11.0	-11.8
Enterprise NM after F&S labour (excl BLSA)	-44.1	-34.7
Stocking rate (GLUs/total adj ha)	0.66	0.65
Lambing rate (born and reared/average no. ewes)	1.49	1.47

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Table 12 compares whole farm profitability across all four cost centres between the 22 fully organic farms and the 180 non-organic LFA grazing farms in the sample. This table shows that the overall difference in profit favours the organic farms by £2,560 in Farm Business Income and by around £10,000 in Farm Corporate Income and Farm Investment Income. After the appropriate adjustments these profit figures translate to a Net Farm Income (NFI) of £27,216, which is £3,743 higher than the non-organic LFA grazing farms, and a Management and Investment Income (MII) profit of £6,945, which is £6,978 better than the non-organic farms' loss of -£33. The greater FBI of organic farms is down to the higher profitability (by FBI) of the non-production cost centres more than offsetting the loss of the Agriculture cost centre. Clearly the large area advantage that the organic farms enjoy goes some way to explain the difference in the Basic Payment revenue – see Table 13. Table 13 compares the Organic sample with the Non-organic sample through a series of land use, stocking, outputs and variable costs. With an average area farmed of 172ha, organic farms are 15% larger, in area terms, than the non-organics (156ha) and while a large portion of this is rough grazing very little of it is common land. Organic LFA farms are 58% owner occupied, against 47% for the non-organics, and actually use 18% less labour (at 1.2 agricultural labour units per farm) than the non-organic average. Further comment on Organic farms may be found in a sister publication – see Appendix 8. Reports in this series.

Table 12 Farm Income measures by cost centre, Organic vs. Non-organic

2020 lamb crop	Cost Centre (£ per farm)										
	Agriculture		Agri-environment and other payments		Diversification out of agriculture		Basic Payment Scheme		Farm Business Income		
	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic	Non-organic	Organic	
Derivation of farm income measures											
% contribution of centre revenue to total:	62%	53%	10%	16%	5%	5%	24%	26%			
Total output (Revenue) (a)	79,898	65,597	12,799	19,635	5,972	6,405	30,386	32,040	129,055	123,677	
Variable costs (b)	42,736	26,383	88	151	211	25	3	18	43,038	26,577	
Total Gross margin (c=a-b)	37,163	39,214	12,711	19,484	5,761	6,380	30,383	32,022	86,017	97,101	
Fixed costs (d)	44,171	49,057	2,469	5,132	2,888	2,741	3,722	4,421	53,250	61,351	
Total Costs (e=b+d)	86,907	75,440	2,557	5,283	3,099	2,766	3,726	4,438	96,289	87,928	
Profit/(loss) on sale of fixed assets (f)	501	79							501	79	
Farm Business Income (g=a-e+f)	-6,507	-9,764	10,242	14,352	2,873	3,639	26,660	27,601	33,268	35,828	
Adjustment for unpaid manual labour (h)	26,737	19,825	533	1,030	1,260	849	0	0	28,530	21,703	
Farm Corporate Income (i=g-h)	-33,244	-29,589	9,709	13,322	1,613	2,790	26,660	27,601	4,738	14,125	
Interest payments (net of interest received) (j)	2,449	3,207	64	91	87	196	96	165	2,696	3,659	
Farm Investment Income (k=i+j)	-30,795	-26,382	9,774	13,413	1,699	2,986	26,756	27,766	7,434	17,783	
% contribution of centre total costs to total:	90%	86%	3%	6%	3%	3%	4%	5%			
							Imputed rent (l)		11,520	16,066	
							Ownership charges (m)		3,690	3,930	
							Director's remuneration (n)		287	1,298	
							Unpaid labour of principal farmer and spouse (o)		23,583	20,271	
							Net Farm Income (p=k-l+m+n+o)		23,473	27,216	
							Holding gains not included in farm income (q)		9,367	6,887	
							Breeding Livestock Appreciation (BLSA) (r)		6,687	5,087	
Non-organic Sample size (unweighted) 180							Revaluation of machinery, permanent crops, glasshouse, quota (s)		739	739	
Number (weighted) 6,573							Revaluation of land (t)		1,940	1,062	
Organic Sample size (unweighted) 22							Manager's paid managerial input (u)		76	0	
Number (weighted) 245							Management and Investment Income (v=p-o+u)		-33	6,945	

Table 13 Land use, stocking, outputs & variable costs - Organic vs Non-organic

Land Use and Stocking 2020/21	The Average LFA Farm	
	LFA Non-organics	LFA Organics
Number (unweighted)	180	22
Number (weighted)	6,573	245
Total Area (includes woodland and roads etc) (ha)	163.4	171.0
Area Farmed (ha)	156.4	171.9
Net Land Hired In (ha)	-0.7	8.5
Utilised Agricultural Area (ha)	157.1	163.3
<i>Of which</i> Total main products and set-aside (ha)	2.0	2.9
Grass, fodder crops and rough grazing (ha)	155.2	160.4
<i>Of which</i> rough grazing (unadjusted) (ha)	51.3	66.4
Adjusted rough grazing (sole occupation)	14.6	15.7
Adjusted rough grazing (shared)	11.8	0.0
Total Adjusted Utilised Agriculture Area (ha)	120.4	112.6
Area owner occupied (ha)	73.5	99.3
Area tenanted (ha)	89.9	71.7
Average age of farmer (years)	60	63
Agricultural labour units (ALU)	1.5	1.2
Standard Output size units (2013SO)	95,458	88,155
Standard Output size group (2013SO)	7.0	6.8
<u>Land Use</u>		
Temporary Grassland Area (ha)	7.4	10.5
Permanent Grassland Area (ha)	94.5	84.0
<u>Stocking</u>		
Total Beef cows	22.6	36.0
Total Cattle	74.5	103.8
Ewes (LFA and lowland)	391.0	203.6
Total Sheep	750.3	407.5
<u>Livestock Units</u>		
Total Cattle LU	43.7	61.6
Total Sheep LU	40.1	21.5
Grazing LU (cattle, sheep, horses and others)	84.5	83.5
Outputs & Variable Costs		
Farm Business Output	129,055	123,677
of which: Output from agriculture	79,898	65,597
Agri environment payment	12,799	19,635
Diversified output	5,972	6,405
Basic Payment	30,386	32,040
Livestock Enterprise Output	72,867	59,546
of which: Cattle Enterprise Output	28,802	37,166
Sheep Enterprise Output	43,893	21,875
Crop Enterprise Output	3,634	2,852
Non agriculture, no other category output	3,397	3,199
<u>Variable Costs</u>		
Farm Business Variable costs	43,038	26,577
of which: Agriculture Variable Costs	42,736	26,383
Agriculture Crop Costs	5,318	2,834
Agriculture Livestock Costs	30,608	16,464
of which: Purchased Fodder Feed	16,104	4,112
Home Produced Fodder Feed	733	1,328
Veterinary and medicines	4,654	3,388
Other Livestock Costs	9,116	7,637
Agriculture Contract Costs	4,237	5,609
Agriculture Casual Labour	2,534	1,403

8. References

Hill Farming in England, 2006/7, RBR

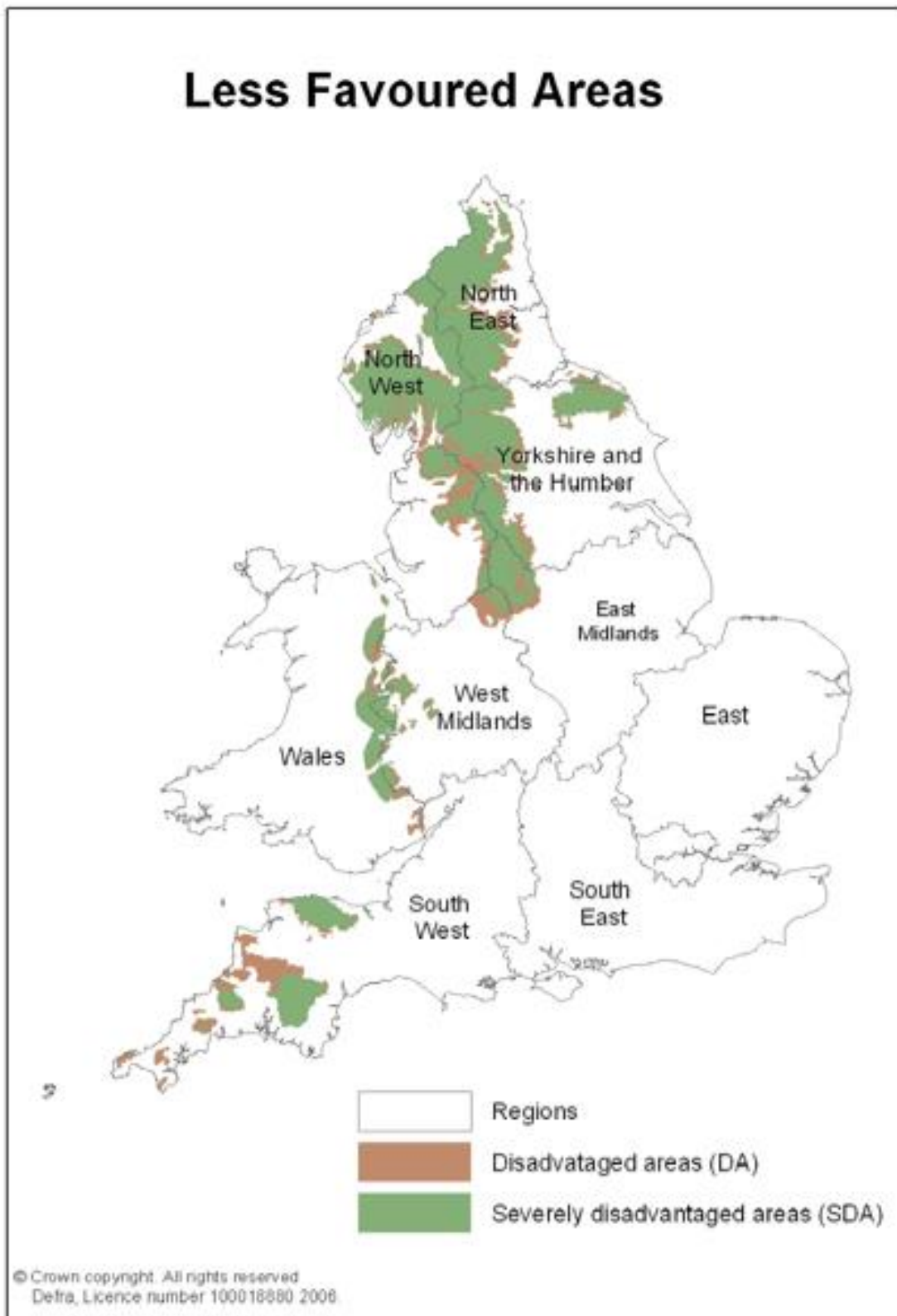
Hill Farming in England, 2018/19, RBR

Defra 2017 structure-june-eng-farmtypeseries2015-10mar17

Government Office Reports, 2018/19, RBR (<http://www.farmbusinesssurvey.co.uk/>)

Appendix 1. Less favoured Areas of England

Figure 12 Map of Less Favoured Areas, England



Source: Defra

Appendix 2. Analysis of LFA Grazing Farms (England) by farm type**Table 14 Farm Income measures by Cost Centre - Mixed grazing livestock (SDA)**

The average Mixed grazing livestock (SDA) farm 2020/21		Cost Centre (£ per farm)				Farm Business (£ per farm) 2020/21
		Agriculture 2020/21	Agri-environment and other payments 2020/21	Diversification out of agriculture 2020/21	Basic Payment Scheme 2020/21	
Derivation of farm income measures:						
Total output	(a)	100,800	18,099	5,443	39,246	163,588
Variable costs	(b)	52,530	124	419	3	53,077
Total Gross margin	(c=a-b)	48,270	17,976	5,023	39,243	110,511
Fixed costs	(d)	58,173	3,711	3,387	4,753	70,025
Total Costs	(e=b+d)	110,703	3,835	3,807	4,757	123,102
Profit/(loss) on sale of fixed assets	(f)	1,095				1,095
Farm Business Income	(g=a-e+f)	-8,809	14,264	1,636	34,490	41,581
Adjustment for unpaid manual labour	(h)	30,975	918	1,557	0	33,450
Farm Corporate Income	(i=g-h)	-39,784	13,347	79	34,490	8,131
Interest payments (net of interest received)	(j)	2,721	60	84	79	2,945
Farm Investment Income	(k=i+j)	-37,063	13,407	163	34,569	11,076
Derivation of Net Farm Income:						
				Imputed rent (l)		10,725
				Ownership charges (m)		4,176
				Director's remuneration (n)		334
				Unpaid labour of principal farmer and spouse (o)		27,196
				Net Farm Income (p=k-l+m+n+o)		32,056
				Holding gains not included in farm income (q)		10,938
				Breeding Livestock Appreciation (BLSA) (r)		7,607
				Revaluation of machinery, permanent crops, glasshouse & quota (s)		1,105
				Revaluation of land (t)		2,227
				Manager's paid managerial input (u)		66
				Management and Investment Income (v=p-o+u)		4,926
The average farm						
Number (unweighted)	77					
Number (weighted)	1,591					

Table 15 Farm Income measures by cost centre - Specialist Beef (SDA)

The average Specialist beef (SDA) farm 2020/21		Cost Centre (£ per farm)				Farm Business (£ per farm) 2020/21
		Agriculture 2020/21	Agri-environment and other payments 2020/21	Diversification out of agriculture 2020/21	Basic Payment Scheme 2020/21	
Derivation of farm income measures:						
Total output	(a)	71,330	7,172	8,902	24,679	112,083
Variable costs	(b)	34,645	48	2	7	34,702
Total Gross margin	(c=a-b)	36,685	7,124	8,901	24,671	77,380
Fixed costs	(d)	47,302	1,694	4,594	3,350	56,940
Total Costs	(e=b+d)	81,947	1,742	4,596	3,358	91,643
Profit/(loss) on sale of fixed assets	(f)	623				623
Farm Business Income	(g=a-e+f)	-9,995	5,430	4,306	21,321	21,063
Adjustment for unpaid manual labour	(h)	24,007	491	1,808	0	26,306
Farm Corporate Income	(i=g-h)	-34,001	4,939	2,498	21,321	-5,243
Interest payments (net of interest received)	(j)	2,434	63	145	111	2,754
Farm Investment Income	(k=i+j)	-31,567	5,002	2,643	21,432	-2,490
Derivation of Net Farm Income						
				Imputed rent (l)		15,957
				Ownership charges (m)		5,884
				Director's remuneration (n)		669
				Unpaid labour of principal farmer and spouse (o)		21,302
				Net Farm Income (p=k-l+m+n+o)		9,409
				Holding gains not included in farm income (q)		8,378
				Breeding Livestock Appreciation (BLSA) (r)		4,974
				Revaluation of machinery, permanent crops, glasshouse & quota (s)		919
				Revaluation of land (t)		2,486
				Manager's paid managerial input (u)		183
				Management and Investment Income (v=p-o+u)		-11,710
The average farm Number (unweighted)	28					
Number (weighted)	612					

Table 16 Farm income measures by cost centre - Specialist Sheep (SDA)

The average Specialist sheep (SDA) farm 2020/21		Cost Centre (£ per farm)				Farm Business (£ per farm) 2020/21
		Agriculture 2020/21	Agri-environment and other payments 2020/21	Diversification out of agriculture 2020/21	Basic Payment Scheme 2020/21	
Derivation of farm income measures:						
Total output	(a)	66,204	22,803	5,409	37,089	131,504
Variable costs	(b)	39,671	121	103	4	39,899
Total Gross margin	(c=a-b)	26,533	22,681	5,306	37,084	91,605
Fixed costs	(d)	37,753	4,056	2,614	4,673	49,097
Total Costs	(e=b+d)	77,424	4,177	2,717	4,678	88,996
Profit/(loss) on sale of fixed assets	(f)	437				437
Farm Business Income	(g=a-e+f)	-10,784	18,625	2,692	32,411	42,944
Adjustment for unpaid manual labour	(h)	25,601	686	901	0	27,188
Farm Corporate Income	(i=g-h)	-36,385	17,939	1,792	32,411	15,757
Interest payments (net of interest received)	(j)	2,548	114	98	154	2,913
Farm Investment Income	(k=i+j)	-33,837	18,053	1,890	32,565	18,670
Derivation of Net Farm Income						
				Imputed rent (l)		11,206
				Ownership charges (m)		3,461
				Director's remuneration (n)		82
				Unpaid labour of principal farmer and spouse (o)		22,889
				Net Farm Income (p=k-l+m+n+o)		33,895
				Holding gains not included in farm income (q)		10,535
				Breeding Livestock Appreciation (BLSA) (r)		7,597
				Revaluation of machinery, permanent crops, glasshouse & quota (s)		512
				Revaluation of land (t)		2,427
				Manager's paid managerial input (u)		63
				Management and Investment Income (v=p-o+u)		11,070
The average farm Number (unweighted)	40					
Number (weighted)	2,033					

Table 17 Farm Income measures by cost centre - Various grazing livestock (DA)

The average Various grazing livestock (DA) farm 2020/21		Cost Centre (£ per farm)				Farm Business (£ per farm) 2020/21
		Agriculture 2020/21	Agri-environment and other payments 2020/21	Diversification out of agriculture 2020/21	Basic Payment Scheme 2020/21	
Derivation of farm income measures:						
Total output	(a)	78,479	3,641	6,088	21,160	109,368
Variable costs	(b)	39,481	56	199	3	39,740
Total Gross margin	(c=a-b)	38,998	3,584	5,888	21,158	69,628
Fixed costs	(d)	40,319	890	2,378	2,493	46,080
Total Costs	(e=b+d)	79,800	946	2,578	2,496	85,820
Profit/(loss) on sale of fixed assets	(f)	117				117
Farm Business Income	(g=a-e+f)	-1,204	2,695	3,510	18,665	23,665
Adjustment for unpaid manual labour	(h)	25,012	232	1,191	0	26,435
Farm Corporate Income	(i=g-h)	-26,215	2,463	2,318	18,665	-2,770
Interest payments (net of interest received)	(j)	2,279	31	75	63	2,448
Farm Investment Income	(k=i+j)	-23,936	2,494	2,394	18,728	-321
Derivation of Net Farm Income						
				Imputed rent (l)		11,637
				Ownership charges (m)		3,074
				Director's remuneration (n)		424
				Unpaid labour of principal farmer and spouse (o)		22,130
				Net Farm Income (p=k-l+m+n+o)		13,670
				Holding gains not included in farm income (q)		7,477
				Breeding Livestock Appreciation (BLSA) (r)		5,658
				Revaluation of machinery, permanent crops, glasshouse & quota (s)		651
				Revaluation of land (t)		1,168
The average farm Number (unweighted)	57			Manager's paid managerial input (u)		61
Number (weighted)	2,882			Management and Investment Income (v=p-o+u)		-8,399

Table 18 Output, variable costs and farm gross margins by cost centre & farm type

2020/21	The average farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number of farms in the group	202	77	40	28	57
Number (weighted)	6,818	1,591	2,033	612	2,582
Utilisable Agricultural Area (UAA) (ha)	157	196	212	115	101
Average adjusted UAA (ha)	120	146	137	89	99
Average adjusted sole grazing (ha)	15	22	27	9	1
Average herd size	24	37	9	44	22
Average flock size	384	459	531	117	286
Output					
Farm Output	129,390	164,586	131,796	112,326	109,860
Farm Business Output	128,862	163,588	131,504	112,083	109,368
of which: Output from agriculture	79,384	100,800	66,204	71,330	78,479
Agri environment payment	13,045	18,099	22,803	7,172	3,641
Diversified output	5,988	5,443	5,409	8,902	6,088
Basic Payment	30,445	39,246	37,089	24,679	21,160
Livestock Enterprise Output	72,388	92,447	63,189	62,745	69,561
of which: Cattle Enterprise Output	29,103	42,877	6,222	49,665	33,757
(incl Livestock disease compensation)	221	87	0	2,189	10
Sheep Enterprise Output	43,101	49,535	56,884	12,909	35,445
Poultry Enterprise Output	162	11	74	72	345
Pigs Enterprise Output	9	0	0	99	0
Other Livestock Enterprise Output	14	24	8	0	14
Crop Enterprise Output	3,606	1,980	1,018	4,412	6,453
of which: Crop Subsidies	0	0	0	0	0
Main Crops	1,718	1,152	0	1,875	3,382
Forage & by-products	1,941	877	1,020	2,488	3,191
Cultivations output	-53	-50	-1	50	-120
Non agriculture, no other category output	3,390	6,373	1,997	4,173	2,464
Disposal Previous Crops	0	0	0	0	1
Farm Business Output	128,862	163,588	131,504	112,083	109,368
Variable Costs					
Farm Business Variable costs	42,446	53,077	39,899	34,702	39,740
of which: Agriculture Variable Costs	42,148	52,530	39,671	34,645	39,481
Agri environment Variable Costs	91	124	121	48	56
Diversified income Variable Costs	204	419	103	2	199
BPS Variable Costs	4	3	4	7	3
Agriculture Crop Costs	5,229	6,143	3,363	5,081	6,170
of which: Seed	478	484	111	630	727
Fertilizer	3,657	4,311	2,697	3,300	4,095
Crop Protection	404	505	242	406	469
Other Crop Costs	689	842	313	745	878
Agriculture Livestock Costs	30,099	39,730	30,737	25,374	24,784
of which: Purchased Fodder Feed	15,673	21,656	17,028	12,608	11,646
Home Produced Fodder Feed	755	969	11	1,639	999
Veterinary and medicines	4,609	5,473	5,430	2,828	3,852
Other Livestock Costs	9,063	11,632	8,269	8,298	8,287
Agriculture Contract Costs	4,286	3,908	2,717	3,385	5,969
Agriculture Casual Labour	2,493	2,645	2,815	778	2,553
Agriculture, no other category Variable Costs	40	104	39	27	6
Farm Business Gross Margin	86,415	110,511	91,605	77,380	69,628
Agriculture Gross Margin	37,236	48,270	26,533	36,685	38,998
Agri Environment Gross Margin	12,954	17,976	22,681	7,124	3,584
Diversified Gross Margin	5,783	5,023	5,306	8,901	5,888
BPS Gross Margin	30,442	39,243	37,084	24,671	21,158

Table 19 Fixed costs and farm income measures by main farm type

2020/21	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number (unweighted)	202	77	40	28	57
Number (weighted)	6,818	1,591	2,033	612	2,582
Utilisable Agricultural Land (UAA) (ha)	157	196	212	115	101
Average adjusted UAA (ha)	120	146	137	89	99
Average adjusted sole grazing (ha)	15	22	27	9	1
Average herd size	24	37	9	44	22
Average flock size	384	459	531	117	286
Gross Margin					
Farm Business Gross Margin	86,415	110,511	91,605	77,380	69,628
Agriculture Gross Margin	37,236	48,270	26,533	36,685	38,998
Agri Environment Gross Margin	12,954	17,976	22,681	7,124	3,584
Diversified Income Gross Margin	5,783	5,023	5,306	8,901	5,888
BPS Gross Margin	30,442	39,243	37,084	24,671	21,158
Fixed Costs					
Farm Business Fixed Costs	53,542	70,025	49,097	56,940	46,080
of which: Agriculture Fixed Costs	44,347	58,173	37,753	47,302	40,319
Agri Environment Fixed Costs	2,564	3,711	4,056	1,694	890
Diversified Income Fixed Costs	2,883	3,387	2,614	4,594	2,378
BPS Fixed Costs	3,748	4,753	4,673	3,350	2,493
Agriculture Paid Labour	6,923	7,972	7,128	6,329	6,257
Of which Fixed Labour Costs	4,430	5,326	4,313	5,551	3,704
(-) Casual Labour Costs (a Variable Cost)	2,493	2,645	2,815	778	2,553
Agriculture Machinery Costs	17,923	24,467	15,098	19,027	15,854
of which: Machinery Running Costs	8,374	11,521	7,378	8,660	7,150
Agriculture Depreciation Tenants Capital	9,550	12,946	7,720	10,367	8,704
Agriculture General Farming Costs	10,581	12,292	9,573	11,141	10,189
of which: Agriculture Bank & Professional Fees	2,066	2,508	1,745	1,914	2,083
Agriculture Other General Costs	6,039	7,063	5,280	6,793	5,827
Net Interest Payments	2,476	2,721	2,548	2,434	2,279
Bad Debts Write-offs	0	0	0	0	0
Agriculture Property Costs	9,523	11,931	7,830	10,474	9,148
Non Agriculture Other Fixed Costs	1,889	4,156	939	1,109	1,424
Profit/loss sale of fixed assets	486	1,095	437	623	117
Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)					
	-6,624	-8,809	-10,784	-9,995	-1,204
Unpaid manual labour	26,488	30,975	25,601	24,007	25,012
Of Which Unpaid Farmer and Spouse	21,956	25,429	21,425	19,177	20,892
Unpaid Partner	4,533	5,546	4,176	4,829	4,119
Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)					
	-33,113	-39,784	-36,385	-34,001	-26,215
Agriculture Net Interest Payment (added back)	2,476	2,721	2,548	2,434	2,279
AGRICULTURE INVESTMENT INCOME					
	-30,636	-37,063	-33,837	-31,567	-23,936
Farm Net Margin (FARM BUSINESS INCOME)					
	33,360	41,581	42,944	21,063	23,665
Farm Economic Profit (FARM CORPORATE INCOME)					
	5,076	8,131	15,757	-5,243	-2,770
FARM INVESTMENT INCOME					
	7,806	11,076	18,670	-2,490	-321
NET FARM INCOME					
	23,608	32,056	33,895	9,409	13,670
Holding gains not included in farm income	9,278	10,938	10,535	8,378	7,477
BLSA	6,629	7,607	7,597	4,974	5,658
Revaluation of Machinery, permanent crops etc.	739	1,105	512	919	651
Revaluation of Land	1,909	2,227	2,427	2,486	1,168
MANAGEMENT AND INVESTMENT INCOME					
	218	4,926	11,070	-11,710	-8,399

Table 20 Balance sheet by main farm type

2020/21	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
Number (unweighted)	202	77	40	28	57
Number (weighted)	6,818	1,591	2,033	612	2,582
Average Farmed Area (ha)	157.0	200.8	209.2	116.9	98.4
Adjusted Utilisable Agricultural Area (ha)	120.1	145.7	136.9	88.7	98.6
Utilisable Agricultural Area (ha)	157.3	195.7	212.0	114.6	100.8
Grazing Livestock Units	84.4	114.0	66.1	98.1	77.3
Ewes (head)	384	459	531	117	286
Beef Cows (head)	22	36	9	43	20
Occupied Area (ha)	74.4	69.7	97.6	74.8	58.9
Tenanted Area (ha)	89.2	130.7	126.3	43.1	45.5
Percentage of Land Owned (%)	45.5	34.8	43.6	63.4	56.4
Assets					
Fixed Assets	955,600	962,646	874,406	1,101,425	980,605
Of which Agricultural Land	740,102	684,934	659,131	879,154	804,866
Woodland	6,293	6,161	4,354	6,343	7,890
Total Buildings	27,468	31,441	26,156	39,200	23,272
Total Improvements	11,848	9,756	23,461	12,193	3,912
BPS Entitlements	27,278	35,098	33,823	21,259	18,735
Machinery	67,880	98,737	52,467	71,841	60,066
Breeding Livestock	72,423	95,512	74,379	64,547	58,528
Miscellaneous Business Assets	2,307	1,008	634	6,889	3,337
Current Assets	88,631	112,496	74,588	93,646	83,797
of which: Trading Livestock	31,851	45,566	10,476	50,354	35,844
Crops	465	487	0	1,722	518
Forage	3,721	4,543	2,320	6,377	3,688
Cultivation	695	885	311	949	820
Stores	3,593	4,390	2,399	3,813	3,989
Liquid Assets	48,306	56,624	59,080	30,431	38,938
Of which: Cash at Bank and In Hand	34,234	44,187	36,284	20,972	29,632
Debtors	9,299	12,126	13,522	7,749	4,600
Suspended	0	0	0	0	0
BPS debtors	4,773	311	9,274	1,710	4,706
Total Assets (£/farm)	1,044,231	1,075,142	948,993	1,195,071	1,064,402
Of which: Total Landlord-type Capital	785,712	732,292	713,102	936,890	839,940
Tenant Type Capital	258,519	342,850	235,891	258,182	224,462
Loans					
Total Long Term Loans	72,174	88,997	49,883	74,805	78,737
Of which: Bank Loans	33,452	62,236	19,199	29,825	27,801
Institutional Loans	30,170	22,932	27,536	44,425	33,322
Of which: AMC	24,418	12,652	24,064	39,019	28,481
Building Societies	854	1,291	226	5,406	0
Other Institutional Loans	4,898	8,988	3,247	0	4,840
Family Loans	8,496	3,589	3,148	555	17,614
Other Loans	56	241	0	0	0
Current Liabilities	25,078	27,124	25,677	31,035	21,934
Of which: Hire Purchase	5,905	11,454	4,272	6,939	3,526
Leasing	10	43	0	5	0
Other Current Liabilities	19,163	15,627	21,405	24,091	18,408
Of which Creditors	8,083	9,206	8,923	9,201	6,466
Bank Overdraft	11,050	6,378	12,482	14,665	11,942
Others	30	43	0	225	0
Total Liabilities	97,252	116,121	75,560	105,841	100,671
Closing Net Worth	946,979	959,021	873,433	1,089,231	963,731
Opening Net Worth	918,548	929,082	852,318	1,040,212	935,352
Change in New Worth	28,431	29,939	21,115	49,018	28,379

Table 21 Land use, stocking and technical efficiency by main farm type

	The Average LFA Farm	Mixed grazing livestock (SDA)	Specialist sheep (SDA)	Specialist beef (SDA)	Various grazing livestock (DA)
2020/21					
Number (unweighted)	202	77	40	28	57
Number (weighted)	6,818	1,591	2,033	612	2,582
Total Area (includes woodland and roads etc) (ha)	163.6	200.4	224.0	117.9	104.4
Area Farmed (ha)	157.0	200.8	209.2	116.9	98.4
Net Land Hired In (ha)	-0.3	5.1	-2.8	2.3	-2.4
Utilised Agricultural Area (ha)	157.3	195.7	212.0	114.6	100.8
Of which Total main products (ha)	2.0	1.3	0.0	1.8	4.0
Grass, fodder crops and rough grazing (ha)	155.3	194.4	212.0	112.8	96.7
Of which rough grazing (unadjusted) (ha)	51.9	72.2	102.5	35.0	3.5
Adjusted rough grazing (sole occupation)	14.7	22.2	27.4	9.1	1.3
Adjusted rough grazing (shared)	11.3	14.5	25.9	0.0	0.6
Total Adjusted Utilised Agriculture Area (ha)	120.1	145.7	136.9	88.7	98.6
Area owner occupied (ha)	74.4	69.7	97.6	74.8	58.9
Area tenanted (ha)	89.2	130.7	126.3	43.1	45.5
Average age of farmer (years)	60	57	63	66	58
Agricultural labour units (ALU)	1.5	1.8	1.5	1.4	1.4
Standard Output (2013SO)	95,196	124,081	82,861	89,394	88,488
Standard Output size group (2013SO)	7.0	7.4	6.9	6.9	6.9
<u>Land Use</u>					
Temporary Grassland Area (ha)	7.5	5.5	3.5	3.7	12.8
Permanent Grassland Area (ha)	94.1	120.4	102.1	75.4	76.1
<u>Stocking</u>					
Total Dairy Cows	0	2	0	0	0
Total Beef cows	23	36	9	44	22
Total Cattle	76	114	21	141	79
Ewes (LFA and lowland)	384	459	531	117	286
Of which LFA Ewes	377	459	531	117	265
Lowland Ewes	8	0	0	0	20
Total Sheep	738	878	1,011	246	553
<u>Livestock Units</u>					
Total Cattle LU	44	66	12	85	46
Of which Beef Cows LU	17	27	7	33	16
Other Cattle LU	24	34	5	45	28
Dairy Cows and Heifers	3	6	1	6	2
Total Sheep LU	39	47	54	13	30
Of which Ewe LU	27	32	37	9	20
Grazing LU (cattle, sheep, horses and others)	84	114	66	98	77
Total LU	84	114	66	98	77
<u>Financial Performance per GLU</u>					
Farm Business Output per GLU (£/GLU)	1,526	1,435	1,988	1,142	1,414
Farm Business Variable Costs (£/GLU)	503	465	603	354	514
Farm Business Gross Margin (£/GLU)	1,023	969	1,385	788	900
Farm Business Fixed Costs (£/GLU)	634	614	742	580	596
Farm Business Income (£/GLU)	395	365	649	215	306
Farm Corporate Income (£/GLU)	60	71	238	-53	-36
Farm Investment Income (£/GLU)	92	97	282	-25	-4
Holding Gains Not In Income (£/GLU)	110	96	159	85	97
of which Land Revaluation (£/GLU)	23	20	37	25	15
Net Farm Income (£/GLU)	280	281	512	96	177
Management and Investment Income (£/GLU)	3	43	167	-119	-109
Agriculture Net Margin (Agriculture business income) (£/GLU)	-78	-77	-163	-102	-16
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-392	-349	-550	-346	-339
Agriculture Investment Income (£/GLU)	-363	-325	-512	-322	-309

Appendix 3. Analysis of English Grazing Livestock Farms in the LFA- by England region

Table 22 Output, variable costs and farm gross margins by England region

2020/21	The average LFA Farm	England North	England East	England West
Number of farms in the group	202	130	16	56
Number (weighted)	6,818	4,422	394	2,002
Utilisable Agricultural Area (UAA) (ha)	157	187	120	100
Average adjusted UAA (ha)	120	136	107	88
Average adjusted sole grazing (ha)	15	19	13	6
Average herd size	24	23	29	24
Average flock size	384	457	217	257
Output				
Farm Output	129,390	143,282	118,297	100,893
Farm Business Output	128,862	142,684	117,755	100,520
of which: Output from agriculture	79,384	85,324	77,030	66,729
Agri environment payment	13,045	15,254	9,070	8,949
Diversified output	5,988	6,499	9,386	4,188
Basic Payment	30,445	35,607	22,269	20,654
Livestock Enterprise Output	72,388	78,523	70,490	59,212
of which: Cattle Enterprise Output	29,103	25,803	46,965	32,873
(incl Livestock disease compensation)	221	0	93	733
Sheep Enterprise Output	43,101	52,458	23,275	26,339
Poultry Enterprise Output	162	240	112	0
Pigs Enterprise Output	9	5	96	0
Other Livestock Enterprise Output	14	17	42	-1
Crop Enterprise Output	3,606	3,656	4,017	3,414
of which: Crop Subsidies	0	0	0	0
Main Crops	1,718	1,900	69	1,641
Forage & by-products	1,941	1,850	3,860	1,763
Cultivations output	-53	-94	87	9
Non agriculture, no other category output	3,390	3,146	2,523	4,099
Disposal Previous Crops	0	-1	0	4
Farm Business Output	128,862	142,684	117,755	100,520
Variable Costs				
Farm Business Variable costs	42,446	47,913	40,335	30,788
of which: Agriculture Variable Costs	42,148	47,598	39,114	30,707
Agri environment Variable Costs	91	105	3	76
Diversified income Variable Costs	204	205	1,214	3
BPS Variable Costs	4	5	4	2
Agriculture Crop Costs	5,229	5,624	2,763	4,841
of which: Seed	478	455	160	593
Fertilizer	3,657	3,916	1,632	3,485
Crop Protection	404	442	479	305
Other Crop Costs	689	812	493	458
Agriculture Livestock Costs	30,099	33,613	31,648	22,033
of which: Purchased Fodder Feed	15,673	18,046	18,666	9,842
Home Produced Fodder Feed	755	505	86	1,438
Veterinary and medicines	4,609	5,348	3,791	3,136
Other Livestock Costs	9,063	9,714	9,106	7,616
Agriculture Contract Costs	4,286	4,919	3,225	3,098
Agriculture Casual Labour	2,493	3,408	1,477	673
Agriculture, no other category Variable Costs	40	34	1	63
Farm Business Gross Margin	86,415	94,771	77,420	69,733
Agriculture Gross Margin	37,236	37,726	37,916	36,022
Agri Environment Gross Margin	12,954	15,149	9,067	8,873
Diversified Gross Margin	5,783	6,294	8,171	4,185
BPS Gross Margin	30,442	35,603	22,266	20,652

Table 23 Fixed costs and farm income measures by England region

2020/21	The Average LFA Farm	England North	England East	England West
Number (unweighted)	202	130	16	56
Number (weighted)	6,818	4,422	394	2,002
Utilisable Agricultural Land (UAA) (ha)	157	187	120	100
Average adjusted UAA (ha)	120	136	107	88
Average adjusted sole grazing (ha)	15	19	13	6
Average herd size	24	23	29	24
Average flock size	384	457	217	257
Gross Margin				
Farm Business Gross Margin	86,415	94,771	77,420	69,733
Agriculture Gross Margin	37,236	37,726	37,916	36,022
Agri Environment Gross Margin	12,954	15,149	9,067	8,873
Diversified Income Gross Margin	5,783	6,294	8,171	4,185
BPS Gross Margin	30,442	35,603	22,266	20,652
Fixed Costs				
Farm Business Fixed Costs	53,542	57,188	52,937	45,608
of which: Agriculture Fixed Costs	44,347	46,676	45,134	39,047
Agri Environment Fixed Costs	2,564	2,949	1,198	1,985
Diversified Income Fixed Costs	2,883	3,035	4,490	2,230
BPS Fixed Costs	3,748	4,527	2,115	2,346
Agriculture Paid Labour	6,923	8,384	4,888	4,098
Of which Fixed Labour Costs	4,430	4,976	3,412	3,424
(-) Casual Labour Costs (a Variable Cost)	2,493	3,408	1,477	673
Agriculture Machinery Costs	17,923	19,245	19,149	14,761
of which: Machinery Running Costs	8,374	8,662	7,608	7,888
Agriculture Depreciation Tenants Capital	9,550	10,584	11,541	6,873
Agriculture General Farming Costs	10,581	10,409	10,260	11,024
of which: Agriculture Bank & Professional Fees	2,066	2,192	1,505	1,898
Agriculture Other General Costs	6,039	5,818	6,673	6,402
Net Interest Payments	2,476	2,399	2,082	2,725
Bad Debts Write-offs	0	0	0	0
Agriculture Property Costs	9,523	10,020	11,015	8,133
Non Agriculture Other Fixed Costs	1,889	2,025	1,298	1,704
Profit/loss sale of fixed assets	486	646	357	159
Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)				
Unpaid manual labour	26,488	25,801	27,497	27,809
Of Which Unpaid Farmer and Spouse	21,956	21,265	22,482	23,378
Unpaid Partner	4,533	4,536	5,015	4,431
Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)				
Agriculture Net Interest Payment (added back)	2,476	2,399	2,082	2,725
AGRICULTURE INVESTMENT INCOME	-30,636	-31,706	-32,276	-27,951
Farm Net Margin (FARM BUSINESS INCOME)				
Farm Economic Profit (FARM CORPORATE INCOME)	5,076	10,723	-5,838	-5,249
FARM INVESTMENT INCOME	7,806	13,397	-3,692	-2,278
NET FARM INCOME				
Holding gains not included in farm income	9,278	11,903	-63	5,317
BLSA	6,629	8,495	1,408	3,537
Revaluation of Machinery, permanent crops etc.	739	817	761	564
Revaluation of Land	1,909	2,591	-2,232	1,216
MANAGEMENT AND INVESTMENT INCOME				
	218	6,134	-7,504	-11,328

Table 24 Balance sheet by England region

2020/21	The Average LFA Farm	England North	England East	England West
Number (unweighted)	202	77	40	28
Number (weighted)	6,818	1,591	2,033	612
Average Farmed Area (ha)	157.0	200.8	209.2	116.9
Adjusted Utilisable Agricultural Area (ha)	120.1	145.7	136.9	88.7
Utilisable Agricultural Area (ha)	157.3	195.7	212.0	114.6
Grazing Livestock Units	84.4	114.0	66.1	98.1
Ewes (head)	384	459	531	117
Beef Cows (head)	22	36	9	43
Occupied Area (ha)	74.4	69.7	97.6	74.8
Tenanted Area (ha)	89.2	130.7	126.3	43.1
Percentage of Land Owned (%)	45.5	34.8	43.6	63.4
Assets				
Fixed Assets	955,600	962,646	874,406	1,101,425
Of which: Agricultural Land	740,102	684,934	659,131	879,154
Woodland	6,293	6,161	4,354	6,343
Total Buildings	27,468	31,441	26,156	39,200
Total Improvements	11,848	9,756	23,461	12,193
BPS Entitlements	27,278	35,098	33,823	21,259
Machinery	67,880	98,737	52,467	71,841
Breeding Livestock	72,423	95,512	74,379	64,547
Miscellaneous Business Assets	2,307	1,008	634	6,889
Current Assets	88,631	112,496	74,588	93,646
of which: Trading Livestock	31,851	45,566	10,476	50,354
Crops	465	487	0	1,722
Forage	3,721	4,543	2,320	6,377
Cultivation	695	885	311	949
Stores	3,593	4,390	2,399	3,813
Liquid Assets	48,306	56,624	59,080	30,431
Of which: Cash at Bank and In Hand	34,234	44,187	36,284	20,972
Debtors	9,299	12,126	13,522	7,749
Suspended	0	0	0	0
BPS debtors	4,773	311	9,274	1,710
Total Assets (£/farm)	1,044,231	1,075,142	948,993	1,195,071
Of which: Total Landlord-type Capital	785,712	732,292	713,102	936,890
Tenant Type Capital	258,519	342,850	235,891	258,182
Loans				
Total Long Term Loans	72,174	88,997	49,883	74,805
Of which: Bank Loans	33,452	62,236	19,199	29,825
Institutional Loans	30,170	22,932	27,536	44,425
Of which: AMC	24,418	12,652	24,064	39,019
Building Societies	854	1,291	226	5,406
Other Institutional Loans	4,898	8,988	3,247	0
Family Loans	8,496	3,589	3,148	555
Other Loans	56	241	0	0
Current Liabilities	25,078	27,124	25,677	31,035
Of which: Hire Purchase	5,905	11,454	4,272	6,939
Leasing	10	43	0	5
Other Current Liabilities	19,163	15,627	21,405	24,091
Of which Creditors	8,083	9,206	8,923	9,201
Bank Overdraft	11,050	6,378	12,482	14,665
Others	30	43	0	225
Total Liabilities	97,252	116,121	75,560	105,841
Closing Net Worth	946,979	959,021	873,433	1,089,231
Opening Net Worth	918,548	929,082	852,318	1,040,212
Change in Net Worth	28,431	29,939	21,115	49,018

Table 25 Land use, stocking and technical efficiency by England region

	The Average LFA Farm	England North	England East	England West
2020/21				
Number (unweighted)	202	130	16	56
Number (weighted)	6,818	4,422	394	2,002
Total Area (includes woodland and roads etc.) (ha)	163.6	195.0	122.9	102.4
Area Farmed (ha)	157.0	185.0	124.5	101.4
Net Land Hired In (ha)	-0.3	-1.7	4.5	1.7
Utilised Agricultural Area (ha)	157.3	186.7	120.0	99.7
Of which Total main products and set-aside (ha)	2.0	2.3	0.1	1.7
Grass, fodder crops and rough grazing (ha)	155.3	184.4	119.9	98.0
Of which rough grazing (unadjusted) (ha)	51.9	69.7	25.7	17.7
Adjusted rough grazing (sole occupation)	14.7	19.0	12.9	5.5
Adjusted rough grazing (shared)	11.3	16.1	0.0	3.0
Total Adjusted Utilised Agriculture Area (ha)	120.1	136.0	107.2	87.6
Area owner occupied (ha)	74.4	81.9	49.5	62.7
Area tenanted (ha)	89.2	113.1	73.4	39.7
Average age of farmer (years)	60	61	62	59
Agricultural labour units (ALU)	1.5	1.6	1.4	1.4
Standard Output (2013SO)	95,196	98,326	94,348	88,449
Standard Output size group (2013SO)	7.0	7.0	7.2	7.0
Land Use				
Temporary Grassland Area (ha)	7.5	8.9	0.0	5.9
Permanent Grassland Area (ha)	94.1	102.3	98.6	75.1
Stocking				
Total Dairy Cows	0	1	0	0
Total Beef cows	23	23	29	23
Total Cattle	76	70	105	82
Ewes (LFA and lowland)	384	457	217	257
Of which LFA Ewes	377	448	217	251
Lowland Ewes	8	9	0	7
Total Sheep	738	872	445	499
Livestock Units				
Total Cattle LU	44	41	60	49
Of which Beef Cows LU	17	17	22	17
Other Cattle LU	24	21	35	29
Dairy Cows and Heifers	3	3	4	3
Total Sheep LU	39	47	24	27
Of which Ewe LU	27	32	17	18
Grazing LU (cattle, sheep, horses and others)	84	88	88	76
Total LU	84	88	88	76
Financial Performance per GLU				
Farm Business Output per GLU (£/GLU)	1,526	1,627	1,336	1,314
Farm Business Variable Costs (£/GLU)	503	546	458	403
Farm Business Gross Margin (£/GLU)	1,023	1,081	878	912
Farm Business Fixed Costs (£/GLU)	634	652	601	596
Farm Business Income (£/GLU)	395	436	282	318
Farm Corporate Income (£/GLU)	60	122	-66	-69
Farm Investment Income (£/GLU)	92	153	-42	-30
Holding Gains Not In Income (£/GLU)	110	136	-1	70
of which Land Revaluation (£/GLU)	23	30	-25	16
Net Farm Income (£/GLU)	280	327	206	176
Management and Investment Income (£/GLU)	3	70	-85	-148
Agriculture Net Margin (Agriculture business income) (£/GLU)	-78	-95	-78	-37
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-392	-389	-390	-401
Agriculture Investment Income (£/GLU)	-363	-362	-366	-365

Appendix 4. Analysis of English Grazing Livestock Farms in the LFA- by farm size (SLR Publication size band)

Table 26 Output, variable costs and farm gross margins by SLR size band

	The Average LFA Farm	Band 1 (Part time)	Band 2 (Small)	Band 3 (Medium)	Band 4 (Large)
2020/21					
Number of farms in the group	202	13	61	39	82
Number (weighted)	6,818	1,181	2,769	967	1,275
Utilisable Agricultural Area (UAA) (ha)	157	64	104	162	406
Average adjusted UAA (ha)	120	55	84	114	296
Average adjusted sole grazing (ha)	15	3	11	13	42
Average herd size	24	8	17	28	59
Average flock size	384	121	271	426	1,015
Output					
Farm Output	129,390	47,035	92,204	140,008	319,967
Farm Business Output	128,862	46,942	91,662	139,773	318,583
of which: Output from agriculture	79,384	29,200	50,653	92,100	204,928
Agri environment payment	13,045	2,667	11,141	11,223	33,856
Diversified output	5,988	3,532	6,590	5,610	7,870
Basic Payment	30,445	11,544	23,278	30,841	71,928
Livestock Enterprise Output	72,388	25,449	46,121	85,158	190,182
of which: Cattle Enterprise Output	29,103	13,525	18,457	38,028	66,407
(incl Livestock disease compensation)	221	1,069	5	167	53
Sheep Enterprise Output	43,101	11,924	27,597	46,208	123,636
Poultry Enterprise Output	162	0	55	922	48
Pigs Enterprise Output	9	0	0	0	48
Other Livestock Enterprise Output	14	0	13	0	43
Crop Enterprise Output	3,606	1,717	1,651	2,300	9,660
of which: Crop Subsidies	0	0	0	0	0
Main Crops	1,718	0	325	506	7,894
Forage & by-products	1,941	1,681	1,339	1,780	2,077
Cultivations output	-53	36	-13	14	-311
Non agriculture, no other category output	3,390	2,034	2,883	4,642	5,079
Disposal Previous Crops	0	0	-2	0	7
Farm Business Output	128,862	46,942	91,662	139,773	318,583
Variable Costs					
Farm Business Variable costs	42,446	14,734	28,684	49,350	107,980
of which: Agriculture Variable Costs	42,148	14,343	28,318	49,273	107,603
Agri environment Variable Costs	91	1	73	15	314
Diversified income Variable Costs	204	388	289	58	61
BPS Variable Costs	4	2	5	4	3
Agriculture Crop Costs	5,229	1,401	3,362	5,291	14,430
of which: Seed	478	90	200	351	1,667
Fertilizer	3,657	988	2,643	4,003	9,153
Crop Protection	404	58	229	256	1,401
Other Crop Costs	689	265	290	681	2,209
Agriculture Livestock Costs	30,099	11,399	20,533	36,900	74,201
of which: Purchased Fodder Feed	15,673	6,791	10,695	20,486	36,997
Home Produced Fodder Feed	755	0	217	439	3,192
Veterinary and medicines	4,609	1,665	3,404	5,139	11,531
Other Livestock Costs	9,063	2,943	6,217	10,836	22,482
Agriculture Contract Costs	4,286	1,120	2,832	3,604	11,954
Agriculture Casual Labour	2,493	378	1,590	3,361	6,936
Agriculture, no other category Variable Costs	40	45	2	116	82
Farm Business Gross Margin	86,415	32,208	62,978	90,423	210,603
Agriculture Gross Margin	37,236	14,857	22,336	42,827	97,326
Agri Environment Gross Margin	12,954	2,666	11,068	11,208	33,542
Diversified Gross Margin	5,783	3,144	6,301	5,552	7,810
BPS Gross Margin	30,442	11,542	23,273	30,836	71,925

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Table 27 Fixed costs and farm income measures by SLR size band

2020/21	The Average LFA Farm	Band 1 (Part time)	Band 2 (Small)	Band 3 (Medium)	Band 4 (Large)
Number (unweighted)	202	13	61	39	82
Number (weighted)	6,818	1,181	2,769	967	1,275
Utilisable Agricultural Land (UAA) (ha)	157	64	104	162	406
Average adjusted UAA (ha)	120	55	84	114	296
Average adjusted sole grazing (ha)	15	3	11	13	42
Average herd size	24	8	17	28	59
Average flock size	384	121	271	426	1,015
Gross Margin					
Farm Business Gross Margin	86,415	32,208	62,978	90,423	210,603
Agriculture Gross Margin	37,236	14,857	22,336	42,827	97,326
Agri Environment Gross Margin	12,954	2,666	11,068	11,208	33,542
Diversified Income Gross Margin	5,783	3,144	6,301	5,552	7,810
BPS Gross Margin	30,442	11,542	23,273	30,836	71,925
Fixed Costs					
Farm Business Fixed Costs	53,542	23,217	39,077	55,939	126,343
of which: Agriculture Fixed Costs	44,347	19,818	30,801	47,120	107,581
Agri Environment Fixed Costs	2,564	383	1,936	2,698	6,932
Diversified Income Fixed Costs	2,883	1,606	3,280	2,442	3,344
BPS Fixed Costs	3,748	1,410	3,060	3,679	8,486
Agriculture Paid Labour	6,923	1,202	2,597	5,019	26,409
Of which Fixed Labour Costs	4,430	824	1,007	1,658	19,472
(-) Casual Labour Costs (a Variable Cost)	2,493	378	1,590	3,361	6,936
Agriculture Machinery Costs	17,923	9,147	13,939	18,968	39,281
of which: Machinery Running Costs	8,374	4,514	6,505	9,218	17,500
Agriculture Depreciation Tenants Capital	9,550	4,633	7,433	9,750	21,782
Agriculture General Farming Costs	10,581	6,191	8,210	11,903	20,957
of which: Agriculture Bank & Professional Fees	2,066	1,084	1,633	2,187	4,004
Agriculture Other General Costs	6,039	3,677	5,016	7,162	10,677
Net Interest Payments	2,476	1,430	1,561	2,554	6,276
Bad Debts Write-offs	0	0	0	0	0
Agriculture Property Costs	9,523	2,651	5,901	12,058	24,474
Non Agriculture Other Fixed Costs	1,889	1,006	1,744	2,533	3,397
Profit/loss sale of fixed assets	486	-67	541	501	1,212
Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)	-6,624	-5,028	-7,925	-3,791	-9,044
Unpaid manual labour	26,488	21,265	23,399	31,971	37,012
Of Which Unpaid Farmer and Spouse	21,956	20,150	18,979	27,639	27,490
Unpaid Partner	4,533	1,114	4,419	4,332	9,522
Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)	-33,113	-26,293	-31,323	-35,762	-46,056
Agriculture Net Interest Payment (added back)	2,476	1,430	1,561	2,554	6,276
AGRICULTURE INVESTMENT INCOME	-30,636	-24,863	-29,763	-33,208	-39,781
Farm Net Margin (FARM BUSINESS INCOME)	33,360	8,925	24,442	34,986	85,471
Farm Economic Profit (FARM CORPORATE INCOME)	5,076	-13,585	-714	920	46,379
FARM INVESTMENT INCOME	7,806	-12,072	1,074	3,693	53,230
NET FARM INCOME	23,608	5,422	15,908	23,916	68,330
Holding gains not included in farm income	9,278	1,082	11,545	8,261	15,124
BLSA	6,629	787	4,956	6,497	18,989
Revaluation of Machinery, permanent crops etc	739	295	553	878	1,715
Revaluation of Land	1,909	0	6,036	886	-5,580
MANAGEMENT AND INVESTMENT INCOME	218	-15,959	-4,775	-5,171	40,074

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Table 28 Balance sheet by SLR size band

2020/21	The Average LFA Farm	Band 1 (Part time)	Band 2 (Small)	Band 3 (Medium)	Band 4 (Large)
Number (unweighted)	202	13	61	39	82
Number (weighted)	6,818	1,181	2,769	967	1,275
Average Farmed Area (ha)	157.0	62.6	100.3	168.0	418.6
Adjusted Utilisable Agricultural Area (ha)	157	64	104	162	406
Utilisable Agricultural Area (ha)	120	55	84	114	296
Grazing Livestock Units	84	33	58	97	208
Ewes (head)	384	121	271	426	1,015
Beef Cows (head)	22.2	7.5	16.2	26.0	56.0
Occupied Area (ha)	74.4	51.3	60.5	90.4	125.5
Tenanted Area (ha)	89	15	46	78	301
Percentage of Land Owned (%)	45	77	57	54	29
Assets					
Fixed Assets	955,600	617,375	764,465	1,002,177	1,736,509
Of which: Agricultural Land	740,102	544,153	599,641	768,709	1,220,043
Woodland	6,293	4,135	3,871	11,866	9,877
Total Buildings	27,468	11,057	22,427	32,565	54,188
Total Improvements	11,848	1,777	7,891	8,996	32,873
BPS Entitlements	27,278	11,125	21,109	27,749	62,882
Machinery	67,880	26,716	53,596	72,046	157,936
Breeding Livestock	72,423	18,097	53,812	79,754	191,642
Miscellaneous Business Assets	2,307	316	2,118	492	7,069
Current Assets	88,631	45,479	57,165	90,158	208,095
of which: Trading Livestock	31,851	16,105	18,271	43,115	76,590
Crops	465	0	81	155	2,026
Forage	3,721	1,561	2,220	5,047	9,086
Cultivation	695	247	397	611	1,935
Stores	3,593	1,469	2,935	3,264	8,360
Liquid Assets	48,306	26,098	33,261	37,966	110,097
Of which: Cash at Bank and In Hand	34,234	22,439	21,834	31,463	72,630
Debtors	9,299	2,594	8,883	4,977	22,881
Suspended	0	0	0	0	0
BPS debtors	4,773	1,064	2,544	1,527	14,586
Total Assets (£/farm)	1,044,231	662,855	821,630	1,092,335	1,944,604
Of which: Total Landlord-type Capital	785,712	561,121	633,830	822,136	1,316,981
Tenant Type Capital	258,519	101,734	187,800	270,199	627,623
Loans					
Total Long Term Loans	72,174	49,569	43,326	73,260	182,059
Of which: Bank Loans	33,452	24,113	11,433	39,819	97,923
Institutional Loans	30,170	18,242	16,721	30,492	80,264
Of which: AMC	24,418	18,242	12,426	14,940	70,630
Building Societies	854	0	0	512	4,178
Other Institutional Loans	4,898	0	4,295	15,041	5,457
Family Loans	8,496	7,214	15,153	2,606	3,872
Other Loans	56	0	19	342	0
Current Liabilities	25,078	9,410	20,825	25,439	58,432
Of which: Hire Purchase	5,905	1,021	5,384	4,416	15,586
Leasing	10	0	0	0	56
Other Current Liabilities	19,163	8,389	15,441	21,023	42,790
Of which Creditors	8,083	2,652	5,760	5,335	23,024
Bank Overdraft	11,050	5,737	9,681	15,607	19,667
Others	30	0	0	81	99
Total Liabilities	97,252	58,979	64,150	98,699	240,491
Closing Net Worth	946,979	603,876	757,480	993,636	1,704,113
Opening Net Worth	918,548	602,367	732,456	979,997	1,635,877
Change in Net Worth	28,431	1,508	25,024	13,639	68,236

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Table 29 Land use, stocking and technical efficiency by SLR size band

2020/21	The Average LFA Farm	Band 1 (Part time)	Band 2 (Small)	Band 3 (Medium)	Band 4 (Large)
Number (unweighted)	202	13	61	39	82
Number (weighted)	6,818	1,181	2,769	967	1,275
Total Area (includes woodland and roads etc) (ha)	163.6	66.3	106.5	168.8	426.7
Area Farmed (ha)	157.0	62.6	100.3	168.0	418.6
Net Land Hired In (ha)	-0.3	-1.0	-4.1	5.5	12.8
Utilised Agricultural Area (ha)	157.3	63.6	104.4	162.5	405.8
<i>Of which</i> Total main products and set-aside (ha)	2.0	0.0	0.4	0.9	8.7
Grass, fodder crops and rough grazing (ha)	155.3	63.6	104.0	161.6	397.1
<i>Of which</i> rough grazing (unadjusted) (ha)	51.9	12.1	31.3	61.4	151.6
Adjusted rough grazing (sole occupation)	14.7	3.2	10.9	13.3	41.7
Adjusted rough grazing (shared)	11.3	0.7	8.6	24.7	22.7
Total Adjusted Utilised Agriculture Area (ha)	120.1	54.8	84.0	114.5	295.9
Area owner occupied (ha)	74.4	51.3	60.5	90.4	125.5
Area tenanted (ha)	89.2	15.0	46.0	78.4	301.1
Average age of farmer (years)	60	66	59	60	57
Agricultural labour units (ALU)	1.5	1.0	1.3	1.7	2.8
Standard Output (2013SO)	95,196	40,416	62,928	106,372	237,985
Standard Output size group (2013SO)	7.0	6.1	6.8	7.5	8.4
Land Use					
Temporary Grassland Area (ha)	7.5	1.1	6.0	5.7	21.4
Permanent Grassland Area (ha)	94.1	49.5	61.8	99.5	231.1
Stocking					
Total Dairy Cows	0	0	0	1	1
Total Beef cows	23	8	17	28	57
Total Cattle	76	32	51	91	175
Ewes (LFA and lowland)	384	121	271	426	1,015
<i>Of which</i> LFA Ewes	377	121	258	417	1,009
Lowland Ewes	8	0	13	9	6
Total Sheep	738	231	512	807	1,987
Livestock Units					
Total Cattle LU	44	20	30	53	102
<i>Of which</i> Beef Cows LU	17	6	13	21	43
Other Cattle LU	24	14	15	29	51
Dairy Cows and Heifers	3	0	2	3	8
Total Sheep LU	39	12	28	43	105
<i>Of which</i> Ewe LU	27	8	20	29	70
Grazing LU (cattle, sheep, horses and others)	84	33	58	97	208
Total LU	84	33	58	97	208
Financial Performance per GLU					
Farm Business Output per GLU (£/GLU)	1,526	1,430	1,575	1,442	1,530
Farm Business Variable Costs (£/GLU)	503	449	493	509	519
Farm Business Gross Margin (£/GLU)	1,023	981	1,082	933	1,012
Farm Business Fixed Costs (£.GLU)	634	707	672	577	607
Farm Business Income (£/GLU)	395	272	420	361	411
Farm Corporate Income (£/GLU)	60	-414	-12	9	223
Farm Investment Income (£/GLU)	92	-368	18	38	256
Holding Gains Not In Income (£/GLU)	110	33	198	85	73
<i>of which</i> Land Revaluation (£/GLU)	23	0	104	9	-27
Net Farm Income (£/GLU)	280	165	273	247	328
Management and Investment Income (£/GLU)	3	-486	-82	-53	192
Agriculture Net Margin (Agriculture business income) (£/GLU)	-78	-153	-136	-39	-43
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-392	-801	-538	-369	-221
Agriculture Investment Income (£/GLU)	-363	-758	-511	-342	-191

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Appendix 5. Analysis of English Grazing Livestock Farms in the LFA - by Performance Ratio

Table 30 Output, variable costs and farm gross margins by performance ratio

2020/21	The	Performance Band		
	Average LFA farm	Low	Medium	High
Number of farms in the group	202	31	109	62
Number (weighted)	6,818	1,686	3,359	1,773
Utilisable Agricultural Area (UAA) (ha)	157	70	140	274
Average adjusted UAA (ha)	120	62	114	187
Average adjusted sole grazing (ha)	15	4	11	31
Average herd size	24	14	26	28
Average flock size	384	194	361	610
Output				
Farm Output	129,390	55,386	122,059	213,678
Farm Business Output	128,862	55,287	121,439	212,915
of which: Output from agriculture	79,384	36,890	79,992	118,653
Agri environment payment	13,045	1,953	8,953	31,350
Diversified output	5,988	2,689	5,788	9,502
Basic Payment	30,445	13,754	26,706	53,410
Livestock Enterprise Output	72,388	33,106	71,075	112,244
of which: Cattle Enterprise Output	29,103	15,228	32,364	36,121
(incl Livestock disease compensation)	221	35	51	718
Sheep Enterprise Output	43,101	17,856	38,422	75,981
Poultry Enterprise Output	162	0	271	110
Pigs Enterprise Output	9	0	18	0
Other Livestock Enterprise Output	14	22	0	32
Crop Enterprise Output	3,606	2,270	4,825	2,564
of which: Crop Subsidies	0	0	0	0
Main Crops	1,718	363	2,485	1,554
Forage & by-products	1,941	1,879	2,449	1,036
Cultivations output	-53	28	-108	-25
Non agriculture, no other category output	3,390	1,515	4,091	3,845
Disposal Previous Crops	0	0	1	0
Farm Business Output	128,862	55,287	121,439	212,915
Variable Costs				
Farm Business Variable costs	42,446	23,723	43,143	58,935
of which: Agriculture Variable Costs	42,148	23,702	42,865	58,334
Agri environment Variable Costs	91	1	106	147
Diversified income Variable Costs	204	19	168	449
BPS Variable Costs	4	2	4	5
Agriculture Crop Costs	5,229	2,785	5,910	6,262
of which: Seed	478	196	551	608
Fertilizer	3,657	2,023	4,088	4,396
Crop Protection	404	175	486	467
Other Crop Costs	689	391	786	791
Agriculture Livestock Costs	30,099	17,924	30,497	40,926
of which: Purchased Fodder Feed	15,673	9,392	16,338	20,385
Home Produced Fodder Feed	755	224	891	1,000
Veterinary and medicines	4,609	2,668	4,210	7,210
Other Livestock Costs	9,063	5,640	9,057	12,330
Agriculture Contract Costs	4,286	2,527	4,191	6,140
Agriculture Casual Labour	2,493	405	2,227	4,983
Agriculture, no other category Variable Costs	40	60	40	23
Farm Business Gross Margin				
Farm Business Gross Margin	86,415	31,564	78,296	153,979
Agriculture Gross Margin	37,236	13,188	37,127	60,318
Agri Environment Gross Margin	12,954	1,953	8,847	31,203
Diversified Gross Margin	5,783	2,671	5,620	9,053
BPS Gross Margin	30,442	13,752	26,702	53,404

Table 31 Fixed costs and farm income measures by performance ratio

2020/21	The	Performance band		
	Average LFA Farm	Low	Medium	High
Number (unweighted)	202	31	109	62
Number (weighted)	6,818	1,686	3,359	1,773
Utilisable Agricultural Land (UAA) (ha)	157	70	140	274
Average adjusted UAA (ha)	120	62	114	187
Average adjusted sole grazing (ha)	15	4	11	31
Average herd size	24	14	26	28
Average flock size	384	194	361	610
Gross Margin				
Farm Business Gross Margin	86,415	31,564	78,296	153,979
Agriculture Gross Margin	37,236	13,188	37,127	60,318
Agri Environment Gross Margin	12,954	1,953	8,847	31,203
Diversified Income Gross Margin	5,783	2,671	5,620	9,053
BPS Gross Margin	30,442	13,752	26,702	53,404
Fixed Costs				
Farm Business Fixed Costs	53,542	34,618	50,910	76,529
of which: Agriculture Fixed Costs	44,347	29,827	42,641	61,390
Agri Environment Fixed Costs	2,564	595	1,976	5,553
Diversified Income Fixed Costs	2,883	1,668	2,872	4,061
BPS Fixed Costs	3,748	2,529	3,421	5,525
Agriculture Paid Labour	6,923	1,119	5,281	15,556
Of which Fixed Labour Costs	4,430	714	3,054	10,573
(-) Casual Labour Costs (a Variable Cost)	2,493	405	2,227	4,983
Agriculture Machinery Costs	17,923	12,930	17,638	23,213
of which: Machinery Running Costs	8,374	5,978	8,366	10,666
Agriculture Depreciation Tenants Capital	9,550	6,952	9,271	12,548
Agriculture General Farming Costs	10,581	9,906	10,220	11,910
of which: Agriculture Bank & Professional Fees	2,066	1,795	2,027	2,398
Agriculture Other General Costs	6,039	5,302	6,155	6,519
Net Interest Payments	2,476	2,808	2,037	2,992
Bad Debts Write-offs	0	0	0	0
Agriculture Property Costs	9,523	5,586	9,692	12,950
Non Agriculture Other Fixed Costs	1,889	692	2,038	2,744
Profit/loss sale of fixed assets	486	221	398	905
Agriculture Net Margin (AGRICULTURE BUSINESS INCOME)	-6,624	-16,418	-5,115	-167
Unpaid manual labour	26,488	27,261	27,242	24,325
Of Which Unpaid Farmer and Spouse	21,956	21,801	23,404	19,358
Unpaid Partner	4,533	5,460	3,838	4,967
Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME)	-33,113	-43,679	-32,358	-24,492
Agriculture Net Interest Payment (added back)	2,476	2,808	2,037	2,992
AGRICULTURE INVESTMENT INCOME	-30,636	-40,871	-30,321	-21,500
Farm Net Margin (FARM BUSINESS INCOME)	33,360	-2,834	27,785	78,354
Farm Economic Profit (FARM CORPORATE INCOME)	5,076	-30,802	-1,691	52,028
FARM INVESTMENT INCOME	7,806	-27,759	543	55,401
NET FARM INCOME	23,608	-11,163	19,369	64,716
Holding gains not included in farm income	9,278	6,245	11,189	8,539
BLSA	6,629	2,999	5,662	11,915
Revaluation of Machinery, permanent crops etc	739	525	767	891
Revaluation of Land	1,909	2,721	4,760	-4,267
MANAGEMENT AND INVESTMENT INCOME	218	-33,662	-5,811	43,870

Table 32 Balance Sheet by performance ratio

2020/21	The Average	Performance band		
	LFA Farm	Low	Medium	High
Number (unweighted)	202	31	109	62
Number (weighted)	6,818	1,686	3,359	1,773
Average Farmed Area (ha)	157.0	70.5	140.0	271.5
Utilisable Agricultural Area (ha)	157.3	69.7	139.8	274.0
Adjusted Utilisable Agricultural Area (ha)	120.1	61.8	114.2	186.7
Grazing Livestock Units	84.4	46.3	87.6	114.7
Ewes (head)	384	194	361	610
Beef Cows (head)	22	12	25	27
Occupied Area (ha)	74	51	67	110
Tenanted Area (ha)	89	20	76	179
Percentage of Land Owned (%)	45.5	71.7	46.8	38.0
Assets				
Fixed Assets	955,600	678,369	909,372	1,306,915
<i>Of which Agricultural Land</i>	740,102	550,885	706,361	984,034
Woodland	6,293	4,168	7,873	5,320
Total Buildings	27,468	21,620	25,626	36,524
Total Improvements	11,848	3,675	6,961	28,885
BPS Entitlements	27,278	13,006	23,863	47,325
Machinery	67,880	44,219	66,249	93,477
Breeding Livestock	72,423	35,657	71,922	108,347
Miscellaneous Business Assets	2,307	5,140	517	3,004
Current Assets	88,631	36,420	85,933	143,409
<i>of which Trading Livestock</i>	31,851	16,610	33,817	42,624
Crops	465	222	427	767
Forage	3,721	2,819	3,445	5,104
Cultivation	695	376	1,045	336
Stores	3,593	2,154	4,075	4,046
Liquid Assets	48,306	14,239	43,125	90,531
Of which Cash at Bank and In Hand	34,234	10,931	32,765	59,183
Debtors	9,299	2,282	5,824	22,560
Suspended	0	0	0	0
BPS debtors	4,773	1,026	4,536	8,789
Total Assets (£/farm)	1,044,231	714,789	995,305	1,450,324
<i>Of which Total Landlord-type Capital</i>	785,712	580,347	746,821	1,054,763
Tenant Type Capital	258,519	134,441	248,484	395,562
Loans				
Total Long Term Loans	72,174	71,719	67,187	82,058
<i>Of which Bank Loans</i>	33,452	12,058	37,937	45,302
Institutional Loans	30,170	57,301	14,735	33,612
Of which AMC	24,418	43,659	11,972	29,701
Building Societies	854	0	924	1,534
Other Institutional Loans	4,898	13,643	1,840	2,377
Family Loans	8,496	2,132	14,515	3,144
Other Loans	56	227	0	0
Current Liabilities	25,078	18,821	25,071	31,043
<i>Of which Hire Purchase</i>	5,905	3,404	4,570	10,812
Leasing	10	0	1	39
Other Current Liabilities	19,163	15,418	20,500	20,193
Of which Creditors	8,083	3,061	8,675	11,739
Bank Overdraft	11,050	12,317	11,784	8,453
Others	30	40	41	0
Total Liabilities	97,252	90,540	92,258	113,101
Closing Net Worth	946,979	624,248	903,047	1,337,223
Opening Net Worth	918,548	609,611	876,786	1,291,561
Change in Net Worth	28,431	14,638	26,261	45,662

Table 33 Land use, stocking and technical efficiency by performance ratio

2020/21	The Average	Performance band		
	LFA Farm	Low	Middle	High
Number (unweighted)	202	31	109	62
Number (weighted)	6,818	1,686	3,359	1,773
Total Area (includes woodland and roads etc) (ha)	163.6	71.5	143.9	288.8
Area Farmed (ha)	157.0	70.5	140.0	271.5
Net Land Hired In (ha)	-0.3	0.9	0.2	-2.5
Utilised Agricultural Area (ha)	157.3	69.7	139.8	274.0
<i>Of which Total main products (ha)</i>	<i>2.0</i>	<i>0.6</i>	<i>2.9</i>	<i>1.7</i>
Grass, fodder crops and rough grazing (ha)	155.3	69.0	136.9	272.3
Of which rough grazing (unadjusted) (ha)	51.9	12.1	36.6	118.6
Adjusted rough grazing (sole occupation)	14.7	4.2	11.1	31.3
Adjusted rough grazing (shared)	11.3	0.9	5.5	32.4
Total Adjusted Utilised Agriculture Area (ha)	120.1	61.8	114.2	186.7
Area owner occupied (ha)	74.4	51.2	67.4	109.8
Area tenanted (ha)	89.2	20.3	76.5	179.0
Average age of farmer (years)	60	64	59	60
Agricultural labour units (ALU)	1.5	1.3	1.5	1.8
Standard Output size units (2013SO)	95,196	53,923	97,898	129,334
Standard Output size group (2013SO)	7.0	6.5	7.1	7.4
<u>Land Use</u>				
Temporary Grassland Area (ha)	7.5	3.1	9.7	7.6
Permanent Grassland Area (ha)	94.1	54.7	89.3	140.8
<u>Stocking</u>				
Total Dairy Cows	0	0	1	0
Total Beef cows	23	13	26	27
Total Cattle	76	45	85	87
Ewes (LFA and lowland)	384	194	361	610
Of which LFA Ewes	377	186	349	610
Lowland Ewes	8	8	12	0
Total Sheep	738	364	695	1,176
<u>Livestock Units</u>				
Total Cattle LU	44	26	49	52
Of which Beef Cows LU	17	10	19	21
Other Cattle LU	24	14	27	29
Dairy Cows and Heifers	3	2	3	3
Total Sheep LU	39	20	37	62
Of which Ewe LU	27	14	26	42
Grazing LU (cattle, sheep, horses and others)	84	46	88	115
Total LU	84	46	88	115
<u>Financial Performance per GLU</u>				
Farm Business Output per GLU (£/GLU)	1,526	1,195	1,386	1,857
Farm Business Variable Costs (£/GLU)	503	513	492	514
Farm Business Gross Margin (£/GLU)	1,023	682	893	1,343
Farm Business Fixed Costs (£.GLU)	634	748	581	667
Farm Business Income (£/GLU)	395	-61	317	683
Farm Corporate Income (£/GLU)	60	-666	-19	454
Farm Investment Income (£/GLU)	92	-600	6	483
Holding Gains Not In Income (£/GLU)	110	135	128	74
of which Land Revaluation (£/GLU)	23	59	54	-37
Net Farm Income (£/GLU)	280	-241	221	564
Management and Investment Income (£/GLU)	3	-727	-66	383
Agriculture Net Margin (Agriculture business income) (£/GLU)	-78	-355	-58	-1
Agriculture Economic Profit (Agriculture corporate income) (£/GLU)	-392	-944	-369	-214
Agriculture Investment Income (£/GLU)	-363	-883	-346	-187

Appendix 6. Analysis of English Grazing Livestock Farms in the LFA – enterprise margins

Table 34 LFA Suckler herd margins by herd size

2020/21	Enterprise Output and Gross margin per cow, GLU & ha			
	All herds	<30 cows	30-60 cows	>60 cows
Number of farms	141	53	43	45
Number of farms (weighted)	3,718	2,058	919	741
Area Farmed (UAA + net hired in) (ha)	189	128	166	386
Utilisable Agricultural Area (ha)	183	125	160	375
Adjusted UAA (ha)	147	104	131	287
Grazing Livestock Units (farm)	108	65	102	233
Grazing Livestock Units (enterprise)	36	16	39	88
Forage area (enterprise) (ha)	53	29	55	116
Stocking rate (GLUs/total adj ha)	0.7	0.6	0.8	0.8
Cows per herd	40	18	44	94
Total Cattle	111	62	115	243
Breeding Flock	417	286	330	885
<u>Output per cow</u>				
Enterprise Output (excluding BLSA)	463	451	466	468
BLSA	71	56	63	83
Concentrates	61	67	61	58
Purchased fodder and keep	16	21	19	12
Veterinary and medicines	30	26	32	30
Other livestock costs	66	63	66	68
Seed	3	2	2	5
Fertilizer	34	30	35	36
Sprays	2	1	2	2
Other crop costs	6	6	4	6
Total Variable costs	218	217	220	217
Gross Margin (excluding BLSA) / Cow	245	234	246	250
Gross margin (excluding BLSA) / forage ha	184	146	195	203
Gross Margin (excluding BLSA) / GLU	267	258	277	267
Enterprise Gross margin (excluding BLSA)	9,683	4,216	10,720	23,576
<u>Measures of Income</u>				
Farm Business Income	35,998	21,992	38,870	71,319
Farm Corporate Income	5,921	-3,152	6,034	30,967
Agricultural Economic Profit	-35,933	-29,989	-36,828	-51,323
Agri-environment Economic Profit	10,454	6,843	11,095	19,685
Diversified Economic Profit	1,760	-729	4,526	5,241
BPS Economic Profit	29,639	20,723	27,240	57,364
Farm Investment Income	9,690	-1,315	8,617	41,568
Net Farm Income	25,220	15,606	26,932	49,787
MII	1,109	-6,308	1,101	21,710
Enterprise NM/cow (excluding BLSA)	-197	-209	-175	-204
Enterprise NM/cow after F&S labour (excl. BLSA)	-365	-473	-368	-305

Table 35 Upland SDA flock margins by flock size

Upland SDA Flocks (flock lambing % usually >100) 2020 lamb crop	Enterprise Output and Gross margin per ewe, GLU and ha			
	All flocks	<300 ewes	300-600 ewes	>600 ewes
Number of farms	94	28	32	34
Number of farms (weighted)	2,888	1,144	1,072	672
Area Farmed (JAA + net hired in) (ha)	167	74	139	372
Utilisable Agricultural Area (ha)	170	86	139	361
Total adj. area farmed inc. commons (ha)	150	68	116	345
Grazing Livestock Units (farm)	99	53	82	205
Grazing Livestock Units (enterprise)	64	22	54	151
Forage area (enterprise) (ha)	106	36	91	247
Stocking rate (GLUs/total adj ha)	0.66	0.78	0.70	0.60
Cows per herd	26	19	18	50
Total Cattle	80	58	64	144
Breeding Flock	516	183	437	1,208
Total Sheep	989	354	830	2,321
<u>Output per ewe</u>				
Enterprise Output (excluding BLSA)	122	125	110	128
BLSA	13	8	12	15
Concentrates	20	19	21	19
Purchased fodder and keep	4	4	4	3
Veterinary and medicines	9	9	9	9
Other livestock costs	14	14	13	15
Seed	0	0	0	1
Fertilizer	5	4	5	5
Sprays	0	0	0	0
Other crop costs	1	0	1	1
Total Variable costs	53	51	54	54
Gross Margin (excluding BLSA) / Ewe	69	74	57	75
Gross margin (excluding BLSA) / forage ha	337	372	272	366
Gross Margin (excluding BLAS) / GLU	556	606	459	598
Enterprise Gross margin (excluding BLSA)	35,612	13,546	24,706	90,541
<u>Measures of Income (per farm)</u>				
Farm Business Income	39,972	17,168	34,899	86,850
Farm Corporate Income	11,184	-6,909	2,359	56,031
Agricultural Economic Profit	-30,359	-26,983	-32,202	-33,162
Agri-environment Economic Profit	7,982	3,872	6,781	16,889
Diversified Economic Profit	2,843	1,591	2,659	5,266
BPS Economic Profit	30,717	14,611	25,122	67,038
Farm Investment Income	13,738	-4,891	5,010	59,343
Net Farm Income	29,906	11,016	24,056	71,366
MII	5,409	-11,802	-2,613	47,479
Enterprise NM/ewe (excluding BLSA)	-11	-22	-20	-3
Enterprise NM/ewe after F&S labour (excl BLSA)	-44	-95	-65	-18
Lambs born & reared/ewe	1.49	1.47	1.40	1.55

Table 36 Hill SDA flock margins by flock size

Hill SDA Flocks (flock lambing % usually <100) 2020 lambing	Enterprise Output and Gross margin per ewe, GLU and ha			
	All flocks	<300 ewes	300-600 ewes	>600 ewes
Number of farms	69	22	27	20
Number of farms (weighted)	2,252	969	921	361
Area Farmed (JAA + net hired in) (ha)	198	99	150	589
Utilisable Agricultural Area (ha)	192	98	141	572
Total adj. area farmed inc. commons (ha)	151	80	125	407
Grazing Livestock Units (farm)	82	48	76	189
Grazing Livestock Units (enterprise)	46	21	47	113
Forage area (enterprise) (ha)	121	51	88	396
Stocking rate (GLUs/total adj ha)	0.54	0.60	0.61	0.47
Cows per herd	23	18	20	46
Total Cattle	67	49	59	138
Breeding Flock	445	178	439	1,177
Total Sheep	788	331	788	2,015
<u>Output per ewe</u>				
Enterprise Output (excluding BLSA)	87	85	88	87
BLSA	11	8	11	13
Concentrates	17	20	17	17
Purchased fodder and keep	5	2	5	6
Veterinary and medicines	8	7	8	7
Other livestock costs	10	12	11	9
Seed	0	0	0	0
Fertilizer	3	3	4	3
Sprays	0	0	0	0
Other crop costs	1	1	1	1
Total Variable costs	44	45	47	42
Gross Margin (excluding BLSA) / Ewe	43	40	41	45
Gross margin (excluding BLSA) / forage ha	157	138	207	135
Gross Margin (excluding BLAS) / GLU	411	342	387	471
Enterprise Gross margin (excluding BLSA)	19,009	7,115	18,105	53,228
<u>Measures of Income (per farm)</u>				
Farm Business Income	35,198	13,378	30,641	105,369
Farm Corporate Income	5,884	-11,033	2,063	61,022
Agricultural Economic Profit	-41,557	-33,203	-40,678	-66,216
Agri-environment Economic Profit	17,564	6,018	15,641	53,448
Diversified Economic Profit	533	1,927	-305	-1,070
BPS Economic Profit	29,344	14,224	27,405	74,860
Farm Investment Income	9,594	-9,598	3,793	75,881
Net Farm Income	24,866	6,290	22,065	81,854
MII	2,402	-14,413	-975	56,134
Enterprise NM/ewe (excluding BLSA)	-31	-49	-30	-24
Enterprise NM/ewe after F&S labour (excl BLSA)	-63	-117	-65	-39
Lambs born & reared/ewe	1.16	1.17	1.11	1.19

Appendix 7. Enterprise gross margins and efficiency factors – sample and premium

Table 37 LFA Sucklers

2020/21	No farms in sample	Sample	Premium				
		141	52				
	No farms	3718	1255				
Production information							
Average cow numbers		40	45				
Enterprise grazing livestock units *		36	42				
Calves per cow		0.97	1.07				
Herd replacement rate (%)		17%	18%				
Adjusted forage area (including commons)		48.34	52.69				
Stocking rate (cows per adj. forage ha.)		0.82	0.85				
Stocking rate (GLUs per adj. forage ha.)		0.75	0.79				
Enterprise Output		Total	per cow	per adj for ha	Total	per cow	per adj for ha
		(£)	(£)	(£)	(£)	(£)	(£)
Suckler calves †		22163	560	458	29349	659	557
Less Herd Depreciation		3851	97	80	2947	66	56
Total Output (A)		18312	463	378	26402	593	501
Variable Costs							
Concentrates		2410	61	50	1965	44	37
Coarse fodder		641	16	13	532	12	10
Vet and Medicines		1178	30	24	1333	30	25
Other livestock costs		2619	66	54	2559	57	49
Total Variable Costs (B)		6848	173	141	6389	143	121
Gross Margin before forage (A-B) = (C)		11465	290	237	20013	450	380
Forage Variable Costs		600	15	12	629	14	12
Gross Margin after forage (A-B) = (C)		10864	275	225	19384	436	368
Prices							
Calf price (£/calf) *		722	721				
Cull cow price (£/cow)		842	929				
Replacement heifer/cow price (£/head)		1158	1131				
Forage Costs							
Fertilizer (£/ha)		9	9				
Seed (£/ha)		1	1				
Spray (£/ha)		1	0				
Other crop costs (£/ha)		2	2				
Total (£/ha)		12	12				
Unadjusted forage area excluding commons		52.71	58.91				
* excludes stock away on agistment							
† Calf price is as sold off the cow or a transfer value at weaning							

Premium is weighted top third by gross margin after forage per cow

Table 38 Finished cattle from suckler bred calves or stores

2020/21	No farms in sample	Sample	Premium		
	No farms	36	13		
	No farms	960	301		
Production information					
Enterprise grazing livestock units *		40	46		
Adjusted forage area (including commons)		46.83	41.76		
Stocking rate (GLUs per adj. forage ha.)		0.85	1.10		
Enterprise Output		Total	per adj, for. ha	Total	per adj for ha
		(£)	(£)	(£)	(£)
Cattle output		37382	798	50967	1220
Total Output (A)		37382	798	50967	1220
Variable Costs					
Concentrates		9492	203	9248	221
Coarse fodder		406	9	476	11
Vet and Medicines		831	18	1164	28
Other livestock costs		5155	110	5241	125
Total Variable Costs (B)		15884	340	16129	385
Gross Margin before forage (A-B) = (C)		21498	458	34839	835
Forage Variable Costs (D)		950	20	969	23
Gross Margin after forage (C-D) = (E)		20548	438	33869	812
Prices					
Dairy heifer transfer or sale price £		na		na	
Finished cattle price £		1245		1295	
Store cattle price £		905		979	
Forage Costs					
Fertilizer (£/ha)		15		16	
Seed (£/ha)		2		3	
Spray (£/ha)		1		1	
Other crop costs (£/ha)		2		3	
Total (£/ha)		20		23	
Unadjusted forage area excluding commons		47.39		40.70	
* excludes stock away on agistment					

*A part of this table was derived from data with less than 15 observations in the sample which could reduce the robustness of the results

Premium is weighted top third by gross margin after forage per adjusted forage hectare

Table 39 Store cattle from suckler bred calves or stores

2020/21	No farms in sample	Sample	Premium		
	No farms	109	38		
	No farms	3143	1030		
Production information					
Enterprise grazing livestock units *		24	27		
Adjusted forage area (including commons)		34.86	32.97		
Stocking rate (GLUs per adj. forage ha.)		0.69	0.83		
Enterprise Output		Total	per adj. for. ha	Total	per adj. for. ha
		(£)	(£)	(£)	(£)
Cattle output		17117	491	27072	821
Total Output (A)		17117	491	27072	821
Variable Costs					
Concentrates		4490	129	4876	148
Coarse fodder		481	14	371	11
Vet and Medicines		603	17	674	20
Other livestock costs		2548	73	3418	104
Total Variable Costs (B)		8122	233	9339	283
Gross Margin before forage (A-B) = (C)		8995	258	17733	538
Forage Variable Costs (D)		260	7	302	9
Gross Margin after forage (C-D) = (E)		8735	251	17432	529
Prices					
Dairy heifer transfer or sale price £		na		na	
Finished cattle price £		1150		1221	
Store cattle price £		892		976	
Forage Costs					
Fertilizer (£/ha)		6		7	
Seed (£/ha)		0		0	
Spray (£/ha)		0		0	
Other crop costs (£/ha)		1		1	
Total (£/ha)		7		9	
Unadjusted forage area excluding commons		34.30		28.58	
* excludes stock away on agistment					

Premium is weighted top third by gross margin after forage per adjusted forage hectare

Table 40 Upland SDA flocks

2020 lamb crop	Sample			Premium		
	No farms in sample	94		39		
	No farms	2888		959		
Production information						
Average ewe numbers		516		584		
Enterprise grazing livestock units *		64		78		
Lambs reared per ewe		1.49		1.72		
Flock replacement rate (%)		25%		25%		
Adjusted forage area (including commons)		100.0		99.8		
Stocking rate (ewes per adj. forage ha.)		5.2		5.9		
Stocking rate (GLUs per adj. forage ha.)		0.6		0.8		
Enterprise Output						
	Total	per ewe	per adj	Total	per ewe	per adj
	(£)	(£)	for ha	(£)	(£)	for ha
Lambs †	72162	140	722	100387	172	1006
Wool	282	1	3	452	1	5
Less Flock Depreciation	9335	18	93	7624	13	76
Total Output (A)	63108	123	632	93216	160	935
Variable Costs						
Concentrates	10294	20	103	12087	21	121
Coarse fodder	1957	4	20	1700	3	17
Vet and Medicines	4774	9	48	4832	8	48
Other livestock costs	7337	14	73	9006	15	90
Total Variable Costs (B)	24361	47	244	27624	47	276
Gross Margin before forage (A-B) = (C)	38747	76	388	65591	113	659
Forage Variable Costs (D)	2027	4	20	2541	4	25
Gross Margin after forage (C-D) = (E)	36720	72	368	63050	109	634
Prices						
	£/hd	% sales		£/hd	% sales	
Fat Lamb price	90	74		94	90	
Store Lamb price	68	19		73	5	
Ewe Lamb price	100	7		107	4	
Draft ewe price	105			119		
Cull ewe price (£/ewe)	62			76		
Wool price (£/kg)	0.34			0.44		
Replacement price (£/head)	112			113		
Forage Costs						
Fertilizer (£/ha)	16			20		
Seed (£/ha)	2			2		
Spray (£/ha)	1			1		
Other crop costs (£/ha)	2			2		
Total (£/ha)	20			25		
Unadjusted forage area excluding commons	105.7			111.5		
* excludes stock away on agistment						
† includes all enterprise output except wool						

Premium is weighted top third by gross margin after forage per head

Table 41 Hill SDA flocks

2020 lamb crop	Sample	Premium				
No farms in sample	69	26				
No farms	2252	771				
Production information						
Average ewe numbers	445	406				
Enterprise grazing livestock units *	46.3	47.7				
Lambs reared per ewe	1.16	1.39				
Flock replacement rate (%)	29%	24%				
Adjusted forage area (including commons)	84.4	71.2				
Stocking rate (ewes per adj. forage ha.)	5.3	5.7				
Stocking rate (GLUs per adj. forage ha.)	0.5	0.7				
Enterprise Output						
	Total	per ewe	per adj	Total	per ewe	per adj
	(£)	(£)	for ha	(£)	(£)	(£)
Lambs †	45666	103	541	55645	137	781
Wool	200	0	2	265	1	4
Less Flock Depreciation	7077	16	84	4482	11	63
Total Output (A)	38789	87	459	51427	127	722
Variable Costs						
Concentrates	7720	17	92	7444	18	105
Coarse fodder	2211	5	26	1132	3	16
Vet and Medicines	3372	8	40	3451	8	48
Other livestock costs	4531	10	54	4670	11	66
Total Variable Costs (B)	17835	40	212	16696	40	235
Gross Margin before forage (A-B) = (C)	20954	47	247	34731	87	487
Forage Variable Costs (D)	1094	2	13	1502	4	21
Gross Margin after forage (C-D) = (E)	19860	45	234	33229	83	466
Prices						
	£/hd	% sales		£/hd	% sales	
Fat Lamb price	88	59		94	81	
Store Lamb price	65	31		74	13	
Ewe Lamb price	90	10		105	6	
Draft ewe price	90			86		
Cull ewe price (£/ewe)	58			69		
Wool price (£/kg)	0.40			0.50		
Replacement price (£/head)	101			98		
Forage Costs						
Fertilizer (£/ha)	10			15		
Seed (£/ha)	1			2		
Spray (£/ha)	1			1		
Other crop costs (£/ha)	2			2		
Total (£/ha)	13			21		
Unadjusted forage area excluding commons	121.4			94.2		
* excludes stock away on agistment						
† includes all enterprise output except wool						

Premium is weighted top third by gross margin after forage per head

Appendix 8. Reports in this series

Organic Farming in England

Crop Production in England

Dairy Farming in England

Hill Farming in England

Horticulture Production in England (Horticultural Business Data)

Lowland Grazing Livestock Production

Pig Production in England

Poultry Production in England

Details available at www.ruralbusinessresearch.co.uk

Appendix 9. References

Defra 2020 - fbs_farmaccountsengland_dataset_11Jan22

Appendix 10. Definition of Terms

1. Accounting years: To ensure consistency in harvest/crop year and commonality of subsidies within any one FBS year, only farms which have accounting years ending between 31 December and 30 April inclusive are included in the survey.

Aggregate results are presented in terms of an accounting year ending at end-February, the approximate average of all farms in the FBS. Thus the results relate, on average, to March - February years

Business Outputs, Inputs, Costs and Income

2. Farm business income for sole traders and partnerships represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings. For corporate businesses it represents the financial return on the shareholders capital invested in the farm business. Note that prior to 2008/09 directors remuneration was not deducted in the calculation of farm business income. It is used when assessing the impact of new policies or regulations on the individual farm business. Although Farm Business Income is equivalent to financial Net Profit, in practice they are likely to differ because Net Profit is derived from financial accounting principles whereas Farm Business Income is derived from management accounting principles. For example in financial accounting output stocks are usually valued at cost of production, whereas in management accounting they are usually valued at market price. In financial accounting depreciation is usually calculated at historic cost whereas in management accounting it is often calculated at replacement cost.

3. Farm corporate income represents the return on own capital invested in the farm business, to risk and to entrepreneurship. It is derived by deducting unpaid labour, both manual and managerial, from Farm Business Income. This allows the profitability of sole traders and partnerships to be compared directly with that of companies. Currently we are able to deduct an estimate of unpaid manual labour but not of unpaid managerial labour and so the data are only approximate. However, we plan to undertake a research project to produce a method for deriving an estimate of unpaid managerial labour, so that we can produce better data for this measure in future.

4. Farm investment income represents the return on **all** capital invested in the farm business **whether borrowed or not**, to risk and to entrepreneurship. It is a general measure of the profitability of farming as an activity rather than of a particular business. It is derived by adding net interest payments to Farm Corporate Income. Since currently the data for Farm Corporate income are only approximate, so too are the data for Farm Investment Income.

5. Net Farm Income (NFI) is intended as a consistent measure of the profitability of tenant-type farming¹² which allows farms of different business organisation, tenure and indebtedness to be compared. It represents the return to the farmer and spouse alone for their manual and managerial labour and on the tenant-type capital¹³ invested in the farm business.

To represent the return to farmer and spouse alone, a notional deduction is made for any unpaid labour provided by non-principal partners and directors, their spouses and by others; this unpaid labour is valued at average local market rates for manual agricultural work.

To confine the measure to the tenant-type activities and assets of the business, an imputed rent is deducted for owner-occupied land and buildings and for landlord-type improvements made by the tenant. No deduction is made for interest payments on any farming loans, overdrafts or mortgages; interest earned on financial assets is also excluded.

6. Cash income is the difference between total revenue and total expenditure. Revenue is: receipts adjusted for debtors; and expenditure is: purchases adjusted for creditors. It is assumed, therefore, that all end of year debtor and creditor payments are settled in full, even though this may happen beyond the end of the accounting year. Cash income represents the cash return to the group with an entrepreneurial interest in the business (farmers and spouses, non-principal partners and directors and their spouses and family workers) for their manual and managerial labour and on all their investment in the business.

7. Family farm income is a measure of farm income used by the European Commission. It is based upon actual tenure and indebtedness. However, it is a broader measure than net farm income in that it represents the return to all unpaid labour (farmers and spouses, non-principal partners and directors and their spouses and family workers). It also includes breeding livestock stock appreciation although it cannot be realised without reducing the productive capacity of the farm.

Cropping, Stocking and Labour

8. Utilised agricultural area (UAA) is the crop area, including fodder, set-aside land, temporary and permanent grass and rough grazing in sole occupation (but not shared

¹² Tenant-type farming was never conceived of as including non-agricultural activities on farm (using farm resources) except perhaps for value added activities such as small-scale food processing, e.g. sales of farm produced butter and cream and retail sales of farm produced liquid milk. However, recent research has revealed that many of the more varied non-agricultural activities which have been increasing on farms over the years have been inadvertently included in the calculation of NFI, with the result that about three-quarters of non-agricultural activities on farm by value are currently included and one-quarter excluded, without any clear basis for this division. Although this means that the definition of NFI has become untenable on the current basis, it has been decided to continue with historical practice for reasons of continuity, rather than to change the definition, pending the introduction of a wider measure to include all on-farm business activities.

¹³ Tenant-type capital comprises livestock, machinery, crops in store, stocks of consumables, work in progress, orchards, other permanent crops, glasshouses, cash and other assets needed to run the business. It does not include land and buildings.

rough grazing) i.e. the agricultural area of the farm. It includes bare land and forage let out for less than one year.

9. Total area of farm is the utilized agricultural area plus woodland and other areas of the farm not used for agriculture (e.g. buildings, roads, water, household gardens).

10. Total tillage comprises the utilised agricultural area, plus bare land and forage hired in from others in the accounting period, minus temporary and permanent grass and rough grazing in sole occupation (but not shared rough grazing).

11. Total area farmed comprises the total area of the farm minus woodlands and buildings, etc. plus net land hired in.

12. Adjusted utilised agricultural area comprises the utilised agricultural area with rough grazing in sole occupation converted to a permanent pasture equivalent.

(See the end of this appendix for further information on adjusted area calculations).

13. Stocking figures are the average annual level of stocking based on estimated average livestock numbers on the farm for the year, including fractions for livestock on the farm for less than a year.

14. Total livestock units are used as an approximate measure of stocking intensity and are based on the estimated energy requirements of different species and ages of livestock. The factors used are set out in Appendix 2 of 'Farm Incomes in the United Kingdom 1999/00'.

15. Annual labour units (ALU) are the estimated number of full time worker equivalents of persons working on the holding during the year. Part-time workers are converted to full-time equivalents in proportion to their actual working time related to that of a full-time worker. One ALU represents one person employed for 2,200 hours. [1 SLR = 1,900 hours]

Outputs, Inputs and Farm Business Income

16. Agricultural output is the main measure of individual crop and livestock output.

It comprises:

(a) Crop enterprise output, which is the total value of crops produced by the farm (other than losses in the field and in store). It includes crops used for feed and seed by the farm business and those consumed in the farmhouse and by farm labour. Crop enterprise output is calculated on a "harvest year" as distinct from an "accounting year" basis; that is, it refers only to those crops (with the exception of certain horticultural crops) wholly or partly harvested during the accounting year and excludes any crop carried over from the previous year. Thus valuation changes (between the previous and current crops) are not relevant and the total harvested yield of the crop is valued at market prices (plus any subsidies). However, any difference between the opening valuation of any stocks of previous crops and their ultimate disposal value (sales, used on farm and any end-year stocks) is included in total farm output.

(b) By-products, forage and cultivations, which cover the value of output of the by-products of agricultural activity, sales of fodder, valuation changes for fodder and cultivations. It also covers revenue from the letting of bare land or forage on a short-term lease.

(c) Livestock enterprise output comprises the total sales of livestock and livestock products including direct livestock subsidies and production grants received, part of the valuation change (see below), produce consumed in the farmhouse and by labour and the value of milk and milk products fed on the farm (excluding direct suckling) adjusted for debtors at the beginning and end of the year (except for direct livestock subsidies) and transfers between enterprises; less purchases of livestock and livestock products from outside the farm business. Stock appreciation for breeding livestock (cattle, sheep and pigs - see paragraph 18) has been excluded from individual livestock enterprise outputs. However, changes in the numbers of breeding livestock between the opening and closing valuation and the total valuation change of trading livestock are included. Unlike crop enterprise output, livestock enterprise output is calculated on an accounting year basis.

(d) Miscellaneous output covers the value of output from those activities which are still within the agricultural cost centre but do not fall within either livestock or crop enterprise output. These will include revenue from wayleaves, agricultural hirework, sundry woodland sales, contract farming rent, miscellaneous insurance receipts and compensation payments.

17. Agricultural costs comprise payments and the estimated value of non-cash inputs, including home-grown feed and seed, adjusted for changes in stocks and creditors between the beginning and end of the year.

<i>Total variable costs</i>	These are taken to be costs of feed, veterinary fees and medicines, other livestock costs, seeds, fertilisers, crop protection and other crop costs.
<i>Purchased concentrate feed and fodder</i>	This represents expenditure on feeds and feed additives, including charges for agistment.
<i>Home-grown concentrate feed and fodder</i>	This includes ex-farm value of all home produced cereals, beans, milk (excluding direct suckling) etc. fed on the farm both from the current and previous years' crops.
<i>Veterinary fees and medicines</i>	This consists of veterinary fees and the cost of all medicines.
<i>Other livestock costs</i>	This comprises straw bought specifically for bedding materials, breeding costs (including AI and stud fees) miscellaneous dairy expenses, disinfectants, marketing and storage costs of animal products, milk levies and other livestock costs not separately identified.

<i>Purchased and home-grown seeds</i>	This comprises expenditure on purchased seeds, plants and trees adjusted for changes in stocks. Home-grown seed from the previous crop is included and charged at estimated market price: any seeds from current crops and sown for a succeeding crop are excluded, but are included in the closing valuation of the crop and hence in enterprise output. This enables the value of home-grown seed used in the production of the current crop to be identified.
<i>Fertilisers</i>	This includes lime, fertilisers and other manures, and is adjusted for changes in stock. Fertilisers sown for next year's crops are treated as if they were still in store and are included in the closing valuation.
<i>Crop protection</i>	This includes costs of pre-emergent sprays, fungicides, herbicides, dusts and insecticides and other crop sprays.
<i>Other crop costs</i>	These comprise all crop inputs not separately specified, e.g. marketing charges, packing materials, crop levies, baling twine and wire (though not fencing wire).
<i>Total fixed costs</i>	These are the costs of labour, machinery, contract work, land and buildings, other general farming costs and depreciation.
<i>Labour (excluding farmer and spouse)</i>	This comprises wages and employer's insurance contributions, payments in kind, and salaried management. To calculate net farm income an imputed charge for unpaid labour is made, excluding that of the farmer and spouse, valued at the rate of comparable paid labour. The value of the manual labour of the farmer and spouse is not charged as an input in calculating net farm income (i.e. it is a component of net farm income).
<i>Contract costs</i>	These costs include expenditure on work carried out by agricultural contractors, including the costs of materials employed, such as fertilisers, unless these can be allocated to the specific heading. Costs of hiring machines to be used by the farm's own labour are also included. Expenditure on contract labour is only included here if it is associated with the hiring of a machine. Otherwise it is entered under (casual) labour.

<i>Machinery running costs</i>	These represent the cost of machinery and equipment repairs, fuel and oil and car mileage expenses. It excludes depreciation.
<i>Land and building inputs</i>	For the calculation of farm business income these comprise any rent paid, insurance, rates and repairs to land and buildings incurred by the whole business. In the derivation of net farm income land and building costs also include an imputed rental charge for owner occupiers but exclude those costs associated with land ownership such as the insurance of farm buildings, and landlord-type repairs and upkeep.
<i>Depreciation of machinery, glasshouses and permanent crops</i>	Depreciation provisions in respect of machinery, glasshouses and permanent crops (e.g. orchards) are shown on a current cost basis. The rates of depreciation used (generally on a diminishing balance basis for machinery and straight line for glasshouses and permanent crops) are intended to reflect the degree of deterioration of the assets.
<i>Other general farming costs</i>	These consist of electricity, heating fuel, water for all farming purposes, insurance (excluding labour and farm buildings), bank charges, professional fees, vehicle licences, and other miscellaneous expenses not recorded elsewhere.
<i>Interest payments</i>	Interest charges on loans taken out for business purposes, net of interest receipts on monies invested temporarily outside the business, are deducted in the calculation of farm business income.
<i>Depreciation of buildings and works</i>	This is calculated on a current cost basis (generally on a straight line basis over 10 years) with an adjustment to allow for the effect of capital grants.

18. Breeding livestock stock appreciation represents the change in market prices of breeding cattle, sheep and pigs between the opening and closing valuations. It is not included in the calculation of farm business income but is shown separately within tables.

Balance Sheet Tables

19. Total fixed assets includes land, buildings, breeding livestock, and machinery and equipment. For tenanted farmers, assets can include the tenant's component of farm buildings, cottages, etc., where these are owned by the landlord.

20. Liquid assets comprise cash and sundry debtors.

21. Bank term loans and other long and medium term loans are loans which exceed 12 months.

22. Net Worth represents the residual claim or interest of the owner in the business. It is the balance sheet value of assets available to the owner of the business after all other claims against these assets have been met.

Yields and Implied Output Prices

23. Crop yields are calculated as total production divided by crop area.

24. Implied output prices are average unit returns excluding direct subsidies. For crops they are calculated by dividing the value of sales, closing stocks, farm house consumption, benefits in kind and own-produced feed by total production. Sales are valued at prices actually received at the farm gate before the deduction of marketing charges paid direct by the farmer such as drying and cleaning costs. More detailed information about sales volumes is collected for livestock and, in this case, the unit returns refer to sales of livestock including casualties. In both cases, any compensation payments or insurance payouts for output produced in the current year and destroyed are included.

Adapted from: DEFRA – Farm Accounts in England Results from the Farm Business Survey 2015/2016

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483835/fbs-farmaccountsengland-10dec15.pdf

Standard Output (SO)

SOs are representative of the level of output that could be expected on the average farm under “normal” conditions (i.e. no disease outbreaks or adverse weather). Different SOs are calculated for North England, East England, West England, Wales, Scotland and Northern Ireland to allow for the differences in output in different areas. Standard outputs measure the total value of output of any one enterprise - per head for livestock and per hectare for crops. For crops this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (milk, eggs, lamb, pork) plus the value of any secondary product (calf, wool) minus the cost of replacement.

Up until 2010, Standard Gross Margins were used for the classification of farms. The difference between standard outputs and standard gross margins is that no variable costs are deducted in the derivation of standard outputs. A Defra note looking at the effects on the population by farm type as a result of the change from SGMs to SOs is available at:

http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-reviseclass_111221.pdf)

SOs are calculated from rolling five-year averages – this in order to lessen the impact of yearly fluctuations on calculated SOs. The SOs used for the presentation of data for the period 2009/10 to 2011/12 are based on the 2007SOs, the data for the period 2012/13 to 2015/16 are based on the 2010SOs, and the data for the period 2017/18 to 2018/19 are based on the 2013SOs.

The 2007, 2010 and 2013 SOs for England can be seen on Annex 1 under UK Farm Classification on the above site.

Source: <https://www.gov.uk/farm-business-survey-technical-notes-and-guidance>

Adjusted Forage hectares (adj. for. ha)

The adjusted forage area allows an area of rough grazing to be equated to an equivalent area of flat mowable land on the basis of effective stocking capacity. This therefore reflects the true stock carrying capacity of a parcel of land and allows meaningful comparisons on true farm stocking rates to be presented. This measure is particularly important for LFA farms with large tracts of poor quality land including those with areas of common grazing.

Farm performance ratio

Farm performance is measured as the ratio of farm business output to farm business costs. An imputed value for unpaid manual labour, including that of the farmer and spouse is added to farm business costs. The value of paid managerial input is subtracted. The farms are ranked in descending order according to this ratio and allocated to quartiles with the top quartile (25 percent) representing the high performance band (Premium Group). Note that the farm weights are used to allocate farms to quartiles so the number of farms in a quartile will not necessarily be equivalent to a quarter of the sample.

Front cover photograph courtesy of a Hill Sheep farm in England