



Farm Business Survey 2018/2019 Hill Farming in England



David Harvey and Charles Scott

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Foreword to the Fourteenth Series

Now in its fourteenth year of production, our series of reports on the economics of agriculture and horticulture in England from *Rural Business Research (RBR)* has now arguably greater relevance to the farming and horticultural sectors in England than ever before. Following a general election in December 2019, the UK Government has now passed legislation through parliament which will result in the UK leaving the EU at the end of January 2020. A transition period will then follow, with the expectation that by the end of December 2020 the UK will have completed the transition phase of fully leaving the EU.

The new era will impact on many areas of activity in the UK; UK agriculture will witness and experience one of the largest transitions it has seen in decades. The new Agriculture Bill 2019-20 will be translated into policies and subsequently implemented, with an “Agricultural Transition” starting on the 1st January 2021 and being completed by 2028. During this agricultural transition, English agricultural and horticultural businesses will experience a phased decline in the Basic Payment Scheme support, that many businesses have received, while new opportunities for payments for public goods will be introduced and implemented, all against a backdrop of a need to reduce agriculture’s ‘carbon footprint’ and increase productivity performance. Alongside this change in emphasis, trade deals will be negotiated with the EU, the USA and other countries with which we currently, and intend to, trade with. This change in the UK’s agricultural policies and trading relationship will lead to both challenges and opportunities for business. Irrespective of the challenges and opportunities that lay ahead, most industry commentators note the need for businesses to adapt and to be fully aware of their costs and returns. We hope that RBR’s core focus on independent analysis of the economics of agricultural and horticultural sectors will continue to provide the industry with the data on enterprise and sectoral returns to aid business decision making.

For the 2018/19 year, average Farm Business Income (FBI), derived from our work on the Farm Business Survey (FBS), fell to £50,400 per business from £56,100 in 2017/18. The 2018/19 year relates to the 2018 harvest year, which witnessed an exceptionally cold spring “The Beast from the East” followed by one of the driest summers on record (almost in line with the 1976 drought). These weather impacts led to forage shortage and thus increased livestock feeds costs in the grazing sectors, and reduced cropping yields, albeit with an increase in crop prices. The dairy and grazing livestock sectors witnessed the largest percentage decreases in FBI, as they faced the higher costs of feed and lower prices for stock, particularly in the less favoured areas (LFAs).

As with our previous editions of these reports, available at www.ruralbusinessresearch.co.uk, our core aim is to inform agricultural and horticultural businesses about the economics in their sector. This series of reports, and our work on the FBS more generally, would not be possible without the cooperation of the farmers and growers who participate in the FBS to ensure that the data we provide for policy making, and in our reports and free to use online data services at www.farmbusinesssurvey.co.uk, is truly representative of the sectors. Our sincere thanks therefore go to the farmers and growers for their most valuable contribution.

Professor Paul Wilson

Chief Executive Officer, Rural Business Research
January 2020

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 165 ha of enclosed land and typically has access to an area of common grazing. It is part owned (78 ha) and part rented (94 ha) and most of the farm (96 ha) is in permanent grass. The average LFA farmer is 61 years old, has 26 beef cows and 383 breeding ewes. Cattle and sheep youngstock and fatstock make up the total to 83 cattle and 752 sheep on the farm, making a total of 90 Grazing Livestock Units.

The average LFA Grazing Livestock farm earns 59% of its total revenue (output) from crop and livestock farming activities, 25% comes from the Basic Payment, and 11% 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 £21,839 per farm. However, since this side of the whole farm business is assumed to incur most of the fixed costs (81%) the average LFA farm is shown as making an Agricultural Business Income loss of -£21,496 (before unpaid labour) from crop and livestock production per farm in 2018/19. Allowing for the unpaid labour allocation of £26,062 to this side of the business results in an Agricultural Corporate Income of -£47,558.

Farm revenues from all sources combine to generate a headline Farm Business Income of £15,545 per farm in 2018/19, a 42% decrease on the previous year. This income fails to cover the opportunity costs of the unpaid labour (provided mainly by the farmer and family) estimated at £27,951 per farm. As a result, Farm Corporate Income shows a loss of -£12,406 per farm (from -£664 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 -£9,109 is reduced by 460% compared with the previous year's figure of £2,533. The traditional measure of farm income of Net Farm Income (which puts all farm businesses on a comparable tenanted basis) averaged £5,906 per farm, down 66% from £17,184 in 2017/18. LFA farms depend to

¹ Defra- <http://archive.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, 2018

a substantial extent on public payments; the Basic Payment and Agri-environmental payments together account for over 36% 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 12,904 commercial holdings classified as Grazing Livestock (LFA) farms and these account for 1.5 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 12,904 LFA Grazing livestock holdings, this report presents data representing the 6,928 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, 2017/18, 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 EU Regions, which are used for administrative purposes at the European level and represent amalgamations of GO Regions:

- EU West Region comprises the South West and West Midlands GO regions.
- EU North Region includes North West, North East and Yorkshire & Humberside GO regions.
- EU East Region is the East Midlands, Eastern and South East 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, 2019

⁷ Data from Defra, June Survey of Agriculture and Horticulture, 2019

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 2018 UELS and OUELS schemes are shown in Table 1. Although 2018 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 (2018)**Uplands Entry Level Scheme payments (£/ha) 2018**

| 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 212 farms, which are all part of the Farm Business Survey. Sixty-three per cent come from the EU North Region, 28% from the EU West and the remaining 9% 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.

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>). Where comparisons are made with the 2009/10 year the 2009/10 data has been reconfigured onto an SO basis. 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 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 per cent 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

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.)

be seen, the FBS sample is (deliberately) 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 (2018)

| Farm | Sample | | Population from 2018 June survey | | Average size (SLR) * | | Average area farmed (ha) | |
|-------------|--------|------|----------------------------------|------|----------------------|-------------|--------------------------|-------------|
| | No. | % | No. | % | Sample | June survey | Sample | June survey |
| Part-time † | 22 | 11% | 2886 | 42% | 0.7 | 0.6 | 61 | 60 |
| Small | 54 | 27% | 1865 | 27% | 1.5 | 1.4 | 106 | 126 |
| Medium | 50 | 25% | 951 | 14% | 2.5 | 2.4 | 175 | 230 |
| Large | 86 | 43% | 1226 | 18% | 5.9 | 5.1 | 423 | 553 |
| All Sizes | 212 | 100% | 6928 | 100% | 2.3 | 1.9 | 168 | 188 |

* 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.

† Part-Time includes 2 Spare-time sample farms which are excluded from the SLR analysis.

Large and Very large SLR bands are combined in the SLR analysis in band 4. Note: FBS survey data refers only to those businesses calculated to generate more than €25,000 of Standard Output (see footnote 8) which excludes 11,000 very small 'holdings' within the LFA as recorded by the June Survey.

¢ 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).

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

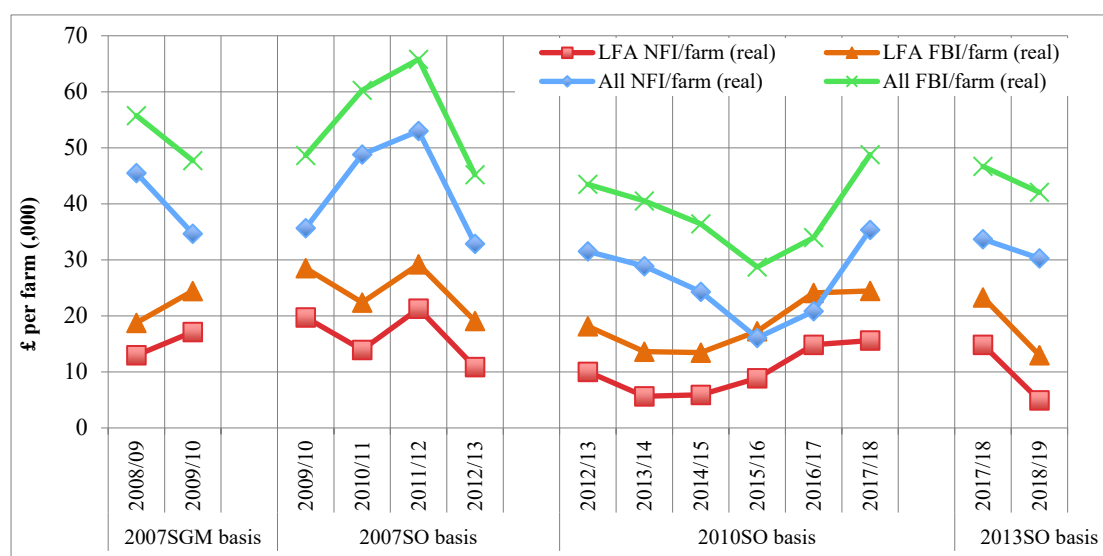
1. *SDA Sheep*- farms where more than two thirds of the total SO is accounted by sheep, and 50% or more of the total area of the farm is in the LFA, of which 50% or more is in the SDA;
2. *SDA Beef*- farms where more than two thirds of the total SO is accounted by beef cattle, and 50% or more of the 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. In order to compare the pre-2009/10 data (where the data is only available on an SGM basis of classification) with the 2010/11 to 2012/13 data, the 2009/10 data have been reclassified on a Standard Output (2007SO) basis and both data sets for 2009/10 are presented. The trend up to 2009/10 can then be clearly seen on an SGM basis and the 2009/10 to 2017/18 trend on an SO basis. In fact there is actually very little difference at this level between the two methods of classification on the data presented for 2009/10. The 2012/13 data is also presented under both the 2007SO and 2010SO bases. 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 2008/09 to 2018/19 (England in real^b terms)



Source: *Farm Accounts in England, 2017/18*, Defra

Notes: a: defined as Upland Grazing Farms

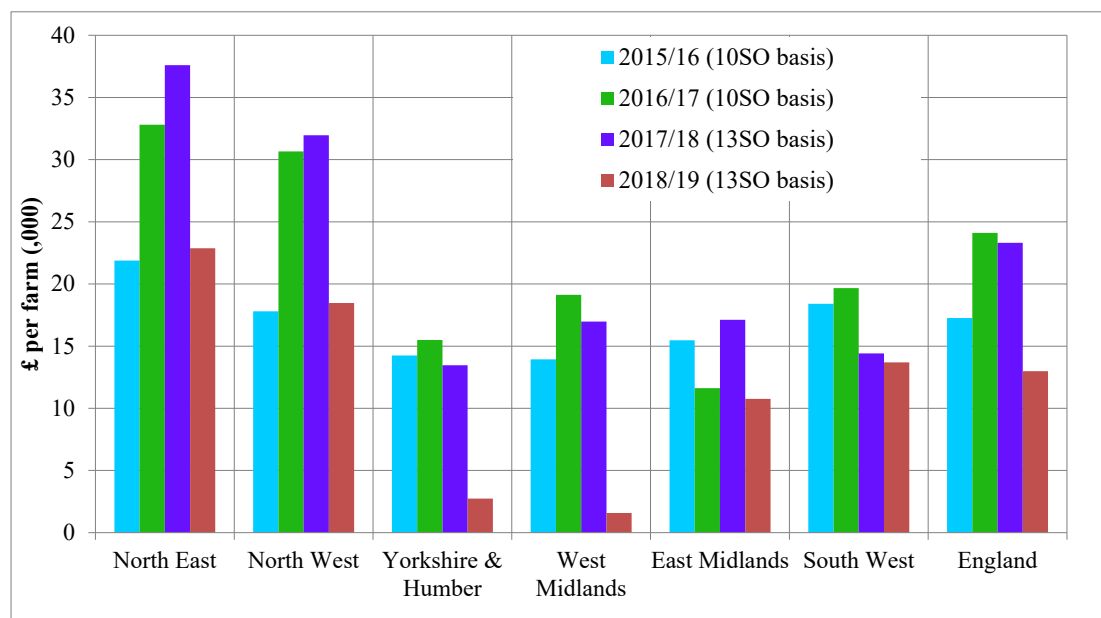
b: Real terms = deflated by RPI (all items).

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 to levels not seen since 2006/07.

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 (2015/16 to 2018/19)



Source: - Government Office Reports, 2018/19, [RBR](#).

Notes: Data in real terms (by RPI) 2015/16 to 2016/17 on a 2010SO basis and 2017/18 to 2018/19 on a 2013SO basis.

4. The Average LFA Farm in 2018/19

Although the average LFA farm in the FBS sample in 2018/19 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 6,900 LFA farms in England (excluding the smallest farms - those with a Standard Output of less than 25,000 euros). The average farm area is 172 ha plus common grazing. This area includes some 7 ha under woodland, buildings and roads and 66 ha rough grazing. A further 4 ha of land is rented in (net of land let out) giving a total of 168 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 19 ha adjusted area which, plus 9 ha of adjusted common grazing, gives a total adjusted area farmed of 130 ha. The average farm is part owned (78 ha) and part rented (94 ha) and most of the farm (96 ha) is in permanent grass. The average LFA farmer is 61 years old, and has 26 beef cows and 383 breeding ewes. Cattle and Sheep youngstock and fatstock make up the total to 83 cattle and 752 sheep on the farm, making a total of 90 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 2018/19 is represented by the set of accounts shown in Table 3. This table reports the average farm accounts for the whole sample of 212 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 59% of their total revenue (output) from the agriculture cost centre, with 25% coming from the Basic Payment, and 11% 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 £21,839 per farm (a 14% increase on the previous year). However, since the production agriculture side of the farm business is assumed to incur most of the fixed costs (81%) the average LFA farm is shown to generate a negative Agricultural Business Income of -£21,496 per farm in 2018/19 – a 79% reduction on the figure of -£11,983 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 production activities to generate a headline Farm Business Income (FBI) (or profit) of £15,545 per farm in 2018/19, a 42% deterioration on the previous year. This income fails to cover the opportunity costs of the unpaid labour (provided by the farmer and partners) of £27,951 per farm and as a result, Farm Corporate Income registers at -£12,406 per farm (a 1768% decrease on the -£664 in 2017/18). 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 -£9,109, down by 460% compared with the previous year’s figure of £2,533.

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 £5,906 per farm, down 66% from £17,184 in 2017/18.

In the case of LFA grazing farms there is still a substantial number of tenanted farms. In the EU North Region, where 67% of LFA farms are found, only 43% of the land is owned. The average proportion of land owned on LFA grazing farms over the whole country is only 47% compared to a national average of 67% across all farm types (Defra 2018). 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 Uplands Transitional Payment and Uplands Entry Level Scheme

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 2018 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

The average LFA grazing farm

| 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 | | | | | |
| | | 2017/18 | 2018/19 | % change | 2017/18 | 2018/19 | % change | 2017/18 | 2018/19 | % change | 2017/18 | 2018/19 | % change | 2017/18 | 2018/19 | % change |
| % contribution of cost centre revenue to total: | | 60% | 59% | | 11% | 11% | | 5% | 5% | | 24% | 25% | | | | |
| 1 | Total output (Revenue) | 71,550 | 67,625 | -5% | 13,587 | 12,774 | -6% | 5,613 | 5,460 | -3% | 28,521 | 28,938 | 1% | 119,270 | 114,797 | -4% |
| 2 | Variable costs | 42,424 | 45,786 | 8% | 5 | 16 | 229% | 100 | 146 | 46% | 4 | 11 | - | 42,533 | 45,960 | 8% |
| 3=1-2 | Total Gross margin | 19,126 | 21,839 | 14% | 13,582 | 12,758 | -6% | 5,513 | 5,314 | -4% | 28,517 | 28,927 | 1% | 76,738 | 68,837 | -10% |
| 4 | Fixed costs | 41,425 | 43,381 | 5% | 2,273 | 2,426 | 7% | 2,468 | 2,650 | 7% | 3,885 | 4,882 | 26% | 50,050 | 53,338 | 7% |
| 5=2+4 | Total Costs | 82,848 | 89,166 | 8% | 2,278 | 2,442 | 7% | 2,568 | 2,796 | 9% | 3,889 | 4,893 | 26% | 92,583 | 99,298 | 7% |
| 6 | Profit/(loss) on sale of fixed assets | 316 | 46 | -86% | | | | | | | | | | 316 | 46 | -86% |
| 7=1-5+6 | Farm Business Income | -11,983 | -21,496 | -79% | 11,309 | 10,332 | -9% | 3,045 | 2,664 | -13% | 24,632 | 24,045 | -2% | 27,003 | 15,545 | -42% |
| 8 | Adjustment for unpaid manual labour | 26,093 | 26,062 | 0% | 451 | 463 | 3% | 1,123 | 1,426 | 27% | 0 | 0 | - | 27,667 | 27,951 | 1% |
| 9=7-8 | Farm Corporate Income | -38,076 | -47,558 | -25% | 10,858 | 9,869 | -9% | 1,922 | 1,238 | -36% | 24,632 | 24,045 | -2% | -664 | -12,406 | -1768% |
| 10 | Interest payments (net of interest received) | 2,867 | 2,968 | 4% | 98 | 108 | 10% | 100 | 83 | -17% | 132 | 139 | 5% | 3,197 | 3,297 | 3% |
| 11=9+10 | Farm Investment Income | -35,209 | -44,590 | -27% | 10,956 | 9,977 | -9% | 2,023 | 1,321 | -35% | 24,764 | 24,184 | -2% | 2,533 | -9,109 | -460% |
| % contribution of cost centre costs to total: | | 89% | 90% | | 2% | 2% | | 3% | 3% | | 4% | 5% | | | | |
| | | | | 12 | Imputed rent | | | | | | | | 11,566 | 11,652 | 1% | |
| | | | | 13 | Ownership charges | | | | | | | | 3,649 | 3,803 | 4% | |
| | | | | 18 | Director's remuneration | | | | | | | | 123 | 259 | - | |
| | | | | 16 | Unpaid labour of principal farmer and spouse | | | | | | | | 22,445 | 22,604 | 1% | |
| | | | | 17=11-12+13+18+16 | | | Net Farm Income | | | 17,184 | 5,906 | -66% | | | | |
| | | | | 19 | Holding gains not included in farm income | | | | | | | | -4,523 | -3,292 | -27% | |
| | | | | 20 | Breeding Livestock Appreciation (BLSA) | | | | | | | | 2,166 | -5,591 | -358% | |
| 2018/19 Sample size (unweighted) | 212 | | | 21 | Revaluation of machinery, permanent crops, glasshouse, quota | | | | | | | | 351 | 1,995 | 468% | |
| Number (weighted) | 6,928 | | | 22 | Revaluation of land | | | | | | | | -7,040 | 304 | -104% | |
| 2017/18 Sample size (unweighted) | 203 | | | 23 | Manager's paid managerial input | | | | | | | | 59 | 52 | -13% | |
| Number (weighted) | 6,861 | | | 24=17-16+23 | | | Management and Investment Income | | | -5,202 | -16,647 | -220% | | | | |

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, all LFA farm groups make losses as far as their agricultural enterprises are concerned. The medium and top quartiles manage 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. 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

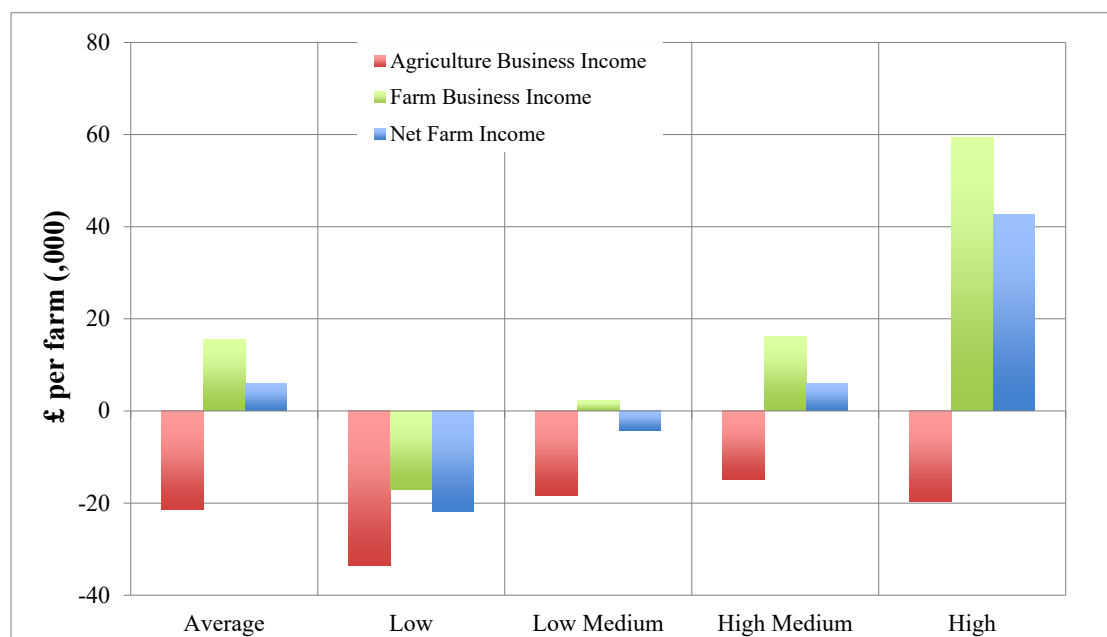


Figure 4 presents similar data on farm business performance by quartile, though here on the basis of Farm Business Income (FBI) per Grazing Livestock Unit (GLU) which

removes the effect of farm size on the FBI earnings per farm. The story remains the same with all 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

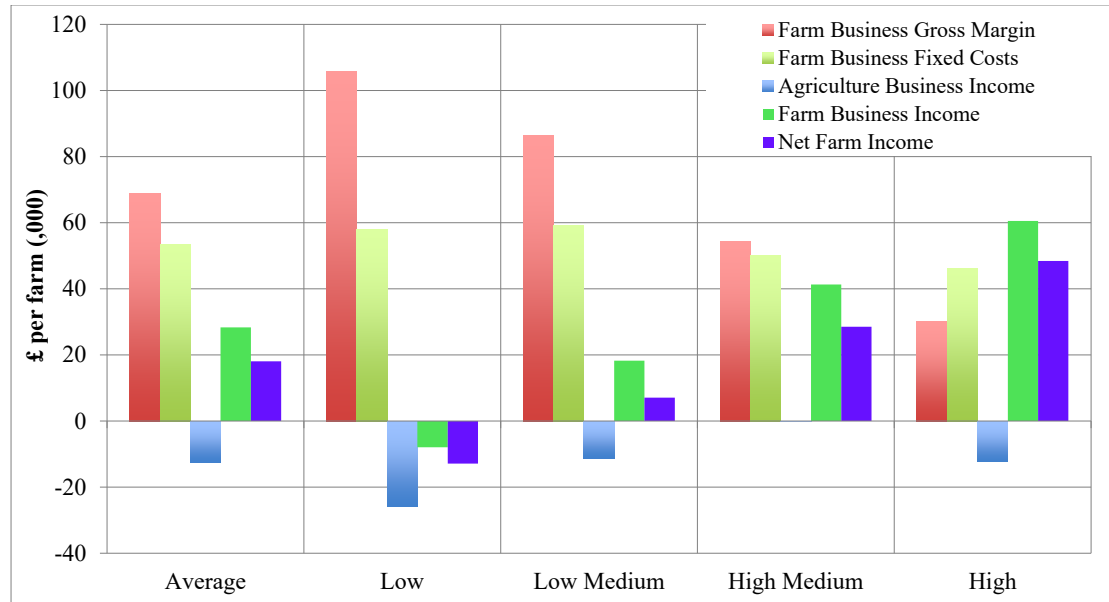
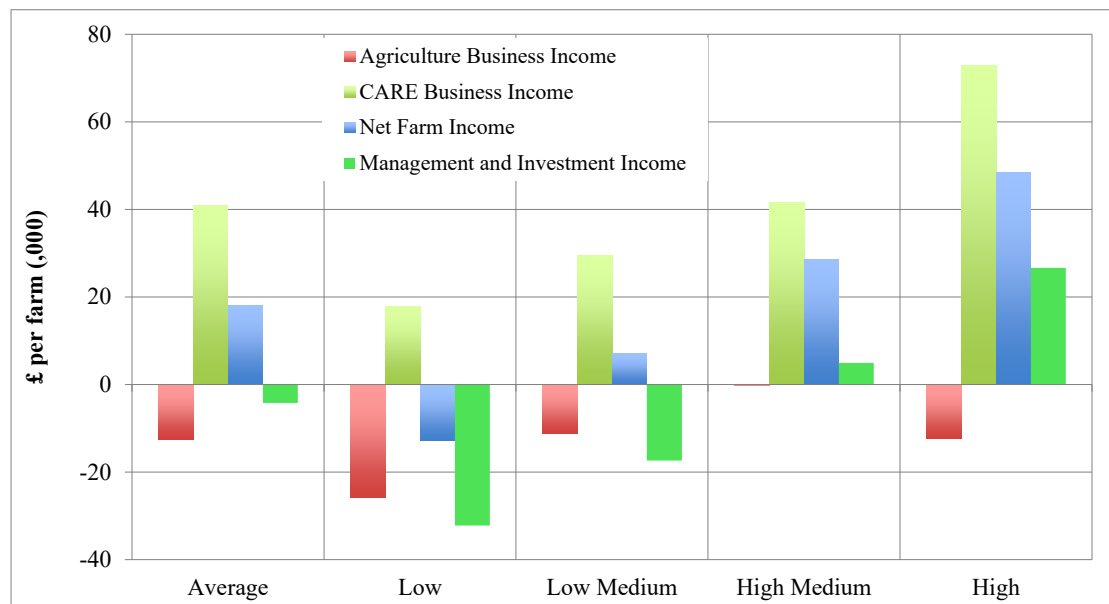


Figure 5 demonstrates how, while the CARE Business Income can rescue most farms, it is insufficient to offset the ABI losses of the lowest quartile and this group returns a negative NFI. The improvement in ABI performance is seen to be the result of both better gross margins (revenues minus variable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

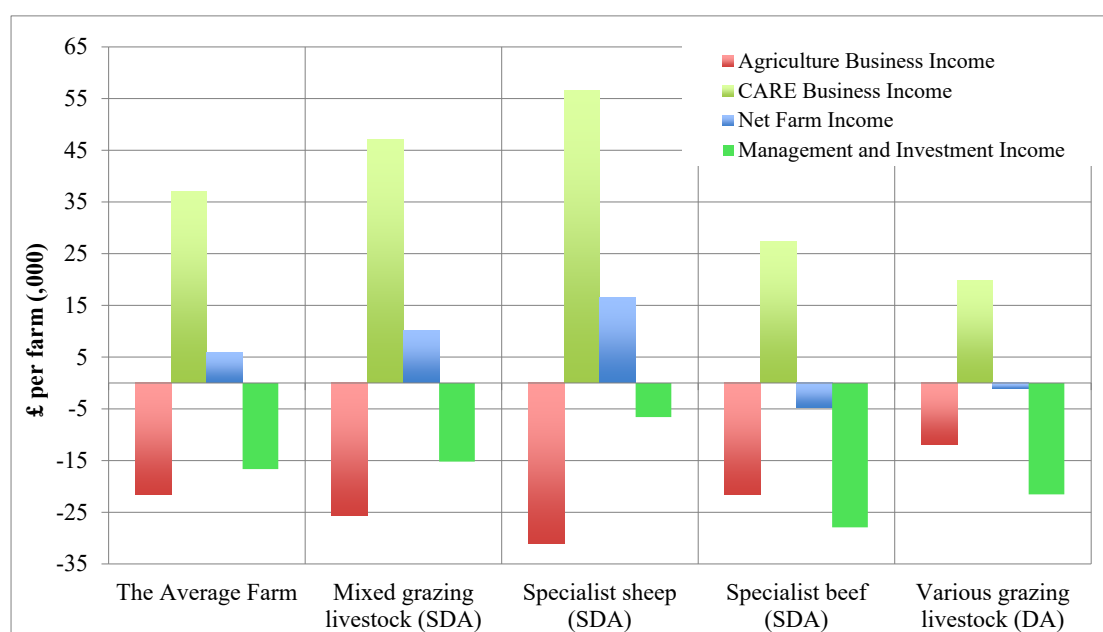


Figure 7 shows the business performance by size, measured here by the Standard Labour Requirement (SLR)¹¹ and illustrates that size is important to these farms' earning ability, although as previously seen it is the CARE income that rescues all farms from economic failure. The greater losses of ABI in 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 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.

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.

Figure 7 LFA business performance by size (SLR) quartile

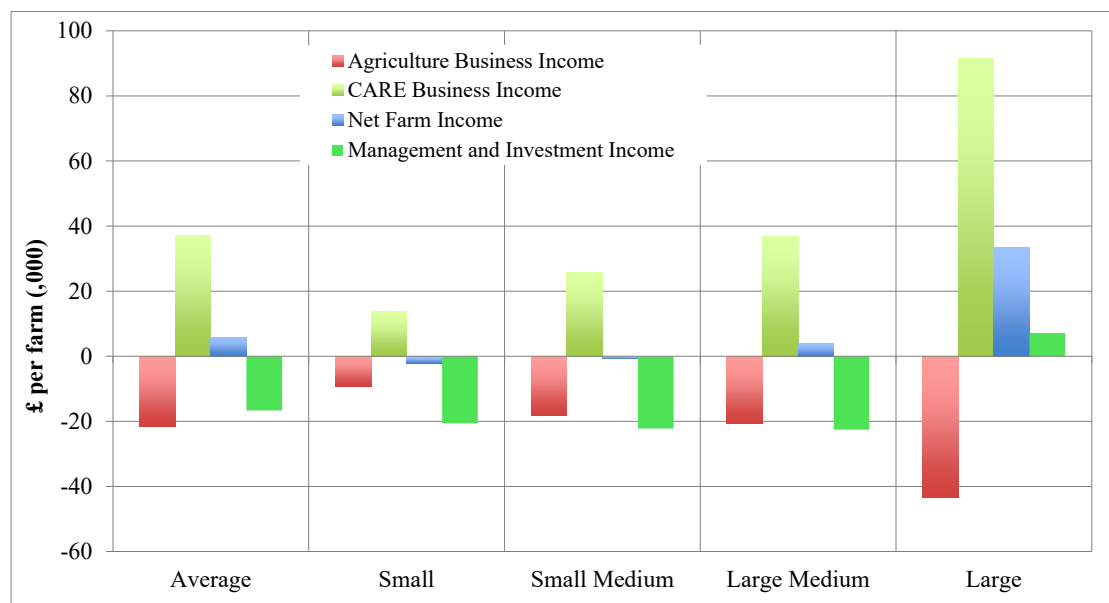
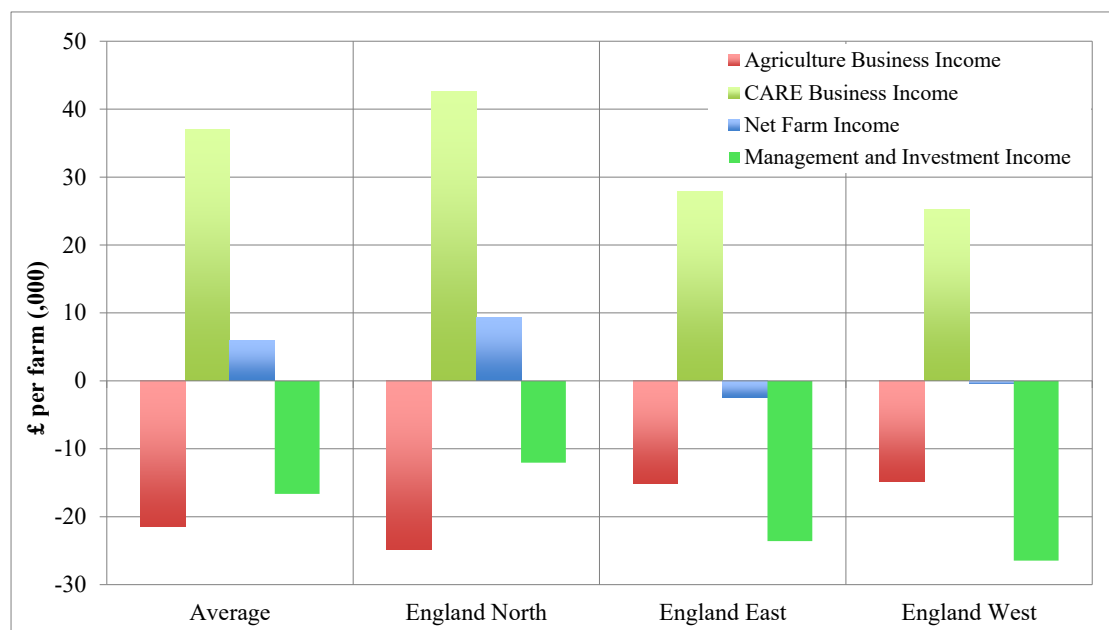


Figure 8 shows the same business performance measures by EU region. As above, it is the CARE income that dominates the picture of business performance. The average LFA farm in England North is considerably larger, has more sheep and has less cattle than LFA farms in England East or West – which, from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

Figure 8 LFA business performance by EU 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

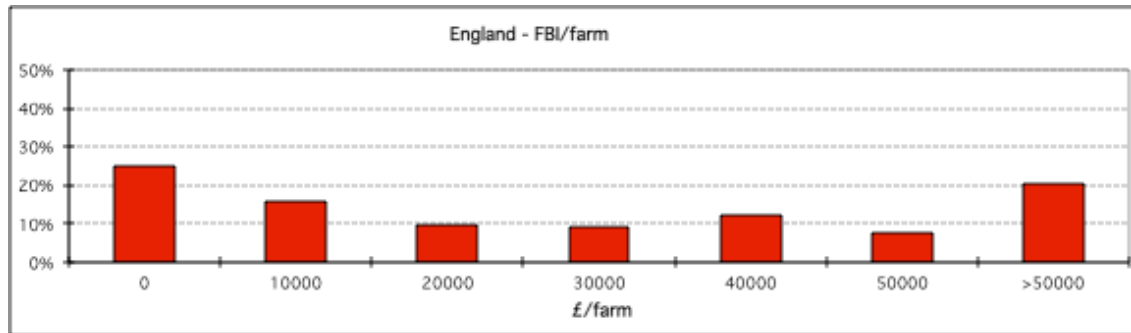


Figure 10 Frequency Distribution of NFI/farm of LFA farms in England

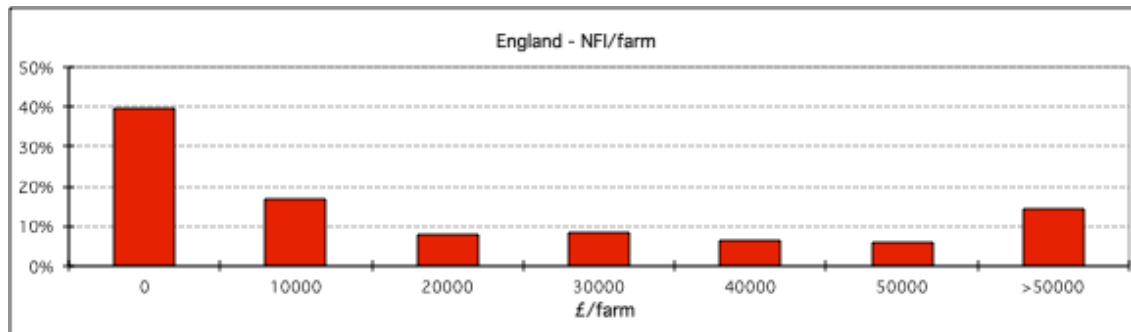
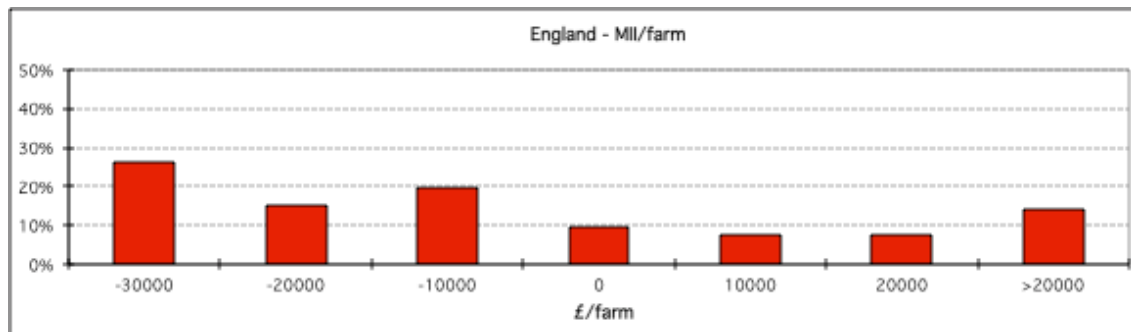


Figure 11 Frequency Distribution of MII/farm on LFA farms in England



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 2017/18 and 2018/19

| | All Upland flocks | | Change | |
|---|-------------------|------------|--------|--------|
| | 2017/18 | 2018/19 | £/ewe | % |
| <i>Number of farms</i> | 109 | 109 | | |
| <i>Number of farms (weighted)</i> | 3105 | 3183 | | |
| <i>Flock size (no. ewes)</i> | 494 | 512 | 18.1 | 4% |
| (£ per ewe) | | | | |
| Enterprise Output (excl. BLSA) | 105.5 | 92.0 | -13.6 | -13% |
| BLSA | 0.6 | -9.6 | -10.3 | -1602% |
| Total Variable costs | 51.8 | 55.6 | 3.9 | 8% |
| Concentrates | 20.4 | 23.0 | 2.6 | 13% |
| Purchased fodder and keep | 4.9 | 5.3 | 0.4 | 8% |
| Veterinary and medicines | 8.0 | 7.5 | -0.5 | -7% |
| Other livestock costs | 12.6 | 13.3 | 0.7 | 6% |
| Forage variable costs | 5.9 | 6.5 | 0.7 | 12% |
| Gross Margin (excl. BLSA) / Ewe | 53.8 | 36.3 | -17.5 | -32% |
| Gross Margin range | -42 to 137 | -45 to 111 | | |
| Total Fixed costs | 70.7 | 67.4 | -3.3 | -5% |
| Total costs | 122.4 | 123.1 | 0.6 | 1% |
| Enterprise NM (excluding BLSA) | -16.9 | -31.1 | -14.2 | 84% |
| Enterprise NM after F&S labour (excl BLSA) | -48.1 | -60.9 | -12.8 | 27% |
| Stocking rate (GLUs/total adj ha) | 0.74 | 0.70 | 0.0 | -5% |
| Lambing rate (born and reared/average no. ewes) | 1.49 | 1.34 | -0.1 | -10% |

Table 5 SDA upland sheep flock performance by flock size 2018/19

| 2018 lambing | All flocks | <300 ewes | 300-600 ewes | >600 ewes |
|---|-------------------|---------------------|---------------------|---------------------|
| <i>Number of farms</i> | 109 | 29 | 40 | 40 |
| <i>Number of farms (weighted)</i> | 3183 | 1250 | 1074 | 860 |
| <i>Flock size (no. ewes)</i> | 512 | 169 | 415 | 1133 |
| (£ per ewe) | | | | |
| Enterprise Output (excluding BLSA) | 92.0 | 76.6 | 97.4 | 92.8 |
| BLSA | -9.6 | -9.0 | -8.6 | -10.3 |
| Total Variable costs, of which: | 55.6 | 48.0 | 56.0 | 57.1 |
| Concentrates | 23.0 | 17.6 | 24.7 | 23.4 |
| Purchased fodder and keep | 5.3 | 4.5 | 4.6 | 5.8 |
| Veterinary and medicines | 7.5 | 6.9 | 7.3 | 7.8 |
| Other livestock costs | 13.3 | 13.2 | 12.0 | 13.9 |
| Forage variable costs | 6.5 | 5.8 | 7.4 | 6.3 |
| Gross Margin (excluding BLSA) / Ewe | 36.3 | 28.6 | 41.4 | 35.7 |
| Total Fixed costs | 37.6 | 65.7 | 32.2 | 34.1 |
| Total costs | 28.0 | 56.7 | 23.6 | 23.8 |
| Net Margin (excluding BLSA) / Ewe | -31.1 | -59.9 | -24.8 | -27.7 |
| Net Margin after F&S labour (excl BLSA) | -60.9 | -122.5 | -67.0 | -44.8 |
| Stocking rate (GLUs/total adj ha) | 0.70 | 0.70 | 0.73 | 0.69 |
| Lambing rate (born and reared/average no. ewes) | 1.34 | 1.32 | 1.42 | 1.31 |

Table 6 SDA hill sheep flock performance 2017/18 and 2018/19

| | All Hill flocks | | Change | |
|---|-----------------|--------------|--------|-------|
| | 2017 lambing | 2018 lambing | £/ewe | % |
| <i>Number of farms</i> | 56 | 59 | | |
| <i>Number of farms (weighted)</i> | 1818 | 1743 | | |
| <i>Flock size (no. ewes)</i> | 540 | 528 | -11 | -2% |
| (£ per ewe) | | | | |
| Enterprise Output (excl. BLSA) | 59.4 | 59.9 | 0.6 | 1% |
| BLSA | 2.1 | -8.3 | -10.4 | -505% |
| Total Variable costs | 41.3 | 45.0 | 3.7 | 9% |
| Concentrates | 15.6 | 18.1 | 2.5 | 16% |
| Purchased fodder and keep | 6.3 | 6.8 | 0.4 | 7% |
| Veterinary and medicines | 7.1 | 7.2 | 0.1 | 2% |
| Other livestock costs | 9.2 | 9.1 | -0.1 | -1% |
| Forage variable costs | 3.2 | 3.9 | 0.7 | 23% |
| Gross Margin (excl. BLSA) / Ewe | 18.1 | 14.9 | -3.1 | -17% |
| Gross Margin range | -88 to 99 | -43 to 114 | | |
| Total Fixed costs | 61.7 | 62.7 | 1.0 | 2% |
| Total costs | 103.0 | 107.7 | 4.7 | 5% |
| Net Margin (excl. BLSA) / Ewe | -43.6 | -47.8 | -4.1 | 10% |
| Net Margin after F&S labour (excl. BLSA) | -66.5 | -71.7 | -5.3 | 8% |
| Stocking rate (GLUs/total adj ha) | 0.55 | 0.59 | 0.0 | 7% |
| Lambing rate (born and reared/average no. ewes) | 1.08 | 1.04 | 0.0 | -3% |

Table 7 SDA hill sheep flock performance by flock size 2018/19

| 2018 lambing | All flocks | <300 ewes | 300-600 ewes | >600 ewes |
|---|------------|-----------|--------------|-----------|
| <i>Number of farms</i> | 59 | 19 | 23 | 17 |
| <i>Number of farms (weighted)</i> | 1743 | 750 | 641 | 352 |
| <i>Flock size (no. ewes)</i> | 528 | 164 | 434 | 1474 |
| (£ per ewe) | | | | |
| Enterprise Output (excl. BLSA) | 59.9 | 76.4 | 57.9 | 57.1 |
| BLSA | -8.3 | -6.1 | -7.2 | -9.5 |
| Total Variable costs, of which: | 45.0 | 50.6 | 46.8 | 42.7 |
| Concentrates | 18.1 | 21.8 | 18.0 | 17.2 |
| Purchased fodder and keep | 6.8 | 1.9 | 7.1 | 7.7 |
| Veterinary and medicines | 7.2 | 8.3 | 7.5 | 6.8 |
| Other livestock costs | 9.1 | 12.1 | 9.8 | 8.0 |
| Forage variable costs | 3.9 | 6.4 | 4.4 | 3.1 |
| Gross Margin (excl. BLSA) / Ewe | 14.9 | 25.8 | 11.1 | 14.4 |
| Total Fixed costs | 51.7 | 67.8 | 56.4 | 45.4 |
| Total costs | 43.3 | 61.6 | 49.2 | 35.9 |
| Net Margin (excl. BLSA) / Ewe | -47.8 | -61.4 | -52.0 | -42.3 |
| Net Margin after F&S labour (excl. BLSA) | -71.7 | -124.4 | -81.3 | -54.2 |
| Stocking rate (GLUs/total adj ha) | 0.59 | 0.64 | 0.58 | 0.57 |
| Lambing rate (born and reared/average no. ewes) | 1.04 | 1.23 | 1.05 | 0.99 |

*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 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 2017/18 and 2018/19

| | All herds | | change | |
|---|---------------|-------------|--------|-------|
| | 2017/18 | 2018/19 | £/cow | % |
| <i>Number of farms</i> | 149 | 153 | | |
| <i>Number of farms (weighted)</i> | 3,969 | 4,171 | | |
| <i>Herd size (no. cows)</i> | 41 | 39 | -2 | -4% |
| (£ per cow) | | | | |
| Enterprise Output (excl. BLSA) | 430 | 425 | -5 | -1% |
| BLSA | 63 | -75 | -137 | -219% |
| Total Variable costs | 206 | 234 | 29 | 14% |
| Concentrates | 57 | 61 | 4 | 7% |
| Purchased fodder and keep | 23 | 33 | 10 | 46% |
| Veterinary and medicines | 28 | 27 | -1 | -2% |
| Other livestock costs | 55 | 65 | 10 | 19% |
| Forage variable costs | 43 | 48 | 5 | 11% |
| Gross Margin (excl. BLSA) / Cow | 224 | 191 | -34 | -15% |
| Gross Margin range | -1855 to 2557 | -594 to 578 | | |
| Total Fixed costs | 428 | 445 | 18 | 4% |
| Total costs | 633 | 680 | 46 | 7% |
| Enterprise NM (excl. BLSA) | -203 | -255 | -51 | 25% |
| Enterprise NM after F&S labour (excl. BLSA) | -377 | -441 | -64 | 17% |

LFA Suckler cow results, for 2017/18 and 2018/19, 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 2018/19

| 2018/19 calving period | All herds | <30 cows | 30-60 cows | >60 cows |
|---|------------------|--------------------|-------------------|--------------------|
| <i>Number of farms</i> | 153 | 52 | 60 | 41 |
| <i>Number of farms (weighted)</i> | 4,171 | 1,999 | 1,527 | 645 |
| <i>Herd size (no.cows)</i> | 39 | 17 | 41 | 103 |
| (£ per cow) | | | | |
| Enterprise Output (excl. BLSA) | 425 | 387 | 413 | 456 |
| BLSA | -75 | -84 | -65 | -79 |
| Total Variable costs, of which: | 234 | 276 | 236 | 212 |
| Concentrates | 61 | 64 | 63 | 57 |
| Purchased fodder and keep | 33 | 63 | 22 | 29 |
| Veterinary and medicines | 27 | 30 | 31 | 23 |
| Other livestock costs | 65 | 72 | 73 | 55 |
| Forage variable costs | 48 | 47 | 48 | 48 |
| Gross Margin (excl. BLSA) / Cow | 191 | 111 | 176 | 244 |
| Total Fixed costs | 445 | 475 | 454 | 422 |
| Total costs | 680 | 751 | 690 | 634 |
| Enterprise NM (excl. BLSA) | -255 | -365 | -277 | -178 |
| Enterprise NM after F&S labour (excl. BLSA) | -441 | -657 | -519 | -260 |

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 212 English LFA grazing farms includes 20 fully organic farms. Within this there are 17 organic suckler herds, 13 organic upland flocks and 4 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 £47/cow less than the non-organic output but with £88/cow less spent on variable costs (particularly concentrates and purchased fodder) the gross margin for organic sucklers is £40/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 unusually higher, by £59/cow, than the non-organics meaning that the non-organic farms have a £18/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 £19/cow higher for organic herds than the non-organic herds (albeit negative in both cases). The stocking rate for the organic farms is 0.69 GLU/total adjusted area (including commons and all land rented in) and 0.74 GLU/total adjusted area for the non-organics.

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

| 2018/19 | All Suckler herds | |
|--------------------------------------|-------------------|-----------|
| | Non-organics | Organics |
| Number of farms | 136 | 17 |
| Number of farms (weighted) | 4026 | 145 |
| Herd size (no.cows) | 39 | 44 |
| (£ per cow) | | |
| Enterprise Output (excluding BLSA) | 427 | 380 |
| BLSA | -75 | -63 |
| Total Variable costs | 238 | 150 |
| Concentrates | 63 | 21 |
| Purchased fodder and keep | 34 | 16 |
| Veterinary and medicines | 28 | 26 |
| Other livestock costs | 66 | 59 |
| Forage costs | 48 | 28 |
| Gross Margin (excluding BLSA) | 189 | 229 |
| Gross Margin range | -594 to 566 | 60 to 578 |
| Total Fixed costs | 443 | 502 |
| Total costs | 681 | 652 |
| Enterprise NM (excluding BLSA) | -254 | -272 |
| Enterprise NM after F&S labour (excl | -442 | -423 |
| Stocking rate (GLUs/total adj ha) | 0.74 | 0.69 |

Table 11 compares organic and non-organic Upland SDA flocks to the GM and NM level. Enterprise output is £7/ewe lower for organics (at £85/ewe) than that of the non-organics. Variable costs are £15/ewe lower for organic flocks (at £41/ewe) than the non-organics. The resultant gross margin is £45/ewe for organic flocks and £36/ewe for the non-organic flocks. Fixed costs are £78/ewe for organic flocks and £67/ewe for non-organics – this results in net margins (after farmer and spouse labour) of -£53/ewe for organic flocks and -£61/ewe for non-organic flocks.

Table 11 SDA flock performance Non-organic and Organic

| 2018 lambing | Upland SDA Flocks | |
|---|-------------------|---------|
| | Non-organic | Organic |
| Number of farms | 96 | 13 |
| Number of farms (weighted) | 3096 | 88 |
| Flock size (no. ewes) | 515 | 408 |
| (£ per ewe) | | |
| Enterprise Output (excluding BLSA) | 92.1 | 85.0 |
| BLSA | -9.7 | -9.4 |
| Total Variable costs | 56.0 | 40.5 |
| Concentrates | 23.3 | 11.4 |
| Purchased fodder and keep | 5.3 | 3.1 |
| Veterinary and medicines | 7.5 | 9.2 |
| Other livestock costs | 13.3 | 13.8 |
| Forage costs | 6.6 | 2.9 |
| Gross Margin (excluding BLSA) / Ewe | 36.1 | 44.5 |
| Gross Margin range | -45 to 111 | 9 to 87 |
| Total Fixed costs | 67.2 | 77.9 |
| Total costs | 123.2 | 118.3 |
| Enterprise NM (excluding BLSA) | -31.1 | -33.3 |
| Enterprise NM after F&S labour (excl BLSA) | -61.1 | -53.4 |
| Stocking rate (GLUs/total adj ha) | 0.70 | 0.78 |
| Lambing rate (born and reared/average no. ewes) | 1.34 | 1.31 |

*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 20 fully organic farms and the 192 non-organic LFA grazing farms in the sample. This table shows that the overall difference in profit favours the organic farms by £2,352 in Farm Business Income and by over £7,000 in Farm Corporate Income and Farm Investment Income. After the appropriate adjustments these profit figures translate to a Net Farm Income (NFI) of £6,688, which is £802 higher than the non-organic LFA grazing farms, and a Management and Investment Income (MII) loss of -£13,770, which is £3,000 better than the non-organic farms' loss of -£16,720. This greater FBI is down to the higher profitability of the non-production cost centres; the Agri-environmental cost centre (by £977) the Basic payment cost centre (by £7,038) and the Diversification cost centre (by £679) which offset the £6,343 loss of the Agriculture cost centre. Agricultural production activities realise a negative FBI for both organic and non-organic farms. 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 215ha, organic farms are 29% larger, in area terms, of the non-organics (167ha) and while a large portion of this is rough grazing very little of it is common land. Organic LFA farms are 60% owner occupied, against 46% for the non-organics, and actually use 14% less labour (at 1.4 annual 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

| 2018 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: | 59% | 52% | 11% | 12% | 5% | 4% | 25% | 32% | | | |
| Total output (Revenue) (a) | 67,819 | 59,972 | 12,747 | 13,831 | 5,471 | 5,016 | 28,745 | 36,551 | 114,783 | 115,371 | |
| Variable costs (b) | 45,987 | 37,866 | 14 | 97 | 150 | 11 | 10 | 65 | 46,161 | 38,038 | |
| Total Gross margin (c=a-b) | 21,832 | 22,106 | 12,733 | 13,735 | 5,321 | 5,005 | 28,735 | 36,487 | 68,622 | 77,333 | |
| Fixed costs (d) | 43,219 | 49,760 | 2,425 | 2,450 | 2,674 | 1,679 | 4,864 | 5,577 | 53,183 | 59,466 | |
| Total Costs (e=b+d) | 89,206 | 87,626 | 2,440 | 2,546 | 2,824 | 1,690 | 4,874 | 5,642 | 99,343 | 97,504 | |
| Profit/(loss) on sale of fixed assets (f) | 48 | -28 | | | | | | | 48 | -28 | |
| Farm Business Income (g=a-e+f) | -21,339 | -27,682 | 10,308 | 11,285 | 2,647 | 3,326 | 23,871 | 30,909 | 15,487 | 17,839 | |
| Adjustment for unpaid manual labour (h) | 26,182 | 21,353 | 463 | 437 | 1,442 | 805 | 0 | 0 | 28,087 | 22,595 | |
| Farm Corporate Income (i=g-h) | -47,521 | -49,035 | 9,844 | 10,848 | 1,206 | 2,521 | 23,871 | 30,909 | -12,600 | -4,756 | |
| Interest payments (net of interest received) (j) | 2,985 | 2,293 | 108 | 103 | 84 | 39 | 139 | 121 | 3,316 | 2,557 | |
| Farm Investment Income (k=i+j) | -44,536 | -46,742 | 9,952 | 10,951 | 1,289 | 2,560 | 24,010 | 31,031 | -9,284 | -2,200 | |
| % contribution of centre total costs to total: | 90% | 90% | 2% | 3% | 3% | 2% | 5% | 6% | | | |
| | | | | | | | Imputed rent (l) | | 11,506 | 17,412 | |
| | | | | | | | Ownership charges (m) | | 3,772 | 5,030 | |
| | | | | | | | Director's remuneration (n) | | 246 | 773 | |
| | | | | | | | Unpaid labour of principal farmer and spouse (o) | | 22,657 | 20,496 | |
| | | | | | | | Net Farm Income (p=k-l+m+n+o) | | 5,886 | 6,688 | |
| | | | | | | | Holding gains not included in farm income (q) | | -2,968 | -16,083 | |
| | | | | | | | Breeding Livestock Appreciation (BLSA) (r) | | -5,603 | -5,114 | |
| Non-organic Sample size (unweighted) 192 | | | | | | | Revaluation of machinery, permanent crops, glasshouse, quota (s) | | 1,977 | 2,692 | |
| Number (weighted) 6,757 | | | | | | | Revaluation of land (t) | | 658 | -13,661 | |
| Organic Sample size (unweighted) 20 | | | | | | | Manager's paid managerial input (u) | | 52 | 39 | |
| Number (weighted) 171 | | | | | | | Management and Investment Income (v=p-o+u) | | -16,720 | -13,770 | |

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

| Land Use and Stocking 2018/19 | The Average LFA Farm | |
|--|----------------------|--------------|
| | LFA Non-organics | LFA Organics |
| Number (unweighted) | 192 | 20 |
| Number (weighted) | 6,757 | 171 |
| Total Area (includes woodland and roads etc) (ha) | 170.6 | 218.2 |
| Area Farmed (ha) | 167.0 | 215.7 |
| Net Land Hired In (ha) | 3.4 | 9.1 |
| Utilised Agricultural Area (ha) | 163.6 | 206.6 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.5 | 3.2 |
| Grass, fodder crops and rough grazing (ha) | 162.1 | 203.4 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 65.2 | 91.6 |
| Adjusted rough grazing (sole occupation) | 18.6 | 21.5 |
| Adjusted rough grazing (shared) | 9.4 | 0.5 |
| Total Adjusted Utilised Agriculture Area (ha) | 117.0 | 136.4 |
| Area owner occupied (ha) | 76.4 | 129.2 |
| Area tenanted (ha) | 94.2 | 89.0 |
| Average age of farmer (years) | 61 | 59 |
| Agricultural labour units (ALU) | 1.6 | 1.4 |
| Standard Output size units (2010SO) | 97,246 | 109,277 |
| Standard Output size group (2010SO) | 7.0 | 7.2 |
| <u>Land Use</u> | | |
| Temporary Grassland Area (ha) | 3.1 | 12.1 |
| Permanent Grassland Area (ha) | 95.6 | 106.3 |
| <u>Stocking</u> | | |
| Total Beef cows | 25.4 | 44.2 |
| Total Cattle | 81.6 | 119.7 |
| Ewes (LFA and lowland) | 385.5 | 286.9 |
| Total Sheep | 757.5 | 546.3 |
| <u>Livestock Units</u> | | |
| Total Cattle LU | 48.2 | 73.3 |
| Total Sheep LU | 40.5 | 29.1 |
| Grazing LU (cattle, sheep, horses and others) | 89.2 | 103.2 |
| Outputs & Variable Costs | | |
| Farm Business Output | 114,783 | 115,371 |
| of which: Output from agriculture | 67,819 | 59,972 |
| Agri environment payment | 12,747 | 13,831 |
| Diversified output | 5,471 | 5,016 |
| Basic Payment | 28,745 | 36,551 |
| Livestock Enterprise Output | 60,573 | 53,802 |
| <i>of which:</i> Cattle Enterprise Output | 27,360 | 30,679 |
| Sheep Enterprise Output | 33,087 | 23,071 |
| Crop Enterprise Output | 3,851 | 3,628 |
| Non agriculture, no other category output | 3,386 | 2,496 |
| <u>Variable Costs</u> | | |
| Farm Business Variable costs | 46,161 | 38,038 |
| <i>of which:</i> Agriculture Variable Costs | 45,987 | 37,866 |
| Agriculture Crop Costs | 5,514 | 3,216 |
| Agriculture Livestock Costs | 34,242 | 22,605 |
| <i>of which:</i> Purchased Fodder Feed | 19,715 | 8,014 |
| Home Produced Fodder Feed | 767 | 1,531 |
| Veterinary and medicines | 4,405 | 3,924 |
| Other Livestock Costs | 9,355 | 9,136 |
| Agriculture Contract Costs | 3,844 | 9,909 |
| Agriculture Casual Labour | 2,316 | 1,895 |

8. References

Hill Farming in England, 2006/7, RBR

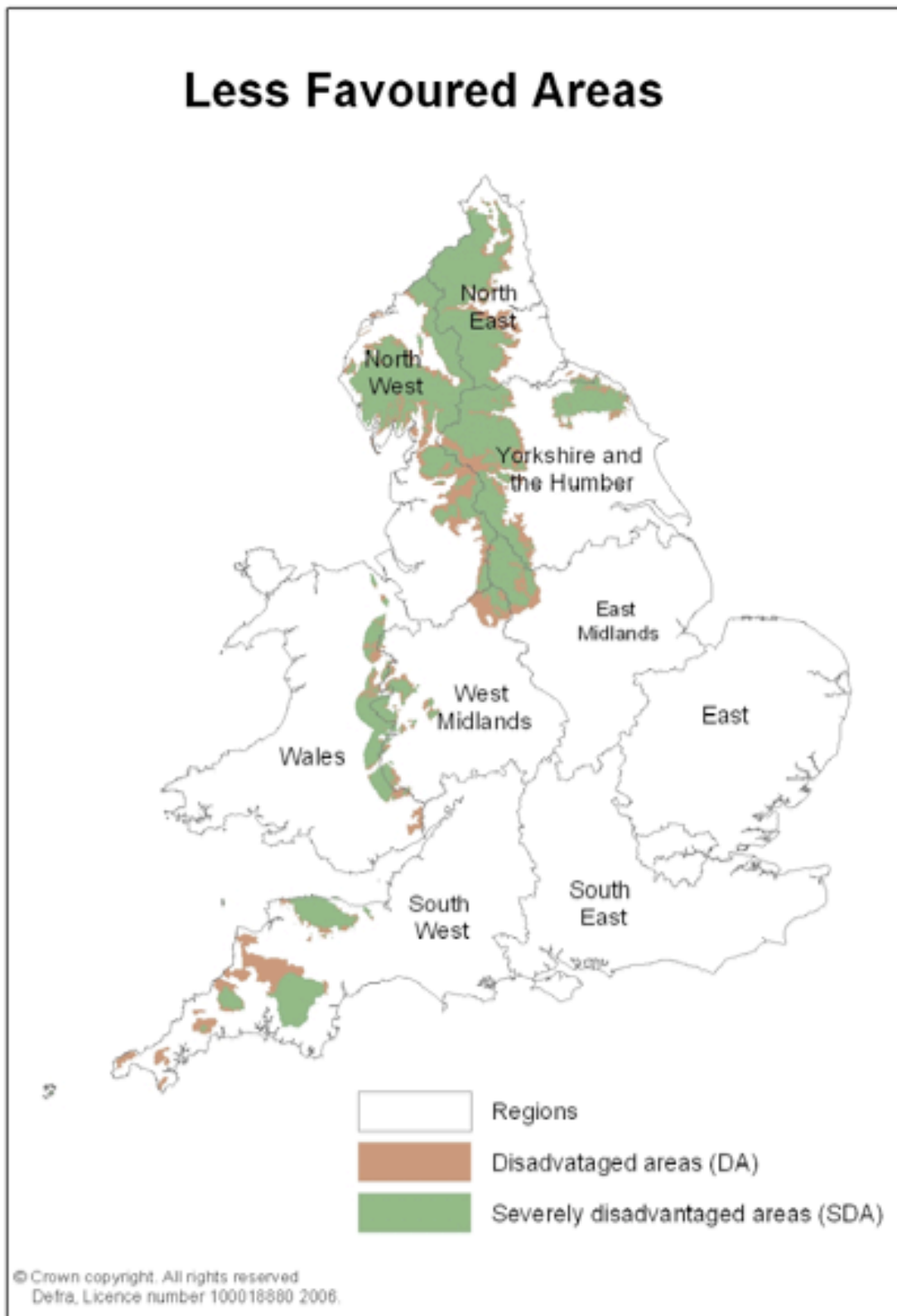
Hill Farming in England, 2017/18, RBR

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 2018/19 | | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2018/19 |
|---|------------------|--------------------------|---|--|---|--|
| | | Agriculture 2018/19 | Agri-environment and other payments 2018/19 | Diversification out of agriculture 2018/19 | Basic Payment Scheme 2018/19 | |
| Derivation of farm income measures: | | | | | | |
| Total output | (a) | 89,553 | 17,623 | 4,529 | 36,805 | 148,511 |
| Variable costs | (b) | 58,700 | 63 | 212 | 5 | 58,980 |
| Total Gross margin | (c=a-b) | 30,853 | 17,561 | 4,317 | 36,801 | 89,531 |
| Fixed costs | (d) | 56,743 | 3,650 | 2,624 | 5,397 | 68,414 |
| Total Costs | (e=b+d) | 115,443 | 3,713 | 2,837 | 5,401 | 127,393 |
| Profit/(loss) on sale of fixed assets | (f) | 305 | | | | 305 |
| Farm Business Income | (g=a-e+f) | -25,585 | 13,911 | 1,692 | 31,404 | 21,422 |
| Adjustment for unpaid manual labour | (h) | 29,999 | 861 | 1,754 | 0 | 32,614 |
| Farm Corporate Income | (i=g-h) | -55,584 | 13,049 | -61 | 31,404 | -11,192 |
| Interest payments (net of interest received) | (j) | 3,894 | 153 | 83 | 164 | 4,293 |
| Farm Investment Income | (k=i+j) | -51,690 | 13,203 | 21 | 31,568 | -6,898 |
| Derivation of Net Farm Income: | | | | | | |
| | | | | | Imputed rent (l) | 13,209 |
| | | | | | Ownership charges (m) | 4,660 |
| | | | | | Director's remuneration (n) | 119 |
| | | | | | Unpaid labour of principal farmer and spouse (o) | 25,393 |
| | | | | | Net Farm Income (p=k-l+m+n+o) | 10,065 |
| | | | | | Holding gains not included in farm income (q) | -8,015 |
| | | | | | Breeding Livestock Appreciation (BLSA) (r) | -6,981 |
| | | | | | Revaluation of machinery, permanent crops, glasshouse & quota (s) | 2,811 |
| | | | | | Revaluation of land (t) | -3,845 |
| | | | | | Manager's paid managerial input (u) | 139 |
| | | | | | Management and Investment Income (v=p-o+u) | -15,189 |
| The average farm | | | | | | |
| Number (unweighted) | 77 | | | | | |
| Number (weighted) | 1,416 | | | | | |

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

| The average Specialist beef (SDA) farm 2018/19 | | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2018/19 |
|---|------------------|--------------------------|---|--|------------------------------------|--|
| | | Agriculture 2018/19 | Agri-environment and other payments 2018/19 | Diversification out of agriculture 2018/19 | Basic Payment Scheme 2018/19 | |
| Derivation of farm income measures: | | | | | | |
| Total output | (a) | 64,826 | 5,344 | 8,841 | 23,195 | 102,206 |
| Variable costs | (b) | 42,209 | 7 | 1 | 61 | 42,279 |
| Total Gross margin | (c=a-b) | 22,617 | 5,337 | 8,840 | 23,134 | 59,927 |
| Fixed costs | (d) | 44,387 | 945 | 4,098 | 4,948 | 54,379 |
| Total Costs | (e=b+d) | 86,596 | 953 | 4,100 | 5,009 | 96,658 |
| Profit/(loss) on sale of fixed assets | (f) | 192 | | | | 192 |
| Farm Business Income | (g=a-e+f) | -21,578 | 4,392 | 4,742 | 18,186 | 5,741 |
| Adjustment for unpaid manual labour | (h) | 24,996 | 229 | 1,436 | 0 | 26,662 |
| Farm Corporate Income | (i=g-h) | -46,574 | 4,163 | 3,305 | 18,186 | -20,921 |
| Interest payments (net of interest received) | (j) | 1,850 | 59 | 85 | 73 | 2,068 |
| Farm Investment Income | (k=i+j) | -44,724 | 4,222 | 3,391 | 18,259 | -18,853 |
| Derivation of Net Farm Income | | | | | | |
| Imputed rent (l) | | | | | | 15,323 |
| Ownership charges (m) | | | | | | 5,944 |
| Director's remuneration (n) | | | | | | 321 |
| Unpaid labour of principal farmer and spouse (o) | | | | | | 23,173 |
| Net Farm Income (p=k-l+m+n+o) | | | | | | -4,737 |
| Holding gains not included in farm income (q) | | | | | | 2,433 |
| Breeding Livestock Appreciation (BLSA) (r) | | | | | | -3,848 |
| Revaluation of machinery, permanent crops, glasshouse & quota (s) | | | | | | 2,221 |
| Revaluation of land (t) | | | | | | 4,060 |
| Manager's paid managerial input (u) | | | | | | 0 |
| Management and Investment Income (v=p-o+u) | | | | | | -27,910 |
| The average farm | | | | | | |
| Number (unweighted) | 33 | | | | | |
| Number (weighted) | 851 | | | | | |

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

| The average Specialist sheep (SDA) farm 2018/19 | | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2018/19 |
|--|------------------|--------------------------|---|---|------------------------------------|--|
| | | Agriculture 2018/19 | Agri-environment and other payments 2018/19 | Diversification out of agriculture 2018/19 | Basic Payment Scheme 2018/19 | |
| Derivation of farm income measures: | | | | | | |
| Total output | (a) | 59,395 | 24,876 | 6,313 | 39,362 | 129,946 |
| Variable costs | (b) | 49,889 | 8 | 17 | 5 | 49,920 |
| Total Gross margin | (c=a-b) | 9,506 | 24,868 | 6,296 | 39,357 | 80,027 |
| Fixed costs | (d) | 40,380 | 4,418 | 3,012 | 6,524 | 54,334 |
| Total Costs | (e=b+d) | 90,269 | 4,426 | 3,029 | 6,530 | 104,254 |
| Profit/(loss) on sale of fixed assets | (f) | -235 | | | | -235 |
| Farm Business Income | (g=a-e+f) | -31,109 | 20,450 | 3,284 | 32,832 | 25,457 |
| Adjustment for unpaid manual labour | (h) | 25,518 | 647 | 1,021 | 0 | 27,187 |
| Farm Corporate Income | (i=g-h) | -56,627 | 19,803 | 2,263 | 32,832 | -1,730 |
| Interest payments (net of interest received) | (j) | 3,637 | 225 | 96 | 238 | 4,195 |
| Farm Investment Income | (k=i+j) | -52,991 | 20,028 | 2,359 | 33,070 | 2,466 |
| Derivation of Net Farm Income | | | | | | |
| | | | | Imputed rent (l) | | 12,478 |
| | | | | Ownership charges (m) | | 3,301 |
| | | | | Director's remuneration (n) | | 48 |
| | | | | Unpaid labour of principal farmer and spouse (o) | | 23,193 |
| | | | | Net Farm Income (p=k-l+m+n+o) | | 16,530 |
| | | | | Holding gains not included in farm income (q) | | -3,224 |
| | | | | Breeding Livestock Appreciation (BLSA) (r) | | -7,668 |
| | | | | Revaluation of machinery, permanent crops, glasshouse & quota (s) | | 1,819 |
| | | | | Revaluation of land (t) | | 2,625 |
| | | | | Manager's paid managerial input (u) | | 76 |
| | | | | Management and Investment Income (v=p-o+u) | | -6,587 |
| The average farm Number (unweighted) | 42 | | | | | |
| Number (weighted) | 2,027 | | | | | |

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

| The average Various grazing livestock (DA) farm 2018/19 | | Cost Centre (£ per farm) | | | | Farm Business (£ per farm) 2018/19 |
|--|------------------|--------------------------|---|---|------------------------------------|--|
| | | Agriculture 2018/19 | Agri-environment and other payments 2018/19 | Diversification out of agriculture 2018/19 | Basic Payment Scheme 2018/19 | |
| Derivation of farm income measures: | | | | | | |
| Total output | (a) | 63,076 | 3,256 | 4,211 | 18,544 | 89,087 |
| Variable costs | (b) | 36,842 | 1 | 258 | 3 | 37,104 |
| Total Gross margin | (c=a-b) | 26,234 | 3,255 | 3,954 | 18,541 | 51,983 |
| Fixed costs | (d) | 38,183 | 713 | 1,916 | 3,319 | 44,132 |
| Total Costs | (e=b+d) | 75,025 | 714 | 2,174 | 3,323 | 81,236 |
| Profit/(loss) on sale of fixed assets | (f) | 75 | | | | 75 |
| Farm Business Income | (g=a-e+f) | -11,874 | 2,541 | 2,037 | 15,221 | 7,926 |
| Adjustment for unpaid manual labour | (h) | 24,710 | 182 | 1,557 | 0 | 26,449 |
| Farm Corporate Income | (i=g-h) | -36,584 | 2,360 | 480 | 15,221 | -18,523 |
| Interest payments (net of interest received) | (j) | 2,318 | 9 | 71 | 70 | 2,468 |
| Farm Investment Income | (k=i+j) | -34,266 | 2,369 | 551 | 15,291 | -16,055 |
| Derivation of Net Farm Income | | | | | | |
| | | | | Imputed rent (l) | | 8,993 |
| | | | | Ownership charges (m) | | 3,037 |
| | | | | Director's remuneration (n) | | 477 |
| | | | | Unpaid labour of principal farmer and spouse (o) | | 20,468 |
| | | | | Net Farm Income (p=k-l+m+n+o) | | -1,067 |
| | | | | Holding gains not included in farm income (q) | | -2,656 |
| | | | | Breeding Livestock Appreciation (BLSA) (r) | | -3,809 |
| | | | | Revaluation of machinery, permanent crops, glasshouse & quota (s) | | 1,618 |
| | | | | Revaluation of land (t) | | -466 |
| | | | | Manager's paid managerial input (u) | | 3 |
| | | | | Management and Investment Income (v=p-o+u) | | -21,532 |
| The average farm Number (unweighted) | 60 | | | | | |
| Number (weighted) | 2,634 | | | | | |

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

| | The average LFA Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|---|----------------------|-------------------------------|------------------------|-----------------------|--------------------------------|
| 2018/19 | | | | | |
| Number of farms in the group | 212 | 77 | 42 | 33 | 60 |
| Number (weighted) | 6,928 | 1,416 | 2,027 | 851 | 2,634 |
| Utilisable Agricultural Area (UAA) (ha) | 165 | 212 | 252 | 117 | 87 |
| Average adjusted UAA (ha) | 118 | 146 | 148 | 95 | 86 |
| Average adjusted sole grazing (ha) | 19 | 31 | 37 | 9 | 1 |
| Average herd size | 27 | 43 | 12 | 47 | 23 |
| Average flock size | 383 | 493 | 600 | 142 | 235 |
| Output | | | | | |
| <u>Farm Output</u> | 115,035 | 148,961 | 130,152 | 102,352 | 89,265 |
| Farm Business Output | 114,797 | 148,511 | 129,946 | 102,206 | 89,087 |
| of which: Output from agriculture | 67,625 | 89,553 | 59,395 | 64,826 | 63,076 |
| Agri environment payment | 12,774 | 17,623 | 24,876 | 5,344 | 3,256 |
| Diversified output | 5,460 | 4,529 | 6,313 | 8,841 | 4,211 |
| Basic Payment | 28,938 | 36,805 | 39,362 | 23,195 | 18,544 |
| Livestock Enterprise Output | 60,405 | 81,273 | 56,448 | 59,667 | 52,473 |
| of which: Cattle Enterprise Output | 27,442 | 41,745 | 8,386 | 43,862 | 29,114 |
| (incl Livestock disease compensation) | 206 | 450 | 0 | 566 | 118 |
| Sheep Enterprise Output | 32,839 | 39,521 | 47,944 | 15,617 | 23,190 |
| Poultry Enterprise Output | 111 | 6 | 106 | 144 | 161 |
| Pigs Enterprise Output | 3 | 0 | 0 | 0 | 8 |
| Other Livestock Enterprise Output | 9 | 1 | 12 | 44 | 0 |
| Crop Enterprise Output | 3,845 | 3,186 | 1,055 | 4,076 | 6,272 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 | 0 |
| Main Crops | 1,579 | 923 | 94 | 2,506 | 2,774 |
| Forage & by-products | 2,225 | 2,193 | 952 | 1,669 | 3,400 |
| Cultivations output | 42 | 69 | 8 | -100 | 98 |
| Non agriculture, no other category output | 3,364 | 5,092 | 1,893 | 1,083 | 4,304 |
| Disposal Previous Crops | 11 | 2 | 0 | 1 | 26 |
| Farm Business Output | 114,797 | 148,511 | 129,946 | 102,206 | 89,087 |
| Variable Costs | | | | | |
| Farm Business Variable costs | 45,960 | 58,980 | 49,920 | 42,279 | 37,104 |
| of which: Agriculture Variable Costs | 45,786 | 58,700 | 49,889 | 42,209 | 36,842 |
| Agri environment Variable Costs | 16 | 63 | 8 | 7 | 1 |
| Diversified income Variable Costs | 146 | 212 | 17 | 1 | 258 |
| BPS Variable Costs | 11 | 5 | 5 | 61 | 3 |
| Agriculture Crop Costs | 5,457 | 7,090 | 3,484 | 6,624 | 5,721 |
| of which: Seed | 401 | 399 | 150 | 605 | 529 |
| Fertilizer | 3,959 | 5,544 | 2,837 | 4,964 | 3,647 |
| Crop Protection | 437 | 495 | 203 | 582 | 538 |
| Other Crop Costs | 661 | 652 | 295 | 473 | 1,008 |
| Agriculture Livestock Costs | 33,954 | 44,376 | 39,619 | 29,668 | 25,377 |
| of which: Purchased Fodder Feed | 19,426 | 25,827 | 24,259 | 15,632 | 13,491 |
| Home Produced Fodder Feed | 786 | 952 | 105 | 1,891 | 863 |
| Veterinary and medicines | 4,393 | 5,636 | 5,439 | 3,536 | 3,195 |
| Other Livestock Costs | 9,350 | 11,960 | 9,815 | 8,609 | 7,828 |
| Agriculture Contract Costs | 3,994 | 4,536 | 3,704 | 4,164 | 3,871 |
| Agriculture Casual Labour | 2,306 | 2,519 | 3,058 | 1,745 | 1,794 |
| Agriculture, no other category Variable Costs | 75 | 179 | 24 | 8 | 79 |
| Farm Business Gross Margin | 68,837 | 89,531 | 80,027 | 59,927 | 51,983 |
| Agriculture Gross Margin | 21,839 | 30,853 | 9,506 | 22,617 | 26,234 |
| Agri Environment Gross Margin | 12,758 | 17,561 | 24,868 | 5,337 | 3,255 |
| Diversified Gross Margin | 5,314 | 4,317 | 6,296 | 8,840 | 3,954 |

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

| | The Average LFA Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|---|-------------------------|--|------------------------------|-----------------------------|---|
| 2018/19 | | | | | |
| Number (unweighted) | 212 | 77 | 42 | 33 | 60 |
| Number (weighted) | 6,928 | 1,416 | 2,027 | 851 | 2,634 |
| Utilisable Agricultural Land (UAA) (ha) | 165 | 212 | 252 | 117 | 87 |
| Average adjusted UAA (ha) | 118 | 146 | 148 | 95 | 86 |
| Average adjusted sole grazing (ha) | 19 | 31 | 37 | 9 | 1 |
| Average herd size | 27 | 43 | 12 | 47 | 23 |
| Average flock size | 383 | 493 | 600 | 142 | 235 |
| Gross Margin | | | | | |
| Farm Business Gross Margin | 68,837 | 89,531 | 80,027 | 59,927 | 51,983 |
| Agriculture Gross Margin | 21,839 | 30,853 | 9,506 | 22,617 | 26,234 |
| Agri Environment Gross Margin | 12,758 | 17,561 | 24,868 | 5,337 | 3,255 |
| Diversified Income Gross Margin | 5,314 | 4,317 | 6,296 | 8,840 | 3,954 |
| BPS Gross Margin | 28,927 | 36,801 | 39,357 | 23,134 | 18,541 |
| Fixed Costs | | | | | |
| Farm Business Fixed Costs | 53,338 | 68,414 | 54,334 | 54,379 | 44,132 |
| of which: Agriculture Fixed Costs | 43,381 | 56,743 | 40,380 | 44,387 | 38,183 |
| Agri Environment Fixed Costs | 2,426 | 3,650 | 4,418 | 945 | 713 |
| Diversified Income Fixed Costs | 2,650 | 2,624 | 3,012 | 4,098 | 1,916 |
| BPS Fixed Costs | 4,882 | 5,397 | 6,524 | 4,948 | 3,319 |
| Agriculture Paid Labour | 6,948 | 8,416 | 9,811 | 6,510 | 4,099 |
| Of which Fixed Labour Costs | 4,642 | 5,896 | 6,753 | 4,764 | 2,305 |
| (-) Casual Labour Costs (a Variable Cost) | 2,306 | 2,519 | 3,058 | 1,745 | 1,794 |
| Agriculture Machinery Costs | 17,666 | 24,090 | 16,073 | 19,902 | 14,715 |
| of which: Machinery Running Costs | 8,607 | 11,698 | 8,001 | 9,275 | 7,195 |
| Agriculture Depreciation Tenants Capital | 9,059 | 12,392 | 8,072 | 10,627 | 7,520 |
| Agriculture General Farming Costs | 10,469 | 13,064 | 10,251 | 10,115 | 9,357 |
| of which: Agriculture Bank & Professional Fees | 1,971 | 2,355 | 1,843 | 1,750 | 1,936 |
| Agriculture Other General Costs | 5,529 | 6,815 | 4,772 | 6,515 | 5,103 |
| Net Interest Payments | 2,968 | 3,894 | 3,637 | 1,850 | 2,318 |
| Bad Debts Write-offs | 0 | 0 | 0 | 0 | 0 |
| Agriculture Property Costs | 8,777 | 10,654 | 6,177 | 8,735 | 9,783 |
| Non Agriculture Other Fixed Costs | 1,826 | 3,038 | 1,125 | 871 | 2,023 |
| Profit/loss sale of fixed assets | 46 | 305 | -235 | 192 | 75 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | | | | | |
| | -21,496 | -25,585 | -31,109 | -21,578 | -11,874 |
| Unpaid manual labour | 26,062 | 29,999 | 25,518 | 24,996 | 24,710 |
| Of Which Unpaid Farmer and Spouse | 21,405 | 23,991 | 21,721 | 21,549 | 19,726 |
| Unpaid Partner | 4,657 | 6,008 | 3,798 | 3,448 | 4,984 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | | | | | |
| | -47,558 | -55,584 | -56,627 | -46,574 | -36,584 |
| Agriculture Net Interest Payment (added back) | 2,968 | 3,894 | 3,637 | 1,850 | 2,318 |
| AGRICULTURE INVESTMENT INCOME | | | | | |
| | -44,590 | -51,690 | -52,991 | -44,724 | -34,266 |
| Farm Net Margin (FARM BUSINESS INCOME) | | | | | |
| | 15,545 | 21,422 | 25,457 | 5,741 | 7,926 |
| Farm Economic Profit (FARM CORPORATE INCOME) | | | | | |
| | -12,406 | -11,192 | -1,730 | -20,921 | -18,523 |
| FARM INVESTMENT INCOME | | | | | |
| | -9,109 | -6,898 | 2,466 | -18,853 | -16,055 |
| NET FARM INCOME | | | | | |
| | 5,906 | 10,065 | 16,530 | -4,737 | -1,067 |
| Holding gains not included in farm income | -3,292 | -8,015 | -3,224 | 2,433 | -2,656 |
| BLSA | -5,591 | -6,981 | -7,668 | -3,848 | -3,809 |
| Revaluation of Machinery, permanent crops etc. | 1,995 | 2,811 | 1,819 | 2,221 | 1,618 |
| Revaluation of Land | 304 | -3,845 | 2,625 | 4,060 | -466 |
| MANAGEMENT AND INVESTMENT INCOME | | | | | |
| | -16,647 | -15,189 | -6,587 | -27,910 | -21,532 |

Table 20 Balance sheet by main farm type

| 2018/19 | The Average LFA Farm | Mixed grazing livestock (SDA) | Specialist sheep (SDA) | Specialist beef (SDA) | Various grazing livestock (DA) |
|--|-------------------------|--|------------------------------|-----------------------------|---|
| Number (unweighted) | 212 | 77 | 42 | 33 | 60 |
| Number (weighted) | 6,928 | 1,416 | 2,027 | 851 | 2,634 |
| Average Farmed Area (ha) | 168.3 | 216.5 | 259.3 | 121.7 | 87.3 |
| Adjusted Utilisable Agricultural Area (ha) | 117.5 | 145.7 | 148.2 | 94.6 | 86.2 |
| Utilisable Agricultural Area (ha) | 164.7 | 211.9 | 252.1 | 116.8 | 87.5 |
| Grazing Livestock Units | 89.5 | 123.7 | 78.6 | 103.6 | 75.1 |
| Ewes (head) | 383 | 493 | 600 | 142 | 235 |
| Beef Cows (head) | 25 | 40 | 12 | 45 | 20 |
| Occupied Area (ha) | 77.7 | 89.2 | 105.5 | 80.3 | 49.3 |
| Tenanted Area (ha) | 94.1 | 126.7 | 161.0 | 39.8 | 42.7 |
| Percentage of Land Owned (%) | 45.2 | 41.3 | 39.6 | 66.9 | 53.6 |
| Assets | | | | | |
| Fixed Assets | 900,148 | 1,025,378 | 917,178 | 1,120,071 | 748,658 |
| Of which: Agricultural Land | 690,832 | 757,199 | 691,949 | 910,606 | 583,276 |
| Woodland | 11,583 | 7,182 | 2,957 | 5,837 | 22,444 |
| Total Buildings | 28,548 | 39,241 | 22,825 | 43,449 | 22,390 |
| Total Improvements | 12,846 | 8,577 | 29,855 | 7,773 | 3,691 |
| Milk quota | 0 | 0 | 0 | 0 | 0 |
| BPS Entitlements | 29,430 | 37,038 | 41,474 | 22,431 | 18,334 |
| Machinery | 59,307 | 81,294 | 54,395 | 68,663 | 48,244 |
| Breeding Livestock | 66,418 | 94,099 | 73,099 | 61,268 | 48,061 |
| Miscellaneous Business Assets | 1,184 | 747 | 623 | 42 | 2,219 |
| Current Assets | 82,828 | 100,869 | 78,296 | 100,022 | 71,063 |
| of which: Trading Livestock | 32,519 | 44,503 | 16,548 | 51,581 | 32,209 |
| Crops | 443 | 207 | 0 | 1,684 | 509 |
| Forage | 3,438 | 4,386 | 2,148 | 5,549 | 3,238 |
| Cultivation | 784 | 1,305 | 195 | 1,238 | 811 |
| Stores | 3,729 | 4,253 | 2,664 | 4,004 | 4,178 |
| Liquid Assets | 41,915 | 46,214 | 56,741 | 35,967 | 30,117 |
| Of which: Cash at Bank and In Hand | 28,500 | 30,807 | 36,079 | 26,807 | 21,976 |
| Debtors | 8,402 | 10,459 | 11,346 | 7,464 | 5,334 |
| Suspended | 0 | 0 | 0 | 0 | 0 |
| BPS debtors | 5,013 | 4,948 | 9,316 | 1,696 | 2,808 |
| Total Assets (£/farm) | 982,976 | 1,126,247 | 995,474 | 1,220,094 | 819,722 |
| Of which: Total Landlord-type Capital | 743,810 | 812,199 | 747,587 | 967,666 | 631,800 |
| Tenant Type Capital | 239,167 | 314,048 | 247,888 | 252,427 | 187,921 |
| Loans | | | | | |
| Total Long Term Loans | 69,149 | 101,872 | 71,979 | 44,428 | 57,372 |
| Of which: Bank Loans | 35,309 | 70,075 | 30,038 | 11,240 | 28,457 |
| Institutional Loans | 25,439 | 26,156 | 35,654 | 32,487 | 14,914 |
| Of which: AMC | 19,987 | 13,082 | 30,245 | 24,779 | 14,254 |
| Building Societies | 1,242 | 1,140 | 211 | 7,708 | 0 |
| Other Institutional Loans | 4,211 | 11,934 | 5,198 | 0 | 660 |
| Family Loans | 8,325 | 5,411 | 6,287 | 460 | 14,001 |
| Other Loans | 76 | 229 | 0 | 241 | 0 |
| Current Liabilities | 27,785 | 32,623 | 24,931 | 24,260 | 28,520 |
| Of which: Hire Purchase | 4,912 | 5,720 | 3,361 | 5,824 | 5,377 |
| Leasing | 2 | 0 | 0 | 20 | 0 |
| Other Current Liabilities | 22,870 | 26,903 | 21,570 | 18,417 | 23,143 |
| Of which Creditors | 8,031 | 10,681 | 9,465 | 6,342 | 6,049 |
| Bank Overdraft | 14,598 | 16,039 | 11,476 | 11,915 | 17,093 |
| Others | 241 | 182 | 628 | 160 | 0 |
| Total Liabilities | 96,934 | 134,495 | 96,910 | 68,688 | 85,892 |
| Closing Net Worth | 886,042 | 991,752 | 898,564 | 1,151,405 | 733,829 |
| Opening Net Worth | 891,056 | 995,588 | 911,650 | 1,136,110 | 739,828 |
| Change in New Worth | -5,014 | -3,835 | -13,086 | 15,295 | -5,999 |

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) |
|--|-------------------------------|--|------------------------------|-----------------------------|---|
| 2018/19 | | | | | |
| Number (unweighted) | 212 | 77 | 42 | 33 | 60 |
| Number (weighted) | 6,928 | 1,416 | 2,027 | 851 | 2,634 |
| Total Area (includes woodland and roads etc) (ha) | 171.8 | 215.9 | 266.5 | 120.1 | 92.0 |
| Area Farmed (ha) | 168.3 | 216.5 | 259.3 | 121.7 | 87.3 |
| Net Land Hired In (ha) | 3.6 | 4.6 | 7.3 | 4.9 | -0.2 |
| Utilised Agricultural Area (ha) | 164.7 | 211.9 | 252.1 | 116.8 | 87.5 |
| Of which Total main products (ha) | 1.6 | 1.1 | 0.1 | 2.2 | 2.8 |
| Grass, fodder crops and rough grazing (ha) | 163.1 | 210.8 | 252.0 | 114.7 | 84.7 |
| Of which rough grazing (unadjusted) (ha) | 65.8 | 97.2 | 140.9 | 31.6 | 2.3 |
| Adjusted rough grazing (sole occupation) | 18.7 | 31.0 | 37.0 | 9.4 | 1.0 |
| Adjusted rough grazing (shared) | 9.2 | 13.3 | 21.3 | 1.3 | 0.3 |
| Total Adjusted Utilised Agriculture Area (ha) | 117.5 | 145.7 | 148.2 | 94.6 | 86.2 |
| Area owner occupied (ha) | 77.7 | 89.2 | 105.5 | 80.3 | 49.3 |
| Area tenanted (ha) | 94.1 | 126.7 | 161.0 | 39.8 | 42.7 |
| Average age of farmer (years) | 61 | 57 | 61 | 63 | 62 |
| Agricultural labour units (ALU) | 1.6 | 1.8 | 1.7 | 1.5 | 1.3 |
| Standard Output (2010SO) | 97,543 | 130,428 | 94,311 | 95,654 | 82,966 |
| Standard Output size group (2010SO) | 7.0 | 7.5 | 7.0 | 6.9 | 6.8 |
| <u>Land Use</u> | | | | | |
| Temporary Grassland Area (ha) | 3.3 | 5.2 | 0.6 | 2.5 | 4.6 |
| Permanent Grassland Area (ha) | 95.9 | 111.7 | 115.2 | 84.6 | 76.2 |
| <u>Stocking</u> | | | | | |
| Total Dairy Cows | 1 | 3 | 0 | 0 | 1 |
| Total Beef cows | 26 | 40 | 12 | 47 | 22 |
| Total Cattle | 83 | 122 | 29 | 146 | 82 |
| Ewes (LFA and lowland) | 383 | 493 | 600 | 142 | 235 |
| Of which LFA Ewes | 375 | 493 | 600 | 142 | 213 |
| Lowland Ewes | 8 | 0 | 0 | 0 | 22 |
| Total Sheep | 752 | 954 | 1,157 | 308 | 476 |
| <u>Livestock Units</u> | | | | | |
| Total Cattle LU | 49 | 72 | 17 | 87 | 48 |
| Of which Beef Cows LU | 19 | 30 | 9 | 35 | 17 |
| Other Cattle LU | 25 | 35 | 7 | 49 | 27 |
| Dairy Cows and Heifers | 4 | 7 | 1 | 4 | 4 |
| Total Sheep LU | 40 | 51 | 61 | 16 | 26 |
| Of which Ewe LU | 27 | 35 | 42 | 11 | 17 |
| Grazing LU (cattle, sheep, horses and others) | 90 | 124 | 79 | 104 | 75 |
| Total LU | 90 | 124 | 79 | 104 | 75 |
| <u>Financial Performance per GLU</u> | | | | | |
| Farm Business Output per GLU (£/GLU) | 1,282 | 1,201 | 1,654 | 987 | 1,186 |
| Farm Business Variable Costs (£/GLU) | 513 | 477 | 635 | 408 | 494 |
| Farm Business Gross Margin (£/GLU) | 769 | 724 | 1,019 | 579 | 692 |
| Farm Business Fixed Costs (£/GLU) | 596 | 553 | 692 | 525 | 587 |
| Farm Business Income (£/GLU) | 174 | 173 | 324 | 55 | 106 |
| Farm Corporate Income (£/GLU) | -139 | -91 | -22 | -202 | -247 |
| Farm Investment Income (£/GLU) | -102 | -56 | 31 | -182 | -214 |
| Holding Gains Not In Income (£/GLU) | -37 | -65 | -41 | 23 | -35 |
| of which Land Revaluation (£/GLU) | 3 | -31 | 33 | 39 | -6 |
| Net Farm Income (£/GLU) | 66 | 81 | 210 | -46 | -14 |
| Management and Investment Income (£/GLU) | -186 | -123 | -84 | -270 | -287 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -240 | -207 | -396 | -208 | -158 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -531 | -449 | -721 | -450 | -487 |
| Agriculture Investment Income (£/GLU) | -498 | -418 | -675 | -432 | -456 |

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

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

| 2018/19 | The average LFA Farm | EU Region England North | EU Region England East | EU Region England West |
|---|-------------------------|----------------------------|---------------------------|---------------------------|
| Number of farms in the group | 212 | 133 | 19 | 60 |
| Number (weighted) | 6,928 | 4,622 | 478 | 1,828 |
| Utilisable Agricultural Area (UAA) (ha) | 165 | 192 | 140 | 103 |
| Average adjusted UAA (ha) | 118 | 128 | 120 | 91 |
| Average adjusted sole grazing (ha) | 19 | 24 | 20 | 5 |
| Average herd size | 27 | 24 | 35 | 32 |
| Average flock size | 383 | 453 | 239 | 245 |
| Output | | | | |
| Farm Output | 115,035 | 124,666 | 110,946 | 91,759 |
| Farm Business Output | 114,797 | 124,386 | 110,651 | 91,643 |
| of which: Output from agriculture | 67,625 | 70,366 | 73,021 | 59,286 |
| Agri environment payment | 12,774 | 15,420 | 7,049 | 7,584 |
| Diversified output | 5,460 | 5,687 | 7,024 | 4,478 |
| Basic Payment | 28,938 | 32,914 | 23,557 | 20,295 |
| Livestock Enterprise Output | 60,405 | 64,171 | 64,191 | 49,896 |
| of which: Cattle Enterprise Output | 27,442 | 24,476 | 42,262 | 31,067 |
| (incl Livestock disease compensation) | 206 | 0 | 747 | 586 |
| Sheep Enterprise Output | 32,839 | 39,537 | 21,796 | 18,796 |
| Poultry Enterprise Output | 111 | 158 | 83 | 0 |
| Pigs Enterprise Output | 3 | 0 | 0 | 12 |
| Other Livestock Enterprise Output | 9 | 0 | 49 | 21 |
| Crop Enterprise Output | 3,845 | 3,571 | 3,678 | 4,582 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 |
| Main Crops | 1,579 | 1,549 | 209 | 2,011 |
| Forage & by-products | 2,225 | 2,026 | 3,233 | 2,464 |
| Cultivations output | 42 | -4 | 236 | 107 |
| Non agriculture, no other category output | 3,364 | 2,608 | 5,152 | 4,806 |
| Disposal Previous Crops | 11 | 15 | 0 | 2 |
| Farm Business Output | 114,797 | 124,386 | 110,651 | 91,643 |
| Variable Costs | | | | |
| Farm Business Variable costs | 45,960 | 50,857 | 42,949 | 34,370 |
| of which: Agriculture Variable Costs | 45,786 | 50,747 | 41,581 | 34,344 |
| Agri environment Variable Costs | 16 | 23 | 1 | 5 |
| Diversified income Variable Costs | 146 | 72 | 1,367 | 16 |
| BPS Variable Costs | 11 | 15 | 1 | 5 |
| Agriculture Crop Costs | 5,457 | 5,825 | 4,122 | 4,877 |
| of which: Seed | 401 | 371 | 168 | 538 |
| Fertilizer | 3,959 | 4,245 | 2,900 | 3,515 |
| Crop Protection | 437 | 435 | 504 | 422 |
| Other Crop Costs | 661 | 774 | 549 | 403 |
| Agriculture Livestock Costs | 33,954 | 37,943 | 33,385 | 24,018 |
| of which: Purchased Fodder Feed | 19,426 | 22,458 | 20,679 | 11,433 |
| Home Produced Fodder Feed | 786 | 546 | 129 | 1,564 |
| Veterinary and medicines | 4,393 | 4,959 | 4,141 | 3,027 |
| Other Livestock Costs | 9,350 | 9,981 | 8,436 | 7,993 |
| Agriculture Contract Costs | 3,994 | 4,187 | 3,165 | 3,722 |
| Agriculture Casual Labour | 2,306 | 2,733 | 904 | 1,592 |
| Agriculture, no other category Variable Costs | 75 | 58 | 4 | 134 |
| Farm Business Gross Margin | 68,837 | 73,529 | 67,702 | 57,273 |
| Agriculture Gross Margin | 21,839 | 19,618 | 31,440 | 24,942 |
| Agri Environment Gross Margin | 12,758 | 15,397 | 7,048 | 7,579 |
| Diversified Gross Margin | 5,314 | 5,615 | 5,658 | 4,461 |
| BPS Gross Margin | 28,927 | 32,899 | 23,556 | 20,290 |

Table 23 Fixed costs and farm income measures by EU region

| | The Average LFA Farm | EU Region England North | EU Region England East | EU Region England West |
|---|----------------------------|-------------------------------|------------------------------|------------------------------|
| 2018/19 | | | | |
| Number (unweighted) | 212 | 133 | 19 | 60 |
| Number (weighted) | 6,928 | 4,622 | 478 | 1,828 |
| Utilisable Agricultural Land (UAA) (ha) | 165 | 192 | 140 | 103 |
| Average adjusted UAA (ha) | 118 | 128 | 120 | 91 |
| Average adjusted sole grazing (ha) | 19 | 24 | 20 | 5 |
| Average herd size | 27 | 24 | 35 | 32 |
| Average flock size | 383 | 453 | 239 | 245 |
| Gross Margin | | | | |
| Farm Business Gross Margin | 68,837 | 73,529 | 67,702 | 57,273 |
| Agriculture Gross Margin | 21,839 | 19,618 | 31,440 | 24,942 |
| Agri Environment Gross Margin | 12,758 | 15,397 | 7,048 | 7,579 |
| Diversified Income Gross Margin | 5,314 | 5,615 | 5,658 | 4,461 |
| BPS Gross Margin | 28,927 | 32,899 | 23,556 | 20,290 |
| Fixed Costs | | | | |
| Farm Business Fixed Costs | 53,338 | 55,677 | 54,994 | 46,992 |
| of which: Agriculture Fixed Costs | 43,381 | 44,436 | 46,649 | 39,858 |
| Agri Environment Fixed Costs | 2,426 | 2,967 | 1,127 | 1,397 |
| Diversified Income Fixed Costs | 2,650 | 2,585 | 3,536 | 2,582 |
| BPS Fixed Costs | 4,882 | 5,689 | 3,682 | 3,155 |
| Agriculture Paid Labour | 6,948 | 8,354 | 3,159 | 4,387 |
| Of which Fixed Labour Costs | 4,642 | 5,620 | 2,255 | 2,795 |
| (-) Casual Labour Costs (a Variable Cost) | 2,306 | 2,733 | 904 | 1,592 |
| Agriculture Machinery Costs | 17,666 | 18,379 | 19,868 | 15,285 |
| of which: Machinery Running Costs | 8,607 | 8,796 | 8,607 | 8,127 |
| Agriculture Depreciation Tenants Capital | 9,059 | 9,583 | 11,261 | 7,158 |
| Agriculture General Farming Costs | 10,469 | 10,339 | 9,605 | 11,025 |
| of which: Agriculture Bank & Professional Fees | 1,971 | 2,061 | 1,512 | 1,864 |
| Agriculture Other General Costs | 5,529 | 5,127 | 6,637 | 6,256 |
| Net Interest Payments | 2,968 | 3,150 | 1,455 | 2,904 |
| Bad Debts Write-offs | 0 | 0 | 0 | 0 |
| Agriculture Property Costs | 8,777 | 8,521 | 11,967 | 8,589 |
| Non Agriculture Other Fixed Costs | 1,826 | 1,576 | 2,954 | 2,164 |
| Profit/loss sale of fixed assets | 46 | -9 | 168 | 152 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | -21,496 | -24,827 | -15,041 | -14,764 |
| Unpaid manual labour | 26,062 | 24,406 | 28,156 | 29,703 |
| Of Which Unpaid Farmer and Spouse | 21,405 | 20,201 | 20,233 | 24,756 |
| Unpaid Partner | 4,657 | 4,205 | 7,923 | 4,948 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | -47,558 | -49,233 | -43,197 | -44,467 |
| Agriculture Net Interest Payment (added back) | 2,968 | 3,150 | 1,455 | 2,904 |
| AGRICULTURE INVESTMENT INCOME | -44,590 | -46,082 | -41,742 | -41,563 |
| Farm Net Margin (FARM BUSINESS INCOME) | 15,545 | 17,843 | 12,876 | 10,433 |
| Farm Economic Profit (FARM CORPORATE INCOME) | -12,406 | -8,212 | -20,688 | -20,842 |
| FARM INVESTMENT INCOME | -9,109 | -4,683 | -19,151 | -17,671 |
| NET FARM INCOME | 5,906 | 9,274 | -2,392 | -439 |
| Holding gains not included in farm income | -3,292 | -1,703 | 10,579 | -10,937 |
| BLSA | -5,591 | -7,556 | -2,701 | -1,379 |
| Revaluation of Machinery, permanent crops etc. | 1,995 | 2,059 | 2,530 | 1,691 |
| Revaluation of Land | 304 | 3,794 | 10,749 | -11,249 |
| MANAGEMENT AND INVESTMENT INCOME | -16,647 | -12,045 | -23,591 | -26,463 |

Table 24 Balance sheet by EU region

| 2018/19 | The Average LFA Farm | EU Region England North | EU Region England East | EU Region England West |
|--|----------------------------|-------------------------------|------------------------------|------------------------------|
| Number (unweighted) | 212 | 133 | 19 | 60 |
| Number (weighted) | 6,928 | 4,622 | 478 | 1,828 |
| Average Farmed Area (ha) | 168.3 | 194.9 | 151.2 | 105.4 |
| Adjusted Utilisable Agricultural Area (ha) | 118 | 128 | 120 | 91 |
| Utilisable Agricultural Area (ha) | 165 | 192 | 140 | 103 |
| Grazing Livestock Units | 90 | 91 | 98 | 84 |
| Ewes (head) | 383 | 453 | 239 | 245 |
| Beef Cows (head) | 24.7 | 22.5 | 29.9 | 29.0 |
| Occupied Area (ha) | 77.7 | 86.4 | 47.6 | 63.7 |
| Tenanted Area (ha) | 94 | 115 | 95 | 41 |
| Percentage of Land Owned (%) | 45 | 43 | 33 | 61 |
| Assets | | | | |
| Fixed Assets | 900,148 | 856,271 | 691,759 | 1,065,537 |
| Of which: Agricultural Land | 690,832 | 628,935 | 459,994 | 907,639 |
| Woodland | 11,583 | 14,897 | 8,863 | 3,918 |
| Total Buildings | 28,548 | 28,438 | 47,931 | 23,759 |
| Total Improvements | 12,846 | 16,577 | 3,929 | 5,746 |
| Milk quota | 0 | 0 | 0 | 0 |
| SPS/BPS Entitlements | 29,430 | 33,377 | 23,502 | 21,003 |
| Machinery | 59,307 | 62,923 | 72,372 | 46,751 |
| Breeding Livestock | 66,418 | 69,426 | 74,884 | 56,600 |
| Miscellaneous Business Assets | 1,184 | 1,697 | 284 | 122 |
| Current Assets | 82,828 | 82,587 | 110,063 | 76,319 |
| of which: Trading Livestock | 32,519 | 31,174 | 44,154 | 32,878 |
| Crops | 443 | 445 | 77 | 533 |
| Forage | 3,438 | 3,342 | 4,812 | 3,319 |
| Cultivation | 784 | 187 | 5,194 | 1,140 |
| Stores | 3,729 | 3,666 | 3,278 | 4,007 |
| Liquid Assets | 41,915 | 43,772 | 52,547 | 34,442 |
| Of which: Cash at Bank and In Hand | 28,500 | 28,465 | 46,175 | 23,969 |
| Debtors | 8,402 | 9,222 | 1,934 | 8,020 |
| Suspended | 0 | 0 | 0 | 0 |
| BPS debtors | 5,013 | 6,085 | 4,438 | 2,452 |
| Total Assets (£/farm) | 982,976 | 938,858 | 801,822 | 1,141,856 |
| Of which: Total Landlord-type Capital | 743,810 | 688,848 | 520,717 | 941,062 |
| Tenant Type Capital | 239,167 | 250,010 | 281,105 | 200,794 |
| Loans | | | | |
| Total Long Term Loans | 69,149 | 72,073 | 35,808 | 70,477 |
| Of which: Bank Loans | 35,309 | 32,945 | 9,681 | 47,986 |
| Institutional Loans | 25,439 | 30,121 | 10,325 | 17,555 |
| Of which: AMC | 19,987 | 22,742 | 10,325 | 15,547 |
| Building Societies | 1,242 | 1,495 | 0 | 926 |
| Other Institutional Loans | 4,211 | 5,884 | 0 | 1,082 |
| Family Loans | 8,325 | 9,005 | 15,124 | 4,830 |
| Other Loans | 76 | 2 | 679 | 106 |
| Current Liabilities | 27,785 | 28,110 | 29,866 | 26,420 |
| Of which: Hire Purchase | 4,912 | 6,147 | 2,844 | 2,333 |
| Leasing | 2 | 0 | 0 | 9 |
| Other Current Liabilities | 22,870 | 21,963 | 27,022 | 24,078 |
| Of which Creditors | 8,031 | 8,528 | 6,612 | 7,146 |
| Bank Overdraft | 14,598 | 13,130 | 20,410 | 16,791 |
| Others | 241 | 305 | 0 | 141 |
| Total Liabilities | 96,934 | 100,183 | 65,674 | 96,896 |
| Closing Net Worth | 886,042 | 838,675 | 736,147 | 1,044,960 |
| Opening Net Worth | 891,056 | 845,864 | 717,167 | 1,050,750 |
| Change in New Worth | -5,014 | -7,189 | 18,981 | -5,790 |

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

| | The Average LFA Farm | EU Region England North | EU Region England East | EU Region England West |
|--|----------------------------|-------------------------------|------------------------------|------------------------------|
| 2018/19 | | | | |
| Number (unweighted) | 212 | 133 | 19 | 60 |
| Number (weighted) | 6,928 | 4,622 | 478 | 1,828 |
| Total Area (includes woodland and roads etc.) (ha) | 171.8 | 201.2 | 142.7 | 105.1 |
| Area Farmed (ha) | 168.3 | 194.9 | 151.2 | 105.4 |
| Net Land Hired In (ha) | 3.6 | 3.1 | 11.2 | 2.9 |
| Utilised Agricultural Area (ha) | 164.7 | 191.8 | 139.9 | 102.5 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.6 | 1.6 | 0.2 | 2.0 |
| Grass, fodder crops and rough grazing (ha) | 163.1 | 190.2 | 139.7 | 100.6 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 65.8 | 87.9 | 39.1 | 17.2 |
| Adjusted rough grazing (sole occupation) | 18.7 | 23.9 | 19.5 | 5.3 |
| Adjusted rough grazing (shared) | 9.2 | 12.8 | 0.0 | 2.5 |
| Total Adjusted Utilised Agriculture Area (ha) | 117.5 | 127.8 | 120.4 | 90.7 |
| Area owner occupied (ha) | 77.7 | 86.4 | 47.6 | 63.7 |
| Area tenanted (ha) | 94.1 | 114.9 | 95.2 | 41.4 |
| Average age of farmer (years) | 61 | 60 | 62 | 62 |
| Agricultural labour units (ALU) | 1.6 | 1.6 | 1.5 | 1.5 |
| Standard Output (2010SO) | 97,543 | 98,215 | 107,890 | 93,142 |
| Standard Output size group (2010SO) | 7.0 | 7.0 | 7.2 | 7.0 |
| Land Use | | | | |
| Temporary Grassland Area (ha) | 3.3 | 2.9 | 0.1 | 5.2 |
| Permanent Grassland Area (ha) | 95.9 | 100.5 | 111.6 | 80.2 |
| Stocking | | | | |
| Total Dairy Cows | 1 | 1 | 3 | 1 |
| Total Beef cows | 26 | 23 | 32 | 31 |
| Total Cattle | 83 | 74 | 114 | 96 |
| Ewes (LFA and lowland) | 383 | 453 | 239 | 245 |
| Of which LFA Ewes | 375 | 444 | 239 | 237 |
| Lowland Ewes | 8 | 9 | 0 | 8 |
| Total Sheep | 752 | 887 | 512 | 476 |
| Livestock Units | | | | |
| Total Cattle LU | 49 | 43 | 67 | 58 |
| Of which Beef Cows LU | 19 | 17 | 24 | 23 |
| Other Cattle LU | 25 | 22 | 36 | 31 |
| Dairy Cows and Heifers | 4 | 4 | 7 | 4 |
| Total Sheep LU | 40 | 47 | 28 | 26 |
| Of which Ewe LU | 27 | 32 | 20 | 18 |
| Grazing LU (cattle, sheep, horses and others) | 90 | 91 | 98 | 84 |
| Total LU | 90 | 91 | 98 | 84 |
| Financial Performance per GLU | | | | |
| Farm Business Output per GLU (£/GLU) | 1,282 | 1,370 | 1,129 | 1,090 |
| Farm Business Variable Costs (£/GLU) | 513 | 560 | 438 | 409 |
| Farm Business Gross Margin (£/GLU) | 769 | 810 | 691 | 681 |
| Farm Business Fixed Costs (£/GLU) | 596 | 613 | 561 | 559 |
| Farm Business Income (£/GLU) | 174 | 196 | 131 | 124 |
| Farm Corporate Income (£/GLU) | -139 | -90 | -211 | -248 |
| Farm Investment Income (£/GLU) | -102 | -52 | -195 | -210 |
| Holding Gains Not In Income (£/GLU) | -37 | -19 | 108 | -130 |
| of which Land Revaluation (£/GLU) | 3 | 42 | 110 | -134 |
| Net Farm Income (£/GLU) | 66 | 102 | -24 | -5 |
| Management and Investment Income (£/GLU) | -186 | -133 | -241 | -315 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -240 | -273 | -153 | -176 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -531 | -542 | -441 | -529 |
| Agriculture Investment Income (£/GLU) | -498 | -507 | -426 | -494 |

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) |
|---|----------------------------|-----------------------|-------------------|--------------------|-------------------|
| 2018/19 | | | | | |
| Number of farms in the group | 212 | 17 | 54 | 50 | 86 |
| Number (weighted) | 6,928 | 1,621 | 2,356 | 1,062 | 1,421 |
| Utilisable Agricultural Area (UAA) (ha) | 165 | 67 | 104 | 170 | 410 |
| Average adjusted UAA (ha) | 118 | 57 | 79 | 117 | 272 |
| Average adjusted sole grazing (ha) | 19 | 7 | 13 | 19 | 48 |
| Average herd size | 27 | 12 | 18 | 30 | 64 |
| Average flock size | 383 | 97 | 243 | 395 | 1,047 |
| <u>Output</u> | | | | | |
| Farm Output | 115,035 | 46,391 | 74,256 | 123,110 | 278,978 |
| Farm Business Output | 114,797 | 46,333 | 74,114 | 122,800 | 278,353 |
| of which: Output from agriculture | 67,625 | 26,290 | 41,168 | 76,680 | 166,945 |
| Agri environment payment | 12,774 | 3,898 | 7,847 | 11,346 | 35,805 |
| Diversified output | 5,460 | 5,265 | 4,488 | 4,757 | 7,278 |
| Basic Payment | 28,938 | 10,879 | 20,612 | 30,017 | 68,325 |
| Livestock Enterprise Output | 60,405 | 18,606 | 39,189 | 68,428 | 151,822 |
| of which: Cattle Enterprise Output | 27,442 | 9,301 | 19,061 | 33,628 | 61,742 |
| (incl Livestock disease compensation) | 206 | 0 | 195 | 400 | 383 |
| Sheep Enterprise Output | 32,839 | 9,305 | 19,986 | 34,378 | 90,028 |
| Poultry Enterprise Output | 111 | 0 | 126 | 400 | 34 |
| Pigs Enterprise Output | 3 | 0 | 0 | 21 | 0 |
| Other Livestock Enterprise Output | 9 | 0 | 16 | 0 | 17 |
| Crop Enterprise Output | 3,845 | 2,764 | 873 | 3,282 | 10,013 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 | 0 |
| Main Crops | 1,579 | 0 | 342 | 916 | 6,274 |
| Forage & by-products | 2,225 | 2,755 | 481 | 2,310 | 3,672 |
| Cultivations output | 42 | 9 | 50 | 56 | 67 |
| Non agriculture, no other category output | 3,364 | 4,920 | 1,105 | 4,970 | 5,061 |
| Disposal Previous Crops | 11 | 0 | 0 | 0 | 51 |
| Farm Business Output | 114,797 | 46,333 | 74,114 | 122,800 | 278,353 |
| <u>Variable Costs</u> | | | | | |
| Farm Business Variable costs | 45,960 | 15,611 | 30,711 | 50,424 | 113,173 |
| of which: Agriculture Variable Costs | 45,786 | 15,191 | 30,694 | 50,245 | 112,966 |
| Agri environment Variable Costs | 16 | 0 | 3 | 63 | 27 |
| Diversified income Variable Costs | 146 | 392 | 10 | 106 | 171 |
| BPS Variable Costs | 11 | 28 | 4 | 10 | 9 |
| Agriculture Crop Costs | 5,457 | 1,624 | 3,203 | 6,367 | 14,089 |
| of which: Seed | 401 | 76 | 186 | 316 | 1,168 |
| Fertilizer | 3,959 | 1,188 | 2,521 | 4,899 | 9,725 |
| Crop Protection | 437 | 161 | 252 | 437 | 1,191 |
| Other Crop Costs | 661 | 198 | 245 | 716 | 2,006 |
| Agriculture Livestock Costs | 33,954 | 11,235 | 23,355 | 38,117 | 82,262 |
| of which: Purchased Fodder Feed | 19,426 | 6,402 | 13,620 | 22,393 | 46,257 |
| Home Produced Fodder Feed | 786 | 0 | 274 | 746 | 2,660 |
| Veterinary and medicines | 4,393 | 1,307 | 3,245 | 4,584 | 10,880 |
| Other Livestock Costs | 9,350 | 3,527 | 6,216 | 10,395 | 22,463 |
| Agriculture Contract Costs | 3,994 | 1,923 | 2,912 | 3,693 | 9,259 |
| Agriculture Casual Labour | 2,306 | 377 | 1,223 | 1,821 | 7,215 |
| Agriculture, no other category Variable Costs | 75 | 32 | 2 | 246 | 141 |
| Farm Business Gross Margin | 68,837 | 30,722 | 43,403 | 72,376 | 165,180 |
| Agriculture Gross Margin | 21,839 | 11,099 | 10,474 | 26,435 | 53,979 |
| Agri Environment Gross Margin | 12,758 | 3,898 | 7,844 | 11,283 | 35,778 |
| Diversified Gross Margin | 5,314 | 4,873 | 4,478 | 4,651 | 7,107 |
| BPS Gross Margin | 28,927 | 10,852 | 20,608 | 30,007 | 68,316 |

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

| 2018/19 | The Average LFA Farm | Band 1 (Part time) | Band 2 (Small) | Band 3 (Medium) | Band 4 (Large) |
|---|----------------------------|-----------------------|-------------------|--------------------|-------------------|
| Number (unweighted) | 212 | 17 | 54 | 50 | 86 |
| Number (weighted) | 6,928 | 1,621 | 2,356 | 1,062 | 1,421 |
| Utilisable Agricultural Land (UAA) (ha) | 165 | 67 | 104 | 170 | 410 |
| Average adjusted UAA (ha) | 118 | 57 | 79 | 117 | 272 |
| Average adjusted sole grazing (ha) | 19 | 7 | 13 | 19 | 48 |
| Average herd size | 27 | 12 | 18 | 30 | 64 |
| Average flock size | 383 | 97 | 243 | 395 | 1,047 |
| Gross Margin | | | | | |
| Farm Business Gross Margin | 68,837 | 30,722 | 43,403 | 72,376 | 165,180 |
| Agriculture Gross Margin | 21,839 | 11,099 | 10,474 | 26,435 | 53,979 |
| Agri Environment Gross Margin | 12,758 | 3,898 | 7,844 | 11,283 | 35,778 |
| Diversified Income Gross Margin | 5,314 | 4,873 | 4,478 | 4,651 | 7,107 |
| BPS Gross Margin | 28,927 | 10,852 | 20,608 | 30,007 | 68,316 |
| Fixed Costs | | | | | |
| Farm Business Fixed Costs | 53,338 | 25,971 | 36,242 | 56,122 | 117,689 |
| of which: Agriculture Fixed Costs | 43,381 | 19,978 | 28,930 | 46,872 | 98,062 |
| Agri Environment Fixed Costs | 2,426 | 785 | 1,775 | 2,109 | 6,293 |
| Diversified Income Fixed Costs | 2,650 | 2,828 | 2,243 | 2,474 | 2,608 |
| BPS Fixed Costs | 4,882 | 2,379 | 3,293 | 4,667 | 10,727 |
| Agriculture Paid Labour | 6,948 | 1,781 | 2,633 | 4,377 | 24,001 |
| Of which Fixed Labour Costs | 4,642 | 1,404 | 1,410 | 2,557 | 16,787 |
| (-) Casual Labour Costs (a Variable Cost) | 2,306 | 377 | 1,223 | 1,821 | 7,215 |
| Agriculture Machinery Costs | 17,666 | 8,110 | 13,621 | 20,343 | 37,347 |
| of which: Machinery Running Costs | 8,607 | 3,928 | 6,653 | 9,245 | 18,582 |
| Agriculture Depreciation Tenants Capital | 9,059 | 4,182 | 6,968 | 11,098 | 18,765 |
| Agriculture General Farming Costs | 10,469 | 4,542 | 8,177 | 11,915 | 21,526 |
| of which: Agriculture Bank & Professional Fees | 1,971 | 1,039 | 1,607 | 2,347 | 3,633 |
| Agriculture Other General Costs | 5,529 | 2,903 | 4,690 | 6,578 | 9,566 |
| Net Interest Payments | 2,968 | 600 | 1,880 | 2,990 | 8,327 |
| Bad Debts Write-offs | 0 | 0 | 0 | 0 | 0 |
| Agriculture Property Costs | 8,777 | 3,717 | 5,084 | 8,970 | 19,551 |
| Non Agriculture Other Fixed Costs | 1,826 | 2,206 | 640 | 3,088 | 2,851 |
| Profit/loss sale of fixed assets | 46 | -422 | 123 | -183 | 637 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | | | | | |
| | -21,496 | -9,301 | -18,333 | -20,619 | -43,446 |
| Unpaid manual labour | 26,062 | 20,056 | 23,079 | 31,868 | 35,724 |
| Of Which Unpaid Farmer and Spouse | 21,405 | 17,381 | 20,296 | 25,427 | 25,498 |
| Unpaid Partner | 4,657 | 2,674 | 2,784 | 6,441 | 10,226 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | | | | | |
| | -47,558 | -29,357 | -41,412 | -52,488 | -79,169 |
| Agriculture Net Interest Payment (added back) | 2,968 | 600 | 1,880 | 2,990 | 8,327 |
| AGRICULTURE INVESTMENT INCOME | | | | | |
| | -44,590 | -28,757 | -39,533 | -49,498 | -70,843 |
| Farm Net Margin (FARM BUSINESS INCOME) | | | | | |
| | 15,545 | 4,330 | 7,285 | 16,071 | 48,127 |
| Farm Economic Profit (FARM CORPORATE INCOME) | | | | | |
| | -12,406 | -17,966 | -17,418 | -17,721 | 10,781 |
| FARM INVESTMENT INCOME | | | | | |
| | -9,109 | -17,324 | -15,249 | -14,482 | 19,994 |
| NET FARM INCOME | | | | | |
| | 5,906 | -2,237 | -666 | 3,948 | 33,339 |
| Holding gains not included in farm income | -3,292 | 1,451 | -1,254 | 1 | -14,762 |
| BLSA | -5,591 | -1,536 | -3,198 | -4,848 | -16,524 |
| Revaluation of Machinery, permanent crops etc | 1,995 | 1,039 | 1,521 | 2,600 | 3,891 |
| Revaluation of Land | 304 | 1,947 | 422 | 2,249 | -2,129 |
| MANAGEMENT AND INVESTMENT INCOME | | | | | |
| | -16,647 | -20,581 | -22,227 | -22,548 | 7,142 |

Table 28 Balance sheet by SLR size band

| | The Average LFA Farm | Band 1 (Part time) | Band 2 (Small) | Band 3 (Medium) | Band 4 (Large) |
|--|----------------------------|-----------------------|-------------------|--------------------|-------------------|
| 2018/19 | | | | | |
| Number (unweighted) | 212 | 17 | 54 | 50 | 86 |
| Number (weighted) | 6,928 | 1,621 | 2,356 | 1,062 | 1,421 |
| Average Farmed Area (ha) | 168.3 | 67.4 | 106.4 | 174.6 | 423.4 |
| Adjusted Utilisable Agricultural Area (ha) | 165 | 67 | 104 | 170 | 410 |
| Utilisable Agricultural Area (ha) | 118 | 57 | 79 | 117 | 272 |
| Grazing Livestock Units | 90 | 34 | 60 | 97 | 216 |
| Ewes (head) | 383 | 97 | 243 | 395 | 1,047 |
| Beef Cows (head) | 24.7 | 10.0 | 18.0 | 28.5 | 57.4 |
| Occupied Area (ha) | 77.7 | 52.6 | 67.8 | 87.9 | 125.4 |
| Tenanted Area (ha) | 94 | 19 | 39 | 85 | 308 |
| Percentage of Land Owned (%) | 45 | 74 | 64 | 51 | 29 |
| Assets | | | | | |
| Fixed Assets | 900,148 | 630,961 | 780,653 | 899,821 | 1,460,963 |
| Of which: Agricultural Land | 690,832 | 515,505 | 633,160 | 680,255 | 1,000,813 |
| Woodland | 11,583 | 30,569 | 4,346 | 5,384 | 9,443 |
| Total Buildings | 28,548 | 15,811 | 27,566 | 26,754 | 48,904 |
| Total Improvements | 12,846 | 3,928 | 5,732 | 7,932 | 40,283 |
| Milk quota | 0 | 0 | 0 | 0 | 0 |
| SPS/BPS Entitlements | 29,430 | 11,861 | 20,450 | 29,606 | 70,147 |
| Machinery | 59,307 | 30,930 | 43,203 | 77,635 | 119,186 |
| Breeding Livestock | 66,418 | 22,341 | 45,517 | 71,517 | 168,113 |
| Miscellaneous Business Assets | 1,184 | 16 | 681 | 738 | 4,074 |
| Current Assets | 82,828 | 46,613 | 65,250 | 74,374 | 178,487 |
| of which: Trading Livestock | 32,519 | 13,243 | 24,607 | 38,481 | 72,021 |
| Crops | 443 | 0 | 203 | 128 | 1,684 |
| Forage | 3,438 | 2,042 | 2,102 | 3,743 | 7,894 |
| Cultivation | 784 | 131 | 751 | 614 | 1,850 |
| Stores | 3,729 | 2,312 | 2,346 | 4,783 | 7,753 |
| Liquid Assets | 41,915 | 28,884 | 35,240 | 26,624 | 87,285 |
| Of which: Cash at Bank and In Hand | 28,500 | 23,880 | 25,675 | 16,360 | 53,558 |
| Debtors | 8,402 | 4,275 | 7,021 | 8,214 | 15,868 |
| Suspended | 0 | 0 | 0 | 0 | 0 |
| BPS debtors | 5,013 | 729 | 2,545 | 2,050 | 17,859 |
| Total Assets (£/farm) | 982,976 | 677,574 | 845,903 | 974,194 | 1,639,450 |
| Of which: Total Landlord-type Capital | 743,810 | 565,813 | 670,803 | 720,325 | 1,099,443 |
| Tenant Type Capital | 239,167 | 111,761 | 175,100 | 253,869 | 540,007 |
| Loans | | | | | |
| Total Long Term Loans | 69,149 | 9,300 | 47,487 | 69,825 | 195,619 |
| Of which: Bank Loans | 35,309 | 2,885 | 16,557 | 57,104 | 98,728 |
| Institutional Loans | 25,439 | 2,057 | 13,912 | 8,321 | 92,403 |
| Of which: AMC | 19,987 | 2,057 | 8,054 | 3,767 | 78,936 |
| Building Societies | 1,242 | 0 | 0 | 2,138 | 4,456 |
| Other Institutional Loans | 4,211 | 0 | 5,858 | 2,416 | 9,012 |
| Family Loans | 8,325 | 4,358 | 16,798 | 4,389 | 4,488 |
| Other Loans | 76 | 0 | 220 | 11 | 0 |
| Current Liabilities | 27,785 | 16,160 | 19,543 | 34,295 | 56,847 |
| Of which: Hire Purchase | 4,912 | 2,653 | 3,198 | 9,115 | 8,808 |
| Leasing | 2 | 0 | 0 | 0 | 12 |
| Other Current Liabilities | 22,870 | 13,507 | 16,345 | 25,180 | 48,027 |
| Of which Creditors | 8,031 | 2,639 | 5,967 | 8,994 | 18,540 |
| Bank Overdraft | 14,598 | 10,083 | 10,378 | 15,815 | 29,487 |
| Others | 241 | 785 | 0 | 371 | 0 |
| Total Liabilities | 96,934 | 25,460 | 67,030 | 104,120 | 252,466 |
| Closing Net Worth | 886,042 | 652,114 | 778,873 | 870,075 | 1,386,985 |
| Opening Net Worth | 891,056 | 657,076 | 781,028 | 866,164 | 1,402,822 |
| Change in New Worth | -5,014 | -4,962 | -2,155 | 3,911 | -15,837 |

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

| 2018/19 | The Average LFA Farm | Band 1 (Part time) | Band 2 (Small) | Band 3 (Medium) | Band 4 (Large) |
|--|-------------------------|-----------------------|-------------------|--------------------|-------------------|
| Number (unweighted) | 212 | 17 | 54 | 50 | 86 |
| Number (weighted) | 6,928 | 1,621 | 2,356 | 1,062 | 1,421 |
| Total Area (includes woodland and roads etc) (ha) | 171.8 | 71.3 | 106.5 | 172.9 | 433.4 |
| Area Farmed (ha) | 168.3 | 67.4 | 106.4 | 174.6 | 423.4 |
| Net Land Hired In (ha) | 3.6 | 0.3 | 2.0 | 5.0 | 13.6 |
| Utilised Agricultural Area (ha) | 164.7 | 67.1 | 104.4 | 169.6 | 409.8 |
| <i>Of which</i> Total main products and set-aside (ha) | 1.6 | 0.0 | 0.4 | 0.9 | 6.2 |
| Grass, fodder crops and rough grazing (ha) | 163.1 | 67.1 | 104.1 | 168.7 | 403.5 |
| <i>Of which</i> rough grazing (unadjusted) (ha) | 65.8 | 17.2 | 38.2 | 70.7 | 185.3 |
| Adjusted rough grazing (sole occupation) | 18.7 | 6.8 | 13.0 | 18.5 | 47.9 |
| Adjusted rough grazing (shared) | 9.2 | 0.0 | 7.7 | 11.9 | 23.2 |
| Total Adjusted Utilised Agriculture Area (ha) | 117.5 | 56.7 | 79.3 | 117.4 | 272.4 |
| Area owner occupied (ha) | 77.7 | 52.6 | 67.8 | 87.9 | 125.4 |
| Area tenanted (ha) | 94.1 | 18.7 | 38.7 | 85.0 | 307.9 |
| Average age of farmer (years) | 61 | 65 | 60 | 59 | 56 |
| Agricultural labour units (ALU) | 1.6 | 1.0 | 1.2 | 1.7 | 2.7 |
| Standard Output (2010SO) | 97,543 | 36,141 | 63,283 | 103,282 | 241,429 |
| Standard Output size group (2010SO) | 7.0 | 6.1 | 6.8 | 7.6 | 8.5 |
| <u>Land Use</u> | | | | | |
| Temporary Grassland Area (ha) | 3.3 | 1.0 | 2.6 | 3.5 | 7.6 |
| Permanent Grassland Area (ha) | 95.9 | 49.3 | 63.8 | 98.8 | 219.8 |
| <u>Stocking</u> | | | | | |
| Total Dairy Cows | 1 | 0 | 0 | 1 | 4 |
| Total Beef cows | 26 | 12 | 18 | 29 | 59 |
| Total Cattle | 83 | 35 | 59 | 95 | 182 |
| Ewes (LFA and lowland) | 383 | 97 | 243 | 395 | 1,047 |
| <i>Of which</i> LFA Ewes | 375 | 89 | 237 | 390 | 1,030 |
| Lowland Ewes | 8 | 8 | 6 | 5 | 17 |
| Total Sheep | 752 | 216 | 473 | 787 | 2,029 |
| <u>Livestock Units</u> | | | | | |
| Total Cattle LU | 49 | 22 | 34 | 55 | 108 |
| <i>Of which</i> Beef Cows LU | 19 | 9 | 14 | 22 | 45 |
| Other Cattle LU | 25 | 12 | 19 | 29 | 51 |
| Dairy Cows and Heifers | 4 | 1 | 2 | 4 | 12 |
| Total Sheep LU | 40 | 12 | 26 | 42 | 108 |
| <i>Of which</i> Ewe LU | 27 | 8 | 18 | 28 | 72 |
| Grazing LU (cattle, sheep, horses and others) | 90 | 34 | 60 | 97 | 216 |
| Total LU | 90 | 34 | 60 | 97 | 216 |
| <u>Financial Performance per GLU</u> | | | | | |
| Farm Business Output per GLU (£/GLU) | 1,282 | 1,351 | 1,231 | 1,261 | 1,287 |
| Farm Business Variable Costs (£/GLU) | 513 | 455 | 510 | 518 | 523 |
| Farm Business Gross Margin (£/GLU) | 769 | 896 | 721 | 743 | 764 |
| Farm Business Fixed Costs (£.GLU) | 596 | 757 | 602 | 576 | 544 |
| Farm Business Income (£/GLU) | 174 | 126 | 121 | 165 | 223 |
| Farm Corporate Income (£/GLU) | -139 | -524 | -289 | -182 | 50 |
| Farm Investment Income (£/GLU) | -102 | -505 | -253 | -149 | 92 |
| Holding Gains Not In Income (£/GLU) | -37 | 42 | -21 | 0 | -68 |
| <i>of which</i> Land Revaluation (£/GLU) | 3 | 57 | 7 | 23 | -10 |
| Net Farm Income (£/GLU) | 66 | -65 | -11 | 41 | 154 |
| Management and Investment Income (£/GLU) | -186 | -600 | -369 | -232 | 33 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -240 | -271 | -305 | -212 | -201 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -531 | -856 | -688 | -539 | -366 |
| Agriculture Investment Income (£/GLU) | -498 | -838 | -657 | -508 | -328 |

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

| 2018/19 | The | Performance Band | | |
|---|---------------------|------------------|----------------|----------------|
| | Average LFA farm | Low | Medium | High |
| Number of farms in the group | 212 | 29 | 107 | 76 |
| Number (weighted) | 6,928 | 1,698 | 3,490 | 1,740 |
| Utilisable Agricultural Area (UAA) (ha) | 165 | 69 | 130 | 328 |
| Average adjusted UAA (ha) | 118 | 62 | 106 | 195 |
| Average adjusted sole grazing (ha) | 19 | 3 | 15 | 42 |
| Average herd size | 27 | 17 | 28 | 35 |
| Average flock size | 383 | 146 | 360 | 660 |
| Output | | | | |
| Farm Output | 115,035 | 43,916 | 107,853 | 198,818 |
| Farm Business Output | 114,797 | 43,818 | 107,620 | 198,435 |
| of which: Output from agriculture | 67,625 | 26,651 | 68,481 | 105,880 |
| Agri environment payment | 12,774 | 2,950 | 8,144 | 31,643 |
| Diversified output | 5,460 | 2,456 | 5,933 | 7,441 |
| Basic Payment | 28,938 | 11,761 | 25,061 | 53,470 |
| Livestock Enterprise Output | 60,405 | 23,234 | 60,813 | 95,851 |
| of which: Cattle Enterprise Output | 27,442 | 12,590 | 30,185 | 36,433 |
| (incl Livestock disease compensation) | 206 | 43 | 317 | 143 |
| Sheep Enterprise Output | 32,839 | 10,631 | 30,461 | 59,275 |
| Poultry Enterprise Output | 111 | 0 | 157 | 128 |
| Pigs Enterprise Output | 3 | 13 | 0 | 0 |
| Other Livestock Enterprise Output | 9 | 0 | 11 | 14 |
| Crop Enterprise Output | 3,845 | 2,316 | 3,777 | 5,474 |
| of which: Crop Subsidies | 0 | 0 | 0 | 0 |
| Main Crops | 1,579 | 143 | 1,816 | 2,503 |
| Forage & by-products | 2,225 | 2,142 | 1,891 | 2,974 |
| Cultivations output | 42 | 30 | 69 | -3 |
| Non agriculture, no other category output | 3,364 | 1,101 | 3,874 | 4,549 |
| Disposal Previous Crops | 11 | 0 | 18 | 6 |
| Farm Business Output | 114,797 | 43,818 | 107,620 | 198,435 |
| Variable Costs | | | | |
| Farm Business Variable costs | 45,960 | 23,314 | 47,782 | 64,400 |
| of which: Agriculture Variable Costs | 45,786 | 23,273 | 47,570 | 64,171 |
| Agri environment Variable Costs | 16 | 0 | 7 | 51 |
| Diversified income Variable Costs | 146 | 12 | 200 | 169 |
| BPS Variable Costs | 11 | 28 | 4 | 9 |
| Agriculture Crop Costs | 5,457 | 2,461 | 5,750 | 7,794 |
| of which: Seed | 401 | 230 | 377 | 615 |
| Fertilizer | 3,959 | 1,891 | 4,055 | 5,785 |
| Crop Protection | 437 | 99 | 528 | 583 |
| Other Crop Costs | 661 | 241 | 790 | 811 |
| Agriculture Livestock Costs | 33,954 | 17,469 | 35,169 | 47,600 |
| of which: Purchased Fodder Feed | 19,426 | 9,912 | 20,408 | 26,738 |
| Home Produced Fodder Feed | 786 | 148 | 761 | 1,458 |
| Veterinary and medicines | 4,393 | 2,244 | 4,327 | 6,620 |
| Other Livestock Costs | 9,350 | 5,166 | 9,673 | 12,784 |
| Agriculture Contract Costs | 3,994 | 2,549 | 4,072 | 5,246 |
| Agriculture Casual Labour | 2,306 | 768 | 2,477 | 3,463 |
| Agriculture, no other category Variable Costs | 75 | 26 | 102 | 68 |
| Farm Business Gross Margin | 68,837 | 20,505 | 59,838 | 134,035 |
| Agriculture Gross Margin | 21,839 | 3,377 | 20,911 | 41,710 |
| Agri Environment Gross Margin | 12,758 | 2,950 | 8,137 | 31,593 |
| Diversified Gross Margin | 5,314 | 2,444 | 5,733 | 7,272 |
| BPS Gross Margin | 28,927 | 11,734 | 25,057 | 53,461 |

Table 31 Fixed costs and farm income measures by performance ratio

| 2018/19 | The | Performance band | | |
|---|---------------------|------------------|----------------|----------------|
| | Average LFA Farm | Low | Medium | High |
| Number (unweighted) | 212 | 29 | 107 | 76 |
| Number (weighted) | 6,928 | 1,698 | 3,490 | 1,740 |
| Utilisable Agricultural Land (UAA) (ha) | 165 | 69 | 130 | 328 |
| Average adjusted UAA (ha) | 118 | 62 | 106 | 195 |
| Average adjusted sole grazing (ha) | 19 | 3 | 15 | 42 |
| Average herd size | 27 | 17 | 28 | 35 |
| Average flock size | 383 | 146 | 360 | 660 |
| Gross Margin | | | | |
| Farm Business Gross Margin | 68,837 | 20,505 | 59,838 | 134,035 |
| Agriculture Gross Margin | 21,839 | 3,377 | 20,911 | 41,710 |
| Agri Environment Gross Margin | 12,758 | 2,950 | 8,137 | 31,593 |
| Diversified Income Gross Margin | 5,314 | 2,444 | 5,733 | 7,272 |
| BPS Gross Margin | 28,927 | 11,734 | 25,057 | 53,461 |
| Fixed Costs | | | | |
| Farm Business Fixed Costs | 53,338 | 32,141 | 51,113 | 78,478 |
| of which: Agriculture Fixed Costs | 43,381 | 24,937 | 42,394 | 63,353 |
| Agri Environment Fixed Costs | 2,426 | 932 | 1,627 | 5,484 |
| Diversified Income Fixed Costs | 2,650 | 2,048 | 3,000 | 2,535 |
| BPS Fixed Costs | 4,882 | 4,224 | 4,092 | 7,107 |
| Agriculture Paid Labour | 6,948 | 1,913 | 5,407 | 14,952 |
| Of which Fixed Labour Costs | 4,642 | 1,145 | 2,930 | 11,489 |
| (-) Casual Labour Costs (a Variable Cost) | 2,306 | 768 | 2,477 | 3,463 |
| Agriculture Machinery Costs | 17,666 | 9,179 | 18,631 | 24,008 |
| of which: Machinery Running Costs | 8,607 | 4,887 | 9,029 | 11,388 |
| Agriculture Depreciation Tenants Capital | 9,059 | 4,293 | 9,602 | 12,620 |
| Agriculture General Farming Costs | 10,469 | 7,508 | 10,245 | 13,806 |
| of which: Agriculture Bank & Professional Fees | 1,971 | 1,486 | 2,054 | 2,279 |
| Agriculture Other General Costs | 5,529 | 4,194 | 5,699 | 6,492 |
| Net Interest Payments | 2,968 | 1,828 | 2,492 | 5,036 |
| Bad Debts Write-offs | 0 | 0 | 0 | 0 |
| Agriculture Property Costs | 8,777 | 6,658 | 8,255 | 11,891 |
| Non Agriculture Other Fixed Costs | 1,826 | 446 | 2,333 | 2,157 |
| Profit/loss sale of fixed assets | 46 | -141 | 35 | 249 |
| Agriculture Net Margin (AGRICULTURE BUSINESS INCOME) | -21,496 | -21,701 | -21,448 | -21,394 |
| Unpaid manual labour | 26,062 | 24,088 | 26,895 | 26,319 |
| Of Which Unpaid Farmer and Spouse | 21,405 | 20,437 | 21,932 | 21,294 |
| Unpaid Partner | 4,657 | 3,650 | 4,964 | 5,025 |
| Agriculture Economic Profit (AGRICULTURE CORPORATE INCOME) | -47,558 | -45,788 | -48,343 | -47,712 |
| Agriculture Net Interest Payment (added back) | 2,968 | 1,828 | 2,492 | 5,036 |
| AGRICULTURE INVESTMENT INCOME | -44,590 | -43,960 | -45,851 | -42,676 |
| Farm Net Margin (FARM BUSINESS INCOME) | 15,545 | -11,777 | 8,760 | 55,806 |
| Farm Economic Profit (FARM CORPORATE INCOME) | -12,406 | -36,855 | -20,628 | 27,935 |
| FARM INVESTMENT INCOME | -9,109 | -34,900 | -17,921 | 33,724 |
| NET FARM INCOME | 5,906 | -18,113 | -915 | 43,015 |
| Holding gains not included in farm income | -3,292 | -4,647 | -206 | -8,160 |
| BLSA | -5,591 | -2,163 | -4,876 | -10,367 |
| Revaluation of Machinery, permanent crops etc | 1,995 | 897 | 2,171 | 2,712 |
| Revaluation of Land | 304 | -3,381 | 2,500 | -506 |
| MANAGEMENT AND INVESTMENT INCOME | -16,647 | -39,507 | -24,088 | 20,578 |

Table 32 Balance Sheet by performance ratio

| 2018/19 | The Average | Performance band | | |
|---|----------------|------------------|----------------|------------------|
| | LFA Farm | Low | Medium | High |
| Number (unweighted) | 212 | 29 | 107 | 76 |
| Number (weighted) | 6,928 | 1,698 | 3,490 | 1,740 |
| Average Farmed Area (ha) | 168.3 | 68.3 | 135.2 | 332.1 |
| Utilisable Agricultural Area (ha) | 164.7 | 68.6 | 130.2 | 327.5 |
| Adjusted Utilisable Agricultural Area (ha) | 117.5 | 62.4 | 105.9 | 194.6 |
| Grazing Livestock Units | 89.5 | 45.2 | 88.7 | 134.3 |
| Ewes (head) | 383 | 146 | 360 | 660 |
| Beef Cows (head) | 25 | 14 | 25 | 33 |
| Occupied Area (ha) | 78 | 47 | 72 | 119 |
| Tenanted Area (ha) | 94 | 26 | 62 | 226 |
| Percentage of Land Owned (%) | 45.2 | 65.0 | 53.9 | 34.4 |
| <u>Assets</u> | | | | |
| Fixed Assets | 900,148 | 688,443 | 858,447 | 1,190,308 |
| <i>Of which Agricultural Land</i> | 690,832 | 557,594 | 665,626 | 871,365 |
| Woodland | 11,583 | 30,772 | 4,328 | 7,412 |
| Total Buildings | 28,548 | 21,380 | 28,247 | 36,145 |
| Total Improvements | 12,846 | 4,449 | 6,463 | 33,838 |
| Milk quota | 0 | 0 | 0 | 0 |
| SPS/BPS Entitlements | 29,430 | 12,675 | 25,002 | 54,655 |
| Machinery | 59,307 | 26,122 | 63,809 | 82,653 |
| Breeding Livestock | 66,418 | 31,954 | 64,769 | 103,347 |
| Miscellaneous Business Assets | 1,184 | 3,497 | 203 | 894 |
| Current Assets | 82,828 | 36,956 | 73,360 | 146,570 |
| <i>of which Trading Livestock</i> | 32,519 | 14,845 | 33,415 | 47,965 |
| Crops | 443 | 36 | 491 | 743 |
| Forage | 3,438 | 1,867 | 3,600 | 4,645 |
| Cultivation | 784 | 442 | 1,057 | 571 |
| Stores | 3,729 | 2,655 | 3,423 | 5,390 |
| Liquid Assets | 41,915 | 17,110 | 31,373 | 87,255 |
| Of which Cash at Bank and In Hand | 28,500 | 13,220 | 21,039 | 58,370 |
| Debtors | 8,402 | 2,214 | 6,508 | 18,236 |
| Suspended | 0 | 0 | 0 | 0 |
| BPS debtors | 5,013 | 1,675 | 3,825 | 10,650 |
| Total Assets (£/farm) | 982,976 | 725,398 | 931,807 | 1,336,878 |
| <i>Of which Total Landlord-type Capital</i> | 743,810 | 614,195 | 704,665 | 948,760 |
| Tenant Type Capital | 239,167 | 111,203 | 227,142 | 388,119 |
| <u>Loans</u> | | | | |
| Total Long Term Loans | 69,149 | 38,148 | 59,537 | 118,670 |
| <i>Of which Bank Loans</i> | 35,309 | 18,017 | 34,889 | 53,020 |
| Institutional Loans | 25,439 | 19,729 | 12,004 | 57,952 |
| Of which AMC | 19,987 | 19,729 | 6,435 | 47,414 |
| Building Societies | 1,242 | 0 | 166 | 4,611 |
| Other Institutional Loans | 4,211 | 0 | 5,403 | 5,928 |
| Family Loans | 8,325 | 402 | 12,496 | 7,691 |
| Other Loans | 76 | 0 | 148 | 7 |
| Current Liabilities | 27,785 | 20,067 | 29,589 | 31,697 |
| <i>Of which Hire Purchase</i> | 4,912 | 2,713 | 5,351 | 6,179 |
| Leasing | 2 | 0 | 0 | 10 |
| Other Current Liabilities | 22,870 | 17,355 | 24,238 | 25,508 |
| Of which Creditors | 8,031 | 4,437 | 7,463 | 12,678 |
| Bank Overdraft | 14,598 | 12,122 | 16,685 | 12,830 |
| Others | 241 | 796 | 90 | 0 |
| Total Liabilities | 96,934 | 58,215 | 89,126 | 150,367 |
| Closing Net Worth | 886,042 | 667,183 | 842,681 | 1,186,512 |
| Opening Net Worth | 891,056 | 686,928 | 846,758 | 1,179,033 |
| Change in New Worth | -5,014 | -19,745 | -4,077 | 7,478 |

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

| 2018/19 | The Average | Performance band | | |
|--|--------------|------------------|--------------|--------------|
| | LFA Farm | Low | Middle | High |
| Number (unweighted) | 212 | 29 | 107 | 76 |
| Number (weighted) | 6,928 | 1,698 | 3,490 | 1,740 |
| Total Area (includes woodland and roads etc) (ha) | 171.8 | 73.1 | 133.5 | 345.1 |
| Area Farmed (ha) | 168.3 | 68.3 | 135.2 | 332.1 |
| Net Land Hired In (ha) | 3.6 | -0.3 | 5.0 | 4.6 |
| Utilised Agricultural Area (ha) | 164.7 | 68.6 | 130.2 | 327.5 |
| <i>Of which Total main products (ha)</i> | <i>1.6</i> | <i>0.2</i> | <i>2.0</i> | <i>2.0</i> |
| Grass, fodder crops and rough grazing (ha) | 163.1 | 68.4 | 128.2 | 325.5 |
| Of which rough grazing (unadjusted) (ha) | 65.8 | 9.5 | 38.9 | 174.8 |
| Adjusted rough grazing (sole occupation) | 18.7 | 3.3 | 14.6 | 41.9 |
| Adjusted rough grazing (shared) | 9.2 | 3.5 | 5.3 | 22.7 |
| Total Adjusted Utilised Agriculture Area (ha) | 117.5 | 62.4 | 105.9 | 194.6 |
| Area owner occupied (ha) | 77.7 | 47.5 | 71.9 | 118.8 |
| Area tenanted (ha) | 94.1 | 25.6 | 61.5 | 226.3 |
| Average age of farmer (years) | 61 | 65 | 60 | 58 |
| Agricultural labour units (ALU) | 1.6 | 1.2 | 1.6 | 2.0 |
| Standard Output size units (2010SO) | 97,543 | 49,982 | 94,761 | 149,523 |
| Standard Output size group (2010SO) | 7.0 | 6.3 | 7.0 | 7.6 |
| <u>Land Use</u> | | | | |
| Temporary Grassland Area (ha) | 3.3 | 1.4 | 2.2 | 7.3 |
| Permanent Grassland Area (ha) | 95.9 | 57.1 | 90.7 | 144.3 |
| <u>Stocking</u> | | | | |
| Total Dairy Cows | 1 | 0 | 1 | 1 |
| Total Beef cows | 26 | 17 | 27 | 33 |
| Total Cattle | 83 | 48 | 85 | 112 |
| Ewes (LFA and lowland) | 383 | 146 | 360 | 660 |
| Of which LFA Ewes | 375 | 130 | 352 | 660 |
| Lowland Ewes | 8 | 16 | 8 | 0 |
| Total Sheep | 752 | 281 | 725 | 1,268 |
| <u>Livestock Units</u> | | | | |
| Total Cattle LU | 49 | 29 | 49 | 67 |
| Of which Beef Cows LU | 19 | 12 | 20 | 25 |
| Other Cattle LU | 25 | 15 | 26 | 36 |
| Dairy Cows and Heifers | 4 | 2 | 4 | 6 |
| Total Sheep LU | 40 | 16 | 39 | 67 |
| Of which Ewe LU | 27 | 11 | 26 | 45 |
| Grazing LU (cattle, sheep, horses and others) | 90 | 45 | 89 | 134 |
| Total LU | 90 | 45 | 89 | 134 |
| <u>Financial Performance per GLU</u> | | | | |
| Farm Business Output per GLU (£/GLU) | 1,282 | 968 | 1,213 | 1,477 |
| Farm Business Variable Costs (£/GLU) | 513 | 515 | 538 | 479 |
| Farm Business Gross Margin (£/GLU) | 769 | 453 | 674 | 998 |
| Farm Business Fixed Costs (£/GLU) | 596 | 710 | 576 | 584 |
| Farm Business Income (£/GLU) | 174 | -260 | 99 | 415 |
| Farm Corporate Income (£/GLU) | -139 | -815 | -232 | 208 |
| Farm Investment Income (£/GLU) | -102 | -771 | -202 | 251 |
| Holding Gains Not In Income (£/GLU) | -37 | -103 | -2 | -61 |
| of which Land Revaluation (£/GLU) | 3 | -75 | 28 | -4 |
| Net Farm Income (£/GLU) | 66 | -400 | -10 | 320 |
| Management and Investment Income (£/GLU) | -186 | -873 | -271 | 153 |
| Agriculture Net Margin (Agriculture business income) (£/GLU) | -240 | -480 | -242 | -159 |
| Agriculture Economic Profit (Agriculture corporate income) (£/GLU) | -531 | -1,012 | -545 | -355 |
| Agriculture Investment Income (£/GLU) | -498 | -972 | -517 | -318 |

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

Table 34 LFA Suckler herd margins by herd size

| 2018/19 | Enterprise Output and Gross margin per cow, GLU & ha | | | |
|---|--|----------|------------|----------|
| | All herds | <30 cows | 30-60 cows | >60 cows |
| Number of farms | 153 | 52 | 60 | 41 |
| Number of farms (weighted) | 4,171 | 1,999 | 1,527 | 645 |
| Area Farmed (UAA + net hired in) (ha) | 201 | 142 | 135 | 538 |
| Utilisable Agricultural Area (ha) | 194 | 136 | 130 | 525 |
| Adjusted UAA (ha) | 144 | 108 | 103 | 355 |
| Grazing Livestock Units (farm) | 106 | 66 | 90 | 272 |
| Grazing Livestock Units (enterprise) | 38 | 17 | 39 | 103 |
| Forage area (enterprise) (ha) | 59 | 35 | 49 | 158 |
| Stocking rate (GLUs/total adj ha) | 0.7 | 0.6 | 0.9 | 0.8 |
| Cows per herd | 39 | 17 | 41 | 103 |
| Total Cattle | 109 | 58 | 109 | 265 |
| Breeding Flock | 416 | 313 | 242 | 1,148 |
| <u>Output per cow</u> | | | | |
| Enterprise Output (excluding BLSA) | 425 | 387 | 413 | 456 |
| BLSA | -75 | -84 | -65 | -79 |
| Concentrates | 61 | 64 | 63 | 57 |
| Purchased fodder and keep | 33 | 63 | 22 | 29 |
| Veterinary and medicines | 27 | 30 | 31 | 23 |
| Other livestock costs | 65 | 72 | 73 | 55 |
| Seed | 3 | 3 | 2 | 3 |
| Fertilizer | 38 | 36 | 38 | 38 |
| Sprays | 3 | 3 | 3 | 2 |
| Other crop costs | 4 | 5 | 4 | 5 |
| Total Variable costs | 234 | 276 | 236 | 212 |
| Gross Margin (excluding BLSA) / Cow | 191 | 111 | 176 | 244 |
| Gross margin (excluding BLSA) / forage ha | 125 | 53 | 146 | 160 |
| Gross Margin (excluding BLSA) / GLU | 193 | 108 | 184 | 244 |
| Enterprise Gross margin (excluding BLSA) | 7,427 | 1,861 | 7,181 | 25,249 |
| <u>Measures of Income</u> | | | | |
| Farm Business Income | 14,624 | 8,287 | 7,527 | 51,054 |
| Farm Corporate Income | -13,814 | -16,674 | -19,911 | 9,476 |
| Agricultural Economic Profit | -53,466 | -45,113 | -46,626 | -95,529 |
| Agri-environment Economic Profit | 11,746 | 9,176 | 6,701 | 31,650 |
| Diversified Economic Profit | 1,274 | -42 | 1,114 | 5,726 |
| SPS Economic Profit | 26,632 | 19,305 | 18,900 | 67,629 |
| Farm Investment Income | -9,514 | -14,550 | -18,106 | 26,422 |
| Net Farm Income | 4,757 | 367 | -2,577 | 35,712 |
| MII | -17,517 | -20,495 | -25,125 | 9,714 |
| Enterprise NM/cow (excluding BLSA) | -255 | -365 | -277 | -178 |
| Enterprise NM/cow after F&S labour (excl. BLSA) | -441 | -657 | -519 | -260 |

Table 35 Upland SDA flock margins by flock size

| Upland SDA Flocks (flock lambing % usually >100) 2018 lamb crop | Enterprise Output and Gross margin per ewe, GLU and ha | | | |
|--|--|-----------|--------------|-----------|
| | All flocks | <300 ewes | 300-600 ewes | >600 ewes |
| Number of farms | 109 | 29 | 40 | 40 |
| Number of farms (weighted) | 3,183 | 1,250 | 1,074 | 860 |
| Area Farmed (UAA + net hired in) (ha) | 173 | 97 | 145 | 319 |
| Utilisable Agricultural Area (ha) | 168 | 92 | 143 | 308 |
| Total adj. area farmed inc. commons (ha) | 146 | 79 | 122 | 275 |
| Grazing Livestock Units (farm) | 103 | 55 | 89 | 190 |
| Grazing Livestock Units (enterprise) | 62 | 20 | 52 | 136 |
| Forage area (enterprise) (ha) | 105 | 52 | 81 | 213 |
| Stocking rate (GLUs/total adj ha) | 0.70 | 0.70 | 0.73 | 0.69 |
| Cows per herd | 27 | 18 | 22 | 46 |
| Total Cattle | 88 | 64 | 79 | 134 |
| Breeding Flock | 512 | 169 | 415 | 1,133 |
| Total Sheep | 972 | 319 | 812 | 2,122 |
| <u>Output per ewe</u> | | | | |
| Enterprise Output (excluding BLSA) | 92 | 77 | 97 | 93 |
| BLSA | -10 | -9 | -9 | -10 |
| Concentrates | 23 | 18 | 25 | 23 |
| Purchased fodder and keep | 5 | 5 | 5 | 6 |
| Veterinary and medicines | 8 | 7 | 7 | 8 |
| Other livestock costs | 13 | 13 | 12 | 14 |
| Seed | 0 | 0 | 0 | 0 |
| Fertilizer | 5 | 5 | 6 | 5 |
| Sprays | 0 | 1 | 0 | 0 |
| Other crop costs | 1 | 0 | 1 | 1 |
| Total Variable costs | 56 | 48 | 56 | 57 |
| Gross Margin (excluding BLSA) / Ewe | 36 | 29 | 41 | 36 |
| Gross margin (excluding BLSA) / forage ha | 176 | 92 | 212 | 189 |
| Gross Margin (excluding BLAS) / GLU | 299 | 236 | 328 | 298 |
| Enterprise Gross margin (excluding BLSA) | 18,600 | 4,822 | 17,174 | 40,414 |
| <u>Measures of Income (per farm)</u> | | | | |
| Farm Business Income | 19,007 | 7,976 | 18,344 | 35,875 |
| Farm Corporate Income | -8,960 | -14,233 | -14,568 | 5,712 |
| Agricultural Economic Profit | -45,821 | -35,190 | -41,754 | -66,358 |
| Agri-environment Economic Profit | 7,626 | 4,907 | 3,910 | 16,222 |
| Diversified Economic Profit | 2,176 | 1,330 | 671 | 5,286 |
| SPS Economic Profit | 27,059 | 14,721 | 22,605 | 50,562 |
| Farm Investment Income | -6,666 | -13,033 | -11,545 | 8,687 |
| Net Farm Income | 9,918 | 1,729 | 8,760 | 23,270 |
| MII | -13,717 | -17,751 | -18,039 | -2,452 |
| Enterprise NM/ewe (excluding BLSA) | -31 | -60 | -25 | -28 |
| Enterprise NM/ewe after F&S labour (excl BLSA) | -61 | -122 | -67 | -45 |
| Lambs born & reared/ewe | 1.34 | 1.32 | 1.42 | 1.31 |

Table 36 Hill SDA flock margins by flock size

| Hill SDA Flocks (flock lambing % usually <100) | Enterprise Output and Gross margin per ewe, GLU and ha | | | |
|--|--|-----------|--------------|-----------|
| | All flocks | <300 ewes | 300-600 ewes | >600 ewes |
| 2018 lambing | | | | |
| Number of farms | 59 | 19 | 23 | 17 |
| Number of farms (weighted) | 1,743 | 750 | 641 | 352 |
| Area Farmed (UAA + net hired in) (ha) | 257 | 98 | 184 | 728 |
| Utilisable Agricultural Area (ha) | 250 | 98 | 171 | 715 |
| Total adj. area farmed inc. commons (ha) | 155 | 75 | 130 | 373 |
| Grazing Livestock Units (farm) | 91 | 47 | 75 | 213 |
| Grazing Livestock Units (enterprise) | 51 | 20 | 44 | 131 |
| Forage area (enterprise) (ha) | 160 | 40 | 114 | 498 |
| Stocking rate (GLUs/total adj ha) | 0.59 | 0.64 | 0.58 | 0.57 |
| Cows per herd | 27 | 19 | 22 | 56 |
| Total Cattle | 74 | 51 | 59 | 149 |
| Breeding Flock | 528 | 164 | 434 | 1,474 |
| Total Sheep | 891 | 323 | 744 | 2,366 |
| <u>Output per ewe</u> | | | | |
| Enterprise Output (excluding BLSA) | 60 | 76 | 58 | 57 |
| BLSA | -8 | -6 | -7 | -9 |
| Concentrates | 18 | 22 | 18 | 17 |
| Purchased fodder and keep | 7 | 2 | 7 | 8 |
| Veterinary and medicines | 7 | 8 | 7 | 7 |
| Other livestock costs | 9 | 12 | 10 | 8 |
| Seed | 0 | 0 | 0 | 0 |
| Fertilizer | 3 | 5 | 3 | 3 |
| Sprays | 0 | 0 | 0 | 0 |
| Other crop costs | 0 | 0 | 0 | 0 |
| Total Variable costs | 45 | 51 | 47 | 43 |
| Gross Margin (excluding BLSA) / Ewe | 15 | 26 | 11 | 14 |
| Gross margin (excluding BLSA) / forage ha | 49 | 105 | 42 | 43 |
| Gross Margin (excluding BLAS) / GLU | 153 | 210 | 109 | 162 |
| Enterprise Gross margin (excluding BLSA) | 7,873 | 4,241 | 4,800 | 21,186 |
| <u>Measures of Income (per farm)</u> | | | | |
| Farm Business Income | 20,077 | 2,716 | 17,853 | 61,065 |
| Farm Corporate Income | -8,369 | -19,621 | -7,444 | 13,893 |
| Agricultural Economic Profit | -59,765 | -38,379 | -50,970 | -121,265 |
| Agri-environment Economic Profit | 19,479 | 4,815 | 17,599 | 54,103 |
| Diversified Economic Profit | 1,056 | 1,363 | 402 | 1,591 |
| SPS Economic Profit | 30,860 | 12,580 | 25,525 | 79,464 |
| Farm Investment Income | -1,260 | -17,419 | -4,602 | 39,206 |
| Net Farm Income | 9,425 | -4,403 | 6,853 | 43,528 |
| MII | -11,290 | -23,489 | -13,254 | 18,243 |
| Enterprise NM/ewe (excluding BLSA) | -48 | -61 | -52 | -42 |
| Enterprise NM/ewe after F&S labour (excl BLSA) | -72 | -124 | -81 | -54 |
| Lambs born & reared/ewe | 1.04 | 1.23 | 1.05 | 0.99 |

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

Table 37 LFA Sucklers

| 2018/19 | No farms in sample | Sample | | Premium | | |
|--|--------------------|--------------|----------------|-----------------------|--------------|-----------------------|
| | | 153 | | 58 | | |
| | No farms | 4171 | | 1375 | | |
| Production information | | | | | | |
| Average cow numbers | | 39 | | 43 | | |
| Enterprise grazing livestock units * | | 38 | | 43 | | |
| Calves per cow | | 0.93 | | 1.02 | | |
| Herd replacement rate (%) | | 19% | | 16% | | |
| Adjusted forage area (including commons) | | 51.16 | | 49.54 | | |
| Stocking rate (cows per adj. forage ha.) | | 0.76 | | 0.86 | | |
| Stocking rate (GLUs per adj. forage ha.) | | 0.75 | | 0.87 | | |
| Enterprise Output | | Total | per cow | per adj for ha | Total | per cow |
| | | (£) | (£) | (£) | (£) | per adj for ha |
| | | | | | | (£) |
| Suckler calves † | | 20153 | 517 | 394 | 27231 | 636 |
| Less Herd Depreciation | | 3589 | 92 | 70 | 3183 | 74 |
| Total Output (A) | | 16564 | 425 | 324 | 24049 | 562 |
| Variable Costs | | | | | | |
| Concentrates | | 2373 | 61 | 46 | 2447 | 57 |
| Coarse fodder | | 1289 | 33 | 25 | 683 | 16 |
| Vet and Medicines | | 1070 | 27 | 21 | 1029 | 24 |
| Other livestock costs | | 2548 | 65 | 50 | 2402 | 56 |
| Total Variable Costs (B) | | 7280 | 186 | 142 | 6560 | 153 |
| Gross Margin before forage (A-B) = (C) | | 9284 | 239 | 182 | 17488 | 409 |
| Forage Variable Costs | | 672 | 17 | 13 | 934 | 22 |
| Gross Margin after forage (A-B) = (C) | | 8613 | 222 | 169 | 16555 | 387 |
| Prices | | | | | | |
| Calf price (£/calf) * | | 684 | | | 798 | |
| Cull cow price (£/cow) | | 765 | | | 813 | |
| Replacement heifer/cow price (£/head) | | 1070 | | | 1128 | |
| Forage Costs | | | | | | |
| Fertilizer (£/ha) | | 10 | | | 15 | |
| Seed (£/ha) | | 1 | | | 1 | |
| Spray (£/ha) | | 1 | | | 1 | |
| Other crop costs (£/ha) | | 1 | | | 2 | |
| Total (£/ha) | | 13 | | | 19 | |
| Unadjusted forage area excluding commons | | 59.36 | | | 51.48 | |
| * 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

| 2018/19 | No farms in sample | Sample | Premium | | |
|---|--------------------|--------------|-------------------------|--------------|-----------------------|
| | No farms | 40 | 16 | | |
| | No farms | 1082 | 361 | | |
| Production information | | | | | |
| Enterprise grazing livestock units * | | 33 | 40 | | |
| Adjusted forage area (including commons) | | 37.08 | 40.31 | | |
| Stocking rate (GLUs per adj. forage ha.) | | 0.89 | 0.99 | | |
| Enterprise Output | | Total | per adj, for. ha | Total | per adj for ha |
| | | (£) | (£) | (£) | (£) |
| Cattle output | | 25959 | 700 | 38065 | 944 |
| Total Output (A) | | 25959 | 700 | 38065 | 944 |
| Variable Costs | | | | | |
| Concentrates | | 11155 | 301 | 11352 | 282 |
| Coarse fodder | | 514 | 14 | 484 | 12 |
| Vet and Medicines | | 716 | 19 | 1050 | 26 |
| Other livestock costs | | 4041 | 109 | 4383 | 109 |
| Total Variable Costs (B) | | 16426 | 443 | 17270 | 429 |
| Gross Margin before forage (A-B) = (C) | | 9533 | 257 | 20795 | 515 |
| Forage Variable Costs (D) | | 576 | 16 | 672 | 17 |
| Gross Margin after forage (C-D) = (E) | | 8958 | 241 | 20123 | 498 |
| Prices | | | | | |
| Dairy heifer transfer or sale price £ | | na | | na | |
| Finished cattle price £ | | 1204 | | 1175 | |
| Store cattle price £ | | 963 | | 979 | |
| Forage Costs | | | | | |
| Fertilizer (£/ha) | | 11 | | 13 | |
| Seed (£/ha) | | 2 | | 2 | |
| Spray (£/ha) | | 1 | | 1 | |
| Other crop costs (£/ha) | | 1 | | 1 | |
| Total (£/ha) | | 16 | | 17 | |
| Unadjusted forage area excluding commons | | 43.65 | | 43.01 | |
| * excludes stock away on agistment | | | | | |

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

Table 39 Store cattle from suckler bred calves or stores

| 2018/19 | No farms in sample | Sample | Premium |
|---|--------------------|--------------|-------------------------|
| | No farms | 113 | 40 |
| | No farms | 3316 | 1108 |
| Production information | | | |
| Enterprise grazing livestock units * | | 22 | 27 |
| Adjusted forage area (including commons) | | 31.11 | 30.99 |
| Stocking rate (GLUs per adj. forage ha.) | | 0.71 | 0.86 |
| Enterprise Output | | Total | per adj. for. ha |
| | | (£) | (£) |
| Cattle output | | 12627 | 406 |
| Total Output (A) | | 12627 | 406 |
| Variable Costs | | | |
| Concentrates | | 4583 | 147 |
| Coarse fodder | | 654 | 21 |
| Vet and Medicines | | 639 | 21 |
| Other livestock costs | | 2634 | 85 |
| Total Variable Costs (B) | | 8511 | 274 |
| Gross Margin before forage (A-B) = (C) | | 4116 | 132 |
| Forage Variable Costs (D) | | 239 | 8 |
| Gross Margin after forage (C-D) = (E) | | 3877 | 124 |
| Prices | | | |
| Dairy heifer transfer or sale price £ | | na | na |
| Finished cattle price £ | | 1120 | 1144 |
| Store cattle price £ | | 871 | 890 |
| Forage Costs | | | |
| Fertilizer (£/ha) | | 6 | 8 |
| Seed (£/ha) | | 0 | 1 |
| Spray (£/ha) | | 0 | 1 |
| Other crop costs (£/ha) | | 1 | 1 |
| Total (£/ha) | | 8 | 10 |
| Unadjusted forage area excluding commons | | 31.19 | 30.39 |
| * excludes stock away on agistment | | | |

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

Table 40 Upland SDA flocks

| 2018 lamb crop | Sample | Premium | | | | |
|---|--------------|----------------|---------------------------|--------------|----------------|---------------------------|
| No farms in sample | 109 | 50 | | | | |
| No farms | 3183 | 1059 | | | | |
| Production information | | | | | | |
| Average ewe numbers | 512 | 557 | | | | |
| Enterprise grazing livestock units * | 62 | 74 | | | | |
| Lambs reared per ewe | 1.34 | 1.63 | | | | |
| Flock replacement rate (%) | 27% | 28% | | | | |
| Adjusted forage area (including commons) | 87.3 | 85.3 | | | | |
| Stocking rate (ewes per adj. forage ha.) | 5.9 | 6.5 | | | | |
| Stocking rate (GLUs per adj. forage ha.) | 0.7 | 0.9 | | | | |
| Enterprise Output | | | | | | |
| | Total | per ewe | per adj for ha | Total | per ewe | per adj for ha |
| | (£) | (£) | (£) | (£) | (£) | (£) |
| Lambs † | 54266 | 106 | 622 | 75400 | 135 | 884 |
| Wool | 721 | 1 | 8 | 899 | 2 | 11 |
| Less Flock Depreciation | 7892 | 15 | 90 | 7913 | 14 | 93 |
| Total Output (A) | 47095 | 92 | 540 | 68385 | 123 | 802 |
| Variable Costs | | | | | | |
| Concentrates | 11776 | 23 | 135 | 12478 | 22 | 146 |
| Coarse fodder | 2714 | 5 | 31 | 1487 | 3 | 17 |
| Vet and Medicines | 3847 | 8 | 44 | 4666 | 8 | 55 |
| Other livestock costs | 6804 | 13 | 78 | 7318 | 13 | 86 |
| Total Variable Costs (B) | 25141 | 49 | 288 | 25949 | 46 | 304 |
| Gross Margin before forage (A-B) = (C) | 21954 | 43 | 252 | 42436 | 77 | 498 |
| Forage Variable Costs (D) | 2029 | 4 | 23 | 2632 | 5 | 31 |
| Gross Margin after forage (C-D) = (E) | 19924 | 39 | 229 | 39805 | 72 | 467 |
| Prices | | | | | | |
| | £/hd | £/hd | % sales | | £/hd | % sales |
| Fat Lamb price | 80 | 75 | | 81 | 85 | |
| Store Lamb price | 57 | 16 | | 57 | 9 | |
| Ewe Lamb price | 83 | 9 | | 88 | 6 | |
| Draft ewe price | 79 | | | 94 | | |
| Cull ewe price (£/ewe) | 49 | | | 57 | | |
| Wool price (£/kg) | 0.66 | | | 0.73 | | |
| Replacement price (£/head) | 93 | | | 97 | | |
| Forage Costs | | | | | | |
| Fertilizer (£/ha) | 19 | | | 26 | | |
| Seed (£/ha) | 1 | | | 1 | | |
| Spray (£/ha) | 1 | | | 2 | | |
| Other crop costs (£/ha) | 2 | | | 2 | | |
| Total (£/ha) | 23 | | | 31 | | |
| Unadjusted forage area excluding commons | 105.5 | | | 91.8 | | |
| * 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

| 2018 lamb crop | Sample | Premium | | | | |
|---|--------------|----------------|---------------------------|--------------|----------------|---------------------------|
| No farms in sample | 59 | 21 | | | | |
| No farms | 1743 | 604 | | | | |
| Production information | | | | | | |
| Average ewe numbers | 528 | 320 | | | | |
| Enterprise grazing livestock units * | 51.4 | 38.5 | | | | |
| Lambs reared per ewe | 1.04 | 1.41 | | | | |
| Flock replacement rate (%) | 26% | 27% | | | | |
| Adjusted forage area (including commons) | 86.3 | 46.2 | | | | |
| Stocking rate (ewes per adj. forage ha.) | 6.1 | 6.9 | | | | |
| Stocking rate (GLUs per adj. forage ha.) | 0.6 | 0.8 | | | | |
| Enterprise Output | | | | | | |
| | Total | per ewe | per adj for ha | Total | per ewe | per adj for ha |
| | (£) | (£) | (£) | (£) | (£) | (£) |
| Lambs † | 38980 | 74 | 452 | 39035 | 122 | 845 |
| Wool | 529 | 1 | 6 | 527 | 2 | 11 |
| Less Flock Depreciation | 7864 | 15 | 91 | 3759 | 12 | 81 |
| Total Output (A) | 31645 | 60 | 367 | 35803 | 112 | 775 |
| Variable Costs | | | | | | |
| Concentrates | 9535 | 18 | 111 | 5571 | 17 | 121 |
| Coarse fodder | 3571 | 7 | 41 | 1114 | 3 | 24 |
| Vet and Medicines | 3796 | 7 | 44 | 2688 | 8 | 58 |
| Other livestock costs | 4798 | 9 | 56 | 3818 | 12 | 83 |
| Total Variable Costs (B) | 21701 | 41 | 252 | 13191 | 40 | 286 |
| Gross Margin before forage (A-B) = (C) | 9944 | 19 | 115 | 22613 | 72 | 489 |
| Forage Variable Costs (D) | 1167 | 2 | 14 | 965 | 3 | 21 |
| Gross Margin after forage (C-D) = (E) | 8777 | 17 | 101 | 21648 | 69 | 468 |
| Prices | | | | | | |
| | £/hd | £/hd | % sales | | £/hd | % sales |
| Fat Lamb price | 76 | 62 | | 82 | 88 | |
| Store Lamb price | 51 | 22 | | 62 | 2 | |
| Ewe Lamb price | 66 | 15 | | 78 | 10 | |
| Draft ewe price | 74 | | | 79 | | |
| Cull ewe price (£/ewe) | 39 | | | 59 | | |
| Wool price (£/kg) | 0.59 | | | 0.69 | | |
| Replacement price (£/head) | 89 | | | 92 | | |
| Forage Costs | | | | | | |
| Fertilizer (£/ha) | 11 | | | 17 | | |
| Seed (£/ha) | 0 | | | 1 | | |
| Spray (£/ha) | 1 | | | 2 | | |
| Other crop costs (£/ha) | 1 | | | 2 | | |
| Total (£/ha) | 14 | | | 21 | | |
| Unadjusted forage area excluding commons | 159.7 | | | 51.0 | | |
| * 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 2018 - structure-england-farm_type_series_14nov19a.xlsx - Farm type breakdown for commercial holdings

Appendix 9. 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