

Aggregate agricultural output and income, 2021

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Both gross value added and total income from farming have increased for the second year after the low in 2019, by 12% and 29% respectively in 2021. Aggregate agricultural output increased by 5% in 2021 against a slight (1%) increase in intermediate consumption. The 2021 forecast has risen to above the high seen in 2018 following the decrease in total income from farming in 2019.

Between 2020 and 2021, the following changes are estimated in the headline measures of aggregate agricultural output and income in Wales:

- The value of aggregate agricultural output (gross output) rose by £79 million (or 5%) to £1.77 billion.
- Intermediate consumption (the goods and services consumed or used in the production process) increased by £17 million (or 1%) to £1.17 billion. This is, in effect, an increase in costs.
- Gross value added (aggregate agricultural output, less intermediate consumption) increased by £62 million (or 12%) to £602 million.
- Total income from farming increased by £89 million (or 29%) to £394 million. (see [notes](#) for an explanation of TIFF)

The Covid-19 pandemic and the UK exit from the EU continued to be the biggest driving factors for these estimated changes in headline measures.

- The value of output from cattle remained high compared to earlier years at £441 million (a 1% increase from 2020) due to a buoyant market. The value of output from sheep showed a further increase of £4 million (or 1%) to £303 million. In combination, gross output from cattle and sheep represents 42% of the value of agricultural output in Wales.
- Livestock increased overall (1%) however livestock products showed a larger increase of (12%) mainly due to milk and milk products increasing by £58 million (11%) following falls in 2019 and 2020. The value of output from eggs also increased by £14 million (or 24%) this can be partly explained by the continued increase in UK farm-gate egg prices in 2021.
- In looking more closely at intermediate consumption, feeding stuffs increased by £13 million (or 3%) to £400 million, the highest value since 2014 (£395 million). Feeding stuffs are the largest component of intermediate consumption, at around a third.
- The value of other subsidies decreased by £7 million (3%) to £282 million.

About this release

This release provides forecast estimates of aggregate agricultural output and total income from farming at the Wales level for 2021. These estimates make use of information available up to March 2022 during the coronavirus (COVID-19) pandemic.

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

In the next annual release scheduled for May 2023 (provisional), the figures for both 2020 and 2021 will be revised to incorporate additional up-to-date information.

Table 1: Aggregate Agricultural Account, 2015 to 2021

£ million	Calendar Years						
	2015	2016	2017	2018	2019	2020 Provisional	2021 Forecast
Outputs:							
1. Cereals	21	21	22	25	26	27	31
2. Other Crops	7	7	8	8	8	6	11
3. Potatoes	13	17	16	20	13	8	13
4. Horticulture	42	52	53	52	52	56	52
5. Livestock	696	707	733	748	718	817	825
<i>of which:</i>							
Cattle	372	376	407	404	375	437	441
Sheep	257	267	264	281	270	299	303
Pigs	5	5	6	5	6	8	7
Poultry	52	47	44	45	59	64	66
6. Livestock Products	499	438	578	637	583	580	649
<i>of which:</i>							
Milk and Milk Products	440	381	517	568	522	513	570
Eggs	43	41	46	53	49	57	71
Clip Wool	6	5	3	5	3	1	1
7. Capital Formation in Livestock	80	63	63	74	74	66	58
8. Other Agricultural Activities	77	76	78	79	80	81	81
9. Inseparable Secondary Activities	51	51	52	54	54	55	55
10. Gross Output (at market prices) (1+2+3+4+5+6+7+8+9)	1,485	1,431	1,604	1,697	1,608	1,695	1,775
11. Total Subsidies on Product	0	0	0	0	0	0	0
12. Gross Output at basic prices	1,485	1,431	1,604	1,697	1,608	1,695	1,775
Intermediate Consumption:							
13. Intermediate Consumption	1,058	1,046	1,083	1,114	1,138	1,156	1,173
<i>of which:</i>							
Feeding stuffs	338	334	350	363	376	387	400
Veterinary and Medical Expenses	59	58	60	61	62	62	62
Fertilisers and Lime	94	92	95	97	99	99	100
Machinery Expenses	125	123	127	129	131	132	133
Farm Maintenance	38	38	39	40	41	41	43
Contract Work	75	74	76	78	79	79	80
Other Farming Costs	305	301	310	316	320	322	324
14. FISIM (Financial Intermediation Services Indirectly Measured)	7	8	9	10	13	14	12
Value Added and Income:							
15. Gross Value Added at basic prices (12-13)	427	385	521	583	470	540	602
16. Gross Value Added at market prices (10-13)	427	385	521	583	470	540	602
17. Consumption of Fixed Capital	302	302	306	334	338	337	330
<i>of which</i>							
Buildings and Works	90	92	94	97	98	97	101
Vehicles, Plant and Machinery	143	147	152	160	163	167	174
Livestock	70	63	60	77	76	73	55
18. Net Value Added (at basic prices) (15-17)	124	83	215	250	132	203	272
19. Other Subsidies	236	270	296	299	293	290	282
20. Net Value Added (at factor cost) (18+19)	360	353	510	548	425	493	554
21. Compensation of Employees	119	119	104	113	115	137	110
22. Interest	35	37	39	40	39	35	34
23. Rent	21	22	20	17	16	16	16
24. Total Income from Farming (20-21-22-23)	185	176	347	378	254	305	394

Notes

Total income from farming (TIFF)

Income generated by production within the agriculture industry, including subsidies. It represents business profits plus remuneration for work done by owners and other unpaid workers. It excludes changes in the value of assets, including stocks, due to price changes. It includes non-agricultural activities such as further processing or tourist activities where these cannot be separated from the agricultural business. It is the preferred measure of aggregate income, conforming to internationally agreed national accounting principles, required by both UK national accounts and by Eurostat.

Financial intermediation services indirectly measured (FISIM)

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

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

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

- The Basic Payment Scheme for 2015 to 2021.
- Agri-environment payments (including Glastir, and legacy schemes such as Tir Mynydd and Tir Gofal) for 2015 to 2021.
- Animal disease compensation (predominantly bovine TB) for 2015 to 2021.
- Payments to Welsh dairy farmers from the:
 - EU Dairy Package: £3.2 million in 2015.
 - EU Conditional Aid Benchmarking Scheme: £3.2 million recorded against 2016, although this was actually paid out in 2017.
 - EU Milk Reduction Fund: £1.1 million recorded against 2016, although this was actually paid out in 2017.

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

Basic Payment Scheme information included in the 2021 forecast is based on an estimate of the total value that will be paid as a result of applications made in 2021. In other words, the 2021 forecast includes all basic payments made to date **and** an estimate of the value of payments that will be made throughout 2022 (for applications made in 2021).

Differently for agri-environment payments, the 2021 forecast includes Glastir payments made during the year, regardless of when Glastir contracts were actually signed.

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

Rounding

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

The effect of the COVID-19 pandemic

The calendar year 2021 to which this release relates was significantly effected by the COVID-19 pandemic (the first lockdown started on 23rd March 2020). In particular, Covid-19 caused a number of problems for food production with some individual processing plants significantly affected at various points in time. However, the overall impact at the aggregate level was more limited.

As with many other surveys during 2021, there was some disruption to the compilation of data which resulted in delayed analysis and publication of results. It is also acknowledged that due to the effect of the pandemic in 2021 there is more uncertainty around these financial estimates; however, as the impact of COVID-19 on data collection was fairly limited, the estimates are still considered robust.

Key quality information

These results are produced using internationally agreed national accounting principles.

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

Potato Data

[AHDB](#) ceased production of GB potato market intelligence in July 2021 following an industry vote. Welsh Government are currently investigating alternative sources of data but for this release the 2020 potato figures have been used as an interim estimation.

Revisions

Figures for previous years are regularly revised to include up-to-date information. Table 2 below shows revisions to figures for 2019 and 2020 that have been made in this edition of the release.

The figures in this publication have been revised as far back as 2015 following revisions made in the data supplied to Welsh Government by DEFRA. These revisions have been the result of a review of previous estimations and methodology considered in creating the UK Aggregate Agricultural Accounts.

Welsh Government plan to work with DEFRA and other devolved nations to continue to review the and improve the current processes in place for estimating the aggregate agricultural accounts. It is therefore anticipated that future releases will have further revisions to figures and changes in methodology in place. These changes will be explained in detail in the next release.

Table 2: Revisions to the 2019 and 2020 aggregate agricultural account in this release

		<i>£ million</i>			
		Published 13 May 2021	Published 12 May 2022	Actual change	% change
2019	Gross Output	1,599	1,608	9	0.6%
2019	Intermediate Consumption	1,134	1,138	4	0.4%
2019	Gross Value Added	465	470	5	1.0%
2019	Net Value Added (at factor cost)	418	425	7	1.7%
2019	Total Income from Farming	257	254	-3	-1.2%
2020	Gross Output	1,699	1,695	-3	-0.2%
2020	Intermediate Consumption	1,151	1,156	5	0.4%
2020	Gross Value Added	548	540	-8	-1.5%
2020	Net Value Added (at factor cost)	499	493	-7	-1.3%
2020	Total Income from Farming	322	305	-17	-5.2%

The figures for 2019 compare the provisional figures published in May 2021 with the final figures published in May 2022; the comparison is stable. As we would expect, the changes are larger for 2020 when comparing the forecast published in 2021 with the provisional figures published in 2022.

The figures in this release will be revised in the future to include up-to-date information from sources such as the Farm Business Survey for 2021-22.

Any revisions to the 2021 agricultural output and income figures will be published alongside 2022 forecast estimates in May 2023 (provisional). In line with the above, the figures for agricultural output and income in 2019 and 2020 have been revised to incorporate up-to-date information. Figures for 2020 remain provisional.

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

Well-being of Future Generations Act (WFG)

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural wellbeing of Wales. The Act puts in place seven wellbeing goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators (“national indicators”) that must be applied for the purpose of measuring progress towards the achievement of the wellbeing goals, and (b) lay a copy of the national indicators before Senedd Cymru. Under section 10(8) of the Well-being of Future Generations Act, where the Welsh Ministers revise the national indicators, they must as soon as reasonably practicable (a) publish the indicators as revised and (b) lay a copy of them before the Senedd. These national indicators were laid before the Senedd in 2021. The indicators laid on 14 December 2021 replace the set laid on 16 March 2016..

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

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

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

Further details

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

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

Useful links

DEFRA are scheduled to publish first estimates of [Total Income from Farming](#) in the United Kingdom for 2021 in May 2022. All official statistics on Total Income from Farming in the UK and constituent countries are considered by Defra as “Fully Comparable at level C” of the [UK Countries Comparability Scale](#) across countries.

[Agriculture in the United Kingdom](#) 2021 is due to be published by DEFRA in May 2022.

The Scottish Government published [agricultural survey results](#) for 2020 on 30 March 2022.

Department of Agriculture, Environment and Rural Affairs (DAERA) published [provisional agricultural income figures](#) for Northern Ireland on 10 February 2022.

Next update

May 2023 (provisional)

We want your feedback

We welcome any feedback on any aspect of these statistics which can be provided by email to stats.agric@gov.wales.

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