

## East Midlands Region Commentary 2010/11

This report includes data collected from the Farm Business Survey for the 2010 to 2011 financial year, relating to the 2010 crop harvest.

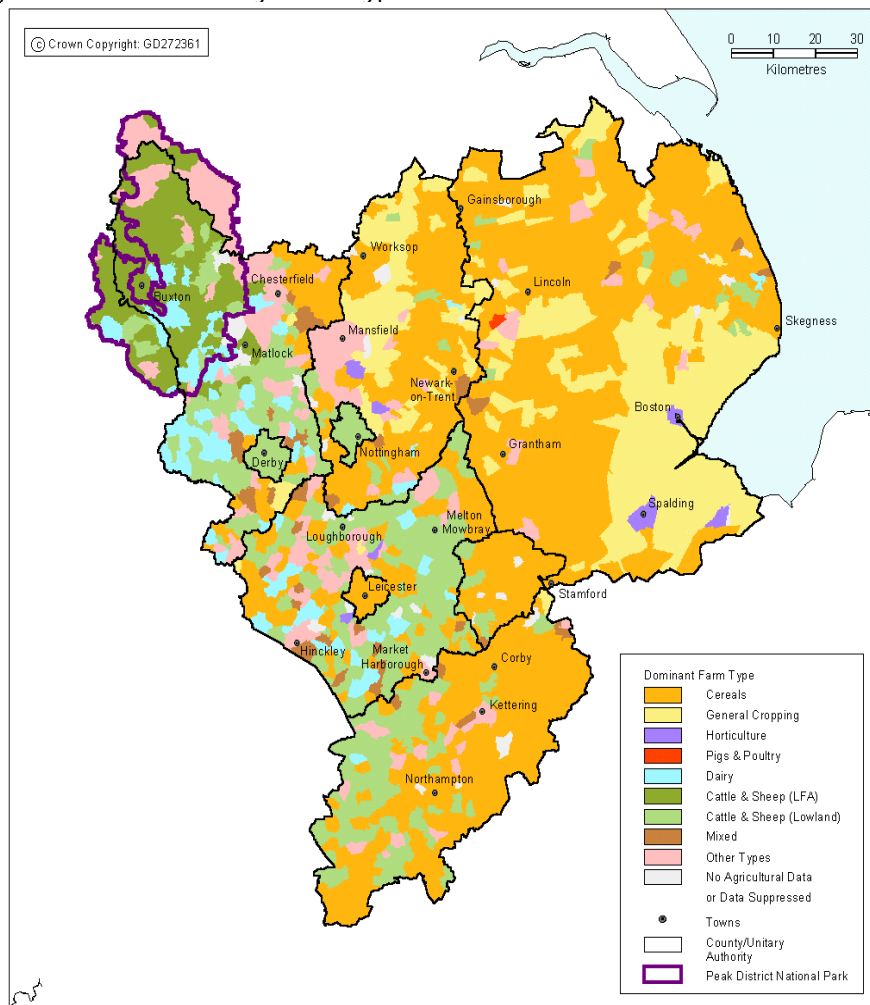
Please note that the classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier statistical notices. Please see the explanatory document at <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/> for further details of these changes. Commentary in this report therefore draws upon the appropriate table from <http://www.farmbusinesssurvey.co.uk/regional/> for 2010/11, plus Farm Accounts in England where applicable <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/publications/farmaccounts/farm-accounts-2011/>

The Farm Business Survey is conducted on behalf of, and financed by the Department for Environment, Food and Rural Affairs, and the data collected in it are Crown Copyright.

### Nature of Farming in the region

The broad range of soil types and varied topography found in the East Midlands region, results in an agricultural industry that contains a wide variety of farming types. As identified in Figure 2.1, dairying and upland and lowland grazing livestock is found mainly in the west of the region, moving to more mixed farming in the central areas, with arable and horticultural production dominating the north east and south east of the region. Pig and poultry farming is an important agricultural activity in the eastern areas.

Figure 2.1 Agricultural Land Use by Farm Type in the East Midlands



## Contribution of farming to the region's economy

### Labour

- in 2010, the number of people employed in agriculture in the East Midlands was 33,280 (1.56% of the regional workforce). Compared with 2009, this represents an increase of 740 people (+2.2%) in the region's agricultural workforce. The increase in agriculture's share of the regional workforce originates from not only an increase in the region's agricultural workforce but also from a reduction in the total regional workforce (Defra June Survey 2010)

### Production and Income

Key summary measures in 2010 were as follows (Table 2.1):

- agriculture contributed £2,298m of gross output to the East Midlands' economy. Compared to 2009, this represents an increase of £239m (11.6%)
- gross value added (GVA) at basic prices in the East Midlands was valued at £837m
- total income from farming (TIFF) in the East Midlands was £564m; an increase of £148m (+35.6%) compared to 2009, whilst TIFF for England increased by 7.8%

**Table 2.1: Summary measures of the production and income account for agriculture by region in 2010**

	Gross output	Intermediate consumption	Gross value added at basic prices	Total income from farming
	£million	£million	£million	£million
North East	485	278	206	144
North West	1 514	1 000	515	139
Yorkshire and Humberside	1 887	1 127	760	527
East Midlands	2 298	1 461	837	564
West Midlands	1 768	1 065	703	349
East of England	2 969	1 953	1 016	722
South East & London	1 896	1 054	842	424
South West	2 722	1 725	997	437
England total	15 538	9 662	5 876	3 306

Defra 2010

## Contribution of region's farming to farming in England

### Labour

- In 2010, the region's share of England's total agricultural workforce was 11.4%, compared with 11.1% in 2009 (Table 2.2)

### Land

- in 2010, agricultural holdings in the East Midlands occupied 1.18 million hectares, which was 13.2% of the total area on holdings in England (Table 2.2)

### Cropping

- in 2010, arable farming accounted for 18.7% of the England total area and 59.9% of the total agricultural area in the East Midlands (Table 2.2)
- horticultural production in the East Midlands accounted for 23.8% of the England total area (Table 2.2)

### Livestock

- In 2010, the East Midlands was home to 9.5% and 18.8% of England's total headage of pigs and fowl, respectively. For cattle and sheep, the figures were 9.2% and 7.9%, respectively (Table 2.2)

### Production and Income

Key summary measures in 2010 were as follows (Table 2.1):

- the East Midlands produced 14.8% (£2,298m) of the total gross agricultural output for England
- 14.3% (£837m) of the GVA for England can be attributed to the East Midlands

**Table 2.2 East Midlands Agriculture at a Glance**

Land Use	Hectares	% of England
Crops	704,852	18.7
Bare Fallow	25,545	17.1
Grass under 5 years old	51,659	8.8
Grass over 5 years old	286,966	8.7
Sole right rough grazing	29,773	6.0
All other land	53,804	17.8
Woodland	24,208	8.2
Total area on agricultural holdings	1,176,807	13.2
<b>Crops</b>		
Cereal crops	444,620	17.8
Other arable crops	229,900	21.0
Potatoes	16,225	16.2
Horticulture	34,537	23.8
<b>Livestock</b>		
Cattle & calves	510,715	9.2
Sheep & lambs	1,125,773	7.9
Pigs	344,131	9.5
Fowl	21,460,546	18.8
<b>Labour</b>		
	Persons	% of England
	33,280	11.4

Defra June Survey 2010

## 2010/2011 FBS year

### Weather

The chief anomalies concerning the climatic conditions affecting the 2010 cropping year were as follows (figures 2.2 and 2.3):

- below average rainfall in early autumn 2009 and spring 2010
- above average rainfall in late autumn 2009
- a wetter than average August 2010
- very low temperatures in December 2009 and January 2010

The relatively low precipitation levels in September 2009 led to the poor germination of early drilled 2010 oilseed rape and winter cereal crops. However, as a consequence of higher than average rainfall in November 2009, the quality of crop establishment improved to acceptable levels.

The months of November and December 2009 and January 2010 were notable for their lower than average temperatures, leading to inhibited crop growth and severe pigeon predation damage to oilseed rape crops. The 2010 sugar beet harvest was severely impacted by deep seated frosts and snowy conditions with consequential crop losses being highly significant.

The spring of 2010 recorded well below average rainfall which impaired the establishment of 2010 spring sown crops as well as the development of over-wintered cereals and oilseed rape crops. The well known compensatory capabilities of oilseed rape were in evidence as its eventual yield did not suffer greatly as a consequence of the aforementioned dry spells; however, yields of cereal crops were thought to have been negatively affected by lack of timely rainfall.

Recorded levels of forage stocks from 2010 grassland conservation activities were very low as a consequence of the dry spring and June 2010. Consequently, livestock farmers entered the 2010/11 winter period with reduced quantities of forage and the prospect of having to purchase either replacement bulk or concentrate feeds.

Figure 2.2: Sunshine and Rainfall Anomalies in the East Midlands: September 2009 to August 2010

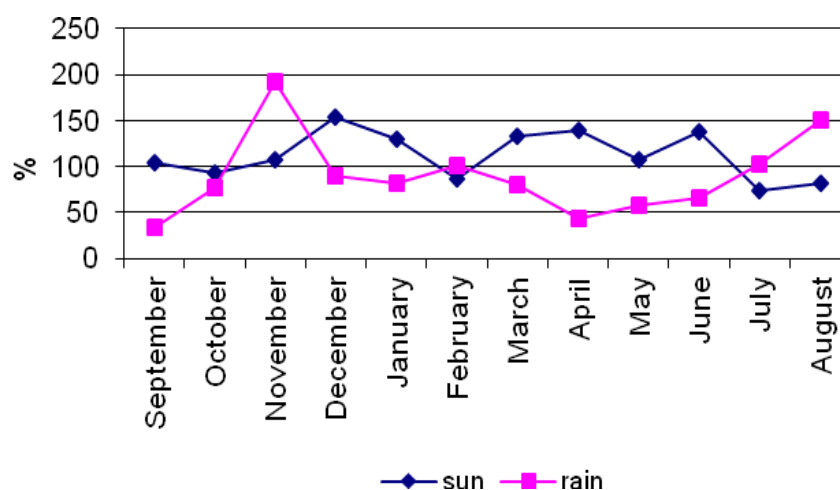
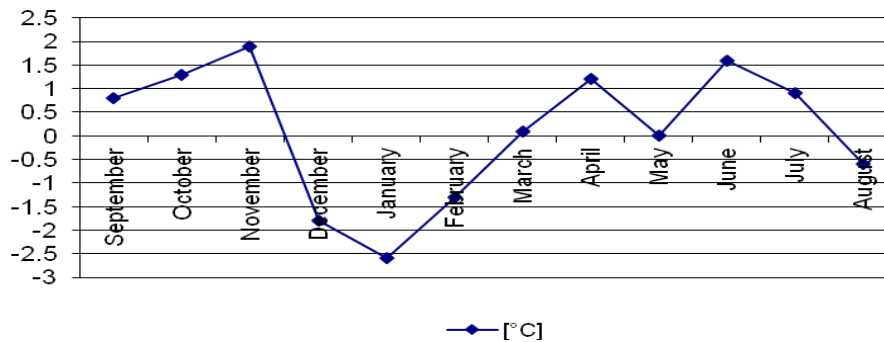


Figure 2.3: Temperature Anomalies in the East Midlands:  
September 2009 to August 2010



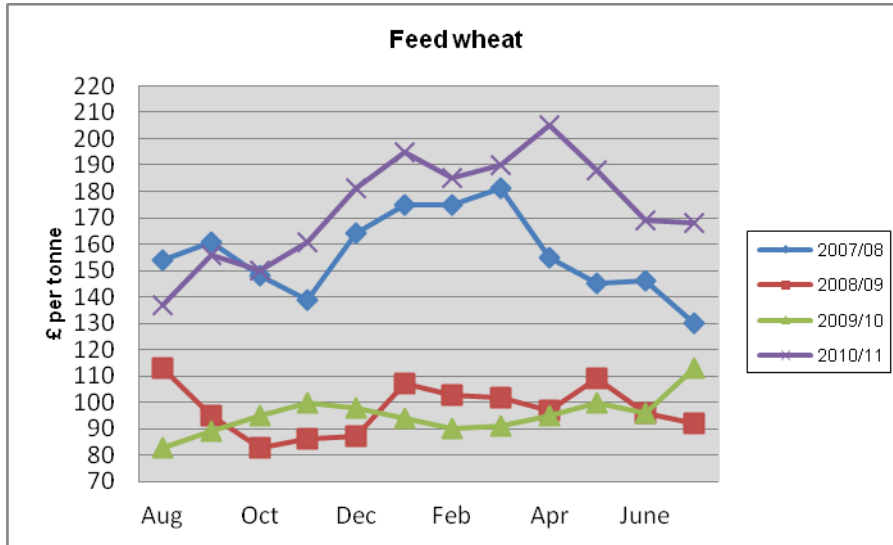
## Economic Background

The following section examines the economic conditions during 2010/11; a period that witnessed significantly higher commodity prices in the arable sector, mixed fortunes in the livestock sector with an increase in milk prices, decreases in the prices for finished cattle and pigs, with lamb prices being on a par with the previous year. The price of animal feeds increased appreciably, whilst the prices of gas oil and fertilisers increased back up to the record levels experienced in 2008/09.

Figures 2.4 to 2.6 show that in 2010/11, the average prices for 2010 crop feed wheat, bread wheat and feed barley all increased by dramatic proportions; feed wheat averaged £174 per tonne (*cf.* £95 per tonne, 2009), bread wheat averaged £195 per tonne (*cf.* £113 per tonne, 2009) and feed barley averaged £156 per tonne (*cf.* £78 per tonne, 2009). An important feature of these 2010/11 average prices is the volatility that lies within them, contrary to the trend in 2009/10 when, as noted in the previous edition of this report, the range between seasonal high and low prices was very narrow. For example, the differential between the price highs and lows for feed wheat, bread wheat and feed barley in 2010/11 were £68 per tonne, £64 per tonne and £47 per tonne respectively, compared to £17 per tonne, £9 per tonne and £8 per tonne respectively, in 2009/10.

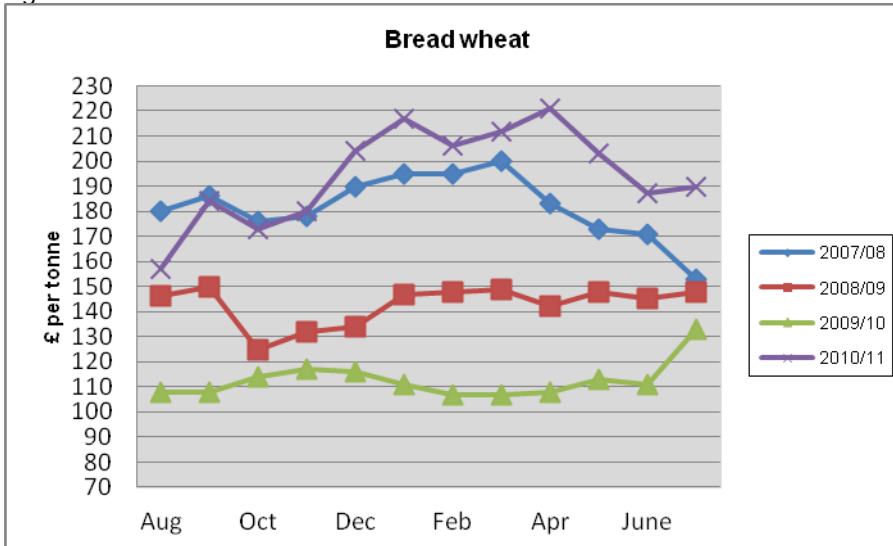
Another feature of these particular markets was the increased tonnages that were sold forward on contract; often at prices that were below the spot price available for the month of sale concerned. The forward prices being offered for 2010 crop grain were at levels, that when compared to the realised prices for 2009 crop grain, enticed more producers into selling forward as a new experience and also those producers familiar with this method of sale committed increased tonnages into this particular aspect of the market.

Figure 2.4: Feed Wheat Prices 2007/08 to 2010/11



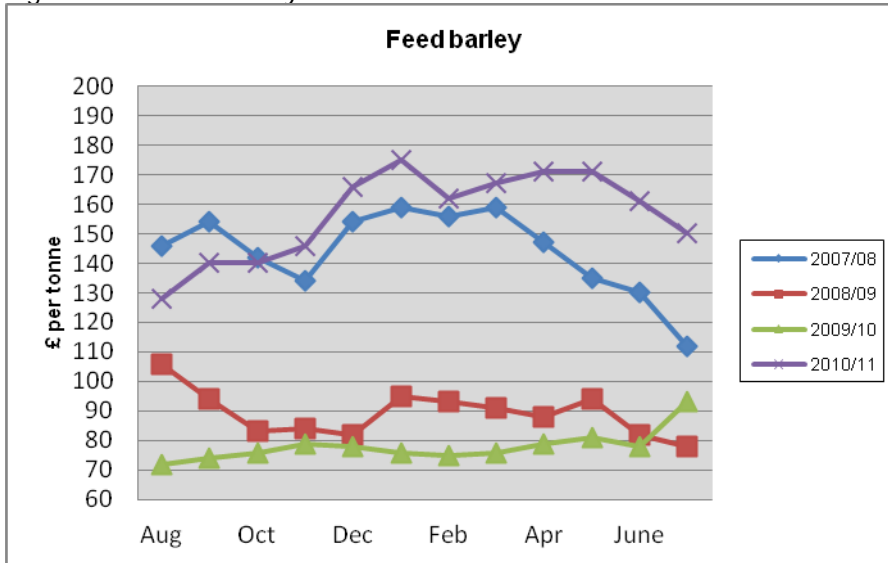
Source: Agro Business Consultants

Figure 2.5: Bread Wheat Prices 2007/08 to 2010/11



Source: Agro Business Consultants

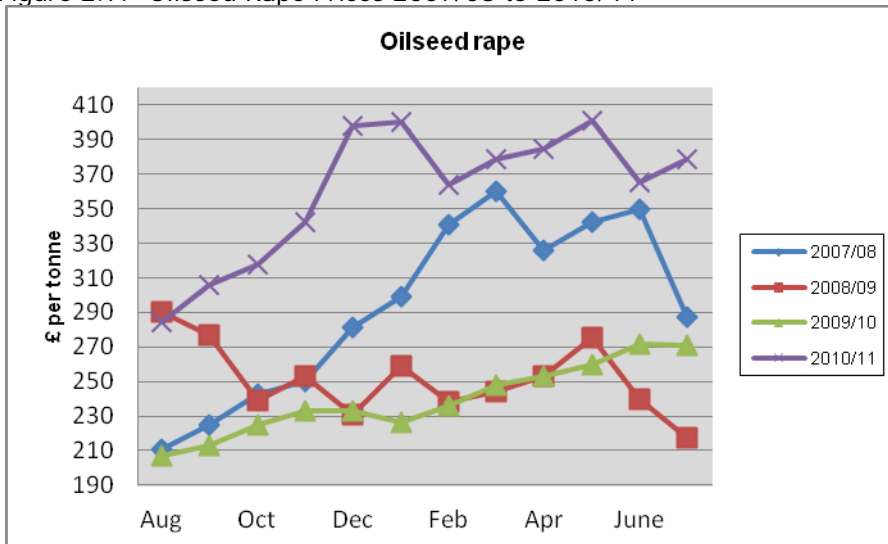
Figure 2.6: Feed Barley Prices 2007/08 to 2010/11



Source: Agro Business Consultants

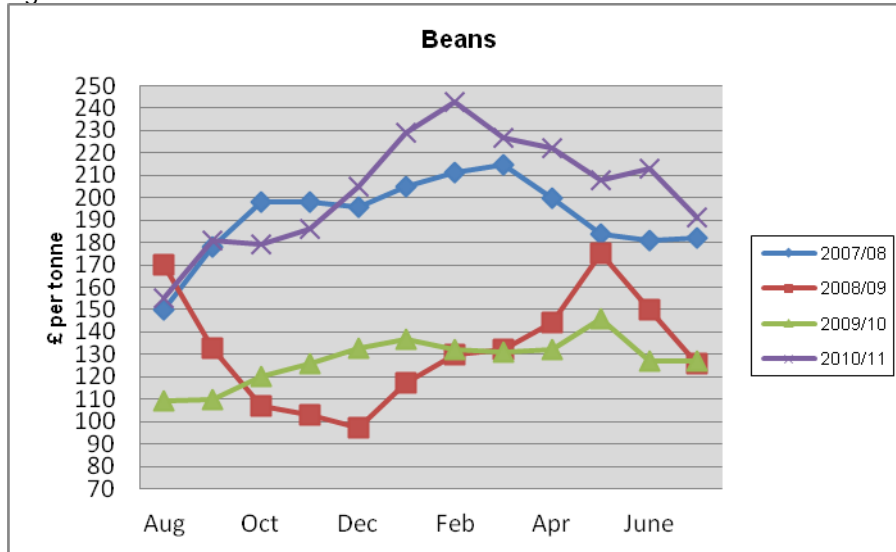
The 2010 average prices for two of the region's main combinable break crops, namely oilseed rape and field beans, were £360 per tonne and £203 per tonne, respectively (Figures 2.7 and 2.8). Following the pattern of cereal crops, these prices were significantly above those of the previous year when oilseed rape averaged £240 per tonne and field beans averaged £128 per tonne. Also, the price volatility described above in the cereals commentary, was in evidence for these two crops. Oilseed rape prices peaked at £401 per tonne compared to a price low of £284 per tonne, whilst field beans peaked at £243 per tonne compared to a price low of £155 per tonne.

Figure 2.7: Oilseed Rape Prices 2007/08 to 2010/11



Source: Agro Business Consultants

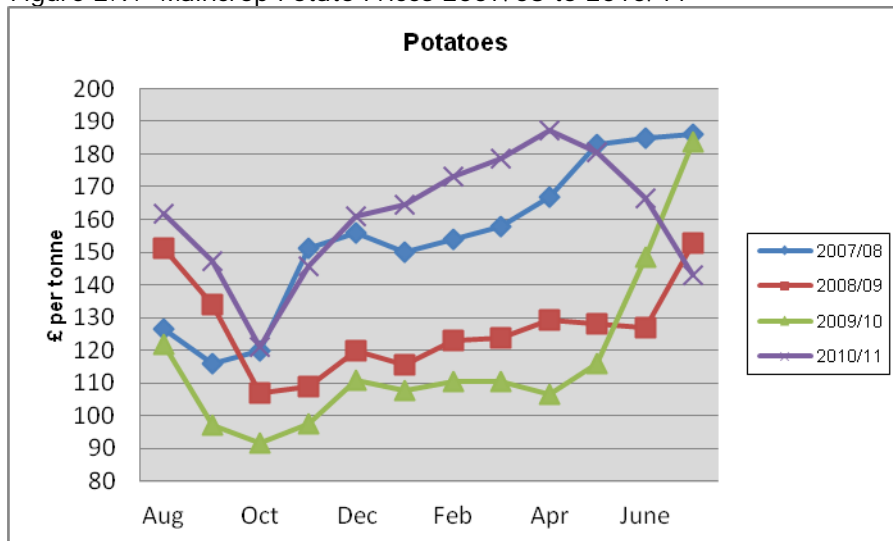
Figure 2.8: Field Beans Prices 2007/08 to 2010/11



Source: Agro Business Consultants

Potato prices in 2010/11 followed the trend within the arable sector whereby they increased significantly on 2009/10 levels (Figure 2.9). The 2010 season began with maincrop prices at around £35 per tonne higher than at the corresponding time in 2009. Prices continued to rise to a peak of £187 per tonne (April 2011) to eclipse the recent high price levels achieved in May 2008 (£185 per tonne). The average price in 2010/11 was £161 per tonne, compared to £117 per tonne in 2009/10.

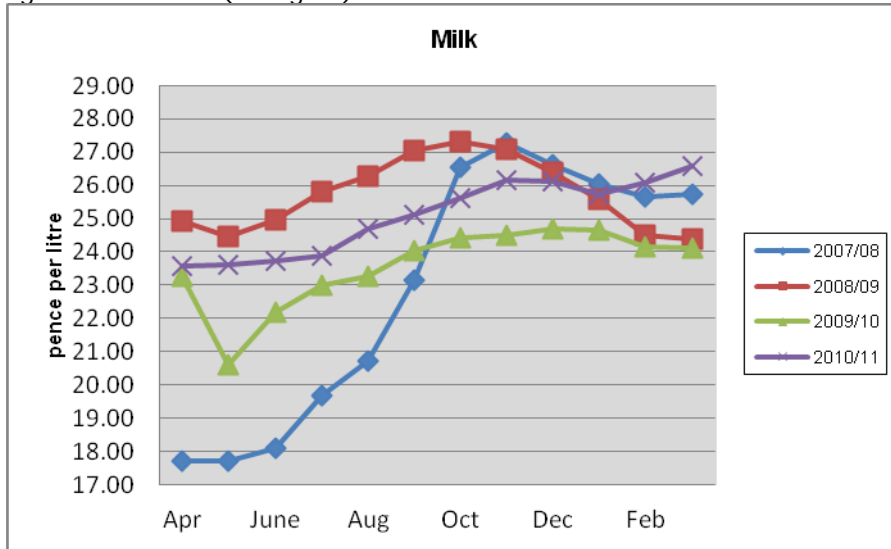
Figure 2.9: Maincrop Potato Prices 2007/08 to 2010/11



Source: Agro Business Consultants

Figure 2.10 illustrates that at the end of the 2010/11 milk year, the farmgate price of milk had increased by 2.4 pence per litre (ppl) compared to the price at the end of the 2009/10 milk year. The average milk price in 2010/11 was 25.1ppl compared to 23.6ppl in 2009/10; however this was below the average price from 2008/09 which stood at 25.7ppl. To put this into further context, the average price for 2007/08 was 22.9ppl.

Figure 2.10: Milk (farmgate) Prices 2007/08 to 2010/11

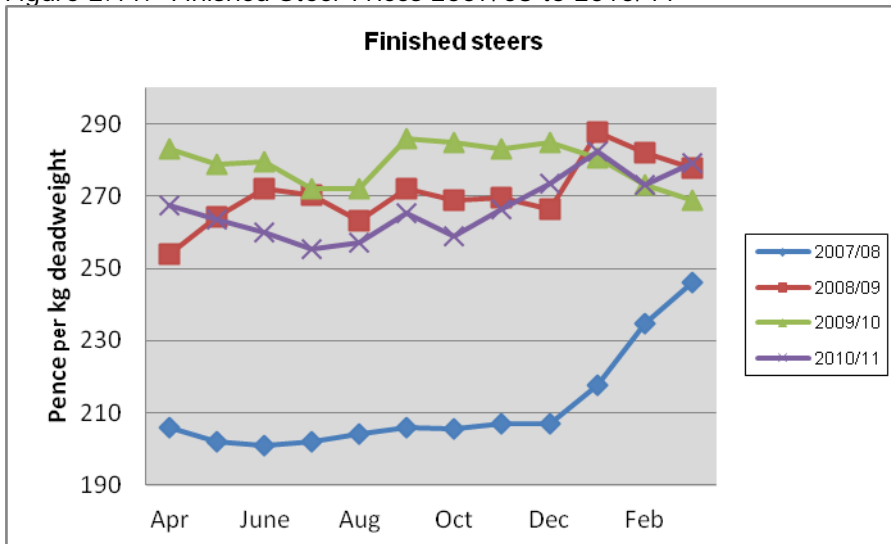


Source: Agro Business Consultants

Figure 2.11 shows that for 2010/11 the price of finished steers was, for the most part, below the prices achieved in 2008/09 and 2009/10. The average deadweight price for this commodity in 2010/11 was 267 pence per kilogram (ppkg), compared to the average prices for 2007/08, 2008/09 and 2009/10 of 212ppkg, 271ppkg and 279ppkg, respectively.

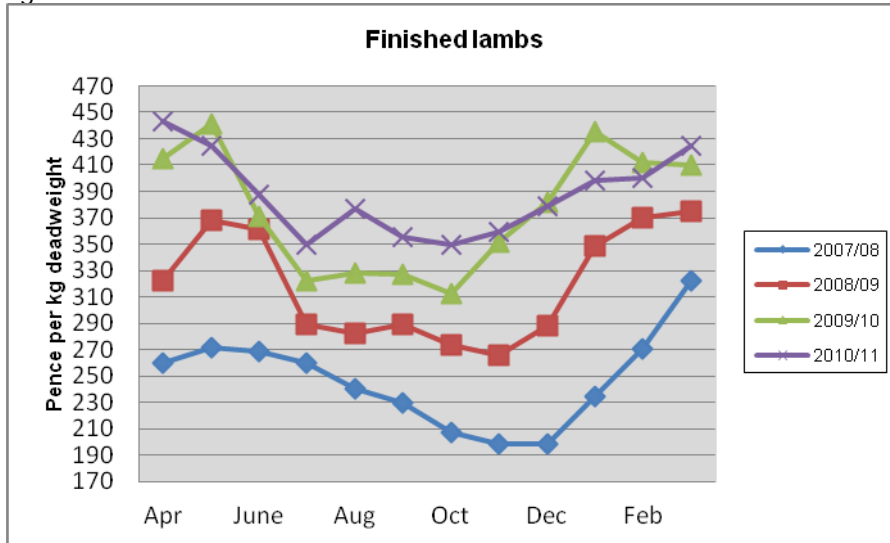
The average price of fat lambs in 2010/11 was 387ppkg, resulting in a four-year high for this product. Figure 2.12 shows that the 2010/11 price oscillated above and below the 2009/10 price but was always above the prices achieved in 2007/08 and 2008/09. Average prices in 2007/08, 2008/09 and 2009/10 were 247ppkg, 319ppkg and 376ppkg, respectively.

Figure 2.11: Finished Steer Prices 2007/08 to 2010/11



Source: Agro Business Consultants

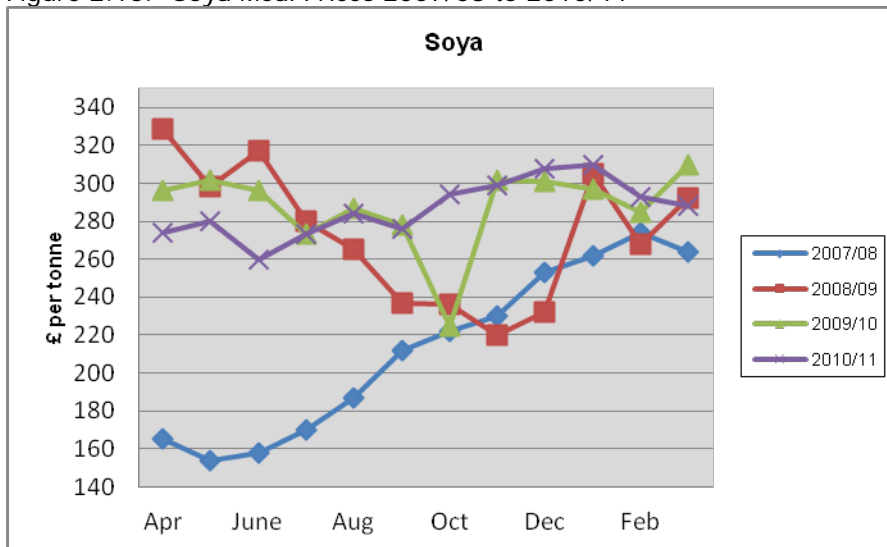
Figure 2.12: Finished Lamb Prices 2007/08 to 2010/11



Source: Agro Business Consultants

Figures 2.4 to 2.12 illustrate commodity prices for the four year period 2007/08 to 2010/11 and for the year 2010/11 show much improved prices within the arable sector, whilst the livestock sector experienced mixed fortunes with an improvement in the milk price, a downturn in the price of finished beef and a slight increase in the price of lamb. It is interesting to put these price movements in context with the price movements of three key input costs, namely feed (soya), gas oil and nitrogen fertiliser and then consider these findings in relation to the analyses of income results by farm type sector, to be found later in this report.

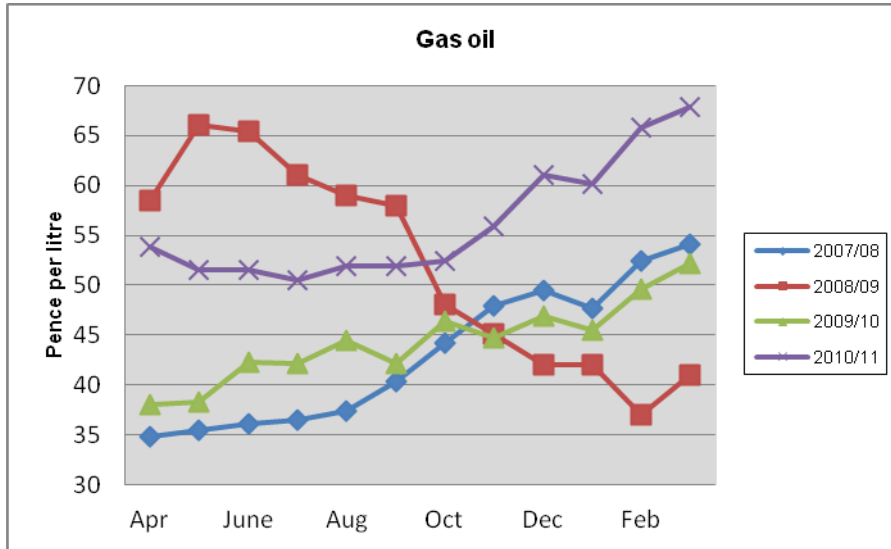
Figure 2.13: Soya Meal Prices 2007/08 to 2010/11



Source: Agro Business Consultants

The price trend of soya (Figure 2.13) throughout 2010/11 was less volatile than in recent years and thereby making the timing of purchase less critical than has recently been the case. The average price of soya for 2010/11 was £287 per tonne, compared to £288 per tonne in 2009/10. It is interesting to note the average price from 2007/08, which at £213 per tonne, was 35% lower than the 2010/11 price.

Figure 2.14: Gas Oil Prices 2007/08 to 2010/11

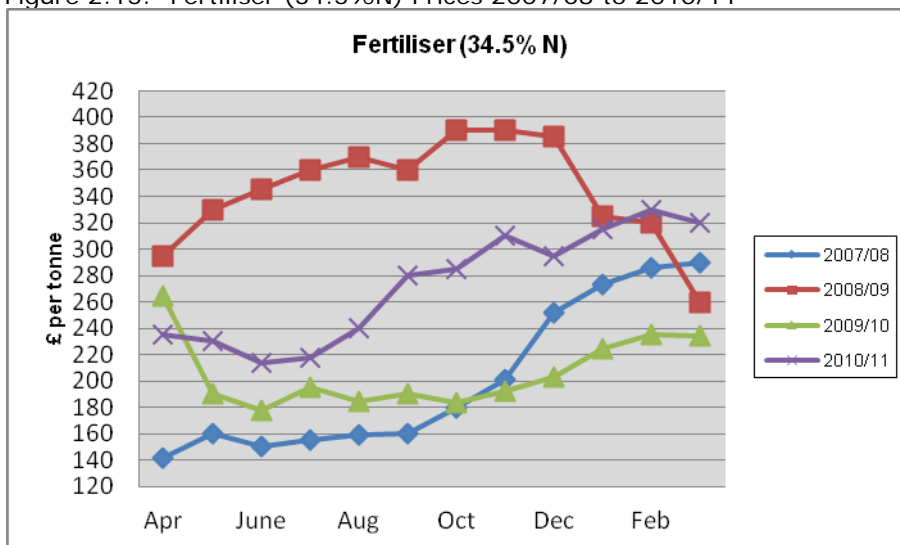


Source: Agro Business Consultants

Throughout 2010/11, the price of gas oil continued the rise that began in 2009/10 (Figure 2.14) to finish the year at record levels (67.9ppl) and eclipse the previous high of 66.1ppl recorded in May 2008. Regarding the four-year period illustrated above, the March 2011 peak price represents a doubling of the price low recorded in April 2007.

The predominance of arable and lowland grazing livestock enterprises in the East Midlands places fertiliser as a key input for farming businesses in this region. Figure 2.15 shows that in 2010/11 the price of nitrogen fertiliser witnessed a reversal of the recent decline in prices from the high levels of 2008/09 to finish at £320 per tonne (March 2011). Respective prices for 2008, 2009 and 2010 were £290 per tonne, £260 per tonne and £234 per tonne. It is instructive to note that the crop year in question in this report (2010), will have coincided, to a large extent, with purchases of fertiliser that fell into the £185-£235 per tonne bracket, compared to £350-£385 for 2009 crops, representing a considerable saving on fertiliser expenditure. However, as for feed purchases, the volatility associated with fertiliser prices means that the date when fertiliser was bought will have had a significant impact on margins and incomes.

Figure 2.15: Fertiliser (34.5%N) Prices 2007/08 to 2010/11



Source: Agro Business Consultants

## **Key events and Issues**

Hill Farm Allowance payments received in spring 2010 were the last to be paid under this scheme to be replaced by the Upland Entry Level Scheme.

£26 million were paid to British dairy farmers under the EU Dairy Fund (April to June 2010)

In August 2010, it was announced that the rolling payment system for Environmental Stewardship payments would end. The delay between the end of the rolling system and the implementation of a single yearly payment would have serious consequences to business cashflows

From October 1<sup>st</sup> 2010, agricultural wages increased by 2.4% for the lowest grade workers and by 2.8% for most other grades

Following a governmental review, it was announced that Feed-in Tariff (FIT) rates would be altered, with FITs for solar powered energy being reduced, whilst rates for anaerobic digestion were likely to increase (February 2011)

In February 2011, a planning application for a 3,800 dairy cow unit to be built in Lincolnshire was withdrawn, citing objections from the Environment Agency as the reasons for the abandonment of the project.

## **FBS Results by Farm Type 2010/11**

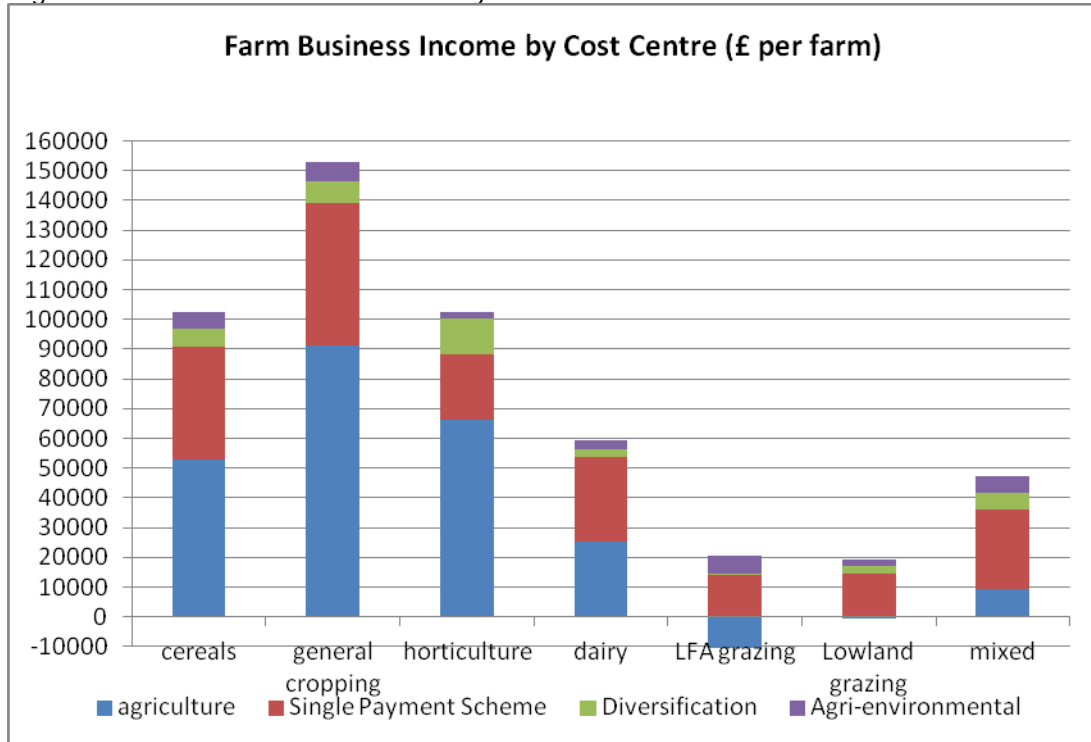
### **Analysis of Farm Business Income**

#### **All Farm Analysis**

Table 4 summarises the performance of East Midlands' farms in 2010 alongside the results from 2004 to 2009. This seven year period is significant in that it is the last such time span that provides analyses that include a year (2004) when support payments were in the form of direct area and headage payments, followed by years (six) of results from the post decoupled era and the introduction of the Single Payment Scheme (SPS). Figure 2.16 illustrates the significance of the SPS, as a component of total Farm Business Income (FBI), to the various farm types found in this commentary.

The all farms average FBI performance within the East Midlands for 2010 was £76,601, compared to £58,718 in 2009 (Farm Accounts in England). This boost to the region's average FBI performance came largely from the cereals and general cropping sectors which both showed highly significant upturns in FBI. Contrary to this, dairy, less favoured area (LFA) grazing and lowland grazing livestock farms, all experienced decreases in their FBI returns, with the latter two sectors recording falls in FBI from what were already modest amounts at the farm level.

Figure 2.16: Farm Business Income by Cost Centre



## Cereals

The output, inputs and incomes for cereals farms in the East Midlands are shown in Table 9. In 2010, the average FBI for cereal farms was £102,535 which represents an increase of 70.3% from the 2009 (Farm Accounts in England). The dry conditions of spring and early summer 2010 created a negative impact on the yields of cereal crops; however, as illustrated in figures 2.3 to 2.6, the prices of wheat, barley and oilseed rape increased to recently unprecedented levels, resulting in the significant increase in FBI. Volatility within the grain market led to some frustration amongst cereal producers who felt that they had “missed out” on the top prices. An increase in the number of cases of contracted forward selling of grain at what turned out to be below average prices was another source of annoyance for some cereal farmers. However, for 2011 crops, the aforementioned market volatility is supporting the forward contract method of sale as farmers lock into acceptable prices and eliminate the concerns that a volatile market brings.

## General Cropping

Table 4 shows that for general cropping farms in the East Midlands, average FBI increased from £68,847 in 2009 (Farm Accounts in England) to £152,877 in 2010 which represents an increase of 122.1%. Broadly speaking, general cropping farms are distinguished from cereal farms by the inclusion of sugar beet and / or potato enterprises and as can be see above in figure 2.8 above, prices for 2010 potatoes were considerably higher than in 2009. This fact, coupled with the higher prices for cereals and oilseed rape mentioned in the cereals subsection of this report are the chief reasons for this upturn in FBI. However, the FBI outcome could have been even better if it had not been for the reduction in output from sugar beet (-14.4%, Table 15) which was affected by the harsh wintry conditions of December 2010 and January 2011. The market volatility conditions and commitments to forward selling outlined for cereal farms apply equally well to general cropping farms.

## Horticulture

Table 4 reveals that for horticultural businesses in the East Midlands, the average FBI in 2010 was £102,456, compared to £178,394 in 2009 (Farm Accounts in England). However, the diverse nature of businesses within the horticultural sector means that year on year comparisons of incomes, outputs and inputs should be made with caution due to changes within the sample. Figure 2.16 shows that horticultural businesses are more reliant on income gained from their core activities compared to cereals and general cropping farms and their respective incomes from agriculture.

## Dairy

Table 4 shows that in 2010, the average FBI for dairy farms in the East Midlands' was £59,440 compared to £68,734 in 2009 (Farm Accounts in England), representing a decrease of 13.5%. The average price of farmgate milk for 2010/11 was 25.1 pence per litre (ppl) which is 1.5ppl greater than the price in 2009/10 but 0.6ppl lower than the 2008/09 average price. Another contributory factor associated with the decrease in FBI was lower prices for finished beef cattle (figure 2.10) which affected those dairy farmers with beef enterprises that are based on both rearing their own cattle and bought in stores.

## Less Favoured Area (LFA) Grazing Livestock Farms

The average FBI for LFA grazing livestock farms in 2010 was £9,908 compared to £22,645 in 2009 (Farm Accounts in England). The most important factor in this sharp fall in income centred on the cessation of the Hill Farm Allowance (HFA) in 2010/11 and its replacement schemes, namely, the Upland Entry Level Scheme (UELS) and the Upland Transitional Scheme (UTS). Unfortunately, for many farmers who were eligible for payments under these new schemes, the payment(s) were severely delayed and did not feature in the 2010/11 accounts.

Previous editions of this report have stressed the importance of agri-environmental schemes and the SFP to upland farms in the East Midlands (which are located almost exclusively in the Peak District National Park). This is again borne out in the results contained in this report (Figure 2.16) which show that the agricultural component of total FBI was -£10,496 with £5,965 (60.2%) and £14,309 (144.4%) of FBI being derived from agri-environmental schemes and the SFP, respectively. Diversified activities, which commonly in LFAs are dominated by tourism, have in the past also contributed significantly to FBI. However, the 2010/11 results show this not to be the case. Making judgements as to why this was, is difficult using aggregated data, but the downturn in the general economy may be a factor as the frequency of countryside breaks may have declined.

## Lowland Grazing Livestock Farms

Table 4 shows that in 2010, the average FBI for lowland grazing livestock farms in the region was £18,598 (*cf.* £31,704 in 2009, Farm Accounts in England). Similar to the situation for LFA grazing livestock farms, the income from agriculture contributed a negative sum (figure 2.16), whilst income from the SFP was by far the largest contributor to total FBI (78.4%)

## Pigs (England)

This commentary is based on the national sample of 75 pig farms across England, which can be found at [http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6\\_1to6\\_20-111215.xls](http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6_1to6_20-111215.xls). The change of FBS farm classification to the Standard Output basis, resulted in a change in the farm type label for a large number of farms to Specialist Pig, and this in turn, resulted in a 23 per cent increase in sample size, in comparison with last year. This report includes all types of pig production system, and both independent and contract producing units. The average pig farm was stocked with 2,408 pigs, this is 5.5 per cent higher than those in last year's report, but the increase is likely to be from larger farms within the grouping.

The FBI of specialist pig farms averaged £44,439 in 2010/11. An increase in the size of the breeding herd in Europe was the main driver of reduced pig prices. Lower weaner prices had a dual effect within the industry with finishing units benefitting at the expense of breeders. Overall, producers faced higher production costs. Higher grain prices had an impact on feed prices which are highly influential on profit outcomes as they form more than 50% of production costs.

Outdoor pig production was especially challenging in the winter of 2010 and early spring of 2011. Extreme cold weather created challenging conditions for stock survival and mortality increased. Staff also faced difficult working conditions, and the challenge of maintaining supplies of drinking water to stock, when freezing of water in pipes was difficult to avoid. Some units were compelled to make early unscheduled moves, following rain and the creation of wet conditions.

## Poultry (England)

This commentary is based on the national sample data which can be found at [http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6\\_1to6\\_20-111215.xls](http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6_1to6_20-111215.xls). The 2010/11 sample of 97 egg and broiler, turkey and duck producers was 30 higher, than the previous year. The main reason for the increase was the reclassification of FBS farms by Standard Output. In the expanded sample, the average farm size was larger, and the average bird numbers per farm were 20 per cent higher for hens and pullets, and 40.6 per cent higher for broilers and other poultry. The average FBI for this group was £68,219 per farm.

Poultry output averaged £679,611 per farm. Poultry feed costs, similar to those of the pig sector, traditionally comprise over 50% of total costs and margins were therefore very vulnerable to the high price of wheat. Producers experienced increases in the costs of labour, partly due to maintaining buildings and water systems, over a hard winter, contract and fuel.

Some 27.4 million cases of eggs were packed in 2010, compared to 24.6 million in 2009, an 11% increase. The average price per dozen fell by 3.5% to 70p, compounding the pressure from rising input cost<sup>1</sup>.

The impending January 2012 EU conventional cage ban, has been a driver of structural change in UK egg production, bringing investment in free range production facilities, and forcing a decision on producers committed to conventional cage production. During 2010/11, there were indications from other EU member states, that some continental producers might seek a postponement to the introduction of the European legislation. The scale of this problem was quantified by Euro MP and Norfolk farmer Stuart Agnew, who calculated that 83 million eggs a day could be produced from intensive cage or battery systems from January 2012<sup>2</sup>. Proposals to delay the cage ban were eventually overturned in Brussels in March 2011<sup>3</sup>.

Furthermore, concerns over imports of cage eggs through processed products still remain<sup>4</sup>. With regard to the cage ban, postponement looks unlikely as the EU reiterates its commitment to this legislation, and to act against non-compliance. Concerns are rising over an illegal trade in caged bird eggs after the ban, and considering it is estimated to have cost the UK £400 million to upgrade to enriched colony cages. There are also concerns over the possibility that the UK will be put at a disadvantage for leading the way in animal welfare issues<sup>5</sup>.

However, during 2010, oversupply was a significant problem for the industry as cage production continued, as the free range units, established to replace them, were brought into production. Production outstripped market demand, leading to lower prices as the layer population hit 34 million birds<sup>6</sup>. This was further compounded by organic producers and cage bird producers switching to free range, as the lack of demand for premium products in an economic recession coincided with the impending cage ban.

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<sup>1</sup> The poultry site, [www.thepoultrysite.com](http://www.thepoultrysite.com), UK egg statistics, 1st, 2nd, 3rd and 4th quarter 2010

<sup>2</sup> Eastern Daily Press, [www.edp24.co.uk](http://www.edp24.co.uk) 2 October 2010

<sup>3</sup> FoodEast, [www.foodeast.com](http://www.foodeast.com) March 2011

<sup>4</sup> Farmers Weekly Interactive, [www.fwi.co.uk](http://www.fwi.co.uk), 30th November 2011

<sup>5</sup> The poultry site, [www.thepoultrysite.com](http://www.thepoultrysite.com), 17th November 2011

<sup>6</sup> GB Emerging Threats Report, avian diseases, Vol 14, No 3, Jul-Sept 2010

## **Mixed Farms**

Table 4 shows that in 2010, the average FBI for mixed farms in the region was £47,116, compared to £30,021 in 2009 (Farm Accounts in England). This improvement in FBI was based on a substantial increase in output from crops but which was tempered by a decrease in output from livestock, as indicated in Figures 2.4 to 2.12.

## **Summary**

Farming within the East Midland's region for the year 2010/11 is best summarised as an overall improvement in FBI levels. There were however, considerable variations in performance across the farm type sectors with the predominantly arable based farms performing significantly better than the grazing livestock and dairying farms. Indeed, as has been described above, cereal and general cropping farms, along with mixed farms which are significantly influenced by the output from arable crops, all experienced increases in their FBI, whilst dairy and grazing livestock farms fared less well and saw their incomes decline. Whilst commodity prices continued to be high relative to those from recent years, input costs were also in the ascendancy, particularly feeds, fertiliser and energy costs. Increases in cropping sector outputs were sufficient to outpace input cost rises; however, this was not the case for livestock farms which in 2011/12 must hope for improved commodity prices, coupled with at least an abatement of the recent increase in costs.