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# Total Income from Farming Estimates for Scotland, 2016-18

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## Introduction

Total Income from Farming (TIFF) is the official measure of the profit (income minus costs) gained by the agriculture industry in Scotland. It provides a breakdown of the value of farm production, subsidies and costs.

This publication contains initial estimates for 2018, revised estimates for 2017, and smaller revisions to previous years.

A lot of the data used in calculating Total Income from Farming for 2018 will only become available during 2019, and some not until 2020. That is why we say these are only our initial estimates.

### **Main findings**

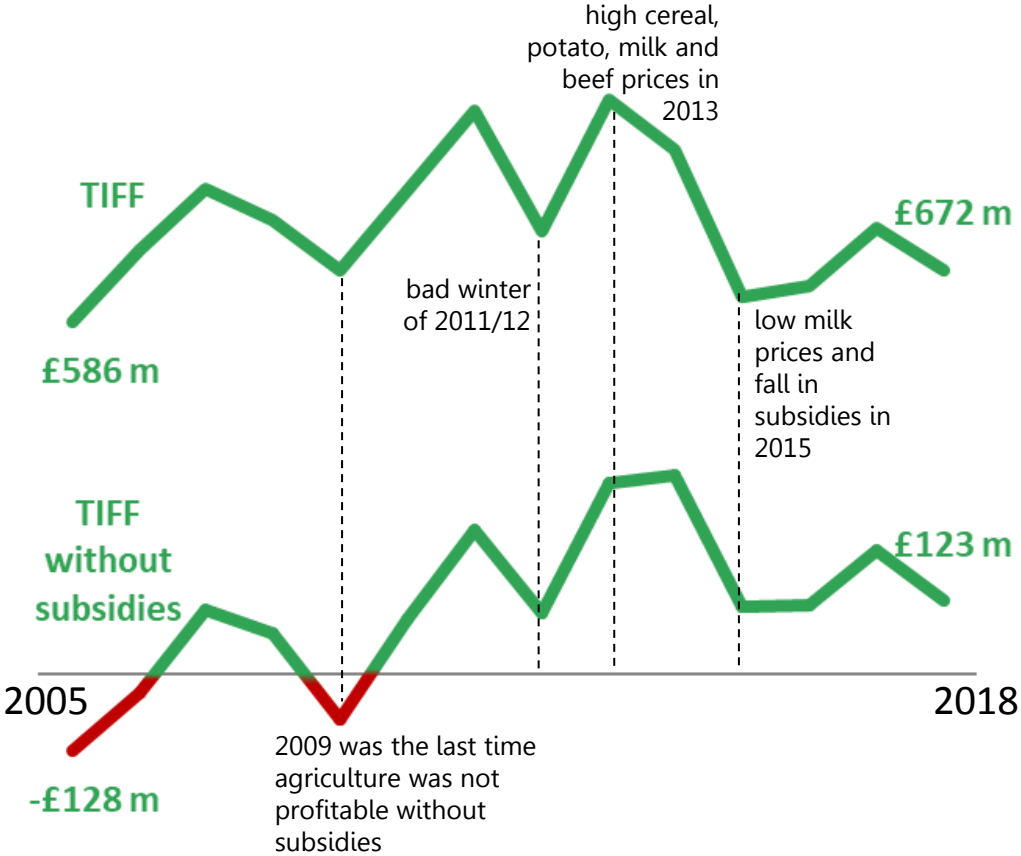
Scottish agriculture was impacted by the effect of poor weather throughout 2018, though perhaps not as badly as elsewhere in the UK.

There was a low number of lambs born, and both the cereal area and yield fell. Cattle numbers continued to fall in both the beef and dairy sectors. However, there were increases in cereal and livestock prices.

Costs were estimated to rise, particularly feed and labour costs.

Farm subsidies, part of the EU's Common Agricultural Policy, were set to rise in 2018. Subsidies accounted for 82 per cent of profit from farming, a figure which shows farming's continued dependence on support payments.

# Total Income from Farming is estimated to have fallen in 2018



(figures adjusted for inflation)

Total Income from Farming 2018

£672 million

Total Income from Farming was estimated to have fallen in 2018. The estimate of £672 million was an eight per cent decrease on the revised 2017 figure. The UK Government has projected that in the UK as a whole TIFF may have fallen about 15 per cent.

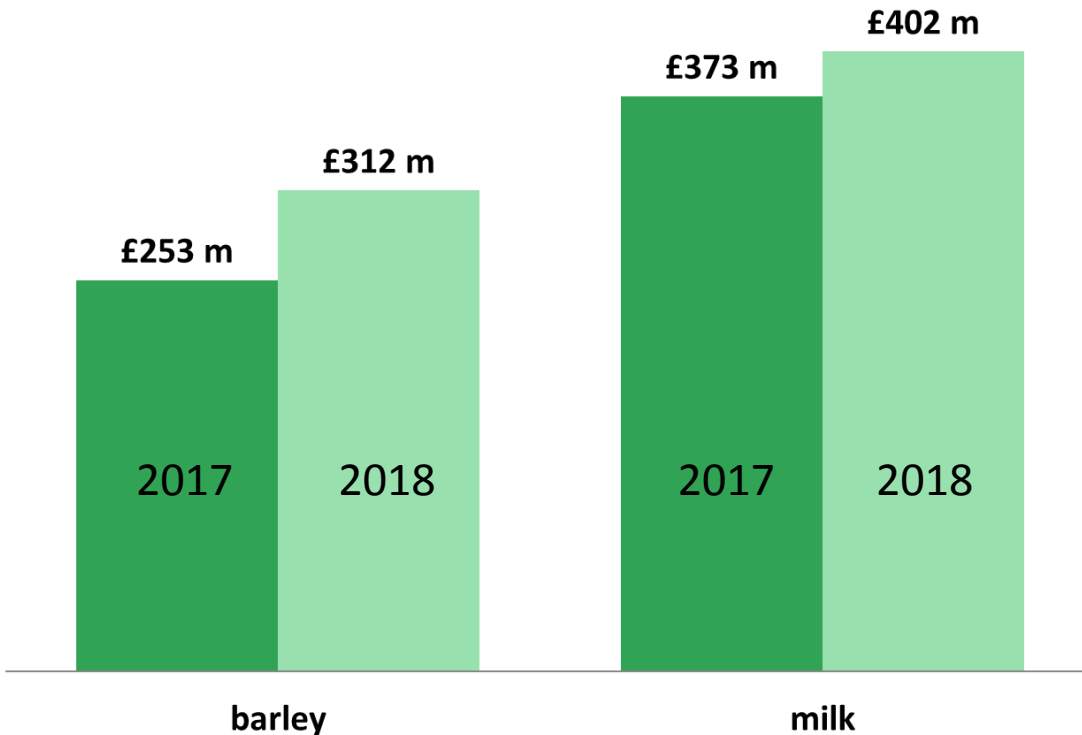
Over the longer term, the profitability of the sector had generally been increasing, but since the fall in 2015 growth had been slow.

If the figures are calculated without subsidies, agriculture has been in profit since 2010, though with little change in recent years.

If we exclude subsidies, and costs such as labour, rent, taxes and interest, this gives the Gross Value Added from agriculture, which was estimated as £1.2 billion in 2018. This equates to about one per cent of Scotland's GDP.



# Value of farm outputs constant, big gains in barley and milk



Total output  
from farming in  
2018

£3.18  
billion

Outputs from farming are estimated to have risen marginally in 2018. Outputs were worth £3.18 billion compared to last year's revised figure of £3.11 billion.

Livestock accounted for a third of output, with the beef sector, worth £715 million, the biggest earner.

Barley, which accounts for ten per cent of farm output, saw the largest increase in value. This was due to increases in price offsetting a small drop in quantity. Wheat prices also increased, but the poor winter weather meant that production was down, resulting in a drop in value.

The dairy sector saw a small increase in price, but benefitted from an increase in production.

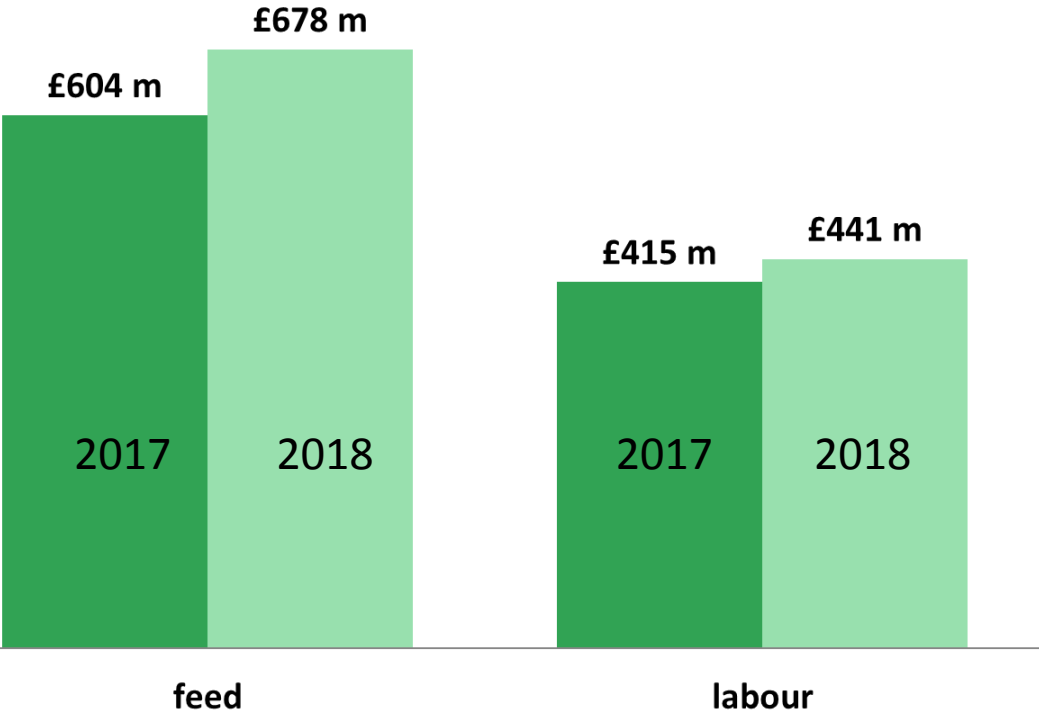
The value of eggs was again up, reaching £100 million for the first time.

# Farm costs increased, particularly in feed and labour



Total inputs to farming in 2018

**£3.01 billion**



Total inputs to farming were estimated to have increased in 2018. The figure of £3.01 billion is up on the revised 2017 total of £2.86 billion.

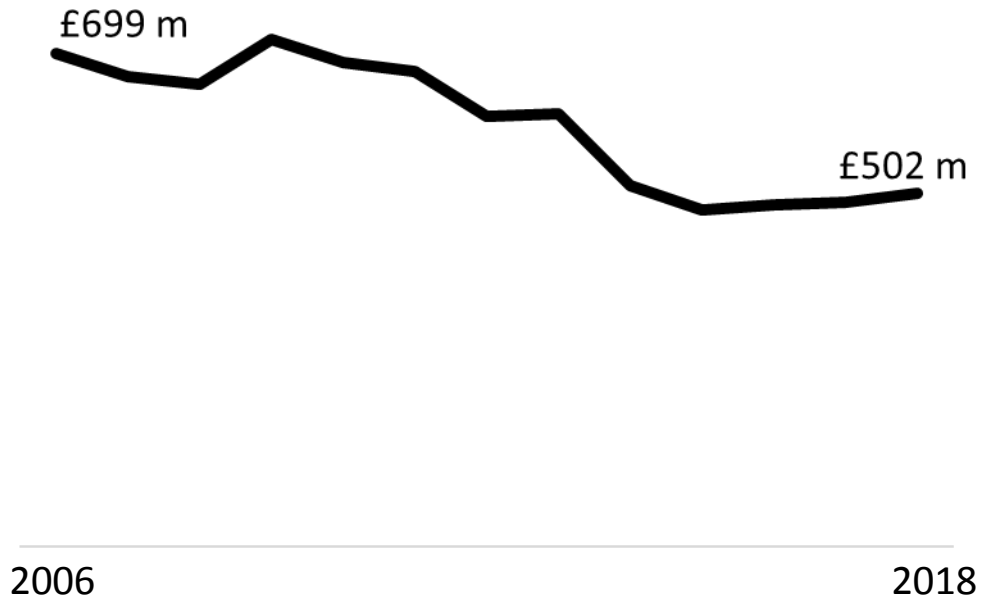
The main causes of the increase were feed and labour costs.

Feed costs were estimated to have increased by £74 million due to the poor harvest and increased prices. Labour costs increased by £26 million due to increases in average wages.

Fuel costs for machinery and vehicles were estimated to rise by about £18 million.

Many of the costs for 2018 are very much estimates as most of the data will not be available until next year.

# Support payments increased 5% in 2018



Most funding is through Basic Payments, which are paid as long as farming activity is taking place. Other funding, called Greening, is given for implementing environmental policies, with additional funding, called LFASS, paid to those farming in upland and remote areas where there are natural disadvantages.

Total support payments to farming in 2018

£502 million

The profitability of farming was heavily dependent on subsidies.

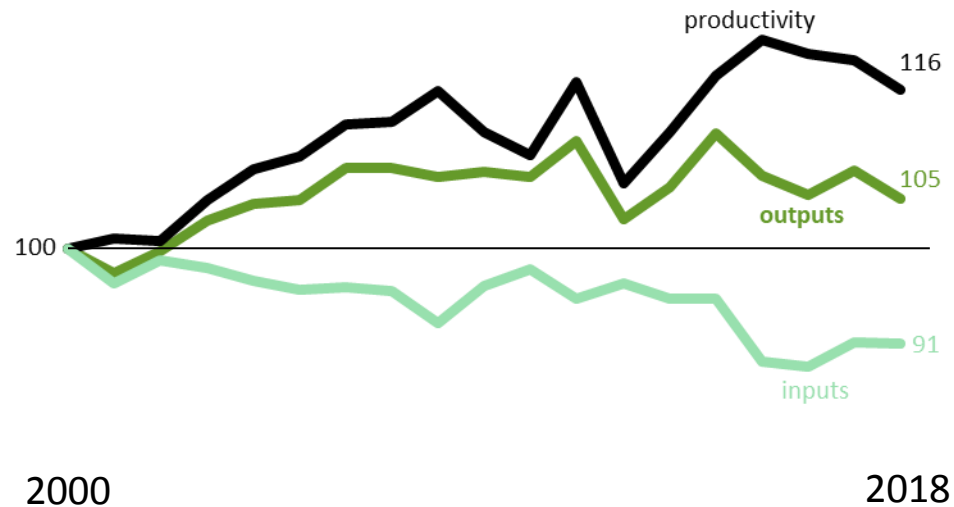
Basic Payments are estimated to increase seven per cent in 2018 to £281 million. This is due to the amount paid by the EU increasing, as the EU moves to make payments per hectare more equal throughout Europe. The exchange rate with the euro remained fairly constant.

Other subsidies included £142 million in Greening payments, £66 million in LFASS payments in areas where farming is difficult, and £9 million in the Rural Priorities Scheme.

These figures do not include £47 million in subsidies directly linked to livestock production, which are therefore included in the values of output. Once these are included total subsidies accounted for 82 per cent of TIFF.

# Productivity dropped in 2018

Productivity Index, year 2000=100



This productivity index measures how much the volume of agricultural output (crops, livestock, milk etc.) increases relative to any change in the volume of inputs (feed, seed, fertiliser, etc.). It is not affected by subsidies nor by changes in prices.

The changes are measured relative to a base year of 2000.

The technical name for this statistic is Total Factor Productivity.

Increase in  
productivity  
since 2000

16%

Productivity generally grew between 2000 and 2015, but has fallen since.

The increases in productivity were generally due to reductions in inputs, as output volumes have stagnated since 2006.

The drop in productivity in 2018 was due to a reduction in output volume, mainly the result of the weather-hit harvest and poor lambing season.

# North Eastern Scotland was the most productive region per hectare



## Highlands and Islands

£33m profit (£12/ha)  
£129m subsidy

## North Eastern Scotland

£150m profit (£281/ha)  
£78m subsidy

Eastern Scotland  
£260m profit (£249/ha)  
£114m subsidy

West Central Scotland  
£3m (£33/ha)  
£12m subsidy

Southern Scotland  
£226m profit (194/ha)  
£169m subsidy

Total income from farming in North Eastern Scotland

£150 million or £281 per hectare

Scotland is divided into five regions, though they have very different sizes in terms of agricultural area.

Eastern Scotland created the most profit (£260 million), but once area is taken into account the North Eastern region created the most profit in proportion to its size (£281 per hectare, compared to Eastern Scotland's £249 per hectare). Southern Scotland had the most output, but also had high costs.

Highlands and Islands is very large, but has relatively little agricultural profit per hectare (£12 per hectare). West Central Scotland is very small, being mainly the urban area around Glasgow. What agriculture there is is not estimated to make a large profit (£33 per hectare). Both regions were projected to make a loss if subsidies were excluded.



# Scotland has similar levels of income from farming to Wales and North East England



Total Income from Farming per hectare, by NUTS1 region (selected regions), 2017



Total income from farming per hectare in Scotland, 2017

£119 per hectare

Total Income from Farming in Scotland was similar, per hectare, to that in Wales and the least productive of England's regions, North East England. Northern Ireland had similar levels of income per hectare to England as a whole, but with some regions of England much higher.

The region with the highest income, the East of England, generated £762 per hectare, over six times greater than Scotland.

The UK is divided into 11 regions, including Scotland, Wales, Northern Ireland and eight English regions. These are referred to by the EU as NUTS1 areas.

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## Data sources and more information

### Data source

TIFF estimates are calculated using a large number of data sources. These include Scottish Government data such as the June and December Agricultural surveys and the Farm Business Survey, prices and volumes data from the appropriate industry bodies, and bespoke surveys run by the Scottish Government or its contractors.

A full quality assurance and methodology report can be found accompanying this publication.

[www.gov.scot/stats/bulletins/01325](http://www.gov.scot/stats/bulletins/01325)

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### Data tables

The data used to create the charts in this publication are available online in the accompanying spreadsheet.

[www.gov.scot/stats/bulletins/01325](http://www.gov.scot/stats/bulletins/01325)

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