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Total Income from Farming 2018-20

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Total Income from Farming 2018-20

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 2020, revised estimates for 2019, and smaller revisions to previous years. Time series data are adjusted for inflation, unless otherwise stated.

A lot of the data used in calculating Total Income from Farming for 2020 will only become available during 2021, and some not until 2022. That is why we say these are only our initial estimates.

Main findings

Total Income from Farming has been relatively stable in recent years and has marginally changed since 2018.

Income increased slightly in 2020. Whilst outputs from farming rose, they did not increase as much as input costs.

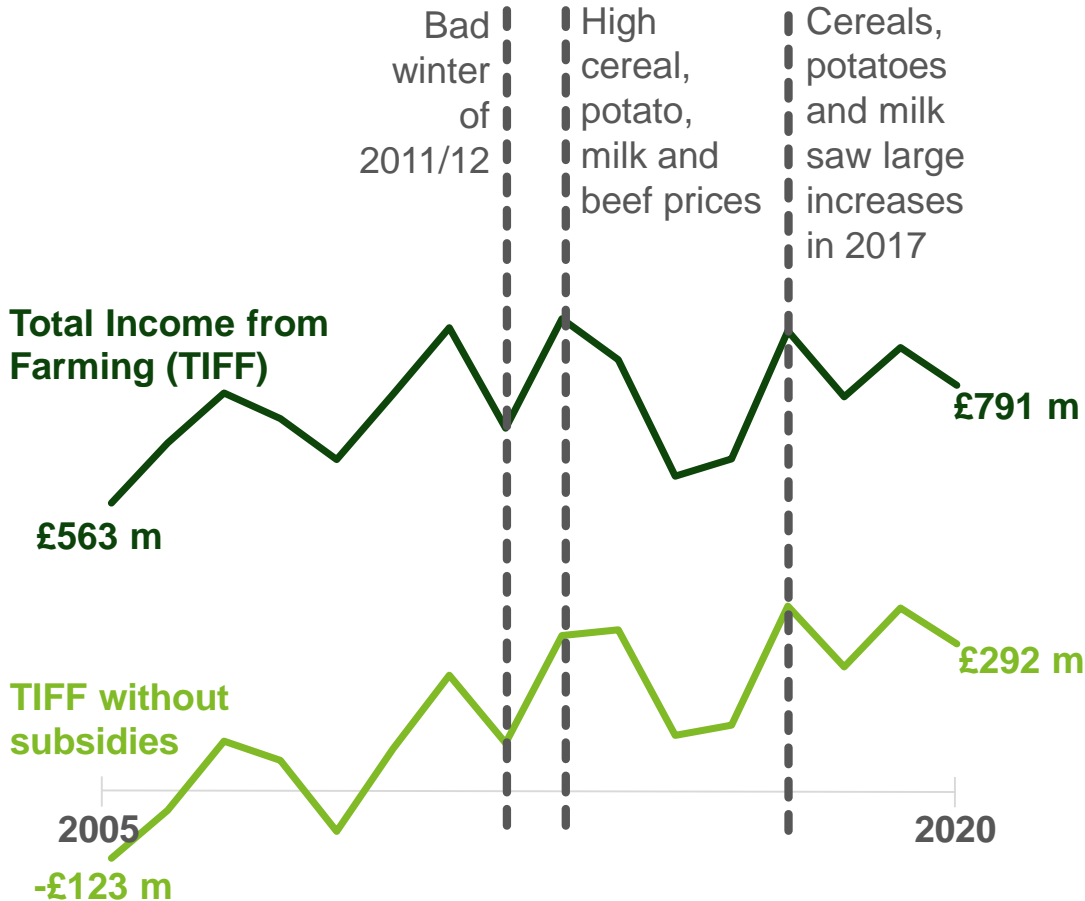
The increase in costs was largely due to the increase in feed, labour and capital consumption.

Support payments made to farms, part of the EU's Common Agricultural Policy, decreased by two per cent in 2020. Support payments accounted for 63 per cent of profit from all farming.

Total Income from Farming fell in 2020



Total Income from Farming in 2020 **£791 million**

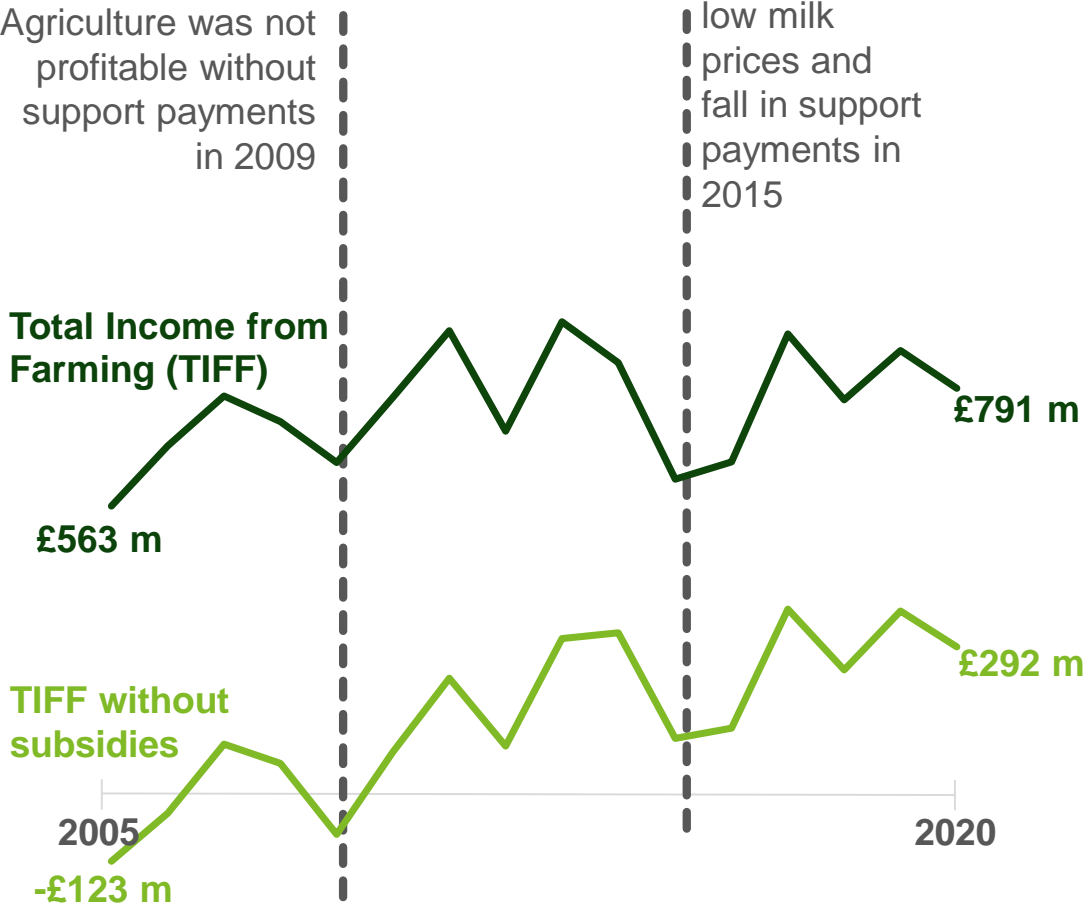


Total Income from Farming was estimated to have fallen in 2020. The total income is estimated to be £791 million in 2020 which is down 10 per cent compared to 2019.

TIFF fluctuates year to year, however since 2010 profitability of the sector has remained consistent, with a ten year average of £793 million.

Since 2010 the value of farming output has risen 23 per cent, but this has been offset by associated rising input costs which has risen by 15 per cent.

Agriculture remains profitable without support payments



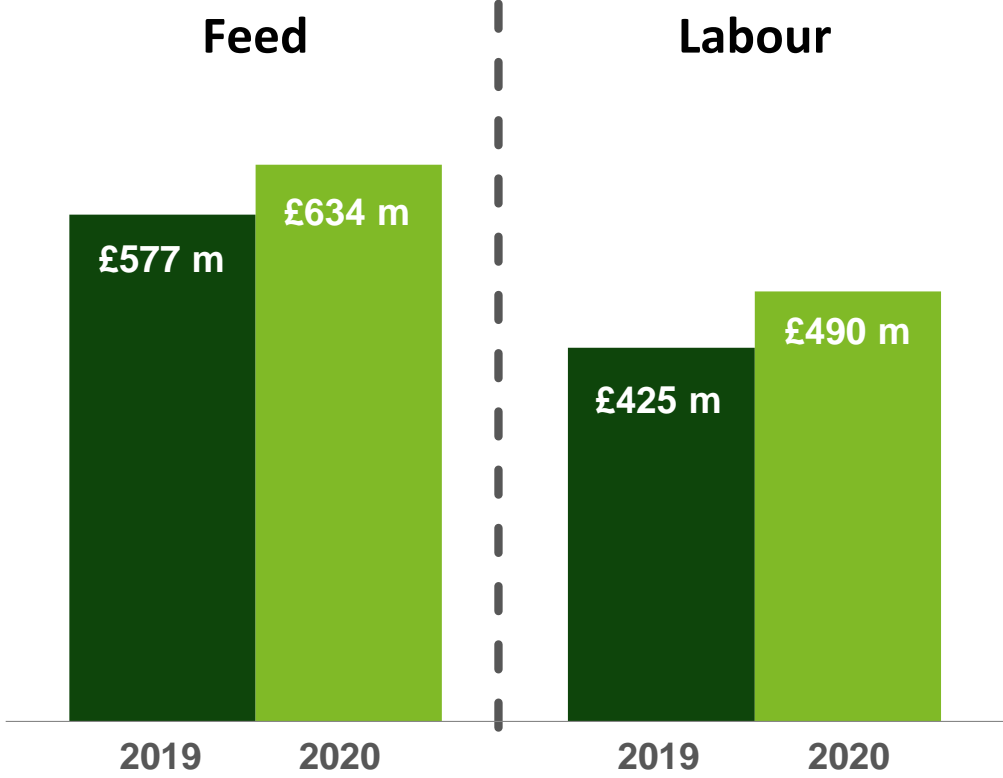
TIFF without support payments **£292 million**

Without support payments, the agricultural sector as a whole has been profitable since 2010. However the trend in profitability without support has changed very little over the previous 10 years.

The Gross Value Added (GVA) from agriculture is estimated to be £1.4 billion in 2020. This figure is before support payments, and costs such as labour, rent, taxes and interest are taken into account.

Agriculture is around one per cent of Scotland's total Gross Domestic Product (GDP).

Farm costs for feed and labour increases



Total farming input costs in 2020 **£3.14 billion**

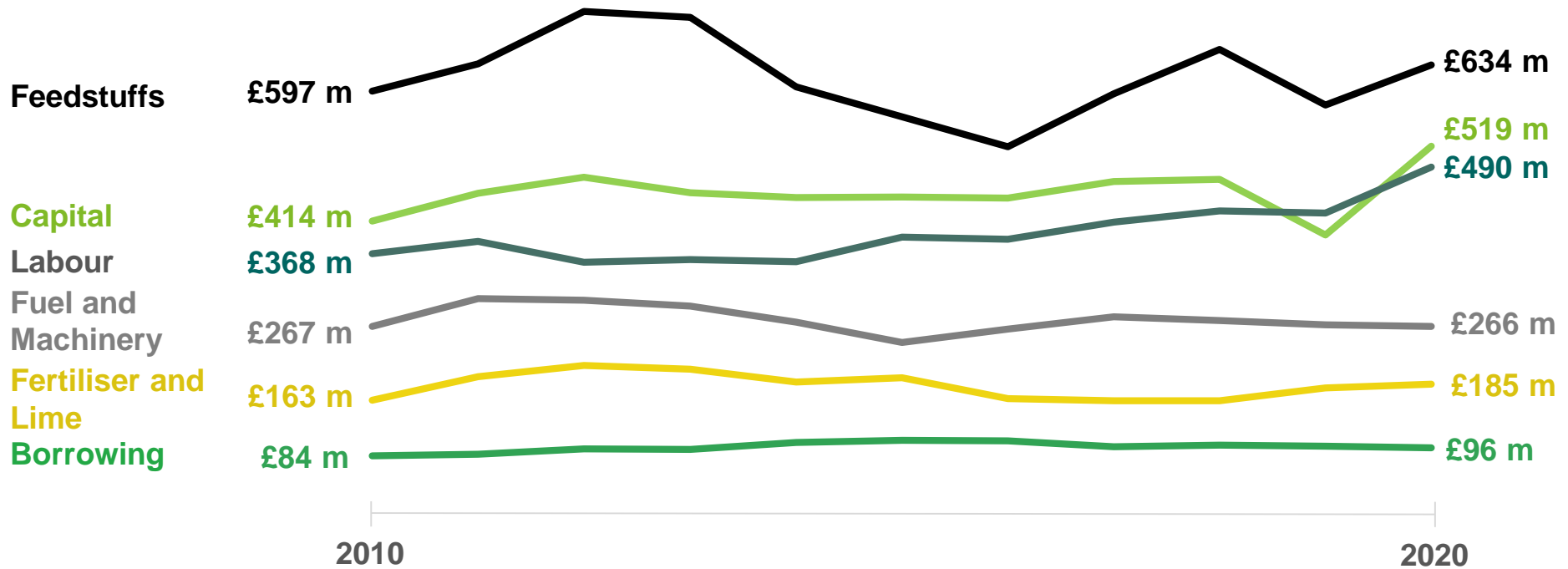
Total input costs to farming for 2020 rose by 11 per cent from the previous year. The figure of £3.14 billion is slightly up compared to the revised 2019 total input costs of £2.83 billion.

The main causes of the increase were feed, labour and consumption of fixed capital. These costs will impact some farming sectors more than others.

Smaller changes were seen for other inputs such as seed, with an increase in costs by nine per cent to 82 million. While fertiliser and lime costs increased by three per cent to 185 million.

2020 data is based on some early estimated data and will be revised next year . These estimates may change but are an early indication for calculating Gross Domestic Product (GDP) for the sector.

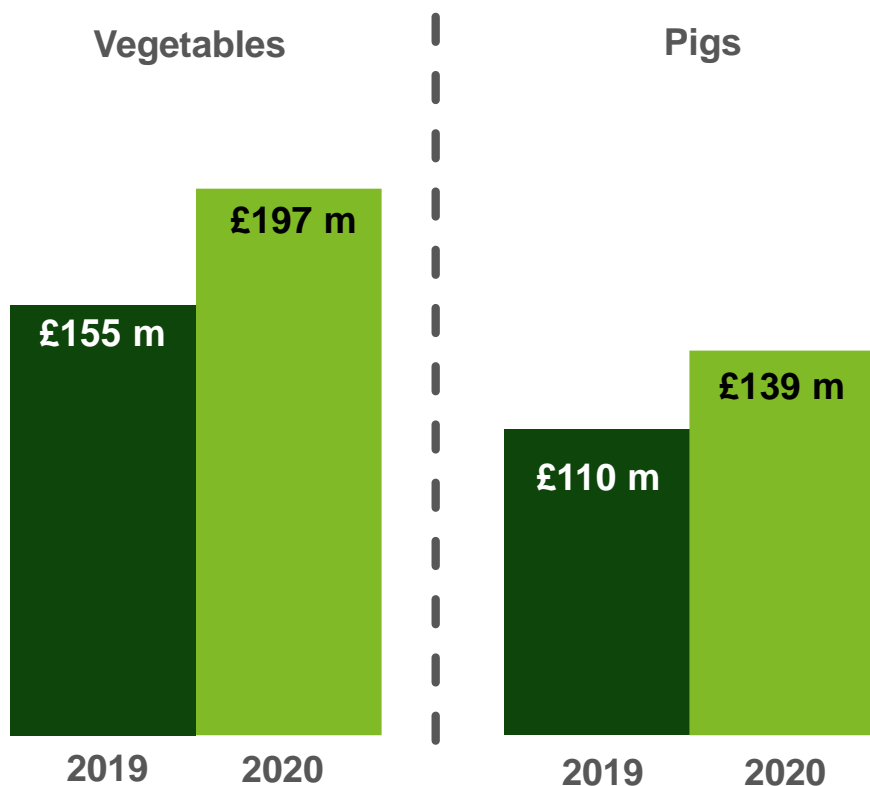
Three largest costs to farming rise in 2020



The main costs associated with agricultural production have marginally risen over the last 10 years. Between 2019 and 2020 there was a large change for the top three costs; feedstuffs (livestock feed), consumption of fixed capital and labour. Feedstuffs continue to be the most variable costs which can be affected by factors such as extreme weather events or global markets. Capital fixed costs have risen which can be attributed to a combination of take-up of the Sustainable Agriculture Capital Grant Scheme and increased demand for store cattle.

Consumption of fixed capital (commonly referred to as depreciation), in financial terms recognises the economic cost of using up a farm's previous capital investment (in livestock, buildings, plant and machinery).

Value of vegetable and pig output rise in 2020



Total output from farming in 2020 **£3.45 billion**

Gross output from farming is estimated to have risen marginally in 2020. Outputs were worth £3.45 billion compared to an estimated £3.23 billion in 2019.

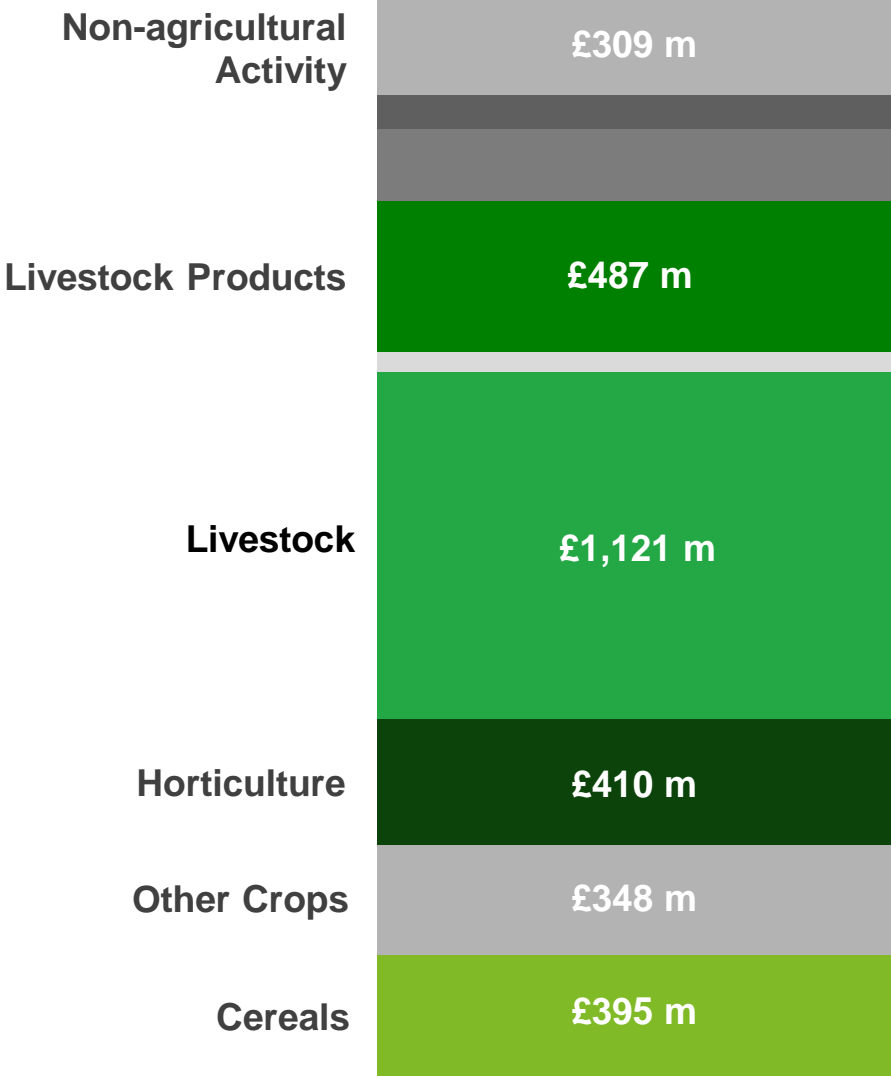
Increases were seen in the value of output for vegetables and pigs. Vegetable output increased by 27 per cent to £197 million and makes up six per cent of total farm output.

Finished pigs also increased in value by 26 per cent to £139 million. Elsewhere in the sector, the value of eggs, also increased in 2020 by 17 per cent to £113 million.

Full breakdowns of the tables can be found at <https://www.gov.scot/ISBN/978-1-80004-967-3>

2019 data has been revised in this publication. This is due to more data having been collected on economic activity for this year. Therefore 2019 data is called a 'Second Estimate'. Next year the 2019 data will be refined a little more and will be recorded as the 'Final Estimate'.

Livestock accounts for the largest portion of agricultural output



Total output from finished livestock in 2019 **£1.12 billion**

The beef sector in 2020 was estimated to be worth £642 million and all livestock combined and continues to account for a third of all agricultural output, the largest sector in Scotland.

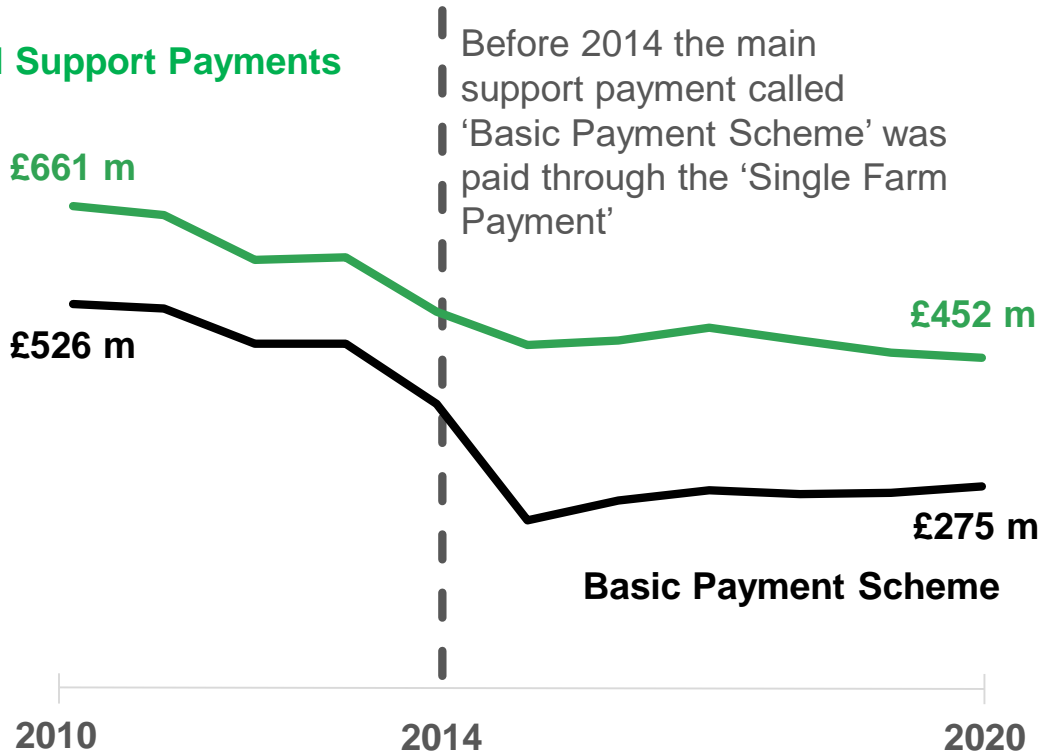
Taking into account inflation there was a marginal increase in the value of all livestock. The value of finished cattle and calves increased by three per cent 2020.

Poultry, which are not eligible for direct support payments, experienced gains in their output. Poultry rose by £63 million in 2020.

Support payments decreased 2% in 2020



All Support Payments



Before 2014 the main support payment called 'Basic Payment Scheme' was paid through the 'Single Farm Payment'

Total support payments to farming in 2020 **£452 million**

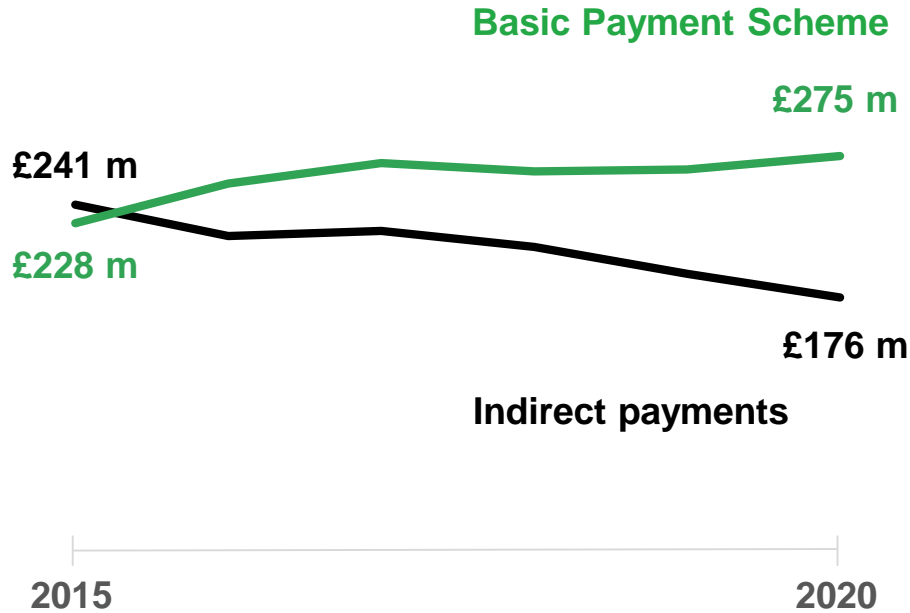
The value of support payments fell by two per cent in 2020.

Basic Payments are estimated to have increase three per cent in 2020 to £275 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 can affect the overall amount of support available for agriculture. However in 2020 this had little effect on the overall payments received by Scottish Farmers as the exchange rate between sterling and the euro remained fairly constant over 2020.

Before 2014 the main support payment called 'Basic Payment Scheme' was paid through the 'Single Farm Payment'

Direct support payments have been increasing



Most support payments are made through the Basic Payment Scheme. This is a support payment made for farming activity. Other support schemes are made available for non-agricultural activity such as 'Greening' to help environmental sustainability or 'LFASS' which is a support payment paid to those farming in upland and remote areas where there are natural disadvantages.



Total support payments to farming in 2020 **£452 million**

The Less Favoured Area Support Scheme (LFASS) payments fell to £30 m in 2020. Other indirect support payments included £138 million in Greening payments and £2 million was made available to the Rural Priorities Scheme.

In total indirect payments decreased by nine per cent in 2020.

A further £40 million in support payments were made to support livestock production. Together these support payments accounted for 63 per cent of TIFF, which has remained consistent with previous year.

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), 2019



Total income from farming per hectare in Scotland, 2019 **£147 per hectare**

Income in Scotland was similar, per hectare, to that in Wales and the least productive of England's regions, North East England.

The region with the highest income, the East of England generating £634 per hectare, over four times greater than Scotland.

The East of England region mainly produces high value crops and benefits from being closer to infrastructure and having a better climate and soil types that help sustain a wider variety of farming types.

The UK is divided into 11 regions, including Scotland, Wales, Northern Ireland and eight English regions. These areas, known as NUTS1, are used across Europe. The values are in cash terms and do not account for 2020 inflation.

Total Income from Farming Estimates for Scotland, 2018-20

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.

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Data tables

The data used to create the charts in this publication, as well as a quality assurance and methodology report, are available online in the accompanying spreadsheet.

<https://www.gov.scot/ISBN/978-1-80004-967-3>

Further supplementary analysis on productivity indices and income by Scottish regions will be published in due course.

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