

ECONOMY AND LABOUR MARKET

GDP Quarterly National Accounts, Scotland

2023 Quarter 1 (January to March)

26 July 2023

This publication includes updated estimates of onshore GDP growth in real terms up to the first quarter of 2023, along with additional breakdowns of GDP by categories of income and expenditure and key household sector economic statistics which are used for economic forecasting and modelling.

Key results

- In 2023 Quarter 1, Scotland's onshore GDP is estimated to have grown by 0.2% compared to the previous quarter, revised down from the first estimate of 0.4% published on 31 May.
- In the latest quarter there was growth of 0.3% in the services sector and growth of 0.4% in the construction sector, offset by a fall of 0.3% in the production sector.
- The household saving ratio was 8.0% in the latest quarter, up from 7.5% at the same point last year, and similar to pre-pandemic levels. Over the last year there has been a 7.6% increase in consumer expenditure, driven by high price inflation, which has outpaced growth in households' disposable income of 6.6%. This indicates a fall in non-pension savings, however the overall savings ratio has been boosted by very high levels of the adjustment for the change in pension entitlements, because of high gilt yields since the second half of 2022.

Information About This Release

The coronavirus pandemic led to a number of challenges in collecting and processing the data to calculate GDP. As a result, estimates for 2020 and 2021, in particular, are subject to more uncertainty than usual and may be more prone to revision over time. International comparisons, and comparisons within the UK, should be made with appropriate caution for the levels of uncertainty and variations in methods in use by different statistical institutes around the world.

Second quarterly estimate of onshore GDP growth for 2023 Quarter 1

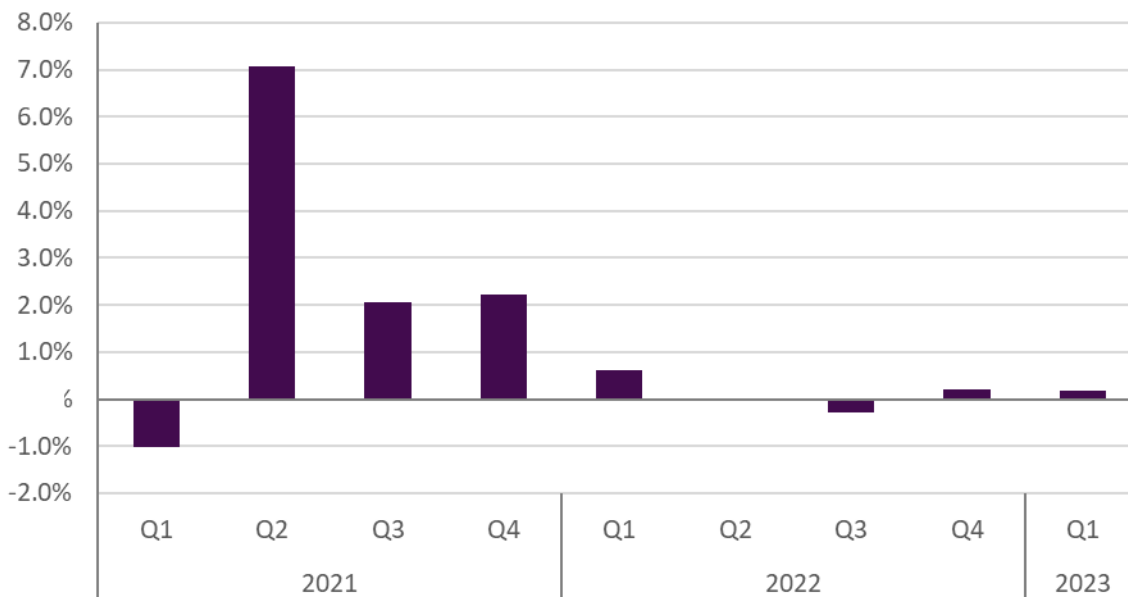
Scotland’s onshore GDP (i.e. excluding offshore oil and gas) is estimated to have grown by 0.2% during 2023 Quarter 1 (January to March), revised down from the first estimate for the quarter of 0.4% published on 31 May. The increase in the latest quarter follows unrevised growth of 0.2% during 2022 Quarter 4 (October to December) and a fall of 0.3% during Quarter 3 (July to September).

Compared to the same quarter last year, Scotland’s GDP has grown by 0.1%.

There have been no revisions to growth in 2022 or earlier years. Scotland’s onshore economy grew by 4.9% in 2022. This follows growth of 8.4% in 2021 and a fall of 12.2% in 2020.

In quarterly terms, the level of GDP is 0.2% below the level in 2019 Quarter 4, prior to the impacts of the coronavirus (COVID-19) pandemic, after an initial fall of 24.5% between 2019 Quarter 4 and 2020 Quarter 2.

GDP change compared to previous quarter, Scotland



In 2023 Quarter 1, output in the services sector increased by 0.3% overall compared to the previous quarter, with growth in eight of the fourteen subsectors. The largest positive contributions came from professional, scientific and technical activities (+2.4%) and administrative and support services (+2.4%), with the largest negative contribution from wholesale, retail and motor trades (-1.2%).

Output in the production sector fell by 0.3% overall, with growth of 0.4% in manufacturing and 0.5% in electricity and gas supply offset by falls in mining and quarrying (-3.6%) and water supply and waste management (-3.2%).

Output in the construction sector grew by 0.4% during Quarter 1.

The [Monthly GDP](#) estimates (which are experimental statistics) give a more detailed indication of the trends for each industry sector, and include results up to May 2023 at the time of release.

GDP in nominal terms

In 2022 as a whole, annual onshore GDP is estimated to have been £187.3 billion in total, or £34,229 per person. This has increased by £18.5 billion, or 11.0% compared to 2021 due to a combination of real terms growth of 4.9% and an increase in the GDP deflator by 5.8%, which reflects the high levels of price inflation experienced during 2022. In financial year 2022-23, the level of onshore GDP is estimated at £189.6 billion in total, or £34,642 per person.

Including oil and gas extraction in Scottish waters, Scotland's GDP in 2022 is estimated to be £212.5 billion in total, or £38,848 per person. As well as the sharp rise in the nominal value of onshore GDP during 2022, the gross value added from oil and gas extraction in Scottish adjacent waters also increased strongly due to high oil prices and increased profitability during the year. In financial year 2022-23, the level of GDP including oil and gas extraction in Scottish waters is estimated at £212.9 billion, or £38,903 per person.

Although GDP statistics in real terms are available for the onshore economy only, estimates of GDP in nominal terms are produced for both the onshore and wider economy including oil and gas extraction. These are widely used for international comparisons and fiscal analysis. A range of other statistics on oil and gas activity in Scottish waters is available at <https://www.gov.scot/collections/economy-statistics/>.

Additional measures of economic activity and wellbeing

GDP (or GDP per person) is the most widely known indicator of economic activity and is frequently used to make comparisons between places or over time. There are also a range of other measures which can be used to indicate different aspects of economic activity and wellbeing.

Within this publication, Gross Disposable Household Income (Page 4) is the most comprehensive direct measure of the money earned by people in Scotland, including income earned in other parts of the UK or abroad, and accounting for transfers such as pensions, taxes and benefits.

Gross National Income (GNI) is a measure which accounts for income flows between countries or territories for all sectors of the economy, such as outflows of profits generated by foreign owned companies. [Experimental estimates of GNI and primary income flows for Scotland up to 2021](#) are available.

[Labour productivity statistics](#), which report GDP per job or per hour worked are available up to 2022.

Looking beyond GDP and the economy, Scotland's National Performance Framework (NPF) includes a range of economic, social and environmental indicators which give a wider indication of national wellbeing. Further information can be found at nationalperformance.gov.scot.

Gross Disposable Household Income (GDHI)

Gross Disposable Household Income (GDHI) is a measure of how much money the population has for spending or saving after earnings and transfers such as pensions, taxes and benefits are accounted for. GDHI includes income earned in other areas of the UK or from abroad (for example, offshore workers’ income or income from overseas investments) which are not part of onshore GDP.

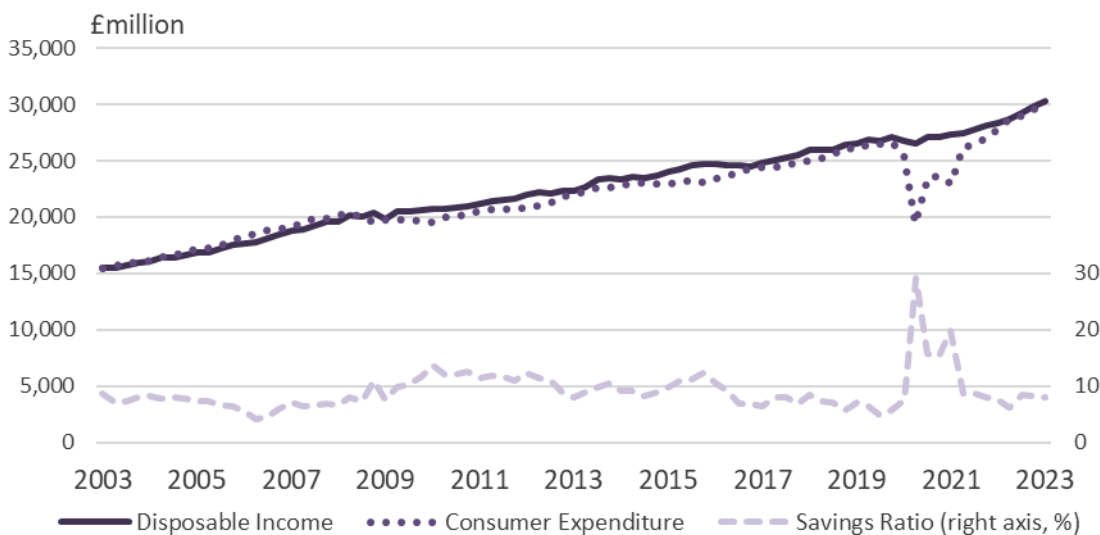
In 2023 Quarter 1, GDHI is estimated to have increased by 6.6% in nominal terms (without adjusting for inflation) over the year compared to 2022 Quarter 1. The largest part of GDHI is income from employment, which is up by 8.1% over the year. In the latest two quarters there has also been a sharp increase in miscellaneous other current transfers to the household sector, a large part of which reflects payments from government under the Energy Bills Support Scheme.

Household Savings Ratio

The household saving ratio was 8.0% in the latest quarter, up from 7.5% at the same point last year, and similar to pre-pandemic levels. Over the last year there has been a 7.6% increase in consumer expenditure, driven by high price inflation, which has outpaced growth in households’ disposable income of 6.6%. This indicates a fall in the non-pension savings by households. However, the overall savings ratio has been boosted by very high levels of the adjustment for the change in pension entitlements, because of high gilt yields since the second half of 2022 and their impact on pension funds.

The household saving ratio represents funds which are available for adding to savings, including in pension funds, or paying off debt. It is not a measure of actual deposits made to savings accounts, or of savings accounts balances, but is a useful indicator of trends in overall household finances, and has been strongly impacted during the coronavirus pandemic.

Household sector income, expenditure and saving, 2003 to 2023 Quarter 1



Revisions

In this release, Scotland's onshore GDP has been open for revision in 2023 Quarter 1 only, reflecting the same revision window in the latest UK quarterly national accounts.

Growth in the latest quarter has been revised down from 0.4% in the first estimate to 0.2% in this release. The largest contributor to the downward revision is the electricity and gas supply industry, due to data on wind electricity generation reported by the Department for Energy Security and Net Zero being lower than the provisional data used in the first estimate. Revisions in other industries are mostly due to late or revised responses to the monthly business survey. Within the services sector, these revisions offset to no overall revision to growth in the quarter.

Whilst there are no revisions to other components of onshore GDP in this release, estimates of extra-regio GVA have revised in all years back to 1998. This follows the release of the latest [UK regional GDP statistics](#) on 25 April 2023. Estimates in this release are consistent with the regional accounts up to the latest UK supply and use balanced year of 2021, with provisional estimates for subsequent periods informed by information on the gross trading profits of continental shelf companies and UK industry GVA for oil and gas extraction. As well as the updated UK totals, the geographical share of activity in Scottish waters has also been updated, which has resulted in upward revisions since 2015. The estimates of activity in Scottish waters are now aligned with the [supply and use satellite accounts for extra-regio activities, 1998-2021](#), which were published on 28 June.

Information on the publication model for Scotland's GDP, including the revisions policy and the routine data updates between the first estimate and quarterly national accounts, can be found at <https://www.gov.scot/publications/gdp-background-documents/>.

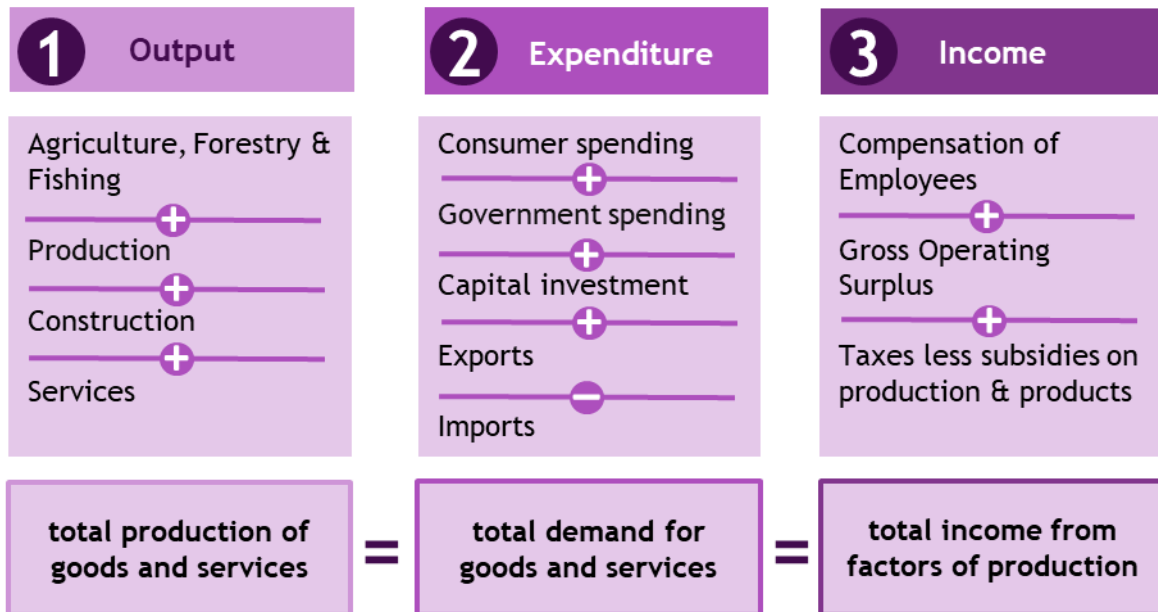
About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for 2023 Quarter 1 (January to March), which uses additional data released since the Quarterly GDP First Estimate published on 31 May 2023. The results in this release are comparable to the UK Quarterly National Accounts for Quarter 1 published on 30 June 2023.

In addition to the second estimate of onshore growth in real terms, the GDP Quarterly National Accounts also includes:

- Total GDP in nominal (cash) terms for the onshore economy and also the wider economy including offshore activities
- Onshore GDP in nominal terms broken down using all three of the output, expenditure and income approaches
- Experimental statistics estimates of the expenditure approach to GDP in real terms
- Household Sector income and expenditure accounts for Scotland, including Gross Disposable Household Income (GDHI) and the Household Savings Ratio
- Public sector revenues.

Gross domestic product (GDP) is the main indicator of economic activity in Scotland. There are three ways to measure GDP which should all produce the same result. Each of these approaches allows GDP to be broken down into different categories.



The GDP Quarterly National Accounts covers all three approaches to GDP and their breakdowns in **current prices** (cash terms, unadjusted for inflation) for the onshore economy. Estimates of onshore GDP in **real terms** are available using the output approach, and are now also available for the expenditure approach as experimental statistics.

The GDP Quarterly National Accounts also includes estimates of total GDP in current prices for the wider Scottish economy including an illustrative share of UK extra-regio (offshore and overseas) economic activity.

Development Plan

The Scottish Fiscal Commission publishes an annual Statement of Data Needs ([link](#)). These outline the data the SFC requires for its forecasts and highlights priorities for new or improved data. Information on the plans relating to these priorities is available [here](#).

Next publications

GDP Monthly Estimate (experimental statistics), June 2023	30 August 2023
GDP First Quarterly Estimate (national statistics), 2023 Quarter 2	30 August 2023
GDP Monthly Estimate (experimental statistics), July 2023	27 September 2023
GDP Quarterly National Accounts (national statistics), 2023 Quarter 2	1 November 2023

A National Statistics publication for Scotland

Quarterly National Accounts for Scotland was assessed by the Office for Statistics Regulation (OSR) and designated as National Statistics in January 2014, signifying compliance with the Code of Practice for Statistics. Assessment Report 272 can be found at <https://www.statisticsauthority.gov.uk/publication/quarterly-national-accounts-scotland/>.

Designation can be interpreted to mean that the statistics: meet identified user needs; are produced, managed and disseminated to high standards; and are explained well.

Since the assessment there has been a programme of continuous improvement to the Quarterly National Accounts, including to the data used for capital investment and household earnings, and improved communication of the results. Some developments are ongoing and are clearly identified as experimental statistics in the release.

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Complaints and suggestions

If you are not satisfied with our service or have any comments or suggestions, please write to the Chief Statistician, St Andrew's House, Edinburgh, EH1 3DG, Telephone: (0131) 244 0302, e-mail statistics.enquiries@gov.scot.

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