

**Fraser of Allander Institute (FAI): Economic Impact of Scotland’s Renewable Energy Sector – 2025 Update**  
**11 June 2025**

**Purpose**

The purpose of this note is to set out the key findings of a recent report, produced by the Fraser of Allander Institute (FAI), covering the economic impact of Scotland’s Renewable Energy Sector<sup>1</sup>.

The report was commissioned by Scottish Renewables and was published in May 2025.

**Top Lines**

- The sector supports economic activity throughout its supply chains, and this economic activity supports wage spending across Scotland.
- The economic activity supported by the renewables sector is far greater than its own turnover and employment.
- The Fraser of Allander Institute (FAI) study estimates that the renewable energy industry supported more than 47,000 full time equivalent jobs across the Scottish economy, £6.6 billion of GVA, and generated £15.5 billion of output in 2022.
- The report also shows that offshore wind was the renewable energy technology supporting the most employment across the Scottish economy in 2022, with an estimated 19,580 full time equivalent (FTE) roles.

**Results**

- The report estimates that the renewable energy industry had a turnover of £10 billion and approximately 10,900 full-time equivalent (FTE<sup>2</sup>) jobs in 2022.
- Taking spill-over effects into account, the report estimates that the renewable energy industry supported £15.5 billion of output, £6.6 billion of GVA, and over 47,000 FTE employment across the Scottish economy in 2022.

<b>Direct, indirect and induced output, GVA and FTE employment supported by Scotland's renewable energy sector, 2022*</b>	<b>Output (£m)</b>	<b>GVA (£m)</b>	<b>FTE Employment</b>
Direct	10,070	3,990	10,900
Indirect	3,870	1,690	22,850
Induced	1,550	950	13,460
<b>Total</b>	<b>15,490</b>	<b>6,630</b>	<b>47,210</b>

\*Figures rounded. Columns may not sum due to rounding.

- The technologies that individually supported the most FTE employment were offshore wind (19,580), onshore wind (16,865), renewable heat<sup>3</sup> (4,095) and hydropower (3,560).

<sup>1</sup> [The-Economic-Impact-of-Scotlands-Renewable-Energy-Sector.pdf](#)

<sup>2</sup> Full-time equivalent (FTE) employment considers the importance of full-time and part-time employees. One FTE job equates to one full-time employee working for one year, or, alternatively, two part-time employees.

<sup>3</sup> ONS LCREE definition of Renewable Heat: The design, production, and installation of infrastructure for generating heat directly through solar, thermal, geothermal or other means. [Low Carbon and Renewable Energy Economy \(LCREE\) Survey QMI - Office for National Statistics \(ons.gov.uk\)](#)

## Key Differences in the 2022 Report

- Due to significant uncertainty in the underlying data and updates to the methodology, the FAI recommends that the 2022 results **be treated as a standalone snapshot** rather than part of a longer-term trend. Methodological changes were made to better reflect current conditions.
- Additionally, the energy price crisis in 2022 had significant effects – boosting sector turnover but also increasing costs, which limited growth in GVA and employment. As a result, the 2022 results should be interpreted with care, and are not directly comparable with data from previous years.
- In addition, the underlying ONS data — the Low Carbon and Renewable Energy Economy<sup>4</sup> (LCREE) survey — carries a moderately large margin of error. This level of uncertainty reinforces the need for caution when interpreting the results, especially when considering year-on-year comparisons.

## Methodology

- To estimate the economic impact of Scotland's renewable energy industry, the FAI combined data from the LCREE survey (published by the ONS), with a model of the Scottish economy.
- There is significant uncertainty in the underlying ONS data, particularly at the individual technology level. The results of the report are therefore accompanied by a moderately large margin of error.
- In addition to estimating the economic activity of the sector itself, the report also modelled links between supply chains to estimate the full economic impact of the sector. The economic impact can be broken down into the following 3 components:
  1. The Direct Impact: the output and employment of renewable energy companies.
  2. The Indirect Impact: the economic activity supported within the supply chains of renewable energy companies.
  3. The Induced Impact: the direct and indirect effects lead to increased employment across the Scottish economy which in turn leads to increased wage spending. The economic activity arising from this increased spending is the induced impact.

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<sup>4</sup> The ONS Low Carbon and Renewable Energy Economy (LCREE) Survey is the primary source of official information on LCREE employment in the UK. A sample of businesses across the UK are surveyed as to their LCREE activity and estimates of economic activity are provided for LCREE sectors within each UK nation. [Low Carbon and Renewable Energy Economy \(LCREE\) Survey QMI - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/methodology/surveys/lcree)