Growth Sector Briefing - Energy

Office of the Chief Economic Adviser

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# Growth Sector Definition

Scotland’s Energy (including renewables) sector was identified in Scotland’s Economic Strategy (2015) as one of the growth sectors in which Scotland can build on existing comparative advantage and increase productivity and growth. Since the 1970s, the North Sea oil and gas industry has supported thousands of jobs, both directly and in the wider supply chain. At the same time, Scotland has seen rapid expansion of wind power, added to existing output from hydroelectric plants.

The Energy (including renewables) growth sector is defined by the Standard Industrial Classification (SIC) 2007 codes:

SIC 05: Mining of coal and lignite

SIC 06: Extraction of crude petroleum and natural gas

SIC 09: Mining support service activities

SIC 19: Manufacture of coke and refined petroleum products

SIC 20.14: Manufacture of other organic based chemicals

SIC 35: Electricity, gas, steam and air conditioning supply

SIC 36: Water collection, treatment and supply

SIC 38.22: Treatment and disposal of hazardous waste

SIC 71.12/2 Engineering related scientific and technical consulting activities

SIC 74.90/1 Environmental consulting activities

There is an issue with regards to the treatment of SIC 6: Extraction of crude petroleum and natural gas. Estimates of GVA (from the Scottish Annual Business Statistics) and employment (from the Business Register and Employment Survey) are allocated to UK regions (including Scotland) according to the address at which the business is registered - onshore and offshore Oil & Gas extraction and activities are allocated in this way. GVA associated with off-shore activity, under UK regional accounts procedures, is normally allocated to a separate ‘Extra Region’ category rather than allocated to a region within the UK.

The renewable energy industry is not assigned a Standard Industrial Classification (SIC) code and therefore is not identified as a separate sector of the economy for statistical reporting purposes. While some portion of renewable energy related output and employment will be captured in other energy sectors, for example large electricity generators based in Scotland will have a renewable energy division, other activities focussed on servicing the sector will be categorised under the core function of the business, for example, construction, manufacturing or business services.

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# Key Statistics

## Recent trends in GDP (2023 Q4)

*Updated March 2024, next update June 2024*

The latest GDP data[[1]](#footnote-1) show that output in the Energy growth sector decreased by 0.3% in the most recent quarter, with output across the economy as a whole decreasing by 0.6%. Compared with the same quarter in the previous year, output in this sector decreased by 3.1%, with output across the economy as a whole decreasing by 0.3%, comparing Q4 2023 to Q4 2022.

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## Employment (2022)

*Updated November 2023, next update November 2024*

Employment in the Energy growth sector stood at 68,000 in 2022, accounting for 2.6% of employment in Scotland and 21.9% of employment in Energy across Great Britain. Employment in this sector in Scotland increased by 4.6% over the latest year.

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## Employment across Scotland (2022)

*Updated November 2023, next update November 2024*

In 2022, employment in the Energy growth sector was highest in Aberdeen City (25,000), Aberdeenshire (7,000), and Glasgow City (7,000). Aberdeen City comprised 36.8% of employment in this sector, and Aberdeenshire and Glasgow City each comprised a further 10.3% of employment in this sector.

## Exports[[2]](#footnote-2) (2021)

*Updated March 2024, next update tbc*

Total exports from the Energy growth sector stood at £12.1 billion in 2021, accounting for 15.1% of Scotland’s total exports. Exports from this sector increased by 14.1% over the year.

Exports to the rest of the UK stood at £8.8 billion in 2021 and accounted for 73.1% of total Energy exports. International exports to the EU stood at £1.7 billion (14.5%) and international exports to non-EU countries stood at £1.5 billion (12.4%).

## Turnover/Gross Value Added (2021)

*Updated August 2023, next update August 2024*

In 2021, total turnover in the Energy growth sector was £43,146.9 million. Between 2020 and 2021, total turnover in this growth sector increased by 27.5% in nominal terms.

Gross Value Added for the Energy growth sector was estimated at £21,047.6 million in 2021, an increase of 58.2% compared to 2020 (£13,308 million).

## Enterprises (2023)[[3]](#footnote-3)

*Updated December 2023, next update December 2024*

In March 2023, there were 3,420 registered enterprises operating in the Energy growth sector, representing 2.0% of all registered business in Scotland. In 2023, 95.5% of Scottish Energy registered enterprises were small (0-49 employees), accounting for 14.1% of employment in this sector, whilst large enterprises (250+ employees) accounted for 2.0% of registered enterprises but 77.2% of employment.

The majority of enterprises in the Energy sector were UK owned with their registered office address in Scotland (89.9%), accounting for 37.5% of sector employment in 2023. 8.2% of businesses were registered abroad, but they accounted for 48.1% of employment in this sector.

## Earnings (2023)

*Updated December 2023, next update December 2024*

Median weekly full time earnings across the Scottish Energy growth sector stood at £905.2 in 2023, which was higher than the Scottish average at £702.8.

## Business Demography (2022)

*Updated March 2024, next update March 2025*

The number of registered business births (VAT/PAYE registrations) in the Energy growth sector in Scotland decreased by 7.8%, from 320 in 2021 to 295 in 2022. The business birth rate, which is the number of births as a percentage of active businesses, was 7.5%. In comparison, business births in Energy across the UK decreased by 2.9% between 2021 and 2022, with a birth rate of 9.3%.

The number of business deaths (VAT/PAYE de-registrations) in the Energy growth sector in Scotland decreased by 3.6%, from 560 in 2021 to 540 in 2022. The business death rate, which is the number of deaths as a percentage of active businesses, was 13.7%. In comparison, business deaths in Energy across the UK increased by 0.8% between 2021 and 2022, with a death rate of 10.5%.

### Sources of information

**GDP** – Scottish Government Quarterly GDP Index.

**Employment** – Business Register and Employment Survey.

**Exports** – Export Statistics Scotland.

**Turnover & GVA** - Scottish Annual Business Statistics.

**Enterprises** – Inter Departmental Business Register.

**Earnings** – Annual Survey of Hours & Earnings.

**Business Demography** - Inter Departmental Business Register and ONS Business Demography.

All data are available from the Growth Sector Statistics Database: <https://www.gov.scot/publications/growth-sector-statistics/>

All percentages and percentage changes over time are calculated based on the rounded figures shown in the Growth Sector Statistics Database.

For more information about the methodology behind the Growth Sector Statistics Database, please see the Methodology Note: <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/07/growth-sector-statistics/documents/growth-sector-method-note/growth-sector-method-note/govscot%3Adocument/Growth%2BSectors%2BMethodology%2Bdocument.docx>

1. The index represents the volume of GVA created compared to the ‘base’ year (currently 2019). Figures are deflated to remove the effect of price changes over time to produce an estimate of real terms (or constant price) growth. The figures are seasonally adjusted to remove the effects of regular, calendar based cycles in certain industries. [↑](#footnote-ref-1)
2. The figures for the growth sectors are derived by aggregating estimates based at a low Standard Industrial Classification (SIC) level. Export Statistics Scotland is not designed to collect data at this level of accuracy, therefore these results should be treated as indicative. [↑](#footnote-ref-2)
3. Employment statistics referred to here are not directly comparable with Business Register and Employment Survey (BRES) employment data. [↑](#footnote-ref-3)