

## ECONOMY AND LABOUR MARKET

# GDP Quarterly National Accounts, Scotland

## 2020 Quarter 1 (January-March)

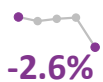
29 July 2020

This publication includes the updated second estimate of onshore GDP growth in real terms for the first quarter of 2020, additional breakdowns of GDP, and key household sector economic statistics.

### Headline results



Scotland's GDP is estimated to have fallen by 2.5% in real terms during the first quarter of 2020, unrevised from the first estimate published in June. The equivalent growth rate for the UK as a whole was a fall of 2.2%. These results include the initial direct impacts of the COVID-19 pandemic and the beginning of the lockdown period.



Compared to the same quarter last year, Scotland's GDP has fallen by 2.6%, revised down from the first estimate of 2.3%. The equivalent UK fall over the year was 1.7%.

### Information About This Release

This publication provides the latest estimates of GDP in real terms during the January to March period, together with new estimates for the quarter which break down GDP into components of expenditure and income. The coronavirus pandemic has led to a number of challenges in collecting and processing the data to calculate GDP. As a result, estimates for this quarter are subject to more uncertainty than usual and may be more prone to revision over time.

In recent months, the Scottish Government has developed faster monthly estimates of real terms GDP growth. The latest experimental statistics release, for May, is available [here](#). The monthly GDP estimate for June, which will also include a provisional estimate for Quarter 2, is planned for Wednesday 19 August.

## What's in the Quarterly National Accounts?

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### About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for 2020 Quarter 1 (January-March), which uses additional data released since the GDP First Estimate published on 17 June. This results in this release are comparable to the UK Quarterly National Accounts for Quarter 1.

This publication also includes routine updates to data for previous quarters. Estimates of GDP growth in real terms have been open for revision back to 2018 Quarter 1, while components of GDP by Income and Expenditure have also been open to revision back to 2017 Quarter 1.

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.

### Data

This publication includes a short summary of key results from the latest statistics.

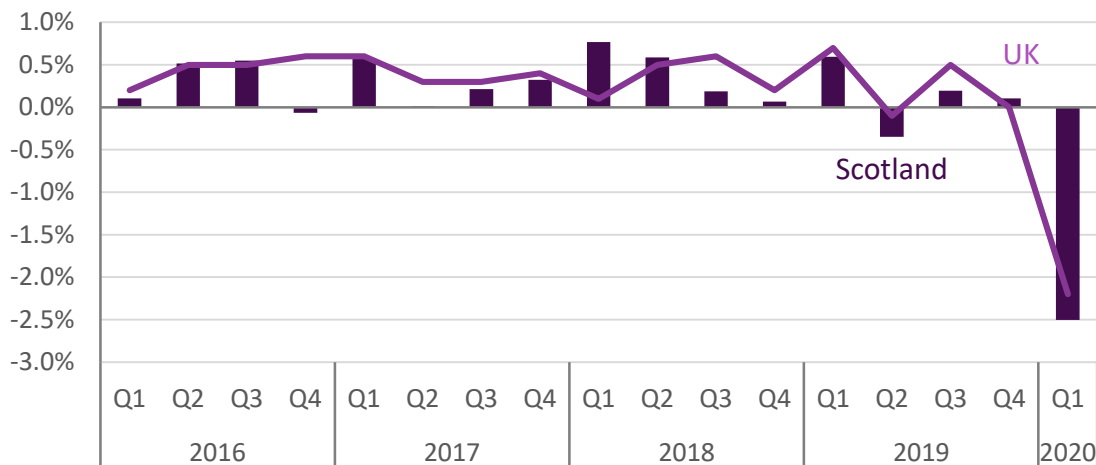
Full results for all components are available in the following downloadable tables:

1. Onshore GDP by industry in real terms, second estimate (xlsx)
2. Other Quarterly National Accounts Summary Tables (xlsx)
3. Detailed Supplementary Tables (xlsx)

## Scotland's onshore GDP fell by 2.5% during the first quarter of 2020

GDP fell by 2.5% in real terms during the first quarter of 2020 compared to the previous quarter, unrevised from the first estimate published on 17 June. Over the same period, GDP for the UK as a whole fell by 2.2%.

### GDP percentage change compared to the previous quarter



These results include the initial direct impacts of the COVID-19 pandemic on the economy, with output falling in most industrial sectors during Quarter 1. This is mostly due to the large fall in March, currently estimated to be 5.5% in the experimental monthly statistics, as domestic and international economic activity slowed sharply and the lockdown measures were introduced.

In the latest quarter, the latest estimates are that Services output fell by 2.4%, Production output decreased by 2.9%, and Construction sector output decreased by 3.6% compared to the previous quarter.

The Scottish Government has begun to produce monthly GDP statistics to give a more timely and frequent measure of activity during this time. The latest results, for May, are available [here](#). Estimates for June will be published on 19 August.

### GDP growth compared to previous quarter by sector (%)

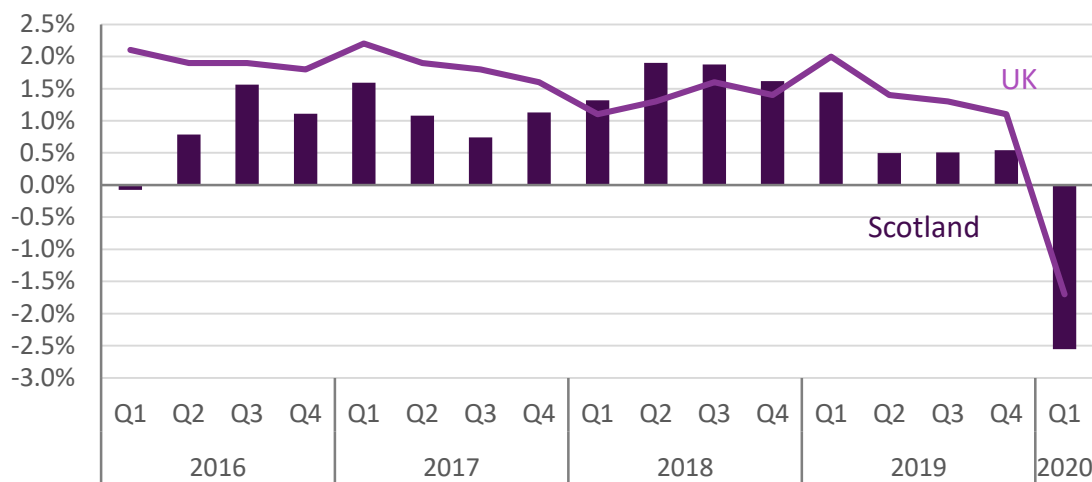
		2019				2020
		Q1	Q2	Q3	Q4	Q1
Real terms	Agriculture, forestry & fishing	0.0	1.2	0.0	-0.1	-0.8
	Construction	0.6	-2.7	-0.4	-0.8	-3.6
	Production	2.4	-1.7	0.8	-1.8	-2.9
	Services	0.2	0.1	0.1	0.6	-2.4
	<b>Whole economy</b>	<b>0.6</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>-2.5</b>

## Onshore GDP has fallen by 2.6% compared to the same period a year earlier

When compared to the first quarter of 2019, Scotland’s onshore GDP has fallen by 2.6%, revised down from the first estimate of -2.3%. This has dropped sharply from growth of 0.5% over the year to 2019 Quarter 4 due to the large contraction in the latest quarter. Equivalent UK growth over the year was a fall of 1.7%.

The growth rate over the year is based on how much GDP has changed in total across the latest four quarters. The results over the latest 12 months reflect a general slowing of growth during 2019, as well as the first impacts of the COVID-19 pandemic at the start of this year.

**GDP percentage change compared to same quarter last year**



When compared to the same quarter last year, output in the Services sector has fallen by 1.6%, output in the Production sector has decreased by 5.4% and output in the Construction sector has fallen by 7.3%.

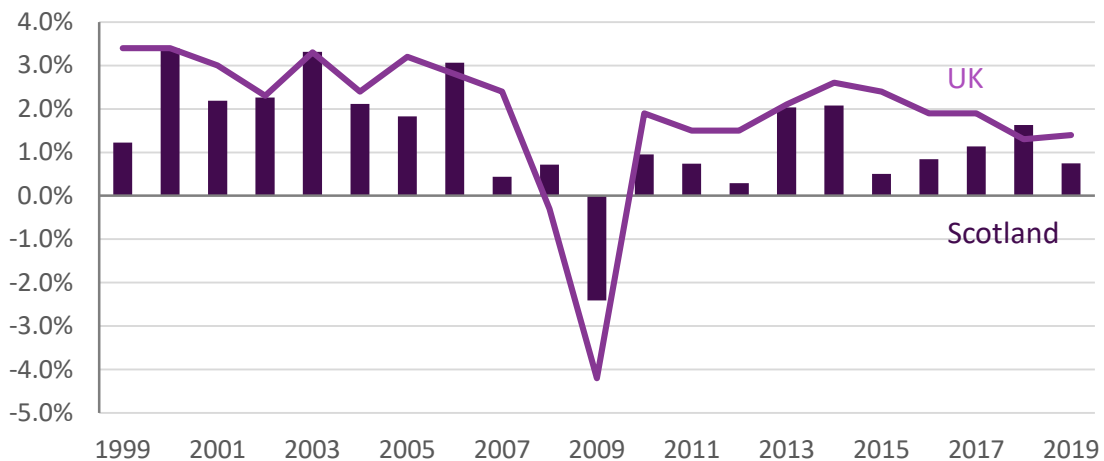
**GDP growth compared to the same quarter last year, by sector (%)**

		2019				2020
		Q1	Q2	Q3	Q4	Q1
Real terms	Agriculture, forestry & fishing	1.4	2.7	1.9	1.1	0.3
	Construction	2.7	-1.1	-1.5	-3.2	-7.3
	Production	1.3	-1.2	0.1	-0.3	-5.4
	Services	1.4	1.0	0.7	1.0	-1.6
	<b>Whole economy</b>	<b>1.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>-2.6</b>

## In 2019, Scotland’s annual onshore GDP growth was 0.7% compared to 2018

In 2019, the latest estimate is that Scotland’s annual onshore GDP grew by 0.7% compared to 2018, unrevised from the first estimate. Annual growth in 2019 for the UK as a whole was 1.5%. The annual GDP growth rate is based on results for the whole year compared to the previous year (in other words, it is based on results across eight quarters).

**Annual GDP percentage change compared to previous year**



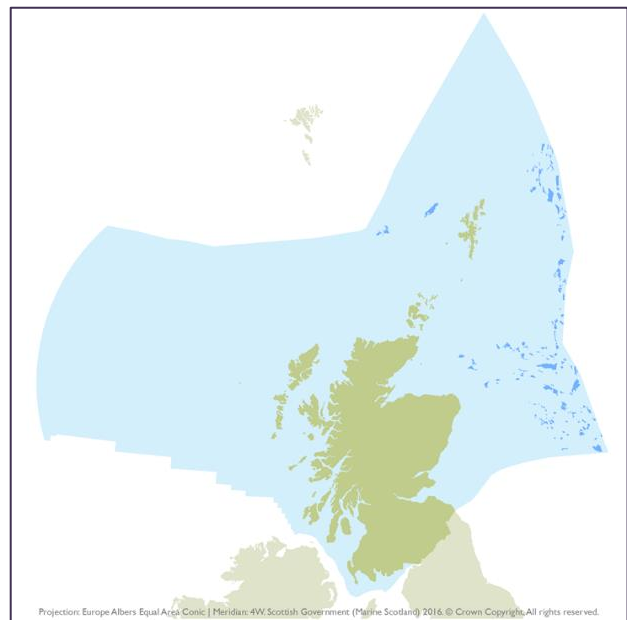
## In 2019, annual GDP per person was £32,400 including offshore oil & gas

For 2019, the annual value of Scotland’s onshore GDP in current prices (i.e. not adjusted for inflation) is £168.1 billion, or around £30,800 per person.

Including oil and gas extraction in Scottish waters, Scotland’s GDP for 2019 is estimated at £177.1 billion, or around £32,400 per person. The equivalent value for the UK as a whole is around £33,200.

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/>.



**The Scottish adjacent waters boundary illustrates the geographical extent of Scotland’s economy**

## 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 7) 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, last updated for 2018, are available [here](#).

Labour productivity statistics, which report GDP per job or per hour worked are available [here](#). Productivity statistics releases have been temporarily paused while we focus on faster indicators of output and deal with the challenges of estimating GDP during the COVID-19 pandemic. The latest estimates are for 2019 Quarter 4.

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](https://nationalperformance.gov.scot).

During the COVID-19 pandemic, the Scottish Government has also developed a dashboard which presents information on health, social and economic harms associated with COVID-19. This can be accessed at <https://data.gov.scot/coronavirus-covid-19/>.

## 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 2020 Quarter 1, GDHI is estimated to have increased by 3.9% in nominal terms (without adjusting for inflation) compared to the same period last year. Within this, wages and salaries are estimated to have increased by 3.5% over the year.

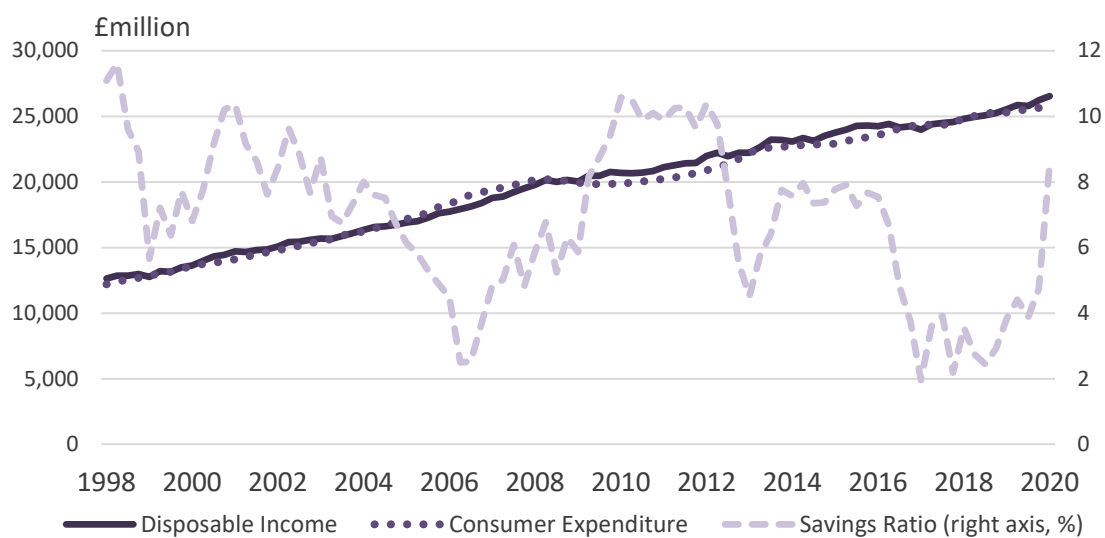
## Household Savings Ratio

In National Accounts, saving is defined as residual income calculated by subtracting Household consumer expenditure from disposable income. This represents funds which are available for adding to savings 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.

In 2020 Quarter 1, household expenditure is estimated to have decreased by 1.9% compared to the same period last year (without adjusting for inflation), largely driven by a reduction of more than £800 million (3.2%) in the latest quarter. This drop in spending at the same time that income continued to increase means that the capacity for saving has increased.

The Household Savings Ratio is another way of presenting this saving as a proportion of disposable income. In the latest quarter, the Household Savings Ratio in Scotland is estimated at 8.6 per cent, up from an average of 4.2 per cent last year.

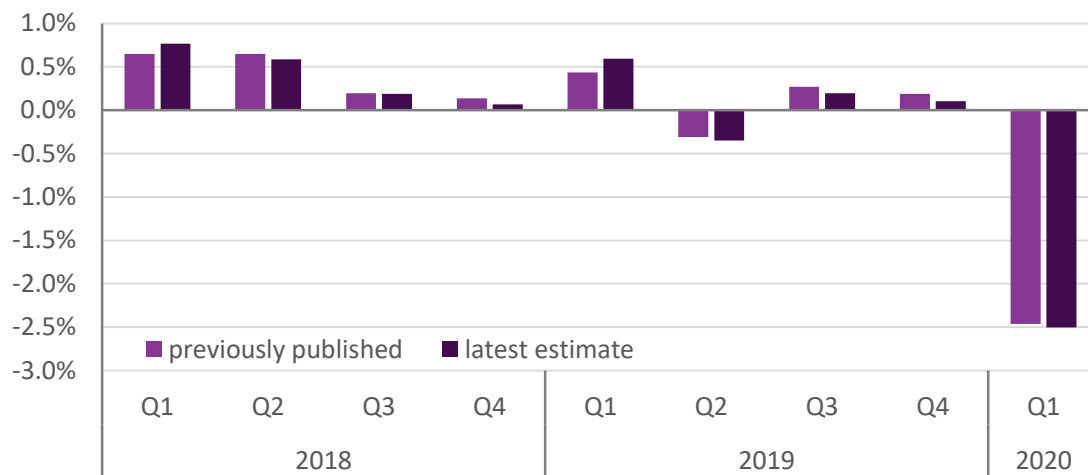
Household sector income, expenditure and saving



## GDP growth has been open to revision back to 2018

In this release, Scotland’s onshore GDP in volume terms has been open for revision back to the start of 2018. This includes routine updates made to the latest quarter since the First Estimate published on 17 June. The latest estimates of quarterly growth are compared to the previously published estimates in the chart below.

**Latest estimates of quarterly GDP growth compared to previous publication**



At the level of one decimal place, there have been revisions in many quarters from 2018 Q1 onwards, although these largely offset each other over time. The overall impact has been an upward revision to annual growth in 2018 from 1.6% to 1.7%, and no revision to annual growth of 0.7% in 2019. However, due to the cumulative impact of successive small downward revisions since 2019 Q2, growth over the four quarters to 2020 Quarter 1 has been revised down since the First Estimate. The largest sources of these revisions are updated estimates of output within the construction, manufacturing and distribution, hotels & catering industries, and updated seasonal adjustment across all series.

In other components of GDP and the national accounts, annual revisions are open back to 2017, and quarterly results can be revised back to 1998 due to updated seasonal adjustment (although these cancel out to zero for each year prior to 2017). There are no major updates to data sources in this release and revisions across the expenditure and income components are relatively small. These mostly reflect the impact of revisions to output and the consequential balancing adjustments which ensure that GDP is constrained across the three approaches.

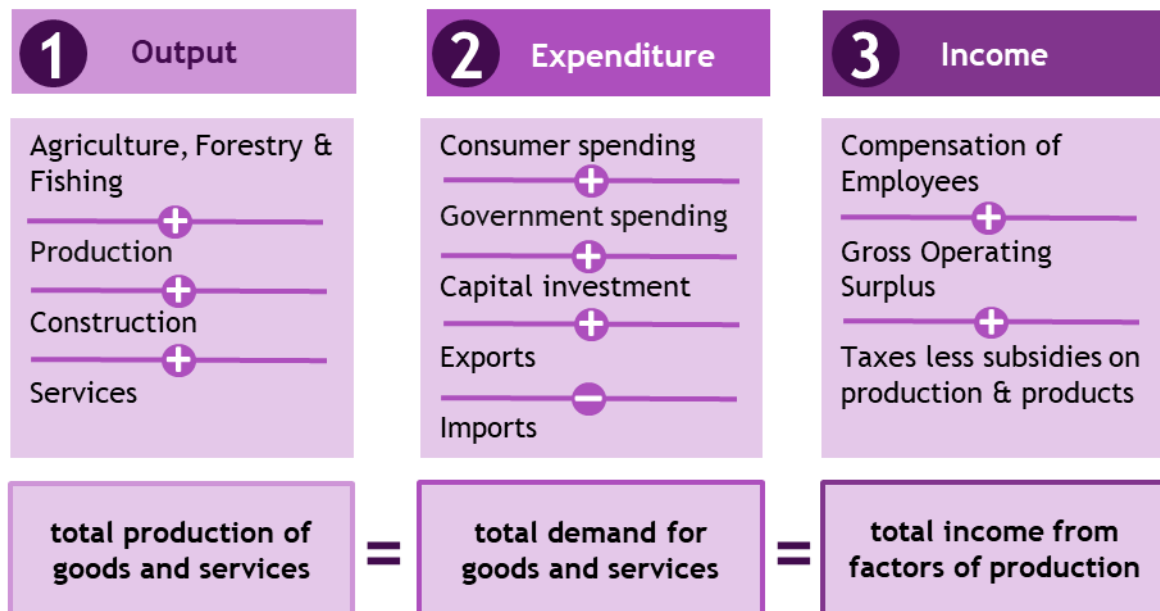
In most years, there are major updates in the Quarterly National Accounts for Quarter 1, including updating annual reference data sources such as the Supply and Use Tables, ONS Regional GDHI statistics, and Annual Business Survey. Due to the disruptions to statistics production and the recent focus on short-term indicators, these updates have been delayed and are currently planned for the Quarter 2 release later in the year.

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

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 2020	19 August 2020
GDP First Quarterly Estimate (national statistics), 2020 Quarter 2	16 September 2020
GDP Quarterly National Accounts (national statistics), 2020 Quarter 2	28 October 2020

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## 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.

## Correspondence and enquiries

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## Complaints and suggestions

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