

ECONOMY AND LABOUR MARKET

GDP Quarterly National Accounts, Scotland

2021 Quarter 1 (January-March)

4 August 2021

This publication includes the updated second estimate of onshore GDP growth in real terms for the first quarter of 2021, along with additional breakdowns of GDP by categories of income and expenditure, and key household sector economic statistics.

Key results

In 2021 Quarter 1 (Jan to Mar), Scotland's onshore GDP is estimated to have fallen by 1.8% in real terms compared to the previous quarter, revised up from the previous estimate of a 1.9% fall.

Compared to the same quarter last year, Scotland's GDP has fallen by 5.3%, revised up from the previously estimated fall of 5.4%. In quarterly terms, the level of GDP is now 8.1% below the level in 2019 Quarter 4 (Oct-Dec), prior to the impacts of the coronavirus (COVID-19) pandemic.

In Quarter 1 there was growth of 1.0% in the production sector and growth of 1.7% in the construction sector. This was offset by contraction of 2.7% in the services sector, which makes up three quarters of the economy. The largest contributors to the fall were from the subsectors which were most directly impacted by the new or increased restrictions which were in place across Scotland from the end of December onwards, such as education, accommodation and food services, and retail.

Information About This Release

The coronavirus pandemic has led to a number of challenges in collecting and processing the data to calculate GDP. As a result, estimates from 2020 onwards 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 2021, is available [here](#).

We are running a short [user survey](#) to get your views on our GDP and retail sales statistics and help us plan future development work. Further information can be found at www.gov.scot/gdp.

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About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for 2021 Quarter 1 (January to March), which uses additional data released since the GDP First Estimate published on 16 June 2021. The results in this release are comparable to the UK Quarterly National Accounts for Quarter 1 published on 30 June 2021.

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:

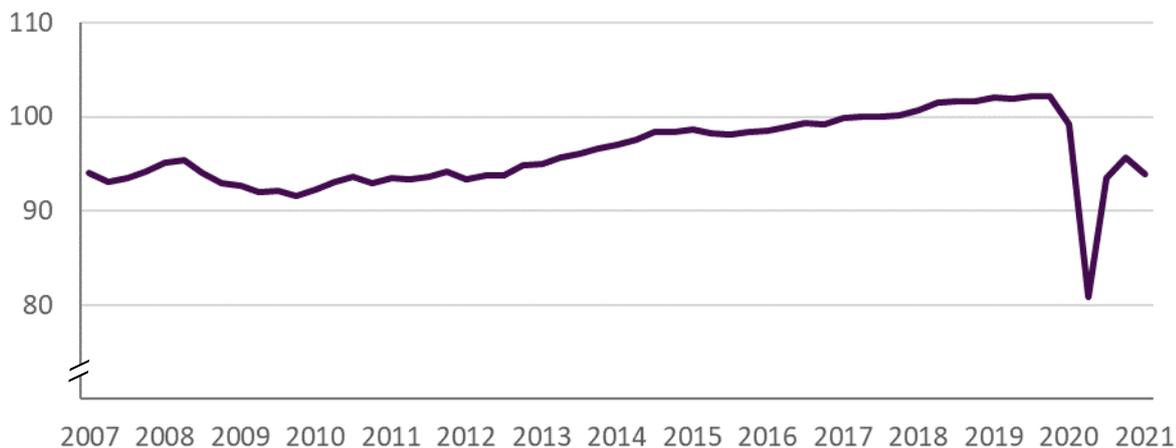
1. Onshore GDP by industry in real terms, second estimate (xlsx)
2. Other Quarterly National Accounts Summary Tables (xlsx)
3. Detailed Supplementary Tables (xlsx)

Scotland's onshore GDP fell by 1.8% during the first quarter of 2021

Scotland's onshore GDP (i.e. excluding offshore oil and gas) is estimated to have fallen by 1.8% in real terms during 2021 Quarter 1 (January to March), revised up from the previously estimated fall of 1.9% published in June. There have been no revisions to previous quarters or to annual growth in 2020 in this release.

Compared to the same quarter last year, Scotland's GDP has fallen by 5.3%, revised up from the previously estimated fall of 5.4%. At this time, the change over the year is relative to a base level after the onset of the COVID-19 pandemic, which makes it more difficult than usual to interpret the results. Compared to the pre-pandemic level in 2019 Quarter 4, output remains down by 8.1%.

GDP volume measure, Scotland onshore (2017=100)



In Quarter 1 there was growth of 1.7% in the construction sector and 1.0% in the production sector. Output fell in three of the four production subsectors, but overall growth was driven by an increase of 3.2% in manufacturing, with growth across all the manufacturing subsectors which are detailed in the tables. Manufacturing output has recovered from the sharp falls in the first half of 2020 and is 2.0% higher than the same quarter last year, but is still 1.8% below the pre-pandemic levels at the end of 2019.

The increases in construction and production were offset by a fall of 2.7% in the services sector. The main contributors to this fall were in the subsectors which were most directly affected by the restrictions which were tightened after 26 December. Within services, the largest falls included a 13.0% reduction in education activity due to at-home learning, -36.3% in accommodation and food services, -17.0% in the other services category, and -5.3% in retail and wholesale.

The recently developed [Monthly GDP](#) estimates (which are experimental statistics) indicate that output fell by 3.1% in January when restrictions were tightened, but began to increase again in February and March when some school pupils were allowed to return to school, and has continued to increase into Quarter 2 as restrictions eased further. Results from the [Business Impact of Coronavirus Survey \(BICS\)](#) for Scotland are also being published, covering aspects of trading status, workforce status and financial performance.

Nominal GDP has reduced during the COVID-19 pandemic

In the four quarters to 2021 Quarter 1, equating to financial year 2020-21, annual onshore GDP is estimated to have been £154.9 billion in total, or £28,314 per person. This has fallen from a value of £167.2 billion in financial year 2019-20.

In terms of the income approach to GDP, the largest part of the fall is accounted for by a decline in the value of taxes less subsidies on products and production. This reflects both a decrease in tax revenue, such as VAT, and an increase in subsidies. The increase in subsidies primarily relates to the Coronavirus Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS). Gross Operating Surplus, which mostly represents company profits, has also fallen compared to the previous year.

Including oil and gas extraction in Scottish waters, Scotland's GDP in 2020-21 is estimated to be £162.3 billion in total, or £29,651 per person. This is down from a revised value of £179.4bn in 2019-20, which reflects the impact of lower oil prices in the first half of 2020 as well as the reductions in the onshore economy.

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 5) 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 2017, 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.

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.

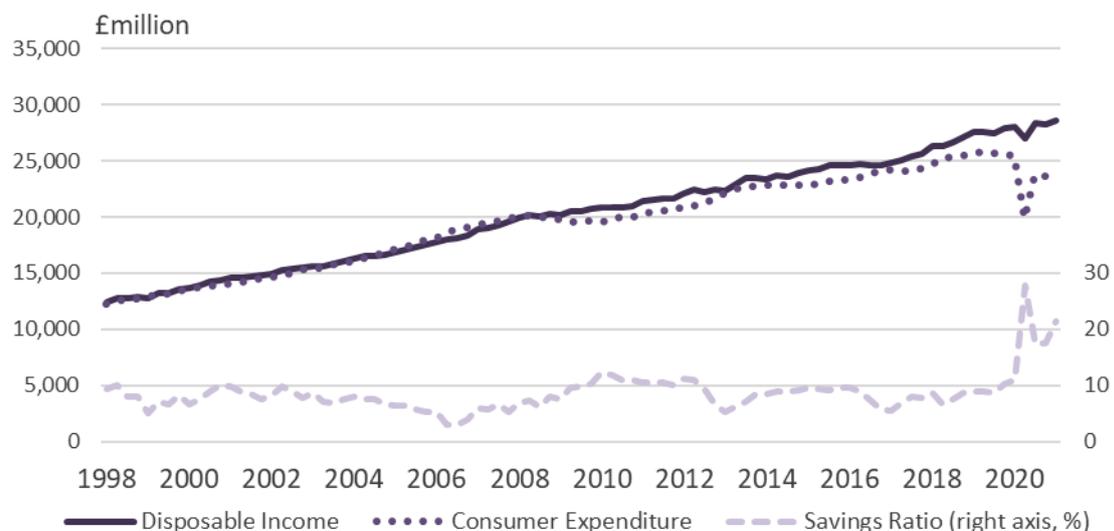
In 2021 Quarter 1, GDHI is estimated to have increased by 1.5% in nominal terms (without adjusting for inflation) compared to the previous quarter, and is up by 2.1% over the year compared to 2020 Quarter 1. The impact of the Coronavirus job retention scheme is one reason why the income of the household sector has fallen by less than other components of GDP, and there is a clear difference between compensation of employees (up 1.1% over the year) and self-employed mixed income (down 4.4% over the year).

Household Savings Ratio

In National Accounts, gross saving is calculated by subtracting Household consumer expenditure from disposable income. This broadly represents funds which are available for adding to savings or paying off debt, although it also includes large values of non-cash transactions such as the imputed rent of owner-occupiers within both the income and expenditure components. 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 2021 Quarter 1, the total value of household expenditure is estimated to have decreased by 9.5% compared to the same period last year (without adjusting for inflation), whereas the total income resources of the household sector have increased by 2.6%. This means that the value of gross saving has increased sharply over the last year. 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 21.4 per cent, which is not as high as the peak of 27.8% in 2020 Quarter 2, but still up strongly from an average of 9.2% in 2019.

Household sector income, expenditure and saving



Revisions

In this release, Scotland's onshore GDP in volume terms has not been open for revision in previous quarters, in line with the revisions window in the UK national accounts for this quarter.

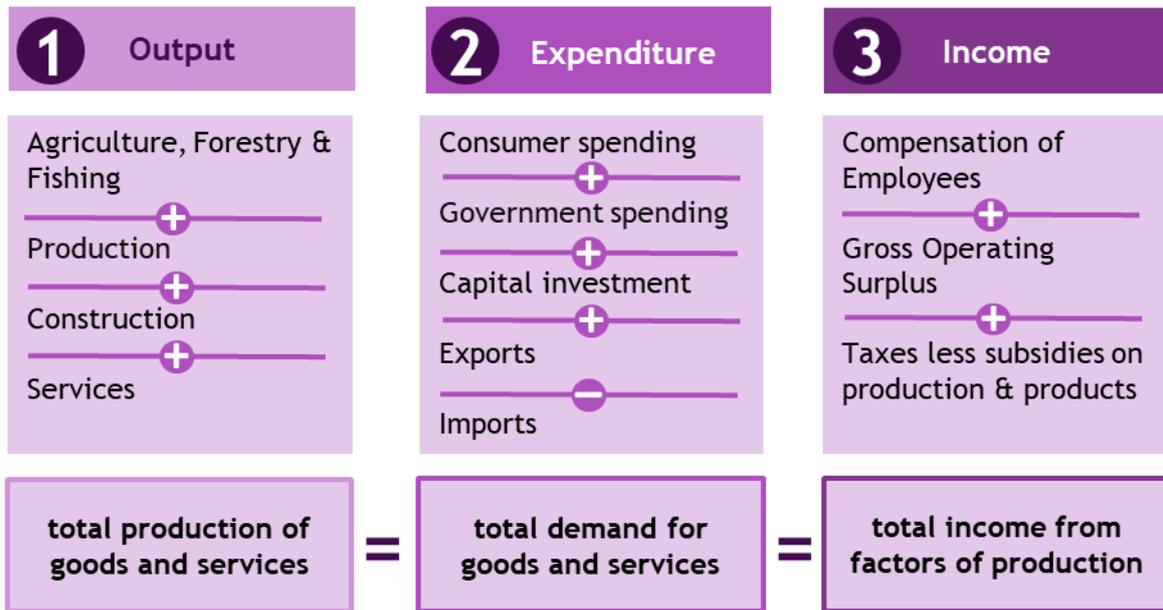
In other components of GDP and the national accounts, revisions are open back to 2018 in nominal terms. There are revisions to nominal components of the onshore economy, but these are generally small. The main source of revision in this release is to Household final consumption expenditure, due to updated Living Costs and Food Survey data for the last four quarters, and the consequential revisions to imports and changes in inventories made to balance supply and demand.

Estimates of extra-regio GVA have been updated using the latest [ONS Regional Economic Activity by Gross Domestic Product statistics](#), for 1998-2019, published in May. This routine annual update ensures that our estimates of GVA for the offshore oil and gas industry are in line with the latest UK national accounts, and has seen a significant upward revision to the nominal value of oil and gas GVA, consistent with that introduced by ONS for the UK as a whole in the autumn of 2020.

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 2021	25 August 2021
GDP First Quarterly Estimate (national statistics), 2021 Quarter 2	15 September 2021
GDP Quarterly National Accounts (national statistics), 2021 Quarter 2	3 November 2021

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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.

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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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