

## ECONOMY AND LABOUR MARKET

# GDP Quarterly National Accounts, Scotland

## 2022 Quarter 1 (January-March)

27 July 2022

This publication includes an updated estimate of onshore GDP growth in real terms for the first quarter of 2022, 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 2022 Quarter 1 (January to March), Scotland's onshore GDP is estimated to have grown by 1.0% compared to the previous quarter, unrevised from the first estimate for the quarter published on 1 June.
- In quarterly terms, the level of GDP is 0.1% below the pre-coronavirus level in 2019 Quarter 4 (Oct-Dec).
- Output in the services sector output is estimated to have increased by 0.9% compared to the previous quarter, production sector output increased by 1.9%, and construction sector output increased by 1.4%.
- The household savings ratio is estimated at 6.4 per cent in 2022 Quarter 1, at a similar level seen in the years prior to the coronavirus pandemic. This is down sharply from the recent peak of 26.4 per cent in 2020 Quarter 2 when expenditure was curtailed during the first lockdown restrictions.

### 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. 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.

Since the start of the COVID-19 pandemic, the Scottish Government has developed faster monthly estimates of GDP growth. The [latest estimates are for May 2022](#). The next GDP release, incorporating monthly GDP for June 2022 and the First Estimate for 2022 Quarter 2 will be published on 31 August.

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## About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for 2022 Quarter 1 (January to March), which uses additional data released since the Quarterly GDP First Estimate published on 1 June 2022. The results in this release are comparable to the UK Quarterly National Accounts for Quarter 1 published on 30 June 2022.

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)

## Second quarterly estimate of onshore GDP growth for 2022 Quarter 1

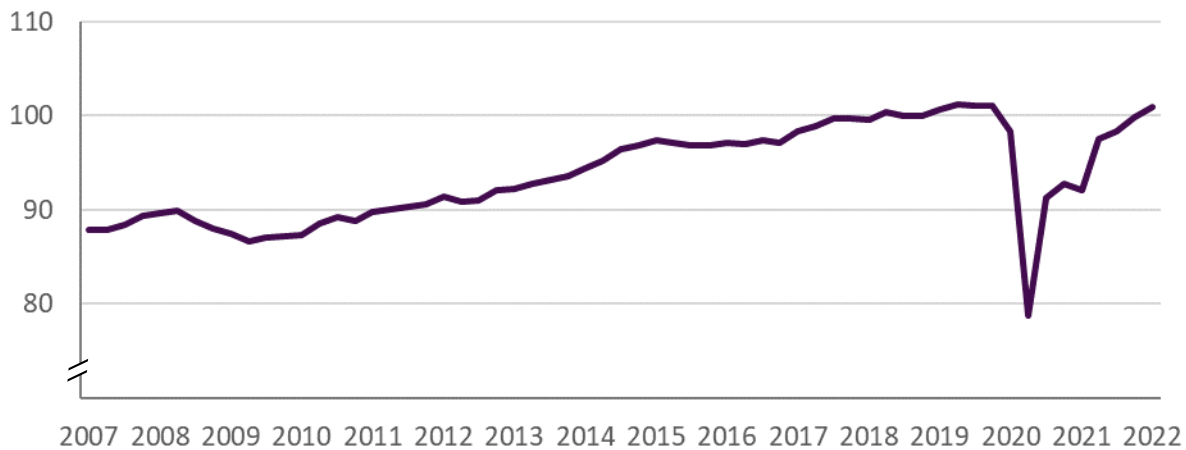
Scotland’s onshore GDP (i.e. excluding offshore oil and gas) is estimated to have grown by 1.0% in real terms during 2022 Quarter 1 (January to March), unrevised from the first estimate for the quarter published in June.

Compared to the same quarter last year, Scotland’s GDP has grown by 9.7%. This strong increase reflects the ongoing recovery from the low base level seen during periods of restrictions during the coronavirus pandemic in 2020 and 2021.

In quarterly terms, the level of GDP is now 0.1% below the level in 2019 Quarter 4, prior to the impacts of the coronavirus (COVID-19) pandemic, after an initial fall of 22% between 2019 Quarter 4 and 2020 Quarter 2.

Annual GDP growth in 2021 is unrevised at 7.4%.

**GDP volume measure, Scotland onshore (2018=100)**



Output in the services sector increased by 0.9% compared to the previous quarter, revised down slightly from the previous estimate of 1.0% growth. Within services there was growth in ten of the fourteen subsectors, reflecting a period in which the economy continued to recover from the gradual removal of remaining Covid restrictions.

Output in the production sector output increased by 1.9%, revised up from the previous estimate of 0.7% growth due mostly to wind energy generation being higher than provisional data had indicated. Within production, output in the electricity and gas supply industry is now estimated to have increased by 0.1% in the quarter, and output in the manufacturing sector increased by 3.1%.

Output in the construction sector increased by 1.4%, revised down from the first estimate of 2.5% growth, due to similar downward revisions in the UK level source data from the ONS.

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 2022 at the time of release. The monthly statistics indicate that the pace of growth in Scotland slowed during Quarter 1, with a strong pick-up in January (+0.8%) easing to 0.3% in both February and March, which may reflect the intensifying inflationary pressures seen since the start of the year.

## GDP in nominal terms

In 2021 as a whole, annual onshore GDP is estimated to have been £167.7 billion in total, or £30,607 per person. This has increased from the much lower value of £153.4 billion estimated for 2020, and is now back above the pre-pandemic value of 2019.

In terms of the income approach to GDP, the largest part of the fall in nominal GDP in 2020 is accounted for by a decline in the value of taxes less subsidies on products and production. This reflected both a decrease in tax revenue, such as VAT, and an increase in subsidies such as the Coronavirus Job Retention Scheme (CJRS) and Self Employment Income Support Scheme (SEISS). Gross Operating Surplus, which mostly represents company profits, has also fell strongly in 2020, but is estimated to have recovered close to pre-pandemic levels in 2021. Compensation of Employees (mostly wages and salaries) has increased over the last two years, supported in part by the increased subsidies, offsetting against the falls in other components.

Including oil and gas extraction in Scottish waters, Scotland's GDP in 2021 is estimated to be £180.7 billion in total, or £32,974 per person. This reflects a recovery in the oil price during 2021, relative to 2020, as well as in onshore economic activity.

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](#), and are planned to be updated during this year.

Labour productivity statistics, which report GDP per job or per hour worked are available [here](#). The latest estimates are for 2021.

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).

## 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.

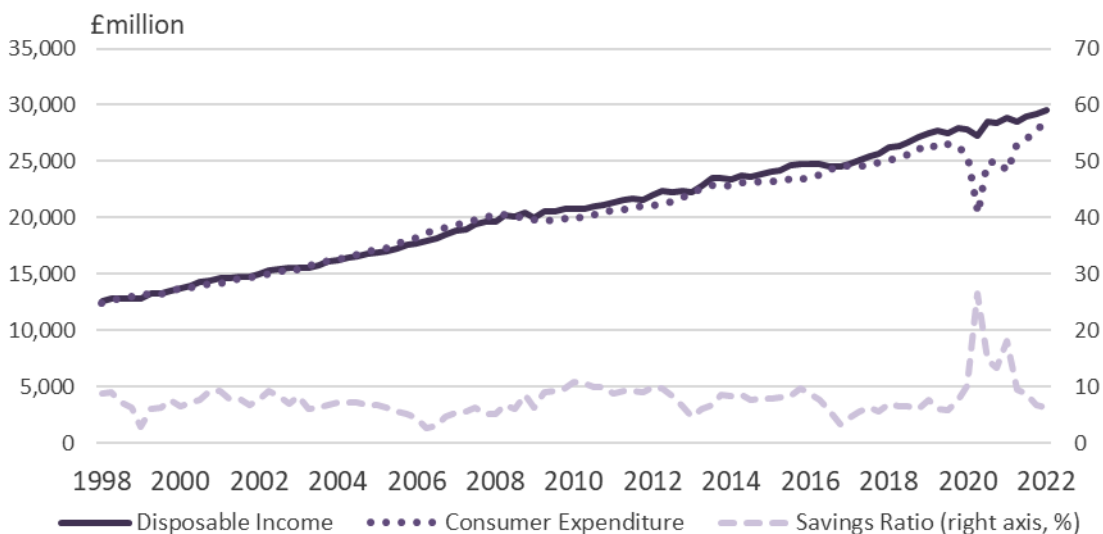
In 2022 Quarter 1, GDHI is estimated to have increased by 2.3% in nominal terms (without adjusting for inflation) over the year compared to 2021 Quarter 1. Compared to pre-pandemic levels, GDHI is 5.5% higher in nominal terms than in 2019 Quarter 4. The impact of the Coronavirus job retention scheme is one reason why the income of the household sector, as a whole, did not fall as much as GDP during the pandemic, although there is a clear difference between compensation of employees (up 8.8% compared to pre-pandemic levels) and self-employed mixed income (up 0.6% compared to pre-pandemic levels).

## Household Savings Ratio

In National Accounts, gross saving is calculated by subtracting household sector 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, and has been strongly impacted during the coronavirus pandemic.

In 2022 Quarter 1, the household savings ratio in Scotland is estimated at 6.4 per cent of total income resources, which is down sharply from the peak of 26.4 per cent in 2020 Quarter 2 when expenditure was curtailed during the first lockdown. The savings ratio is now back to a similar level seen in the years prior to the coronavirus pandemic.

**Household sector income, expenditure and saving**



## Revisions

In this release, Scotland's onshore GDP in volume terms has been open for revision during 2022 Quarter 1 only. In other components of GDP and the national accounts in current prices, revisions are fully open back to the start of 2019 in nominal terms, but revisions are generally small because most data sources and the UK control totals remain fixed relative to last quarter. The quarterly series are open to revision through all time, even when there are no changes at an annual level, due to updates to seasonal adjustment and balancing adjustments between components of supply and demand.

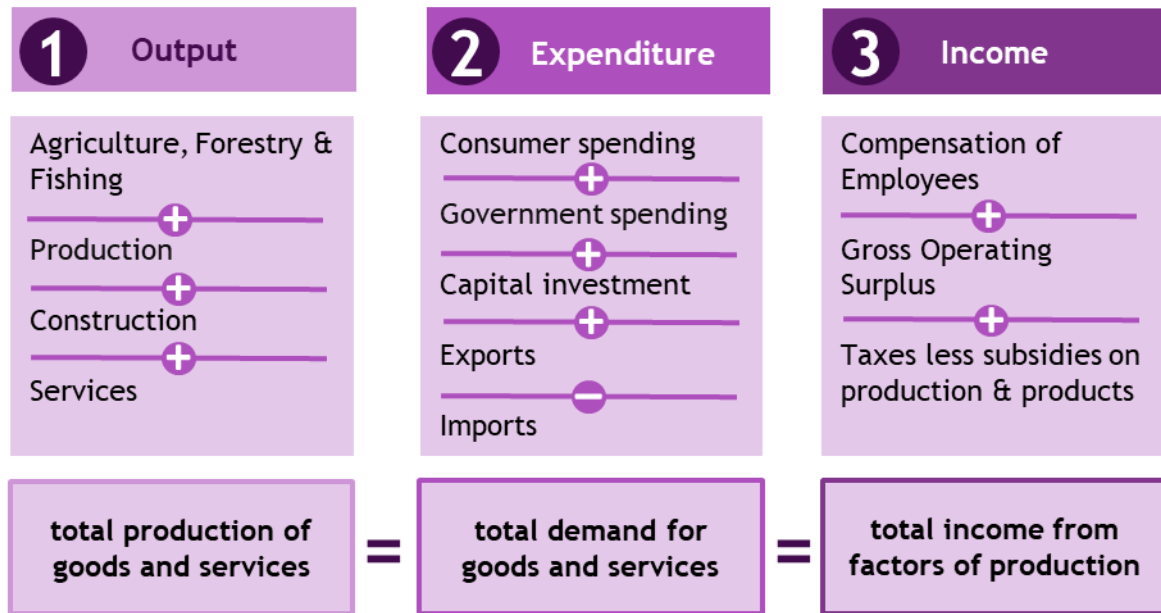
Growth in 2022 Quarter 1 is unrevised at 1.0% compared to the previous quarter. Within this headline result, there has been an upward revision to the electricity and gas industry due to higher levels of wind generation in the final data than provisionally estimated, offset by a downward revision to construction due to lower levels of output reported by ONS than previously estimated. Further details can be found in GDP Table R1.1.

Estimates of the level of extra region GVA have been open for revision in all periods in this release following the publication of [Regional economic activity by gross domestic product for 1998 to 2020](#) by the ONS. While these results will not be factored into onshore estimates until after they have been processed in the annual supply and use tables used as the benchmark for Scottish Government national accounts statistics, the estimates for offshore activity have been incorporated as soon as possible. This has seen upward revisions to offshore GVA in 2018 and 2019, along with a downward revision to the provisional estimate for 2021.

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 2022	31 August 2022
GDP First Quarterly Estimate (national statistics), 2022 Quarter 2	31 August 2022
GDP Quarterly National Accounts (national statistics), 2022 Quarter 2	2 November 2022

## 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

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](mailto:statistics.enquiries@gov.scot).

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