

## GDP Quarterly National Accounts, Scotland: 2023 Quarter 4 (October to December)

Release date: 1 May 2024

### Key Points

- In 2023 Quarter 4, Scotland's onshore GDP is estimated to have fallen by 0.5%, revised up from the first estimate of a 0.6% fall published on 28 February. This follows downwardly revised growth of 0.3% in Quarter 3.
- In the latest quarter, output fell by 0.1% in the services sector, fell by 3.0% in the production sector, and fell by 0.9% in the construction sector.
- In 2023, annual GDP grew by 0.1% compared to 2022, revised down from the first estimate of 0.2% growth.
- The household saving ratio is estimated at 8.7% in the latest quarter, up from 7.0% at the same point last year.

### Introduction

This publication includes updated estimates of gross domestic product (GDP) for Scotland, along with a range of additional economic statistics which are used for economic forecasting and modelling.

The coronavirus pandemic led to a number of challenges in collecting and processing the data to calculate GDP, as well as having large impacts on the economy itself. As a result, estimates for the years 2020 to 2022 in particular 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. The estimates of GDP from 2020 onwards are continuing to evolve as more data becomes available, and it is likely that these results, including comparative positions relative to pre-pandemic levels, will continue to change over the next several years.

## **An Accredited Official Statistics Publication for Scotland**

These statistics are [accredited official statistics](#). The Office for Statistics Regulation has independently reviewed and accredited these statistics as complying with the standards of trustworthiness, quality, and value in the [Code of Practice for Statistics](#). Quarterly National Accounts Scotland was [accredited in January 2014, as detailed in Assessment Report 272](#).

Accredited official statistics are called National Statistics in the [Statistics and Registration Service Act 2007](#).

Scottish Government statistics are regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the [Code of Practice for Statistics](#) that all producers of official statistics should adhere to.

## **GDP growth in volume terms**

### **Headline quarterly GDP figures**

Scotland's onshore GDP (i.e. excluding offshore oil and gas) is estimated to have fallen by 0.5% during 2023 Quarter 4 (October to December), revised down from the [first estimate of a 0.6% fall published on 28 February](#). The contraction in the latest quarter follows growth of 0.3% during 2023 Quarter 3 (July to September), a fall of 0.2% during Quarter 2 (April to July) and no growth (0.0%) during Quarter 1 (January to March).

Taken over the last 12 months, compared to the same quarter in 2023, Scotland's GDP has fallen by 0.4%. This has been revised down from the first estimate of a 0.3% fall.

### **Annual GDP growth and comparisons to pre-pandemic levels**

Annual GDP is now estimated to have grown by 0.1% in 2023, revised down from the first estimate of 0.2%. This follows growth of 5.9% in 2022 and 9.2% in 2021, after the fall of 12.0% in 2020 during the coronavirus pandemic.

The latest estimates show that, in 2023 Quarter 4, GDP in Scotland is now 1.0% above the pre-pandemic level in 2019 Quarter 4

Users should continue to be cautious about drawing firm conclusions based on comparisons between Scotland and the UK as a whole, or other countries, which include the periods of time when the economy was most severely impacted by the coronavirus pandemic. This includes the estimate of the latest level of GDP compared to the pre-pandemic level, and the size of changes in GDP during 2020 to 2022 in particular. The estimates of GDP from 2020 onwards are continuing to evolve as more data becomes available, and it is likely that these results will change again in future releases. A [recent blog by the National Statistician](#) has reiterated the challenges of measuring GDP at this time.

## Latest results by industry of output

In 2023 Quarter 4, output in the services sector fell by 0.1% compared to the previous quarter, with output falling in nine of the fourteen subsectors. The largest negative contribution to overall growth came from wholesale, retail and motor trades (-1.9%), while the largest positive contribution which partially offset the fall was in professional, scientific and technical services (+3.4%).

Output in the production sector fell by 3.0% overall, with decreases in two of the four main subsectors, including falls of 3.2% in manufacturing and 5.9% in electricity and gas supply.

Output in the construction sector is estimated to have fallen by 0.9% during Quarter 4.

Estimates of GDP in volume terms for the services and production sectors can be found in the downloadable data tables, including more detailed breakdowns of the manufacturing sector, and estimates of annual GDP growth back to 1963.

Estimates of GDP growth in volume terms based on the expenditure approach to GDP (consumption, government expenditure, investment and trade) are also available in the downloadable data. These figures are currently designated as official statistics in development and are principally published for use by analysts, for example as inputs to economic forecasts.

The [Monthly GDP](#) estimates give a more detailed indication of the trends for each industry sector, and include results up to February 2024 at the time of release.

## GDP in nominal terms

In 2023 as a whole, annual onshore GDP is estimated to have been £198.6 billion in total, or £36,175 per person. This increased by £10.1 billion, or 5.4%, compared to 2022 due to the combination of real terms growth of 0.1% and an increase in the GDP deflator by 5.3% which reflects the relatively high levels of price inflation which persisted throughout the year.

Including oil and gas extraction in Scottish waters, Scotland's GDP in 2023 is estimated to be £218.0 billion in total, or £39,707 per person. While the value of GDP in the onshore economy has increased during the 2023, the gross value added from oil and gas extraction in Scottish adjacent waters has decreased over the year due to the fall in energy prices from the peak levels seen in 2022.

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.

## **Additional measures of economic activity**

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 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 and primary income flows for Scotland up to 2021](#) are available.

[Labour productivity statistics](#), which report GDP per job or per hour worked are available up to 2022.

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 2023 Quarter 4, GDHI is estimated to have increased by 5.2% in nominal terms (without adjusting for inflation) over the year compared to 2022 Quarter 4. The largest part of GDHI is income from employment, which is up by 6.8% over the year.

### **Household Savings Ratio**

The household saving ratio is estimated at 8.7% in the latest quarter, up from 7.0% at the same point last year.

The household saving ratio represents funds which are available for adding to savings, including into pension funds, 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.

# Revisions

In this release, Scotland's GDP has been open for revision in 2023 only, with no revisions to earlier periods. Estimates from 2021 onwards remain provisional, while annual estimates for earlier years are constrained to the [Supply and Use Tables for 1998-2020](#), published on 29 November 2023. Details of revisions to the industries and other components of GDP can be found in the downloadable tables.

There are no significant changes to GDP or its components during 2023, but there has been a slight downward revision to growth across the year. This is seen in the revision to the annual growth rate for 2023 from a first estimate of 0.2% to the latest estimate of 0.1%.

Estimates of extra-regio GVA for 2023 have been updated based on the latest official statistics in development of [supply and use satellite accounts for extra-regio activities](#). These statistics are based on balanced estimates of supply and demand, production, exports and imports associated with offshore oil and gas production in Scottish adjacent waters. Updated estimates of extra-regio GVA for 2021 and 2022 have not been introduced into the quarterly national accounts at this time, but will be when the revisions period is open for those years.

## Measurement of GDP and consistency with results for the UK as a whole

There are some differences between the estimates for Scotland and the UK after 2019 due to the faster timescales for updates at UK level and differences between methodologies used. While the level of output in some industries and in total GDP are still broadly comparable to the UK as a whole, for many industries those comparisons should be made with caution. Specifically, whilst the UK statistics for real terms GDP growth are based on double deflated gross value added (GVA) for 2020 and 2021 (that is, the prices of both outputs and inputs are separately accounted for), the estimates for Scotland are only double deflated up to 2019 and the estimates for 2020 onwards are based on output only.

Learning from the experience at UK level, where the introduction of double deflated estimates for 2020 in September 2022 led to large downward revisions to GDP, which were then largely reversed by large upward revisions when double deflated estimates were introduced in September 2023, we are waiting until we can produce double deflated estimates for both years before introducing them into our time series at the same time. This development is intended to maintain stability in the estimates for Scotland, but at the expense of some comparability with the figures for the UK as a whole. On current timescales, we are likely to introduce double deflated GDP for 2020 and 2021 in the release for 2024 Quarter 3, following the production of Supply and Use tables for 1998-2021 (autumn 2024) based on the ONS Regional GDP statistics for the same period (summer 2024) which are derived from the ONS Blue Book 2023 statistics released on 31 October 2023.

Users should continue to be cautious about drawing conclusions based on comparisons between Scotland and the UK or other countries for the periods when the economy was most severely impacted by the coronavirus pandemic, or comparisons of relative levels of GDP compared to the pre-pandemic level. The estimates of GDP from 2020 onwards are continuing to evolve as more data becomes available, and it is likely that these results will change again in future releases.

## About the GDP Quarterly National Accounts

This publication includes the second estimate of onshore GDP growth for the latest quarter, which uses additional data which has become available since the Quarterly GDP First Estimate was published two months ago. The results in this release are broadly comparable to, and make extensive use of data derived from, the latest UK Quarterly National Accounts which were published one month ago.

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

### Next publications

GDP Monthly Estimate, March 2024	29 May 2024
GDP First Quarterly Estimate, 2024 Quarter 1	29 May 2024
GDP Monthly Estimate, April 2024	26 June 2024
GDP Quarterly National Accounts, 2024 Quarter 1	31 July 2024

# Tell us what you think

We are always interested to hear from our users about how our statistics are used, and how they can be improved.

## Feedback survey

We'd appreciate it if you would complete our short [feedback survey](#) on this publication.

## Enquiries

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