

## Press Release

### **Analysis of latest Scottish GDP (2014 Q3) and Labour Market (September - November 2014) statistics**

#### **GDP** (see also Table 1)

##### Latest quarter (change Q3 2014 on Q2 2014)

- Scottish GDP grew by 0.6% in the third quarter of 2014. The UK grew by 0.8% over the same period (see Notes 1 and 2). This lower Scottish growth rate is despite Scotland hosting both the Commonwealth Games and the Ryder Cup during this quarter.
- While positive, this growth rate is notably slower than in the previous two quarters (both over 1%). Growth in quarter 3 was driven by Construction, Business related services and 'Other' services. However, these were in part offset by falls in Financial services and Transport & Communications services and by the lack of any particularly strong performances in other areas, as achieved in previous quarters (e.g. Manufacturing in Q1).

##### Year on year (change 2014 Q3 on 2013 Q3)

- Over the past year, Scotland grew by 3.0%. In comparison, the UK grew by 2.7%. This relatively fast growth rate in the past year has been driven by: Construction; Business related services; and 'Other' services, all of which have grown by over 5%.

##### Other points of interest

- Outside of the major sectors: Mining & Quarrying in Scotland continued its trend rise (since 2007) growing by over 13% in the past year; Electricity & Gas supply in Scotland fell by 10% in the latest quarter, although output in this sector tends to be highly erratic.
- In areas which might be thought to be affected by the Commonwealth Games and the Ryder Cup, Accommodation & Food Services rose in quarter 3 by a robust 2.8% (in comparison the UK rose by only 0.7%). However, Transport & Communications actually fell in the third quarter in Scotland, by -1.1% (in comparison the UK measure rose by 1.2%).
- In areas which might be thought to be affected by reduced activity due to the falling price of oil, Refined Petroleum, Chemicals & Pharmaceuticals fell by 2% in the third quarter of 2014. However, as with Electricity & Gas, this tends to be a highly erratic sector in terms of output.

## **Labour Market** (see also Table 1)

### Latest period (change Sep-Nov on June-August 2014)

- Scottish unemployment (aged 16+) rose by 7,000 over the latest quarter, equivalent to a rise of 0.2 percentage points. In comparison, the UK fell by -58,000, equivalent to a fall of -0.2 of a percentage point.
- Scottish employment (aged 16+) rose by 1,000 over the latest quarter, while the rate (aged 16-64) rose by 0.2 of a percentage point. In comparison, the UK rose by 37,000 while the rate was unchanged.

### Latest year (change Sep-Nov 2014 on Sep-Nov 2013)

- Scottish unemployment fell by -20,000 over the year, equivalent to a fall of -0.8 percentage points. In comparison, the UK fell by -418,000, equivalent to a fall of -1.3 percentage points.
- Scottish employment rose by 50,000 over the year, equivalent to a rise of 1.5 percentage points. In comparison, the UK rose by 512,000, equivalent to a rise of 1 percentage point.

### Across the UK

At 74.1% Scotland's employment rate (aged 16-64) remains above that of the UK, by just over 1 percentage point. Across the 'regions' of the UK, Scotland has the equal 4th highest employment rate, behind those in the South (excluding London) and East of England (over 76%). Northern Ireland and Wales have the lowest employment rates, both below 69%.

At 5.7%, Scotland's unemployment rate (aged 16+) remains marginally below that of the UK (5.8%). Across the 'regions' of the UK, Scotland has the equal 5th lowest rate, the lowest (all below 5%) again being in the South (excluding London) and East of England. The highest rates are in North East England (8.5%) and Wales (7%).

### **Quotes:**

**John McLaren:** *“Scotland's economy continues to improve in terms of both higher output and rising employment.”*

*However, the economic boost from hosting both the Commonwealth Games and the Ryder Cup was tempered by lower growth elsewhere and so the overall improvement in the Scottish economy this quarter is less pronounced than seen in the previous two quarters.*

*The 50% fall in the oil price over the last 6 months does not yet appear to have affected either onshore output or employment in Scotland, although the latest data applies to quite early in this price adjustment process.”*

**Table 1: Economic comparison: Scotland and the UK**

	% change		rate
	on previous quarter	on previous year	%
<b>GDP</b>			
Scotland	0.6	3.0	
UK*	0.8	2.7	
Difference (Scotland minus UK)	-0.2	0.3	
<b>Employment rate (16-64)</b>			
Scotland	0.2	1.5	74.1
UK	0.0	1.0	73.0
Difference (Scotland minus UK)	0.2	0.5	1.1
<b>Unemployment rate (16+)</b>			
Scotland	0.2	-0.8	5.7
UK	-0.2	-1.3	5.8
Difference (Scotland minus UK)	0.4	0.5	-0.1

Sources: Scottish Government GDP release (January 2015); ONS regional labour market release (January 2015).

\*The UK measure excludes extra regio (mainly North Sea) activity, to ensure comparability with the Scottish measure.

Notes:

1. As the Scottish GDP measure excludes any North Sea activity, throughout this Note we show the UK comparator measure excluding extra regio (mainly North Sea) activity, in order for the two measures of GDP growth to be more comparable. It is also worth noting that if a geographic share of North Sea Output were included in the Scottish figures then, for most years, growth would look very different to the growth seen on the mainland only.
2. Since late 2014 UK GDP data has been calculated by the Office for National Statistics (ONS) using an updated methodology based on the latest EU standards. However, a similar conversion will not be available for Scotland until later in 2015. While this difference in methodology will affect comparisons, it will be seen much more in the levels of GDP (not discussed here) rather than the growth rates. However, the Scottish government warn against making comparisons for periods longer than back to 2013.



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