



Press Release

Analysis of latest Scottish GDP (2014 Q4) statistics

Introduction

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. A similar calculation is now available for Scotland. While this difference in methodology has affected comparisons between the two, it is seen much more in the levels of GDP (not discussed here) rather than the growth rates.

Key findings over the past year

Latest quarter (change Q4 2014 on Q3 2014)

- Scottish GDP grew by 0.6% in the fourth quarter of 2014. The UK grew also by 0.6% over the same period (see Notes 1 and 2).
- Growth in quarter four was driven by Construction (+6.1%) and the non-Manufacturing elements of Production. The rise in Construction is the fastest seen since early 2010 and contrasts with the fall seen at the UK level (-2.2%).
- Surprisingly, Services as a whole provided no boost to Scottish growth in the fourth quarter. In particular Business related services (-0.2%) and 'Other' services (-4%) fell. In the former case, this is the first such fall since late 2012 and contrasts with the fast (1.3%) growth seen at the UK level.

Year on year (change 2014 Q4 on 2013 Q4)

- Over the past year, Scottish GDP grew by 2.8%. In comparison, the UK's grew by 3.1%.
- This relatively fast growth rate in the past year has been driven by: Manufacturing (3.3%) and Construction (17.6%).
- For 2014 as a whole (i.e. for all four quarters), Construction grew by 13%, by far the biggest annual rise seen since 1998 (when the published data starts). Previously the biggest rises in Construction output had been seen in 2000, 2005 and 2010, each at around 7-8%. Despite the fall in Q4, for 2014 as a whole the rise in UK Construction was also good, at 7.5%, although lower than seen in 2010 in the UK (8.5%).
- The reason the UK grew faster overall is down to Services, which account for three-quarters of the economy and grew twice as fast at the UK level (3.4%) than in Scotland (1.7%).

Longer term changes

Since 1998

- The average annual growth rate for Scottish GDP from 1998 to 2014 is 1.6%. For the UK the equivalent figure is 2.2%.
- In terms of GDP per capita Scotland growth rate has been 1.2% per annum, while the UK's is 1.3%. However, the later figure includes the North Sea and if adjusted to be on a like-for-like basis (based on onshore activity only) then this would fall to around 1.0%, i.e. below Scotland's.

Since previous (2008) peak

- Scottish GDP has grown by 2.3%. The UK meanwhile has grown by 5.1% since its previous peak.
- However, in terms of GDP per capita Scotland remains 0.7% below its previous peak, while the UK is still 1.2% below its previous peak.

Since 2010 trough

- Scottish GDP has grown by 7.5%. The UK meanwhile has grown by 11.7% since its previous peak. This faster UK growth may be related to the fact that the UK suffered a greater fall in GDP than Scotland did between the peaks and troughs of 2008 and 2010.

(Note: 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.)

Quotes:

John McLaren:

“Scotland’s economy continues to improve in terms of higher output.

The improvement recorded in the Construction sector over the past year has been remarkable but little commented upon.

However, the relatively sluggish performance of the services sector is a concern. In particular, the recent stagnant performance of the Business services sector is worrying as, since 2010, it has very much lead the way in terms of the recovery and it continues to do so for the UK as a whole.”

Table 1: GDP comparison: Scotland and the UK

	% change		Difference
	Scotland	UK*	
Short term			
On previous quarter	0.6	0.6	-
On previous year	2.8	3.1	-0.3
Longer term			
Since 1998 (annual average)	1.6	2.2	-0.6
- GDP per capita (i)**	1.2	1.3	-0.1
- GDP per capita (ii)**	1.2	1.0	0.2
Since 2008 peak - GDP	2.3	5.1	-2.8
- GDP per capita	-0.7	-1.2	0.5
Since 2010 trough	7.5	11.7	-4.2

Sources: Scottish Government GDP release (April 2015).

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

** (i) includes extra regio for the UK, as no GDP measure per capita is published excluding it. However, using data in the publication this can be approximated and is show under (ii).



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