



Press Release : 13th May 2015

## Analysis of latest cash terms Scottish GDP (2014 Q4) statistics

### Introduction

As well as the *real terms* figures for Scottish onshore GDP published by the Scottish government, there are also cash terms GDP data published which includes onshore AND offshore (North Sea Oil related) activity. This press release concentrates on the latter.

Cash terms GDP reflects the taxable base of the Scottish economy and so is of particular interest at present, when discussions around full fiscal autonomy, or responsibility, are on-going.

### Key findings (see Notes 1 and 2)

#### Latest quarter (change 2014 Q4 on 2014 Q3 and on 2013 Q4)

- Since 2013 Q3, Scottish GDP (including a geographical share of North Sea Oil) grew by 0.7%. The UK also grew by 0.7% over the same period.
- Since 2013 Q4, Scottish GDP fell by -0.7%. In comparison, the UK's grew by 4.3%. This differential reflects the relative importance of the fall in the value of North Sea related output to Scotland as against to the UK.

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

- For 2014 as a whole, Scottish growth was 0.2% over the previous year. In comparison the UK's growth was 4.6%.

#### GDP per capita levels

- As the latest publication by the Scottish government notes, this is the most widely used indicator for international comparisons of economic strength or wealth.
- Scottish GDP per capita for 2014 was £28,570, a fall of -0.2% on the previous year.
- Although the UK figure rose by just over £1,000, to £27,770, in comparison to the UK, Scotland remains 3% higher in 2014 (having fallen from a peak of almost 15% in 2008).

## Tax revenue levels

- Scottish public sector tax revenues in Q4 were 3.6% higher than a year ago. While North Sea revenues fell considerably, this was more than compensated for by a rise in non North Sea taxes, in particular higher receipts from ‘Interest and Dividends from Private Sector and Abroad’.
- In comparison, for the UK, tax receipts were almost 8% higher than a year ago. Again, the disparity with Scotland reflects the relative importance of the fall in North Sea related tax revenues to Scotland.

## **Longer term changes**

### Since 1998

- The average annual growth rate for **cash terms** Scottish GDP to 2014 is 3.9%. For the UK the equivalent figure is 4.2%.
- In terms GDP per capita the Scottish annual growth rate has been 3.6%, the same as the UK’s.

### Since 2008

- The average annual growth rate for **cash terms** Scottish GDP to 2014 is 0.7%. The UK meanwhile has grown by 2.8% since its previous peak.
- In terms GDP per capita the Scottish annual growth rate has been 0.25%, while for the UK it is 2.1%.

Note 1: Unlike real terms GDP, published data for cash terms GDP for Scotland includes a geographic share of North Sea activity.

Note 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. 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 rather than the growth rates.

## **Quotes:**

### **John McLaren:**

*“While Scotland’s onshore economy continues to improve, in terms of a higher value of output, its offshore economy has been in rapid decline recently, due to falling oil prices.*

*However, despite commensurate falls in Scottish tax receipts as a result of falling offshore tax receipts, onshore tax receipts have been rising at a fast enough pace to more than overcome this, although not at the same pace as seen for the UK as a whole.”*

**Table 1: comparisons for cash terms GDP: Scotland and the UK**

				<b>% change (unless otherwise stated)</b>		
		<b>Scotland</b>	<b>UK</b>			<b>Difference</b>
<b>Short term GDP changes</b>						
On previous quarter (2014 Q3)		0.7	0.7			0
On previous year (2013 Q4)		-0.7	4.3			-5.0
<b>GDP per capita (£)</b>						
Level 2014		28,570	27,770			800
Change on 2013		-55	1,047			1,102
<b>Longer term (annual average)</b>						
Since 1998	- GDP	3.9	4.2			-0.3
	- GDP per capita	3.6	3.6			0
Since 2008	- GDP	0.7	2.8			-2.1
	- GDP per capita	0.25	2.1			-1.85

Sources: Scottish Government SNAP release (May 2015).



### **Contact details**

John McLaren m: 07429 508 596  
e: [john.mclaren@btinternet.com](mailto:john.mclaren@btinternet.com)

Jo Armstrong e: [jo@jo-armstrong.co.uk](mailto:jo@jo-armstrong.co.uk)

### **Charity details**

Fiscal Affairs Scotland SCIO  
SC044827

Website [fiscalaffairsscotland.co.uk](http://fiscalaffairsscotland.co.uk)