

Along with the fun of buying new school shoes, August as usual will see the annual publication of the [GERS](#) statistics. GERS is scheduled for publication at 9.30 on Wednesday 21st August 2019.

Especially given the current environment, it will spark a frenzied debate about Scotland's finances and the prospects for constitutional change. Here's a quick summary of the main points to address the main claims usually made about GERS:

1. For info on how GERS is produced, who produces it and also a counter to some of the odd theories that surround its publication, please see [here](#).
2. Some people will argue that because GERS relies - in part - on estimation it is discredited. See [here](#) for why this is a red herring.
3. Will the numbers change if you make different reasonable assumptions about the bits of GERS that are estimated? In short, [no](#).
4. If you have any more questions about how revenues and spending are compiled in GERS, the SG publish a very helpful [FAQs page](#), including dealing with issues around company headquarters and the whisky industry.
5. Is Scotland unique? No, as the [ONS have shown](#), outside of London and surrounding areas, most parts of the UK are estimated to raise less revenue than is spent on their behalf. Last month, Cardiff University's Welsh Governance Centre published estimates of the fiscal balance of Wales, finding an estimated deficit of £13.7bn or 19.4% of Welsh GDP. This does of course lead to some important questions about the balance of economic activity in the UK - see [here](#) and [here](#).
6. What does it say about independence? Setting aside the noise that will no doubt accompany GERS next week, there are essentially two key issues:
 - GERS takes the current constitutional settlement as given. If the very purpose of independence is to take different choices about the type of economy and society that we live in, then a set of accounts based upon the world today will tell us little about the *long-term* finances of an independent Scotland.
 - But GERS does provide a pretty accurate picture of where Scotland is in 2019. In doing so - and as the [Growth Commission acknowledged](#) in 2018 - it sets the starting point for a discussion about the immediate choices, opportunities and challenges that need to be addressed by those advocating new fiscal arrangements. And here the challenge is stark, with a likely deficit far in excess of the UK as a whole, other comparable countries or that which is deemed to be sustainable in the long-term.
7. Those making political points on the back of GERS are likely to highlight one or two key points that support their narrative - e.g. the growth in revenues on last year (but

at the same time ignoring spending) or the scale of the deficit (but ignoring the position outside of London and the SE).

8. Given the political way in which GERS is used, it has been at the forefront of recent debates about the privileged access that Scottish Ministers will have to the numbers before everyone else (including opposition MSPs). We struggle to see the upside of Ministers being granted privileged access to GERS, while there is a chance it could damage trust in the statistics.

What might change in the figures this year?

On the whole, the GERS figures are not likely to change hugely this year.

Scotland will have a larger estimated net fiscal deficit than the UK, although both figures are likely to improve compared to last year.

GERS is likely to show that revenues raised in Scotland are less than the UK average (to the tune of around £500-600 per head): but that spending per head in Scotland is *significantly* above the UK average (probably around £1,600 per head).

One thing to watch for, and as we mentioned on our blog [last year](#) and also the topic of recent heated [debates on the fiscal framework](#), we expect that the Scottish Government will need to incorporate a revision to the time series of income tax revenues based on the administrative data published for the last two years by HMRC. This will lead to a worsening in both the revenue series and the net fiscal balance. This could be around a £400-500 million adjustment backdated over a number of years.

Look out for our blog next week when the figures are released.