

Whatever GERS reports today it's important to remember ..

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Today is what is known as GERS day in Scotland. This means it is the day when the [Government Expenditure and Revenue Scotland](#) statement is published. This one will relate to the last financial year.

It is important to remember that this data is now published by the Scottish government. It was not always. It began life in the early 1990s as a deliberate exercise to supposedly prove that Scotland was not a viable independent state. Now [the Scottish government says of it](#):

The aim of GERS is to enhance public understanding of fiscal issues in Scotland. The primary objective is to estimate a set of public sector accounts for Scotland through detailed analysis of official UK and Scottish Government finance statistics. GERS estimates the contribution of revenue raised in Scotland toward the goods and services provided for the benefit of the people of Scotland. The report is designed to allow users to understand and analyse Scotland's fiscal position under different scenarios.

GERS captures the entire public sector in Scotland and includes activity by each of the constituent sub-sectors of the public sector: central government, local government and public corporations. In addition to providing an analysis of aggregate expenditure and revenue, the report contains a detailed breakdown according to individual expenditure and revenue components.

That, in my opinion, is a generous interpretation, and in some respects just wrong. I have not seen the data as yet, but I have no doubt that I was right to have created the term CRAp to describe it. That means 'Completely Rubbish Approximations'. And that is what GERS is.

So, before we see anything let me remind those who will get excited by this (and I am sure some graphs will be coming our way) of just why I think this.

First, this was and to some extent remains [a Unionist exercise](#). The short name says it all, and is not, I am sure coincidence. No one puts expenditure ahead of revenue in the name of an accounting document. It was done here for a reason, and it was to make a point that is still repeated. I will treat it with more respect when it is renamed.

Second, this is very largely UK based data. It is simply an extrapolation of that data to Scotland in most cases. And UK data is prepared for UK purposes. The result is that the inherent reporting bias in it, [recently referred to by the Tax Justice Network](#), for example, is not removed. Large amounts of economic value created in Scotland is not reported there as a result.

Third, GERS is not intended to show how an independent Scotland would perform, and does not. For the sake of the independence debate it is almost irrelevant.

Fourth, GERS reflects a lot of spending Scotland would not incur. It would not have a nuclear deterrent, for example.

Fifth, [as I have argued many times](#), the accounting is biased and theoretically utterly flawed. When accounting it is vital that all estimates are prepared consistently and on the same basis. GERS has not been. Income is estimated on the basis of that arising IN Scotland but spending is estimated on the basis of that arising FOR Scotland. So, only taxes paid in Scotland are included. But expenditure in England (mainly), Wales and Northern Ireland is also charged to Scotland when Scotland is deemed to benefit from it. But the tax paid to generate that expenditure is not taken into account. The system is, then, inherently designed to show a deficit. This is why the Scottish government claim about it is wrong.

Sixth, no one really has a clue about the level of Scottish imports and exports, including services, because as yet the data to check these does not exist. And since this data might significantly impact GERS, and any other debate on the Scottish economy, that leaves a gaping hole in the estimates that nothing can fill.

Seventh, even now Scotland has a tax authority we know it is having difficulty identifying Scottish resident people and their tax liabilities. And that is for easy taxes. On VAT, corporation tax and many other taxes the figures are stabs in the dark, especially as much Scottish added value is recorded elsewhere.

In other words, don't get too excited by GERS. I will not be. It's CRAP, however it is polished.