

Funding the Future

Today is GERSday - the day when the Government Expendit.

Published: January 14, 2026, 10:25 am

For the last few years I have been involved in debate on the quality of the Government Expenditure and Revenue Scotland statement. It is how I first got involved in Scottish issues. I realised that the statement was simply wrong. So I said so, with reasons attached.

Today sees the publication of the latest statement. It will be wrong. I gave some reasons why in a Twitter thread this morning:

Richard Murphy @RichardJMurphy · 29m
It's GERS day again in Scotland. That's the day when we go through the annual fiasco of Unionist gloating about accounting that literally does not add up that delivers economic data that makes no attempt to record the reality of what happens in Scotland. Let me explain why....

Richard Murphy @RichardJMurphy · 29m
First, let's remember that GERS was intended to be divisive from the moment it was named, which name was not, I am sure, chosen by chance.

Richard Murphy @RichardJMurphy · 29m
And let's also remember that GERS was originally a Tory 1990s creation designed to suggest that Scotland could never be financially viable. It was never intended to actually show a true picture of Scottish financial affairs.

Richard Murphy @RichardJMurphy · 29m
And even though it's been refined since GERS still has a built in flaw. It shows taxes paid on income in Scotland. But it shows spend for Scotland, even if spent in England. They're not compatible of course. And as a result it compares unlike figures - which is false accounting.

Richard Murphy @RichardJMurphy · 29m
Only showing income in Scotland means tax paid on Scottish originated income recorded outside Scotland, like Scottish rents paid to English landlords, is not in GERS. The same is true of finance: interest paid on Scottish loans is almost always taxed in England. Bias is built in.

Richard Murphy @RichardJMurphy · 29m
And it gets worse, because remember, these rents and interest, and probably quite a lot of profit as well, are simply not recorded in Scotland meaning that when it's said Scotland is poorer than the rUK remember that the stats are designed to show that.

Richard Murphy @RichardJMurphy · 29m
The tax take is also understated for another reason. That's because the tax paid on the 'spend for Scotland' that's actually spent in rUK is not credited to Scotland, even though the cost is charged to it. That just increases the absurdity of GERS.

But it's worse than this. Because as I noted last year, what GERS claims is that Scotland is responsible for most of the UK's deficit:

Table 1 told me most of what you need to know. It shows the net fiscal balances of Scotland and the UK as a whole since 1999. As GERS defines it:

Let me plot this, using the more extended time series data in the supporting files that the GERS web site provides. I have simply compared the two figures for Scotland with the UK as a whole net fiscal balance for each year:

I'll be candid: that makes not one iota of sense. For the record this is the proportion of population of the UK as a whole living in Scotland according to official estimates:

What GERS is asking us to believe is that with 8.2% of the UK population Scotland created between 54% and 60% of the UK deficit last year, depending on the basis used.

Bluntly, this is politically engineered nonsense, and it still astonishes me that the SNP government permit its publication when they know of these criticisms.

But let's see what this morning brings.