

# UNDERSTANDING SCOTLAND

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A NEW SURVEY FOR SCOTLAND

ECONOMY  
December 2021





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# UNDERSTANDING SCOTLAND

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Understanding Scotland is a new quarterly survey tool measuring the most important facets of our lives and decision-making in Scotland: our society, economy, and environment.

This high-quality, large-scale survey tool is brought to you by Diffley Partnership and Charlotte Street Partners.

We are extremely grateful for this inaugural wave's sponsors who have made this exciting new endeavour possible.



# INTRODUCTION

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## ECONOMY - DECEMBER 2021

We are delighted to present this Understanding Scotland report exploring the Scottish population's attitudes to and expectations of the economy.

We begin by asking about practical aspects of the economy and finance, before zooming out to wider attitudes. We capture people's recent experiences and current expectations regarding the economy and personal finance, and the extent to which they are satisfied with their incomes and work-life balance, as well as their wider attitudes towards Scotland's economic model, and how the pandemic has changed these.

We find that people are feeling the financial sting of the pandemic, and are pessimistic about the economic and financial outlook, with evident concern over rising prices. We also find evidence of disaffection with prevailing economic indicators and models - catalysed by the pandemic - and an appetite for a substantially different economic settlement.

Subsequent waves of the survey will monitor changes and trends in this data, and the value and insight of Understanding Scotland will grow exponentially over time, as we track, explain and anticipate long-term shifts and trends.

# UNDERSTANDING SCOTLAND

## THE ECONOMY IN 10 POINTS

This edition of Understanding Scotland brings you insights from over 2,000 members of the adult (16+) Scottish public on some of the most important aspects of our economy.



# 01

## PEOPLE ARE FEELING THE BRUNT OF THE PANDEMIC - IN GENERAL AND IN THEIR POCKETS

3 in 4 people in Scotland believe that general economic conditions are worse now than over the past 12 months, and a third report that their own financial circumstances have deteriorated over the same time frame.

# 02

## AND THEY DON'T EXPECT THINGS TO GET MUCH BETTER SOON

62% anticipate worsening economic conditions over the coming year, and 32% expect their financial situation to deteriorate. Only 15% and 17%, respectively, expect economic conditions and their own finances to get better.

# 03

## THIS HAS EXACERBATED PRE-EXISTING INEQUALITIES

People in the most deprived fifth of communities were 10 percentage points more likely to report a deterioration in their financial circumstances than those in the most affluent areas, while 61% of the unemployed and 52% of the inactive and unable to work have seen their situation worsen.

# 04

## MANY PEOPLE ARE STRUGGLING TO MAKE ENDS MEET

37% of people report that their income is not satisfactorily meeting their costs of living, rising to 50% in the most deprived fifth of neighbourhoods. 81% of people anticipate spending more on utility bills in the coming year, and 59% expect to spend more on food and drink.

05

## WORK-LIFE BALANCE APPEARS WANTING

Less than a third (31%) of people are satisfied with their balance between paid and unpaid commitments, and 22% are dissatisfied. People in the most affluent areas are twice as likely as those in the most deprived areas to be satisfied with their work-life balance.

06

## THE SCOTTISH POPULATION IS SCEPTICAL OF GDP

42% of people in Scotland believe that the pandemic has shown the need to move away from GDP as an indicator of success, with only 14% disagreeing, and 59% believe there is a tension between economic growth and environmental prosperity.

07

## BUT THEY STILL THINK IT'S THE BEST INDICATOR WE HAVE

45% judge that economic growth is the most effective way of improving living standards and wellbeing for the average member of society, with only 26% disagreeing.

08

## MOST PEOPLE THINK THE ECONOMY WORKS IN THE INTERESTS OF BUSINESS, RATHER THAN IN THE INTERESTS OF ORDINARY PEOPLE

62% believe that the economy, as it is currently organised, works primarily in the interests of business. Only 12% saying it works in the interests of most people, while 72% say it does not.

09

## THE PANDEMIC HAS SHAKEN UP PERCEPTIONS AND ASSUMPTIONS

3 in 4 believe that the pandemic has shown the need to re-evaluate who creates real value in the economy, and 62% say it has shown the need to move to a wellbeing economy.

10

## BUT PEOPLE AREN'T OPTIMISTIC ABOUT ITS LONG-TERM IMPACTS

Only 16% of people said that the pandemic would ultimately change the economy for the better, compared to 54% disagreeing.



# ECONOMIC & FINANCIAL OPTIMISM

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Three quarters of the Scottish population believe that economic conditions have worsened over the past year, and 62% believe this downwards trajectory will continue over the coming year. People have felt this in their pockets, with one in three reporting that their own financial circumstances have deteriorated over the same time frame – compared to only one in five reporting an improvement – and 32% expect this to worsen over the coming year.

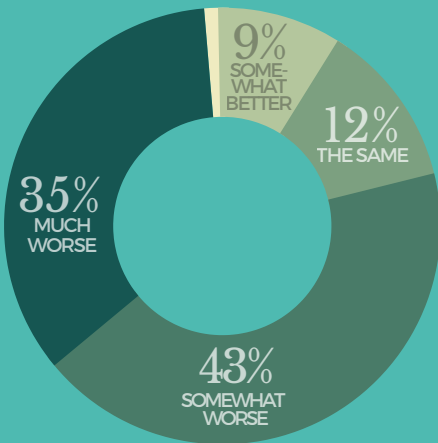
This appears to have aggravated existing inequalities, with people in the most deprived fifth of neighbourhoods ten percentage points more likely to report a deterioration in their personal finances (39%) than those in the most affluent areas (29%).

The unemployed and those inactive and/or unable to work were especially hard hit, with 61% and 52% respectively reporting that their financial circumstances had worsened over the past year.

Young people and students are uniquely optimistic, predicting an overall improvement in their finances.

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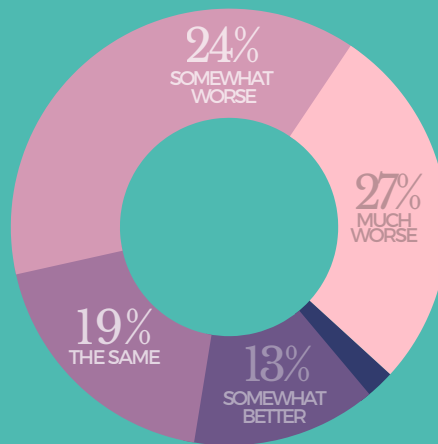




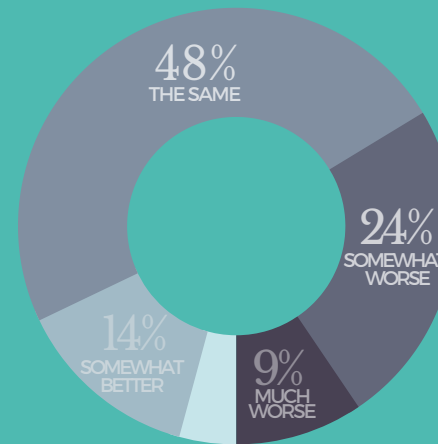
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



Compared to the past 12 months, do you believe that your own financial situation/circumstances are better or worse now?



Compared to now, do you believe that general economic conditions will be better or worse over the next 12 months?



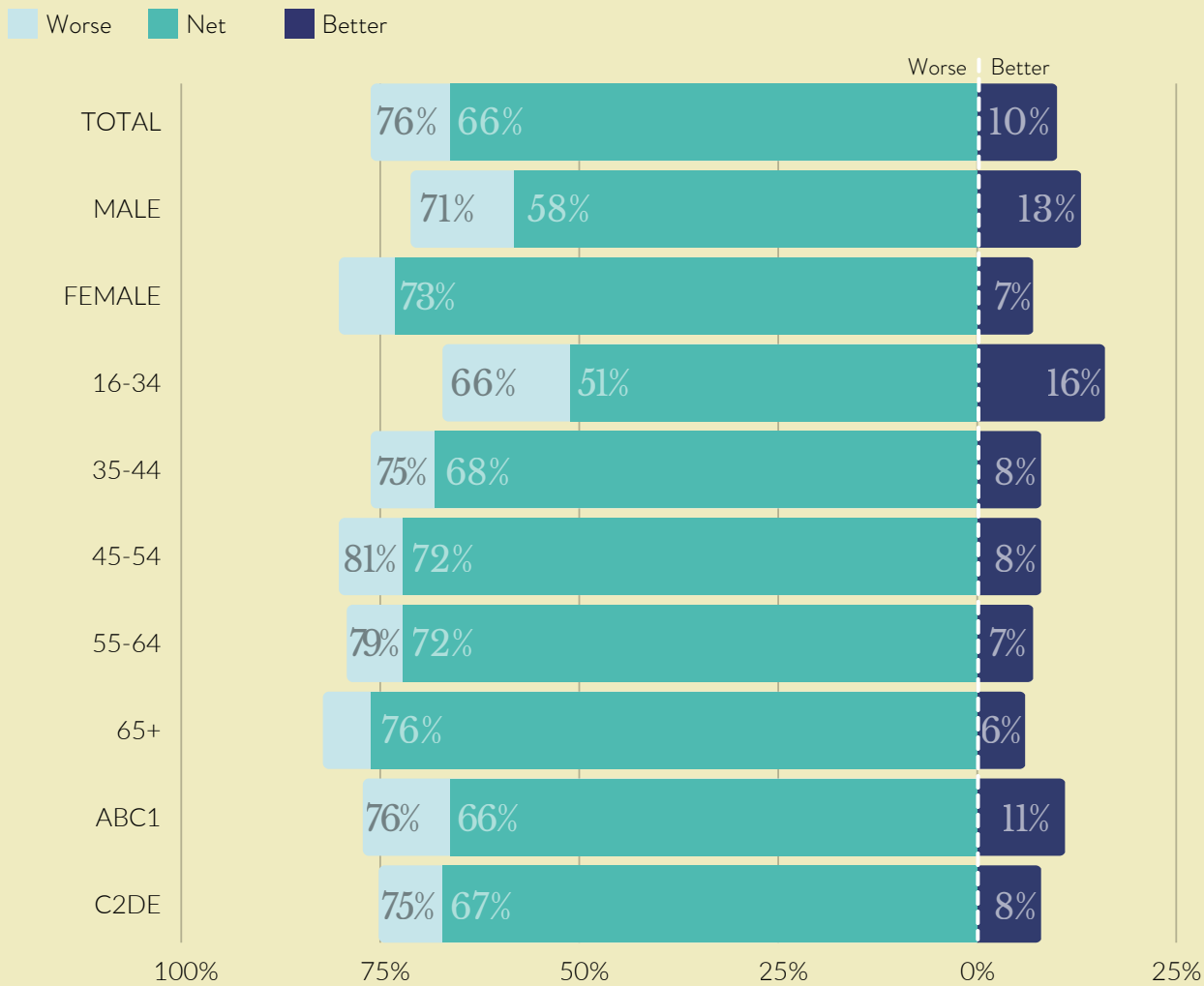
Compared to now, do you believe that your own financial circumstances will be better or worse over the next 12 months?

Don't know answers excluded. In all cases, the smallest sections reflect the proportion of respondents answering 'much better'. Clockwise from top-left, the figures for 'much better' are 1%, 4%, 4% and 2%



## ECONOMIC CIRCUMSTANCES

Proportion of respondents reporting an improvement and/or deterioration in economic conditions in the past year

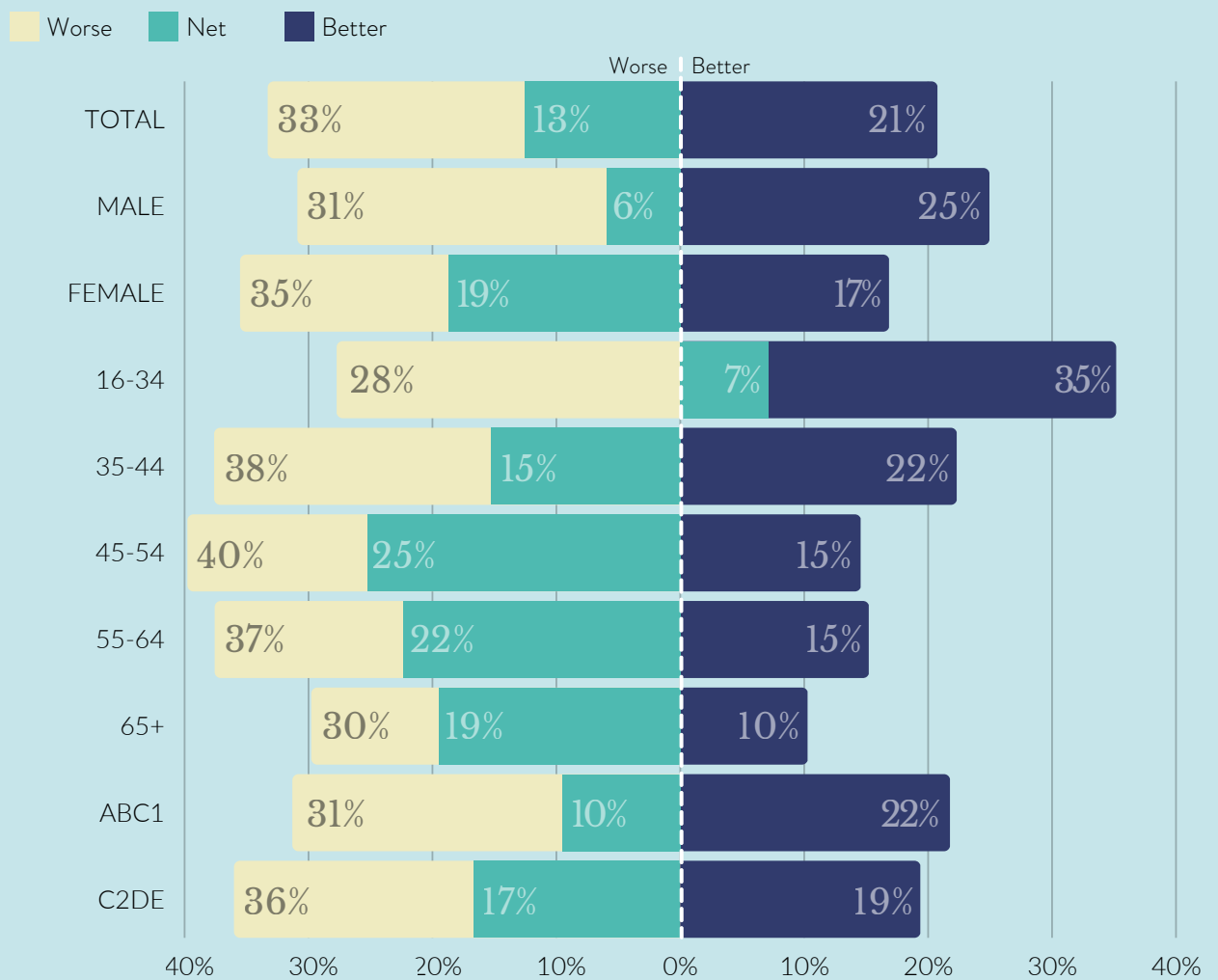


Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



## FINANCIAL CIRCUMSTANCES

*Proportion of respondents reporting an improvement and deterioration in their own financial circumstances in the past year*

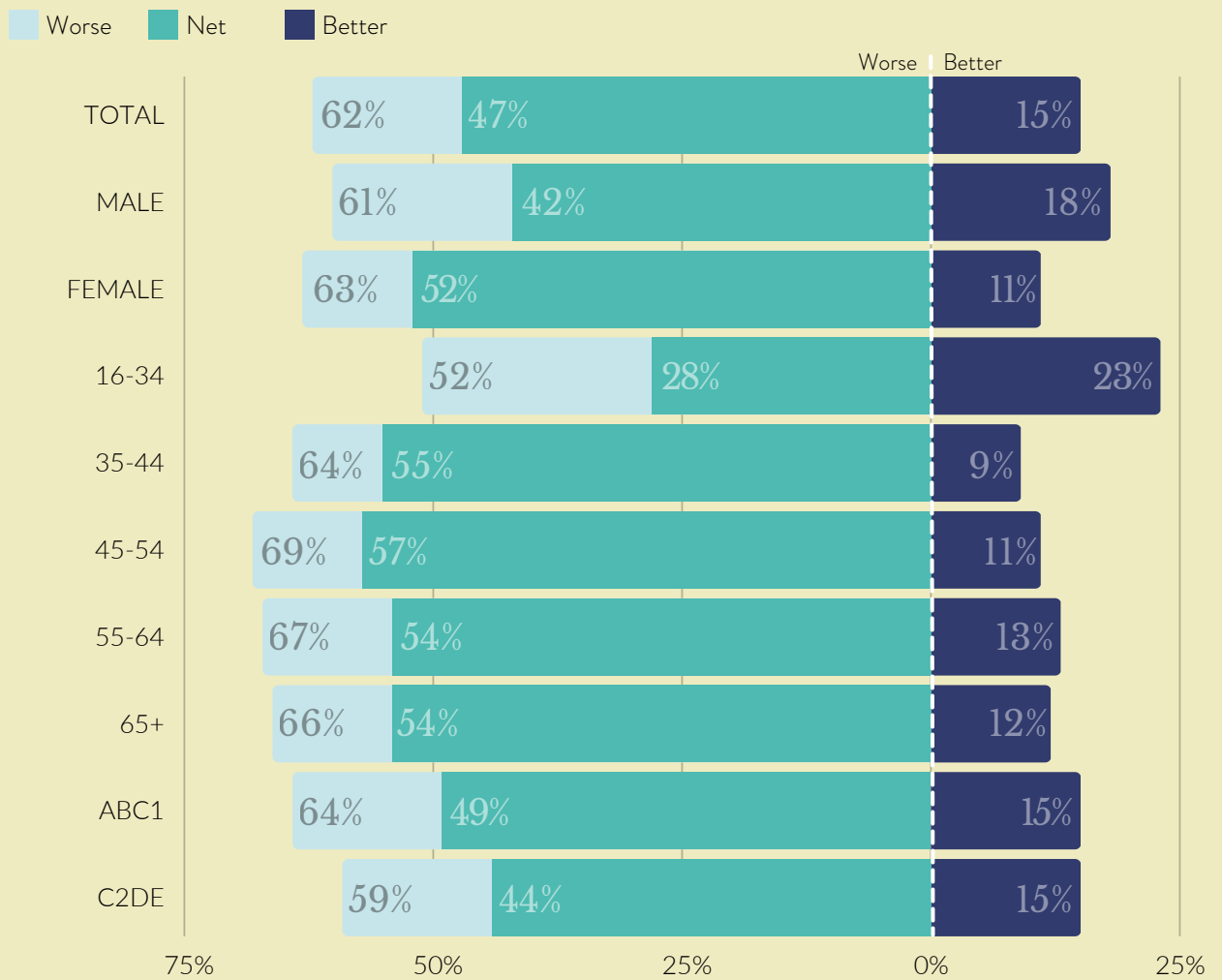


*Compared to the past 12 months, do you believe that your own financial situation/circumstances are better or worse now?*

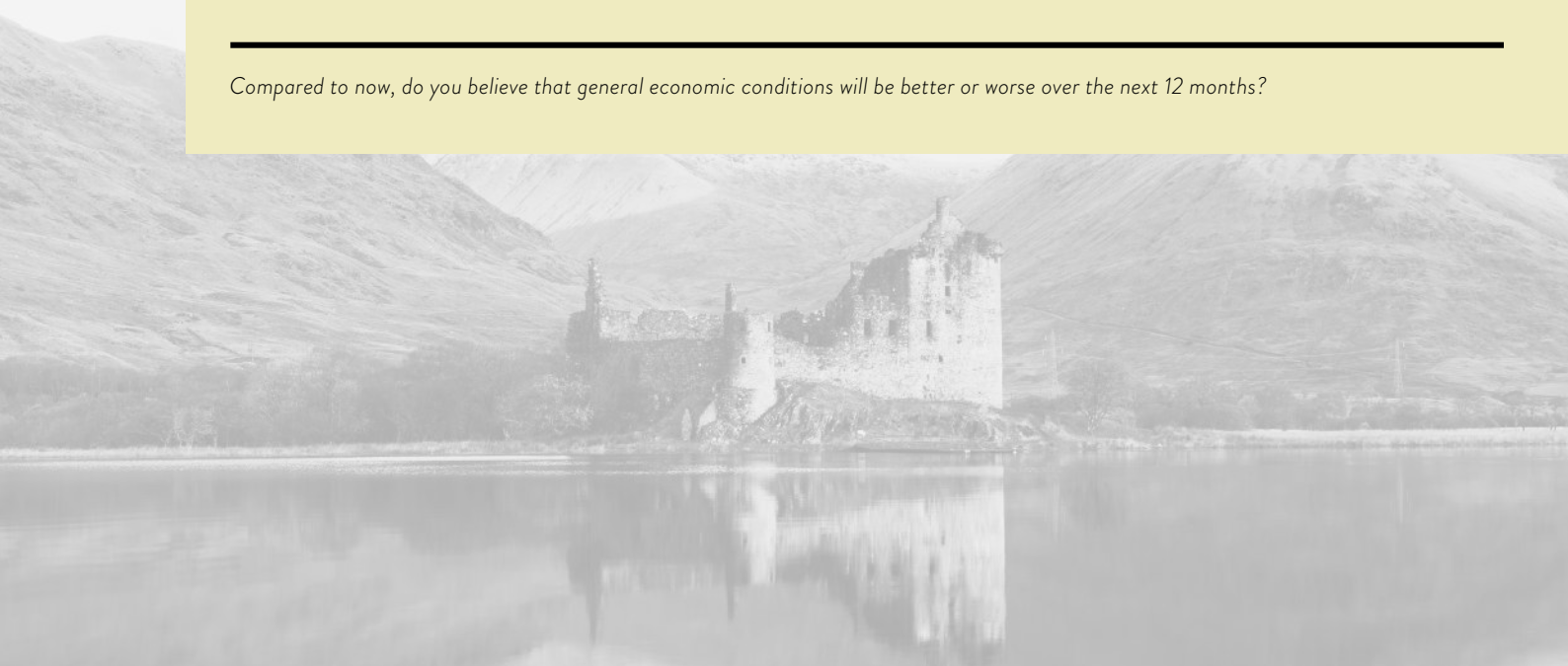


## ECONOMIC OPTIMISM

Proportion of respondents predicting that economic conditions will be better or worse over the next year

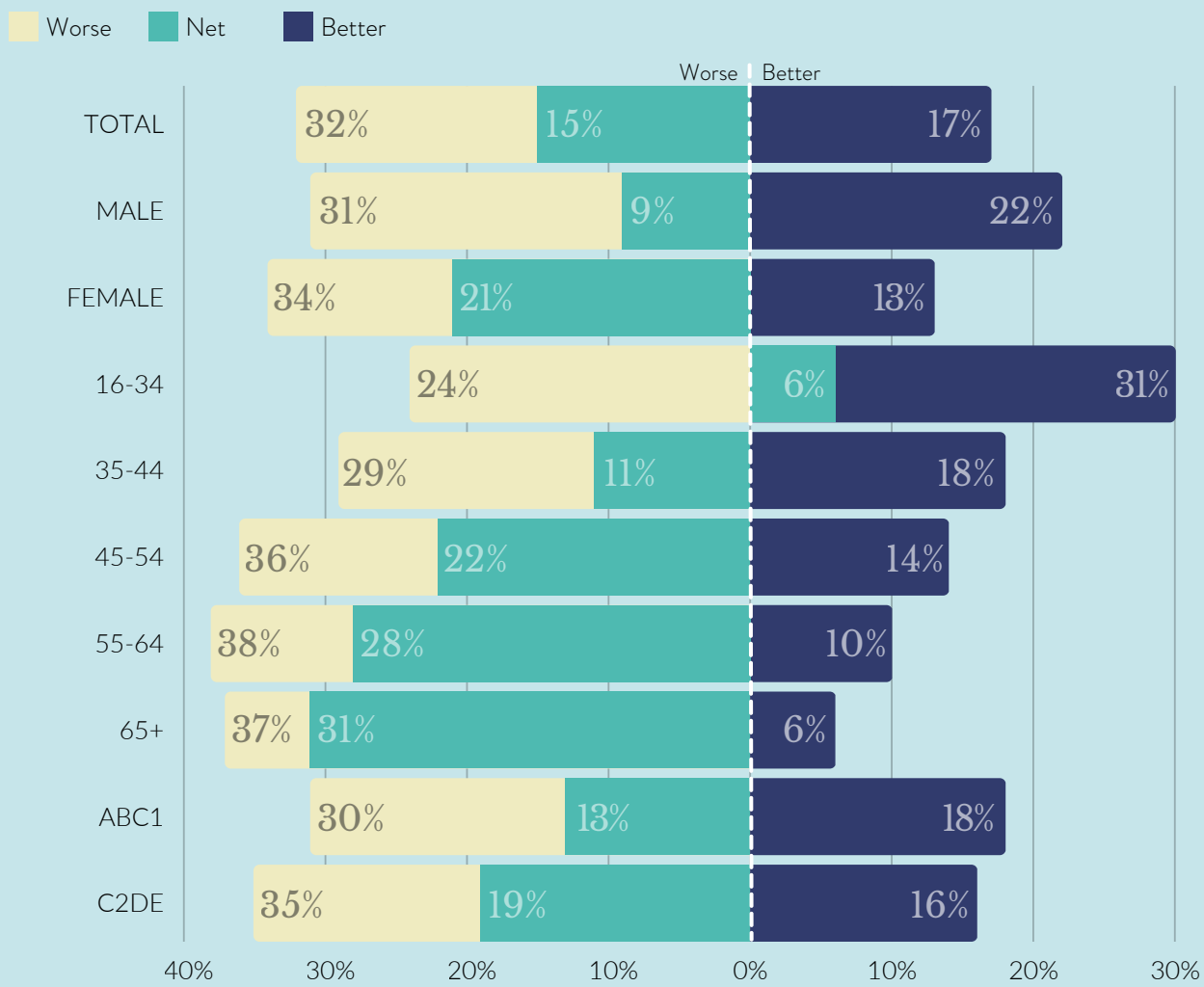


Compared to now, do you believe that general economic conditions will be better or worse over the next 12 months?



## FINANCIAL OPTIMISM

Proportion of respondents saying they expect their own financial circumstances to get better or worse over the next year



Compared to now, do you believe that your own financial circumstances will be better or worse over the next 12 months?



## BUYING INTENTIONS

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All given items saw respondents report an overall intention to increase their spending.

Consumers anticipated a sharp rise in household utilities bills, with half of all respondents (49%) expecting to spend much more on these over the coming year. Overall, 81% expected to spend more on these, as did 59% on food and drink, and 53% on housing costs. Only 3% expected to spend less on utility bills.

While all items saw a net increase in spending predicted, certain items – largely more luxury goods – saw significantly smaller increases.

20% intended to spend less on holidays outside the UK (of which 15% intended to spend much less), 22% expected to spend less on leisure and culture, and 25% on restaurants and hotels.

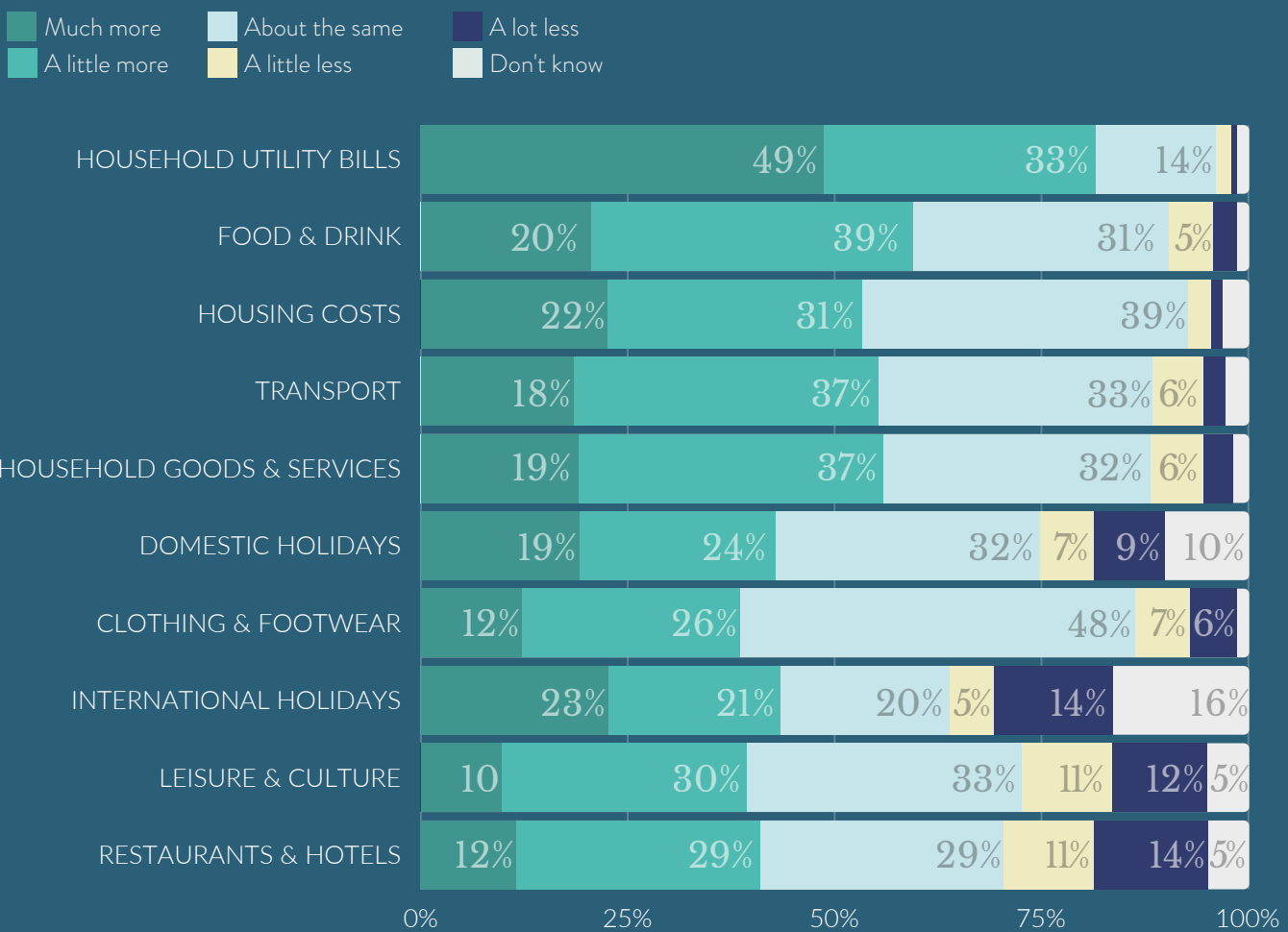
People living in more deprived neighbourhoods expected to rein in their spending on such goods particularly sharply. For instance, 27% of respondents in the most deprived areas expected to reduce their spending on hospitality, compared to 19% in the most affluent areas, and 18% of the former group expected to spend much less, compared to only 8% of the latter group.

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## BUYING INTENTIONS

Proportion of respondents saying that they will spend more and less on given items



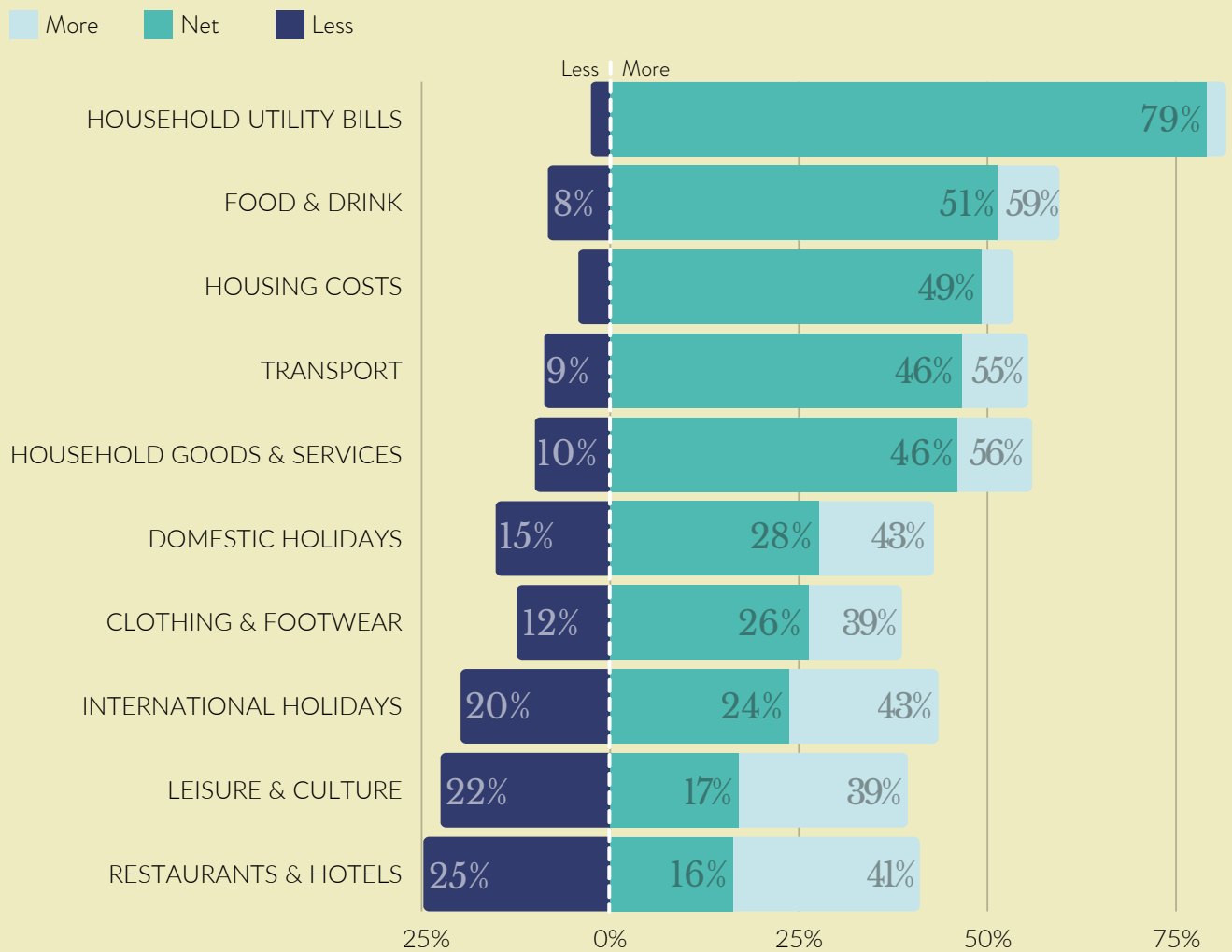
Do you expect to spend more money or less money over the next 12 months compared to this year on [...]





## BUYING INTENTIONS

Proportion of respondents saying that they will spend more and less on given items



Do you expect to spend more money or less money over the next 12 months compared to this year [...]

## SATISFACTION: INCOME LEVELS

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A plurality of the Scottish population are satisfied with the level of their income (42%), compared to 36% who are dissatisfied. However, while those who are satisfied narrowly outnumber those who are dissatisfied, the strength of feeling leans in the other direction: only 7% are very satisfied while 11% are very dissatisfied.

There are stark socioeconomic inequalities, with half (49%) of ABC1 respondents satisfied with their income level, compared to less than a third (32%) of C2DE respondents. 54% of those in the most affluent fifth of neighbourhoods were satisfied, compared to 32% in the most deprived, and almost half (46%) of the latter were dissatisfied with their income.

Only 8% and 14% respectively of the unemployed and inactive were satisfied, with 74% and 55% dissatisfied. Of those carrying out domestic and caring work, 24% were satisfied, with 50% dissatisfied. Those in full time employment and the retired were the most satisfied with their income levels, at 49% and 48% respectively.

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## SATISFACTION: COSTS OF LIVING

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A plurality of the Scottish population is satisfied with the extent to which their income covers their cost of living (40%), though this is almost matched by the 37% who are dissatisfied.

Older respondents were more likely to be satisfied (48%) and significantly less likely to be dissatisfied (29%), while other age brackets were, in general, more evenly split on the issue.

While male respondents were not markedly more likely to feel satisfied with their income levels, they were 8 percentage points more likely to be satisfied regarding meeting the costs of living.

There are, again, considerable socioeconomic inequalities. In the most deprived fifth of neighbourhoods, 50% were dissatisfied and only 28% satisfied with their income covering the cost of living, whereas 51% in the most affluent neighbourhoods were satisfied. Among the unemployed, 75% were dissatisfied and only 9% satisfied.

Geographically, respondents in Central Scotland and Glasgow were struggling most to keep pace with the costs of living, while those in Lothian and Mid Scotland/Fife were most comfortable.

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## SATISFACTION: WORK-LIFE BALANCE

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Overall, a smaller proportion of the population is satisfied with its work-life balance than with its income or with meeting the cost of living, though a smaller proportion is also dissatisfied. Just under a third (31%) of people are satisfied with their balance between paid and unpaid commitments, with 35% neither satisfied nor dissatisfied, and 22% dissatisfied.

There were stark socioeconomic inequalities within this, with those in the most affluent areas twice as likely as those in the most deprived areas to be satisfied with their work-life balance. In these most deprived neighbourhoods, 30% were dissatisfied with their work-life balance, and only 21% satisfied.

Employment also appears to relate closely to work-life balance. Students and the retired were more likely to be satisfied with their work-life balance, with 38% and 37% respectively reporting satisfaction. Students, however, were more likely than the general population to be dissatisfied (26%), while retirees were among the least likely to say so (13%). This fell slightly among those in full-time and part-time employment, approximately a third of whom were broadly satisfied.

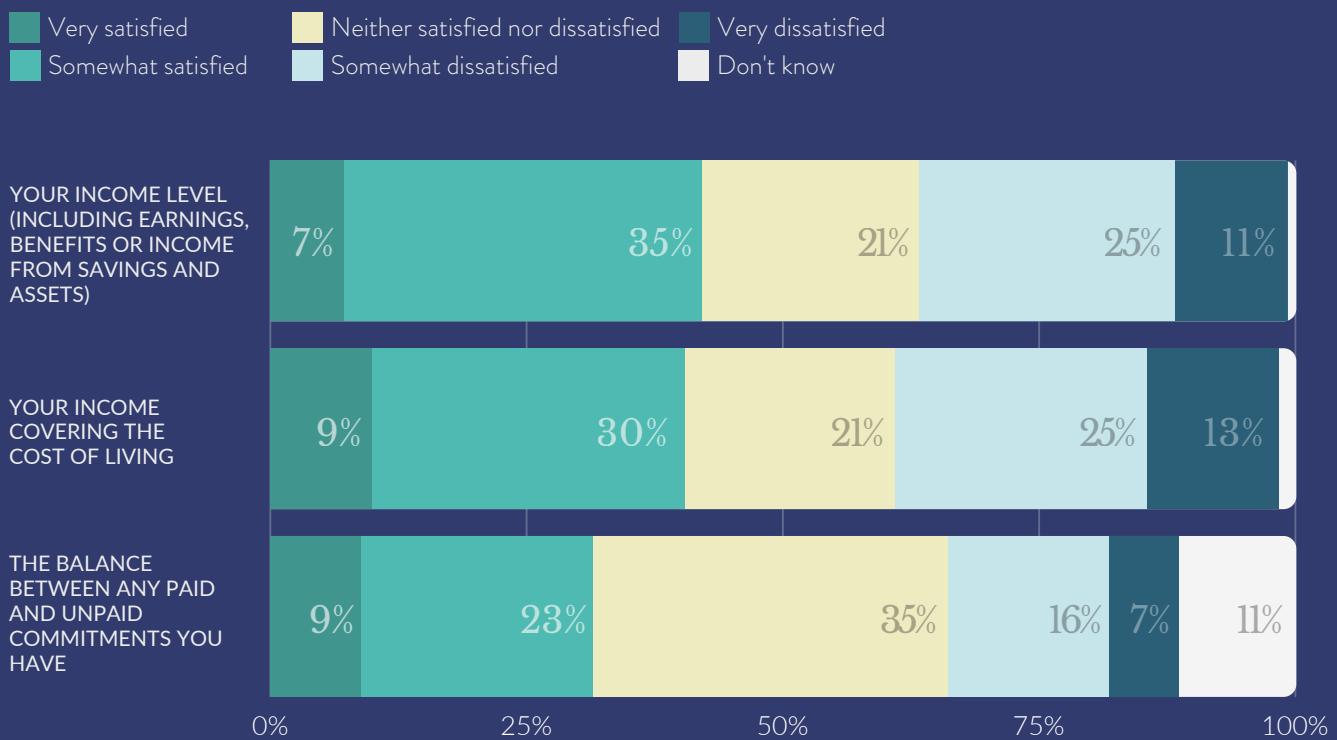
The self-employed were evenly split on the matter, with 28% satisfied and the same proportion dissatisfied. This group, however, was twice as likely as the general population to be very dissatisfied' with their work-life balance.

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## WORK AND INCOME SATISFACTION

*Proportions of respondents reporting satisfaction and dissatisfaction with their income levels and adequacy, and their work-life balance*



*How satisfied are you with the following?*



## IMPACTS OF THE PANDEMIC ON ECONOMIC ATTITUDES

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There was a broad consensus across the population that the pandemic should spur a re-evaluation of our economic preconceptions and indicators, though there was little optimism that it would actually change the economy for the better. While 16% believed it would do so, 56% did not.

Younger people were more likely than other age brackets to be optimistic about the long-term impacts of the pandemic, with 19% suggesting it will change the economy for the better, though an outright majority (52%) still disagreed. Students were most likely overall to agree (27%) while the unemployed were among the least likely (9%).

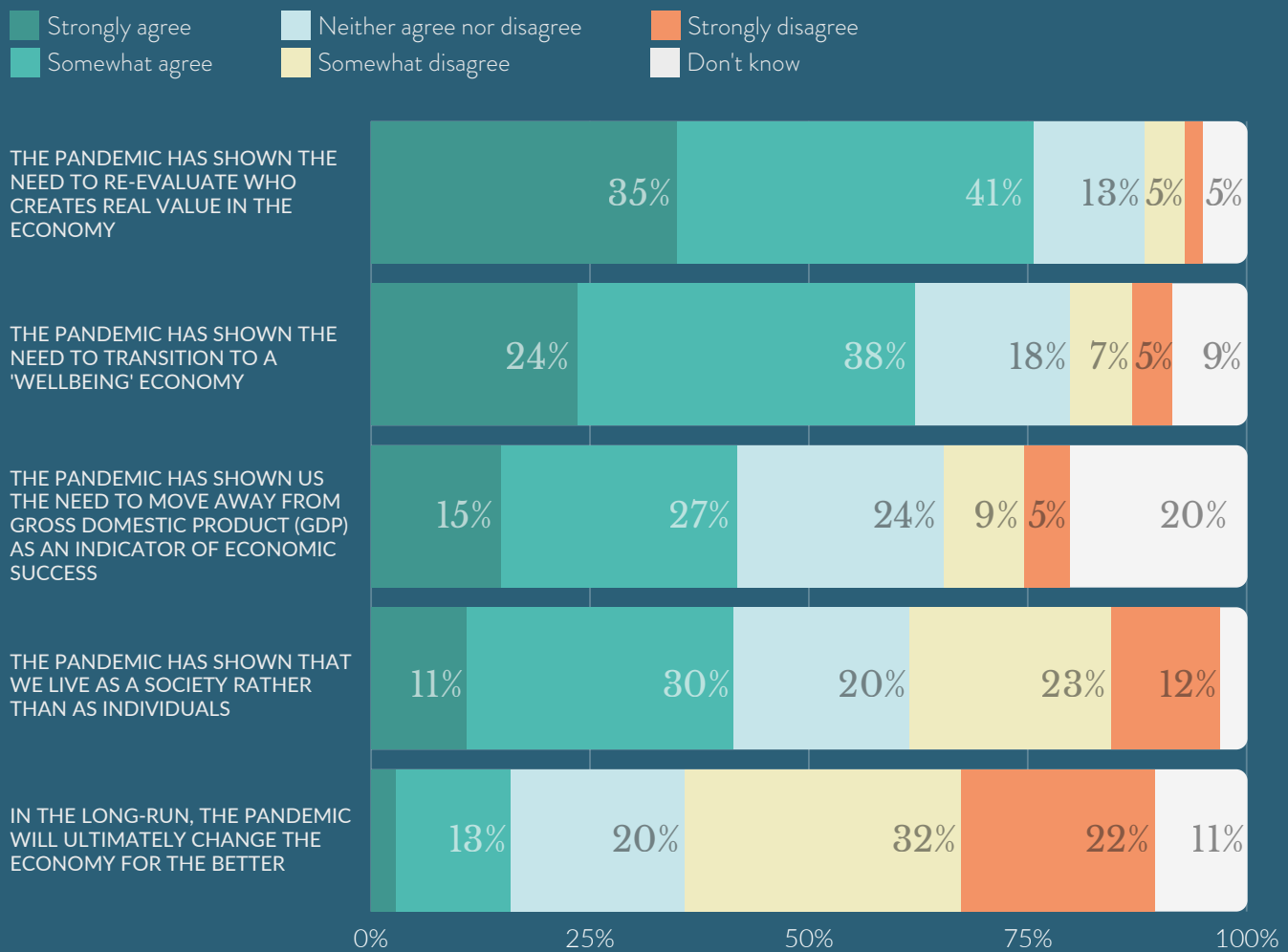
Younger age brackets were more likely to express scepticism at GDP as an economic indicator, especially those aged 35-44, 50% of whom agreed that the pandemic had revealed its inadequacies. Those with a degree were also more likely to agree that we should move away from GDP (48%), while those with no qualifications were least likely to agree (26%). Those in the most deprived areas were more likely to agree (45%) than those in most affluent (37%), and were half as likely as the general population to disagree.

Younger age brackets were more likely to support a transition to a wellbeing economy with two thirds (65%) of under 45s expressing support. The inactive and those unable to work were most likely to support this (71%), followed by those carrying out domestic/caring work (65%). Again, the unemployed were less inclined to agree, though a plurality still agreed (40%) with only 30% disagreeing.

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## ATTITUDINAL IMPACTS OF THE PANDEMIC

*Proportions of respondents agreeing and disagreeing with the following statements about the pandemic and the economy*



*To what extent do you agree or disagree with the following statements?*



## PERCEPTIONS OF SCOTLAND'S ECONOMIC MODEL

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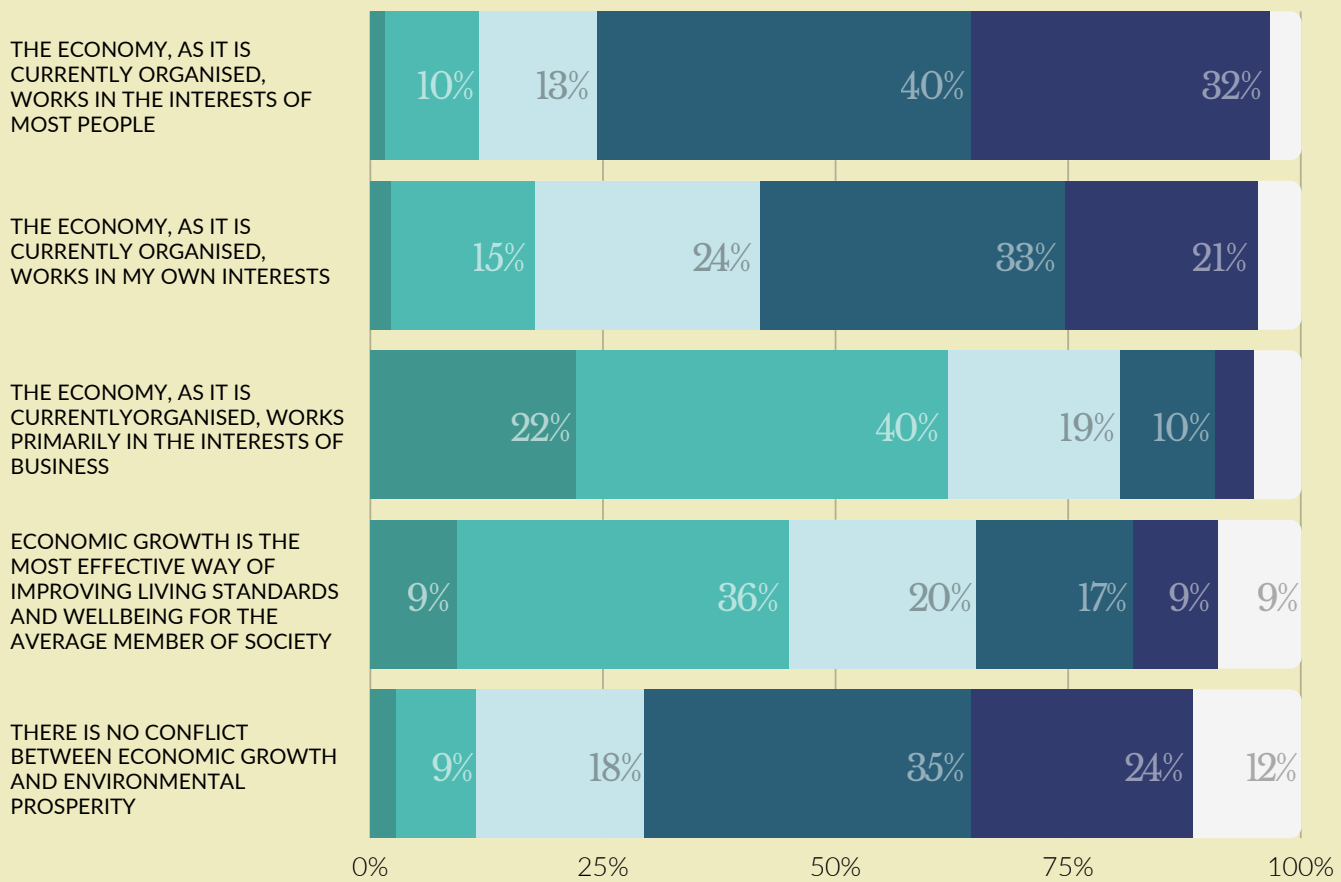
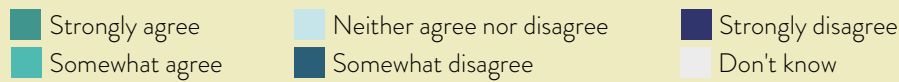
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## ATTITUDES TO THE ECONOMY

*Proportions of respondents agreeing and disagreeing with the following statements about the pandemic and the economy*



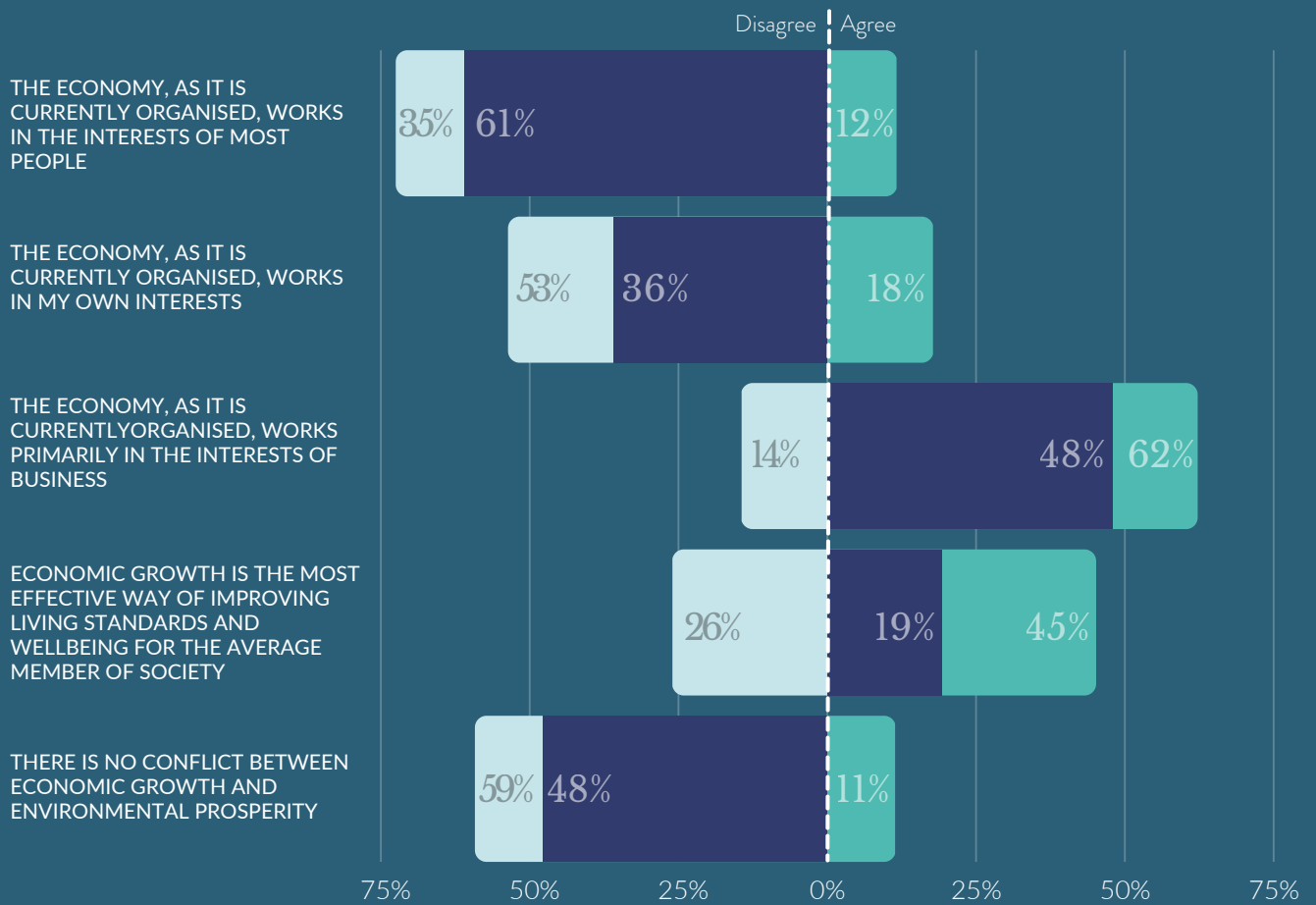
*To what extent do you agree or disagree with the following statements?*



## ATTITUDES TO THE ECONOMY

*Proportions of respondents agreeing and disagreeing with the following statements about the economy*

■ Agree   
 ■ Net   
 ■ Disagree



*To what extent do you agree or disagree with the following statements?*





## TECHNICAL DETAILS

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The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 29th September - 1st October, and received 2,203 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population by age and gender.



## FIND OUT MORE

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To explore the results for yourself, visit our website [here](#), and register for exclusive updates and a quarterly bulletin [here](#).

If you are interested in having your own questions asked and answered in future waves of Understanding Scotland, email us at [contact@understanding-scotland.co.uk](mailto:contact@understanding-scotland.co.uk)





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