



UNDERSTANDING SCOTLAND

A NEW SURVEY FOR SCOTLAND

ECONOMY

May 2023



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UNDERSTANDING SCOTLAND

Understanding Scotland is a 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.

Understanding Scotland: Economy is produced in partnership with the David Hume Institute*.



*Registered Charity Number SC009579

INTRODUCTION

ECONOMY - MAY 2023

Our latest Understanding Scotland: Economy report continues to shine a light on people's attitudes to the economy and their concerns about the cost of living.

While levels of pessimism about the economy and individual financial circumstances have marginally improved in the last three months, there is continuing, and considerable hardship being experienced by many Scots.

The priorities of Scots remain consistent with previous waves; healthcare and the NHS remains the top priority, closely followed by the cost of living and inflation.

However, the issue of trust in politics has risen as a priority among Scots and is now in the top five of all issues, with 18% including the issue in their top three priorities.

There continues to be widespread concern among Scots that economic conditions and individual financial circumstances are worse than 12 months ago and will be worse again in 12 months' time. Although the majority of people remain pessimistic about whether these conditions will improve over the next 12 months, the depth of the pessimism has reduced very slightly. Whether this translates into optimism or the acceptance of a new normal in economic terms will be something to monitor in coming waves.

In line with previous waves of Understanding Scotland, we find that the impact of the economic crisis is being felt disproportionately across the population, with younger people and those living in Scotland's most deprived communities being the most likely to report significant negative impacts. With many people in these groups turning to high cost borrowing options for everyday essentials, they are likely to be accumulating substantial debt which will affect their lives for many years to come.

This report explores these, and other economy related issues as we continue to monitor and analyse how the public is thinking and behaving during these uncertain times.



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 the most important aspects of our society and economy.



01 A MAJORITY OF SCOTS THINK THAT SCOTLAND IS HEADING IN THE WRONG DIRECTION.

58% of Scots feel that things in Scotland are heading in the wrong direction. This is the highest on record and is the fifth consecutive wave in which this figure has increased. A record low proportion (24%) think that Scotland is moving in the right direction.

02 THE PUBLIC CONTINUES TO FEEL THAT GENERAL ECONOMIC CONDITIONS ARE WORSE THAN A YEAR AGO...

More than eight in ten Scots (84%) think that economic conditions are worse than they were a year ago. This is marginally lower than the 88% figure reported in February 2023 and a significant decrease from the 94% figure reported in November 2022.

03 ...AND THAT THEIR PERSONAL FINANCES HAVE WORSENERD.

Six in ten (60%) Scots believe that their own personal financial situation has got worse in the last 12 months, down from 63% in February 2023.

04 MOST SCOTS DON'T EXPECT AN IMPROVEMENT.

The majority of people remain pessimistic about the way in which general and personal economic conditions will change over the next 12 months. Less than 1 in 10 (9%) predict that general economic conditions will be better, and only 13% expect their own financial circumstances to improve, in the next 12 months. Nearly half (45%) think that they will be worse off in 12 months' time.

- 05 PESSIMISM IS SLIGHTLY DOWN, BUT OPTIMISM ISN'T RISING.**
 Across indicators, the proportion of Scots that believe general and personal economic conditions will get worse has dropped for the second consecutive wave, from 66% to 62% for general conditions and from 48% to 45% for personal finances. However, more Scots are predicting that conditions will remain the same, rather than improve.
- 06 PEOPLE REMAIN DISSATISFIED WITH THE ADEQUACY OF THEIR INCOME.**
 The majority of people report being dissatisfied with their income covering the cost of living (56%) while one in four (25%) report being satisfied that their income covers the cost of living. This level of dissatisfaction is followed closely by dissatisfaction with income level in general (43%) and people's ability to meet their household bills (43%). The time series data demonstrates that work and income satisfaction levels have remained relatively stable since the last point of data collection in February 2023.
- 07 WE ARE CONTINUING TO CUT BACK SPENDING.**
 Two-thirds of people (66%) report cutting down on non-essential purchases. In addition to this, significant proportions of people continue to put less money into their savings (46%), reduce charity donations (45%), take money out of savings to cover higher costs (42%), use a credit card for purchases that they wouldn't usually (24%) and use buy now pay later schemes to cover spending (19%). Turning to high-cost borrowing options for everyday essentials, they are likely to be accumulating substantial debt which will affect their lives for many years to come.
- 08 THE COST OF LIVING CONTINUES TO DOMINATE ECONOMIC PRIORITIES...**
 Overall, the public's economic priorities have remained stable with over two-third of Scots citing the cost of living and inflation (69%) among their top economic priorities. This is the highest prevalence of a priority ever recorded in the Understanding Scotland series. The public also continues to emphasise living standards and wages (42%), poverty (31%), spending on public services (24%), and managing public finances (22%) as top issues for the Scottish economy.
- 09 ...AND HEALTHCARE AND THE COST OF LIVING REMAIN TOP OF THE AGENDA.**
 Healthcare and the cost of living continue to dominate public priorities, separated by one percentage point with 47% of Scottish adults citing healthcare and the NHS (down from 52% in February) as one of the top three issues facing Scotland and 46% citing the cost of living.
- 10 TRUST IN POLITICS IS GROWING AS A PRIORITY ISSUE.**
 More Scots are stating that trust in politics is an important issue facing Scotland, rising from 15% citing this as one of the top three issues facing Scotland in February to 18% in May 2023. The equivalent figure for May 2022 was 13%.

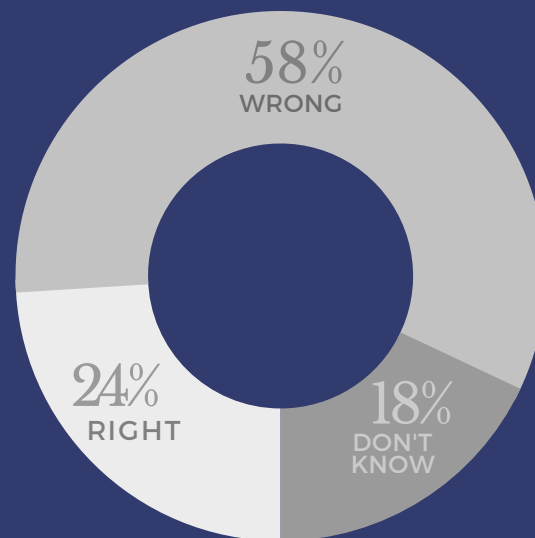
SCOTLAND'S DIRECTION OF TRAVEL

Over half of Scots (58%) believe that things in Scotland are heading in the wrong direction. This figure represents a small increase in discontent from February, where 55% of Scots said the same. This has now increased by 15 percentage points since May 2022 (43%).

Correspondingly, the percentage of people that believe Scotland is heading in the right direction has continued to fall, recorded at just under 1 in 4 individuals (24%).

Those aged 45 and over are significantly more likely to think that Scotland is moving in the wrong direction compared to the youngest respondents (aged 16-34).

Men in Scotland are also more likely to believe that Scotland is moving in the wrong direction (61%) compared to women (54%).

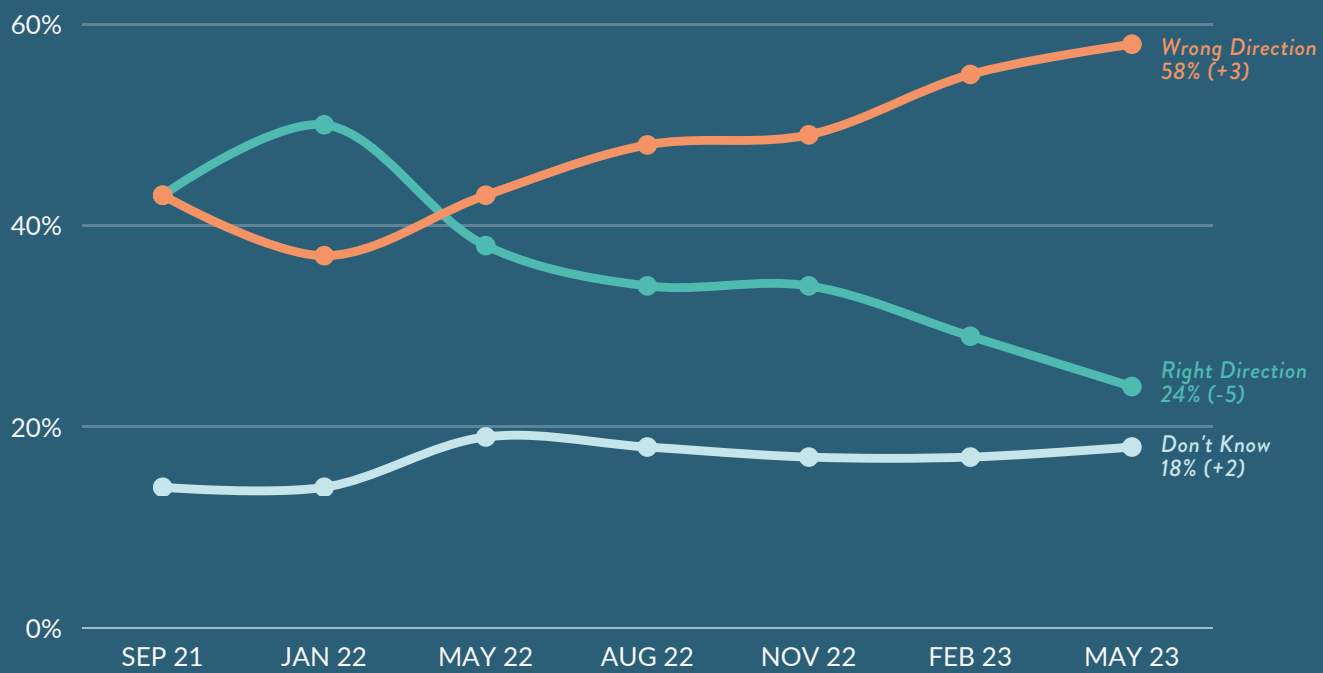


Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?



SCOTLAND'S DIRECTION OF TRAVEL

Proportion of people saying that things in Scotland are going in the right and wrong direction



Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?
Brackets show change from February 2023



PUBLIC PRIORITIES

Healthcare and the cost of living continue to dominate public priorities, separated by one percentage point. Healthcare and the NHS has fallen by five percentage points from February, with 47% of Scottish adults citing this as one of the top three issues facing Scotland. In contrast, cost of living and inflation has risen by one percentage point over the rate recorded in February, with 46% of individuals identifying this as a top issue in Scotland.

As in previous waves, Scots prioritise a variety of issues, with 10 other categories across economic and social issues reported by over 10% of the Scottish public. Most of these issues evidence little change in prevalence from February. However, more of the public are stating that trust in politics is an important issue facing Scotland, rising from 15% in February to 18% in May 2023.

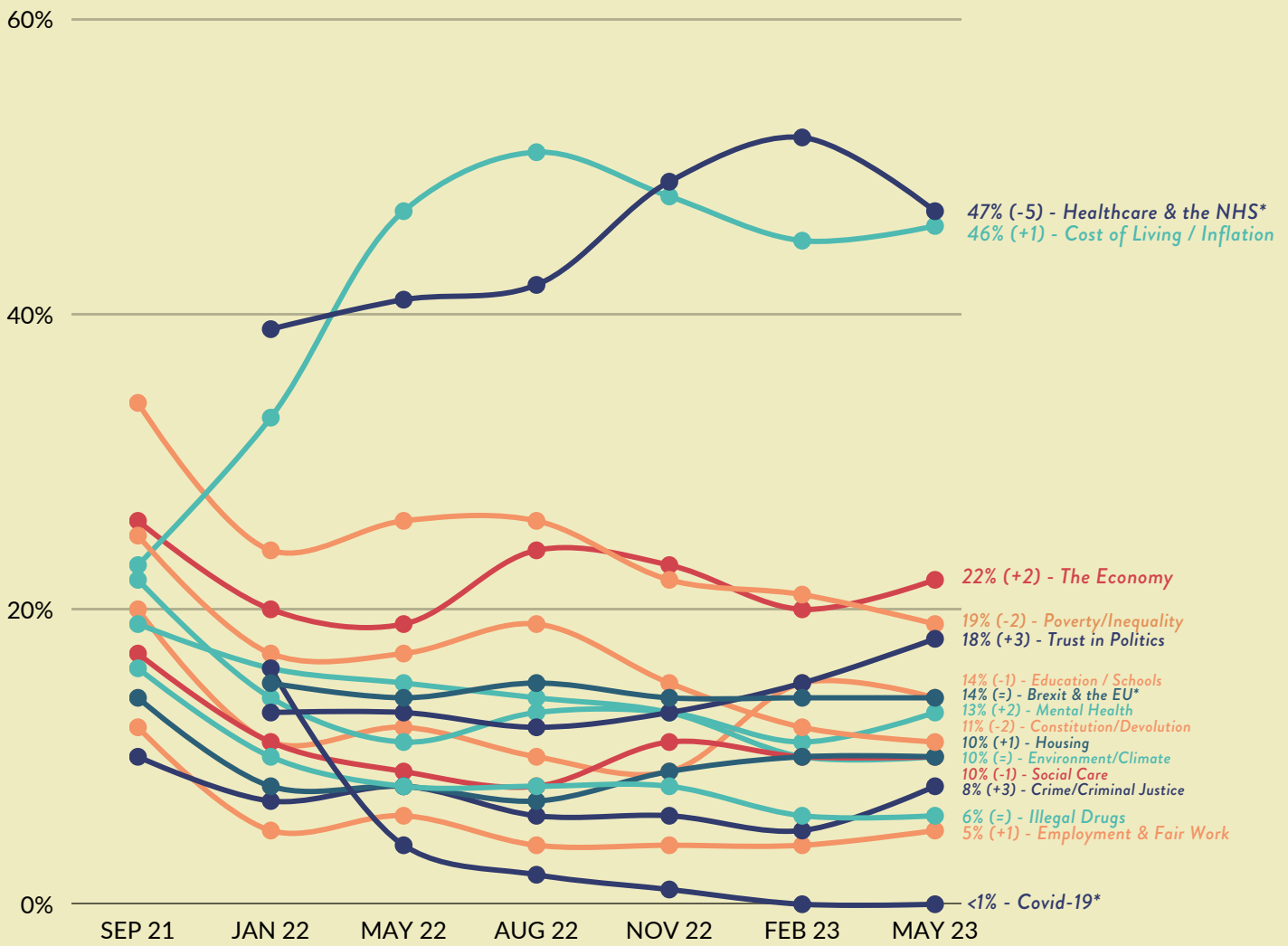
These headline trends mask various ways in which demographics and life circumstances shape the public's priorities. For example, those aged 55+ are less likely to identify cost of living and inflation as a top priority (37%) than those aged 16-34 (55%), 35-44 (52%) and 45-54 (45%).

Trust in politics was more likely to be cited as a top issue by men (21%) compared to women (15%). Those who felt Scotland was moving in the wrong direction were also more likely to cite trust in politics as a top issue (23%) compared to those who think Scotland is moving in the right direction (10%).



PRIORITIES & ISSUES OVER TIME

Proportion of respondents citing each matter as one of the top three issues facing Scotland



And what do you think are the three most important issues facing Scotland today? (Only answer options with data points $\geq 10\%$ shown)
 N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since previous round of data collection



ECONOMIC PRIORITIES

Overall, the public's economic priorities remain stable since February. Cost of living and inflation has established itself as the dominant issue facing the Scottish economy, chosen by over 2 in 3 individuals (69%). This is the highest prevalence of a priority ever recorded in the Understanding Scotland series. The public also continues to emphasise living standards and wages (42%), poverty (31%), spending on public services (24%), and managing public finances (22%) as top issues for the Scottish economy.

While the ordering of priorities is consistent between waves, some priorities evidence noticeable increases or decreases in support. Emphasis on the impact of cost of living and inflation has increased by four percentage points from February, as the public continues to grapple with the impacts of rising cost-of-living. In contrast, managing public finances has fallen by five percentage points since the last wave and spending on public services has fallen by three percentage points.

Of interest, emphasis on economic growth has slowly increased throughout the Understanding Scotland series, now on par with issues relating to government taxes and spending.

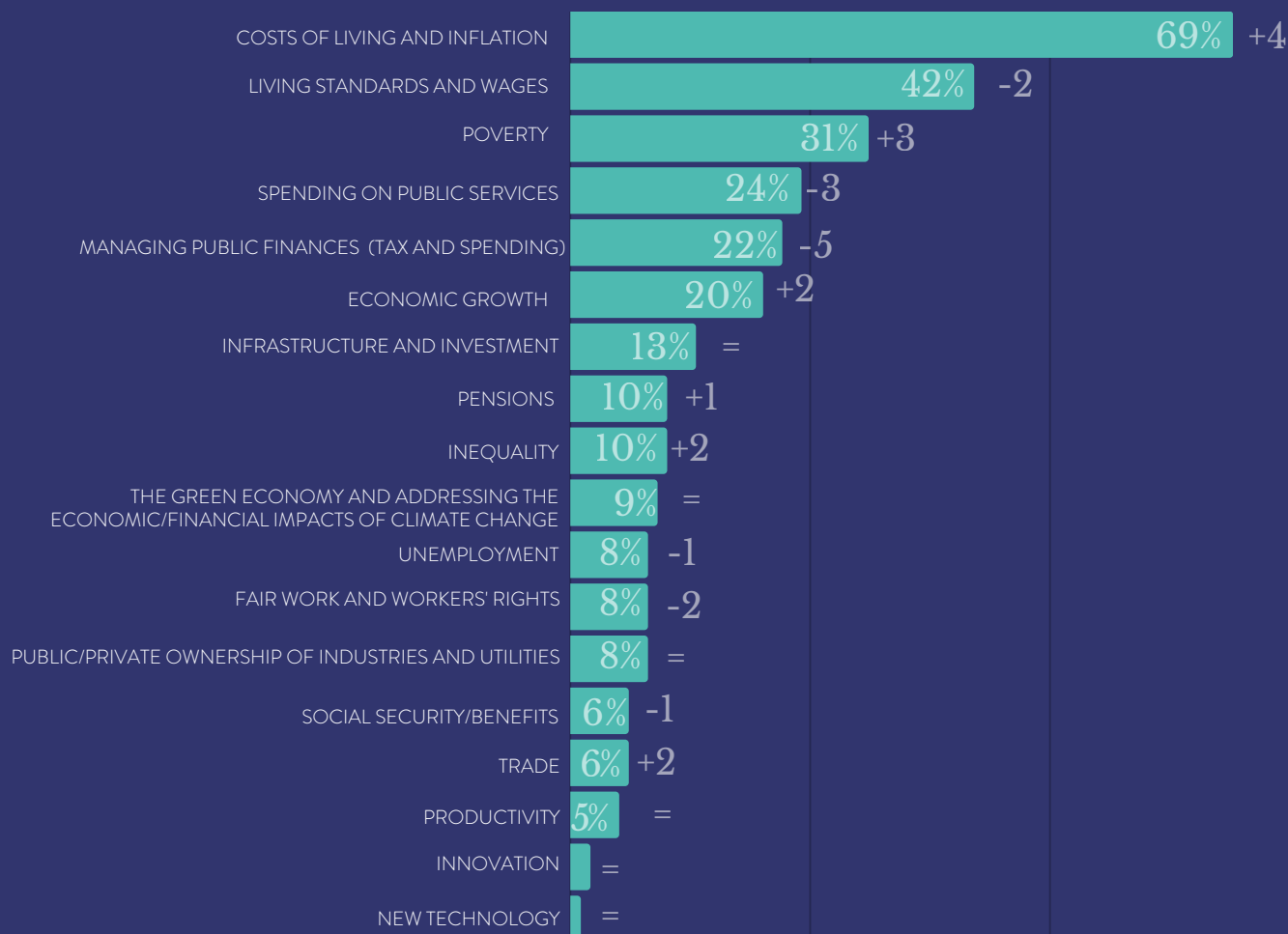
There are notable differences based on gender in terms of economic priorities with men more likely to prioritise economic growth, trade, innovation, fair work and workers' rights, the green economy and infrastructure and investment than women. On the other hand, women are more likely to cite unemployment, poverty, living standards and wages, cost of living and inflation, and spending on public services than men.

There are also significant differences based on deprivation with those in the most deprived neighbourhoods more likely to cite unemployment, poverty, inequality and living standards and wages as economic priorities compared to those in Scotland's least deprived neighbourhoods. Those in the least deprived neighbourhoods are more likely to cite economic growth, managing public finances (tax and spending) and spending on public services when compared to those in the most deprived neighbourhoods.



ECONOMIC & FINANCIAL PRIORITIES

Proportion of respondents citing each item as being among the top three issues facing the Scottish economy

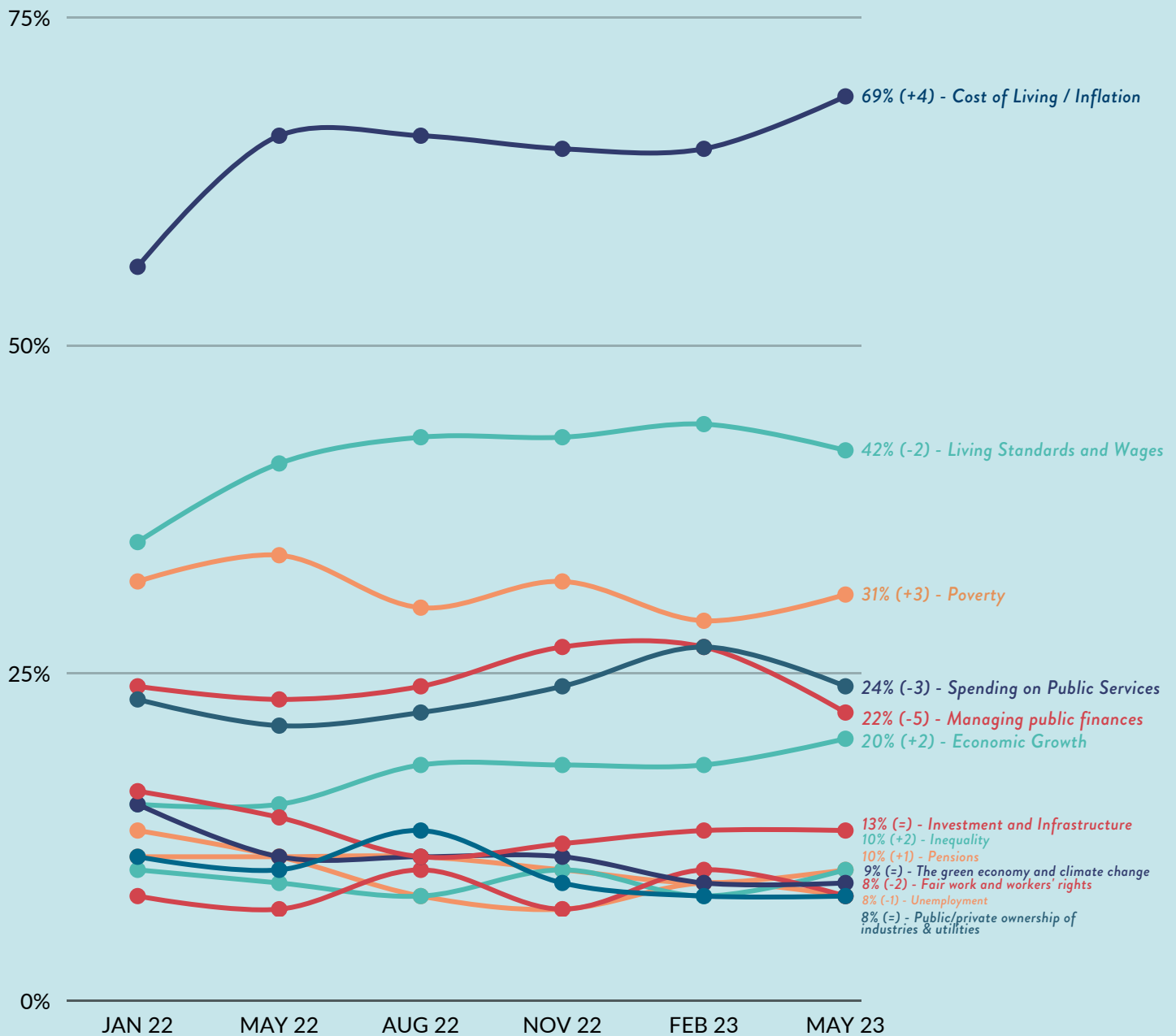


Thinking specifically about economic and financial issues, which of the following do you think are the three most important issues facing the Scottish economy? Numbers outside bars represent percentage point change from February 2023



ECONOMIC PRIORITIES OVER TIME

Proportion of respondents citing each item as being among the top three issues facing the Scottish economy



And what do you think are the three most important issues facing the Scottish economy? (Only answer options with data points >=10% shown)

N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since previous round of data collection

ECONOMIC OUTLOOK

Evaluations of current economic conditions remain bleak. 84% of Scots, excluding those that answered don't know, view the current general economic situation as worse than 12 months ago. When thinking about their own financial situation, 3 in 5 (60%) report that they are worse off now than 12 months ago. Those of C2DE social grade are more likely to report that they are much worse off (27%) than 12 months ago compared to ABC1 (17%).

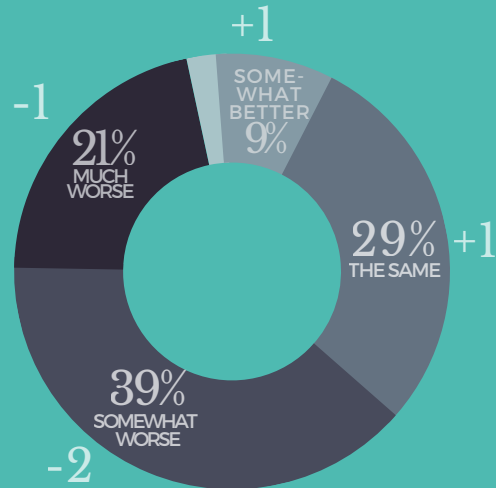
Looking forward, Scots are also anxious that general and personal economic conditions will continue to deteriorate over the next year. More than 6 in 10 (62%) believe that general economic conditions will worsen in the next 12 months, down from 66% in February 2023, and 45% believe their own financial circumstances will worsen in the next 12 months (compared to 48% in February). Those in the most deprived neighbourhoods are more likely to think that general economic conditions will worsen in the next 12 months than those in the least deprived neighbourhoods. Those of C2DE social grade (19%) are more likely to think that their own personal situation will become much worse in the next 12 months than those in ABC1 (11%).

While pessimistic, fewer individuals are reporting that things are or will be worse, than witnessed in February. When examined across the whole Understanding Scotland series, net optimism for the future has risen to closely resemble rates from January 2022. However, there is also evidence to suggest individuals are acclimatising to worsened economic conditions. Across all metrics, more and more respondents believe that general and personal circumstances are and will remain the same, suggesting that Scots feel that the current economic outlook represents the new status quo rather than a dramatically deteriorating or improving situation.

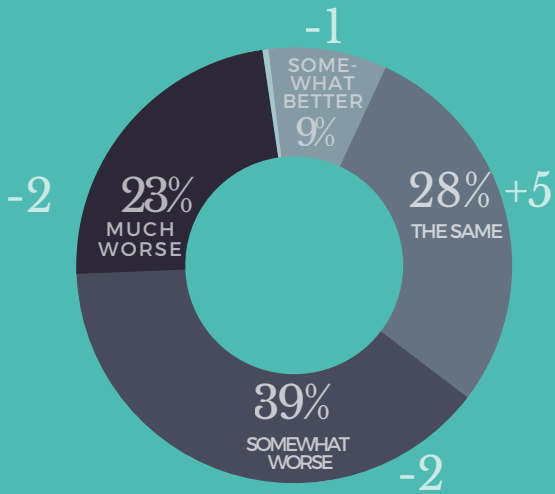




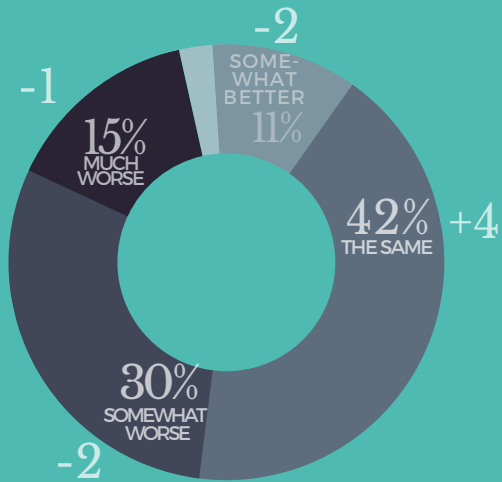
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



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?



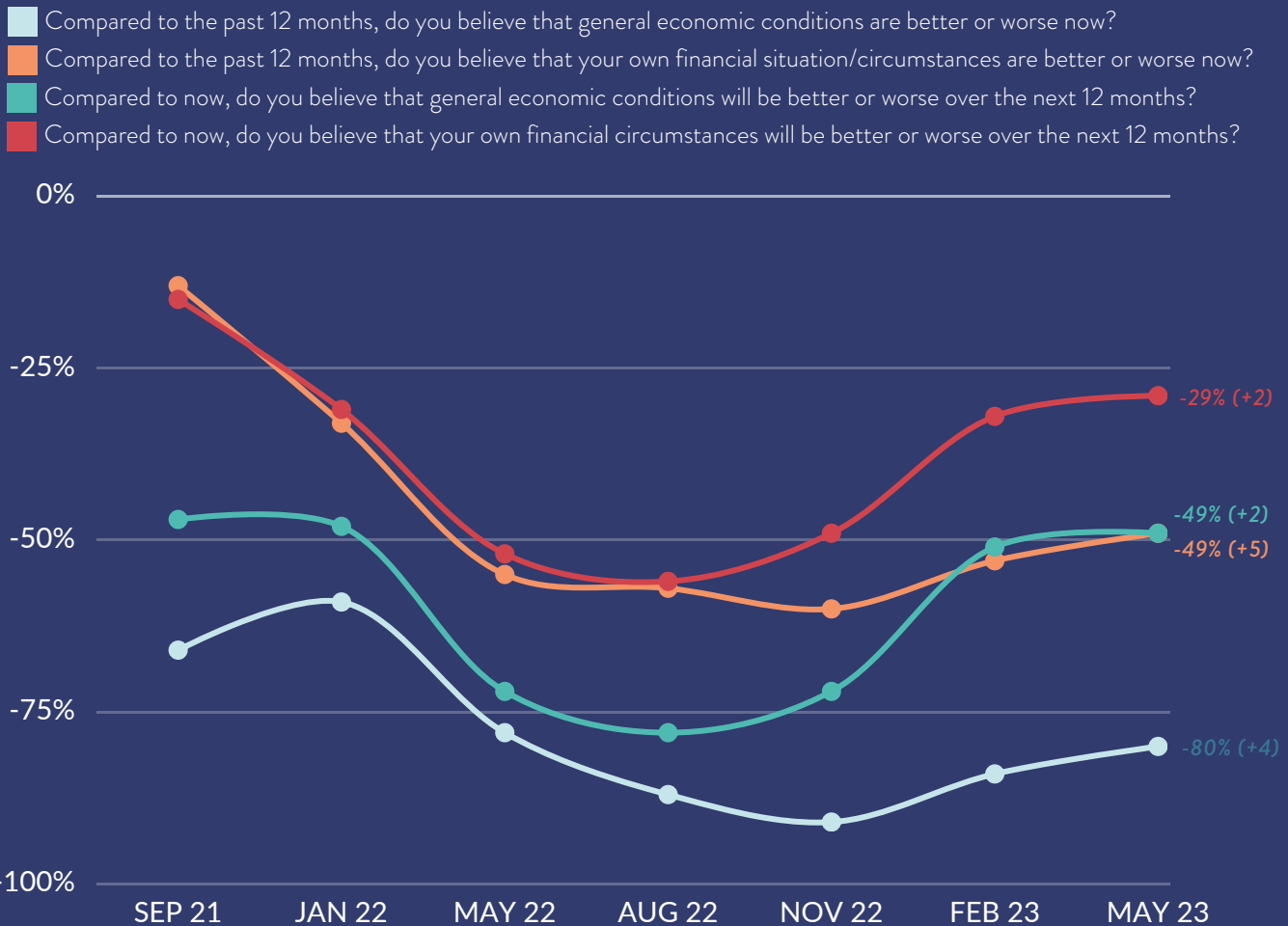
Compared to now, do you believe that your own financial circumstances will be better or worse over the next 12 months?

'Don't know' answers excluded. Numbers outside donut charts represent change from the previous wave of data collection



ECONOMIC & FINANCIAL OPTIMISM OVER TIME

'Net' proportion of people reporting/predicting an improvement in financial and economic conditions minus the proportion reporting/predicting a deterioration.



Changes in brackets since the previous round of data collection



INCOMES & ADEQUACY

As individuals continue to navigate soaring cost-of-living, frustration with employment and income endures. Excluding those who answered don't know or not applicable, a majority (56%) state that they are dissatisfied with their income covering the cost of living while 25% are satisfied. Unsurprisingly, those in the least deprived neighbourhoods are more likely to be satisfied that their income covers the cost of living than those in the most deprived neighbourhoods. About 2 in 5 Scots are dissatisfied with their income level (43%), their ability to meet household bills (43%), and the balance between any paid and unpaid commitments (36%).

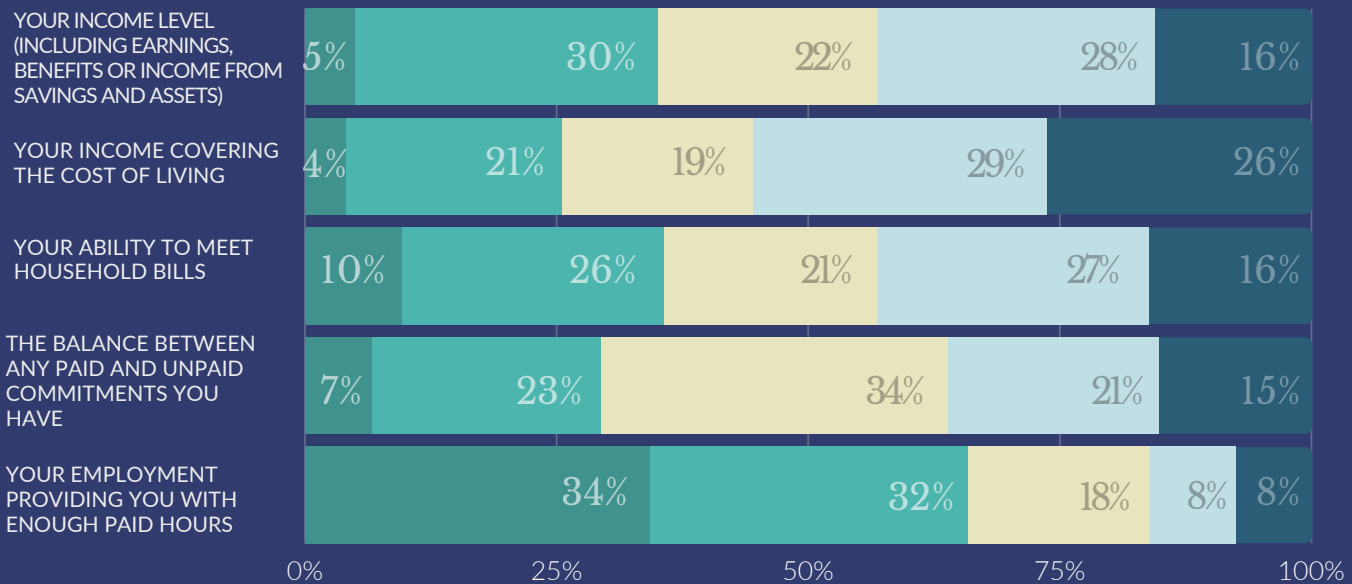
These measures have been consistent since August 2022. It is important to note that the net satisfaction of respondents with their income level has risen by six percentage points since February 2023.

There is a significant proportion of Scots (16%) who are not satisfied that their employer provides them with enough paid hours; this is higher among those aged 16-34 and those living in the most deprived neighbourhoods. The lack of opportunity to pick up more hours presents a significant struggle for these Scots as they try to navigate the increasingly high cost of living.

WORK AND INCOME SATISFACTION

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

Very satisfied Neither satisfied nor dissatisfied Very dissatisfied
Somewhat satisfied Somewhat dissatisfied



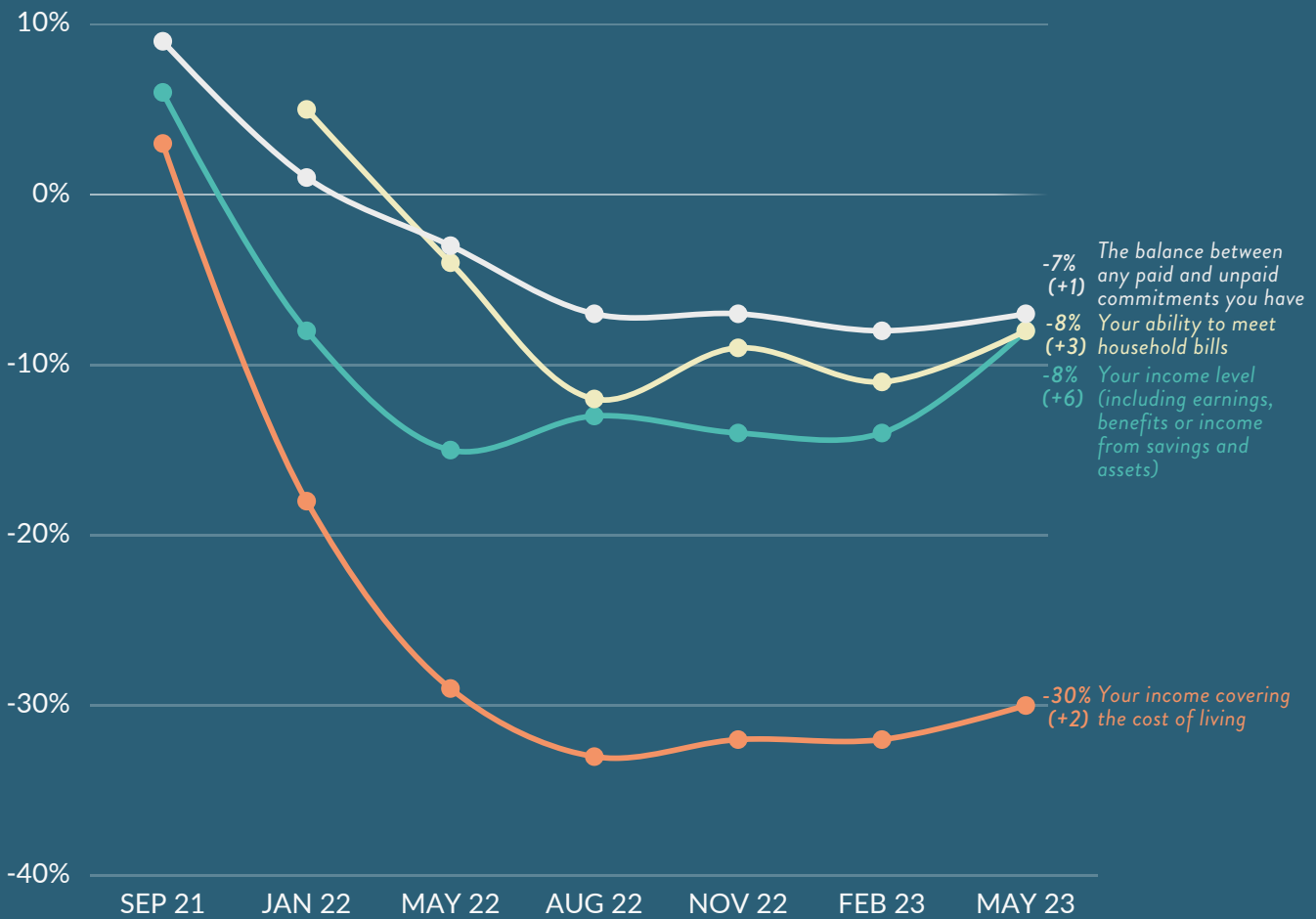
How satisfied are you with the following?

'Don't know' or 'Not applicable' answers excluded.



INCOME ADEQUACY OVER TIME

Net satisfaction with income levels/adequacy and work-life balance. ('Net' proportion of people reporting satisfaction minus the proportion reporting dissatisfaction)



How satisfied are you with the following? Changes in brackets since the previous round of data collection



COST OF LIVING BEHAVIOURS

Scots are taking a host of actions in efforts to conserve money during the cost-of-living crisis. These include cutting expenses across the board - on energy use (68%), on non-essential purchases (66%), on heating (65%), and on leisure activities (62%).

There has been a four percentage point increase in the proportion of Scots saying that they have not put the heating on in order to save money (65%) when they otherwise would have done. This is also six percentage points higher than at the equivalent point in 2022 (59%). There could also be a degree of seasonality in these findings with Scots changing their behaviours as we emerge from winter and prioritising heating less than in the February wave of this research.

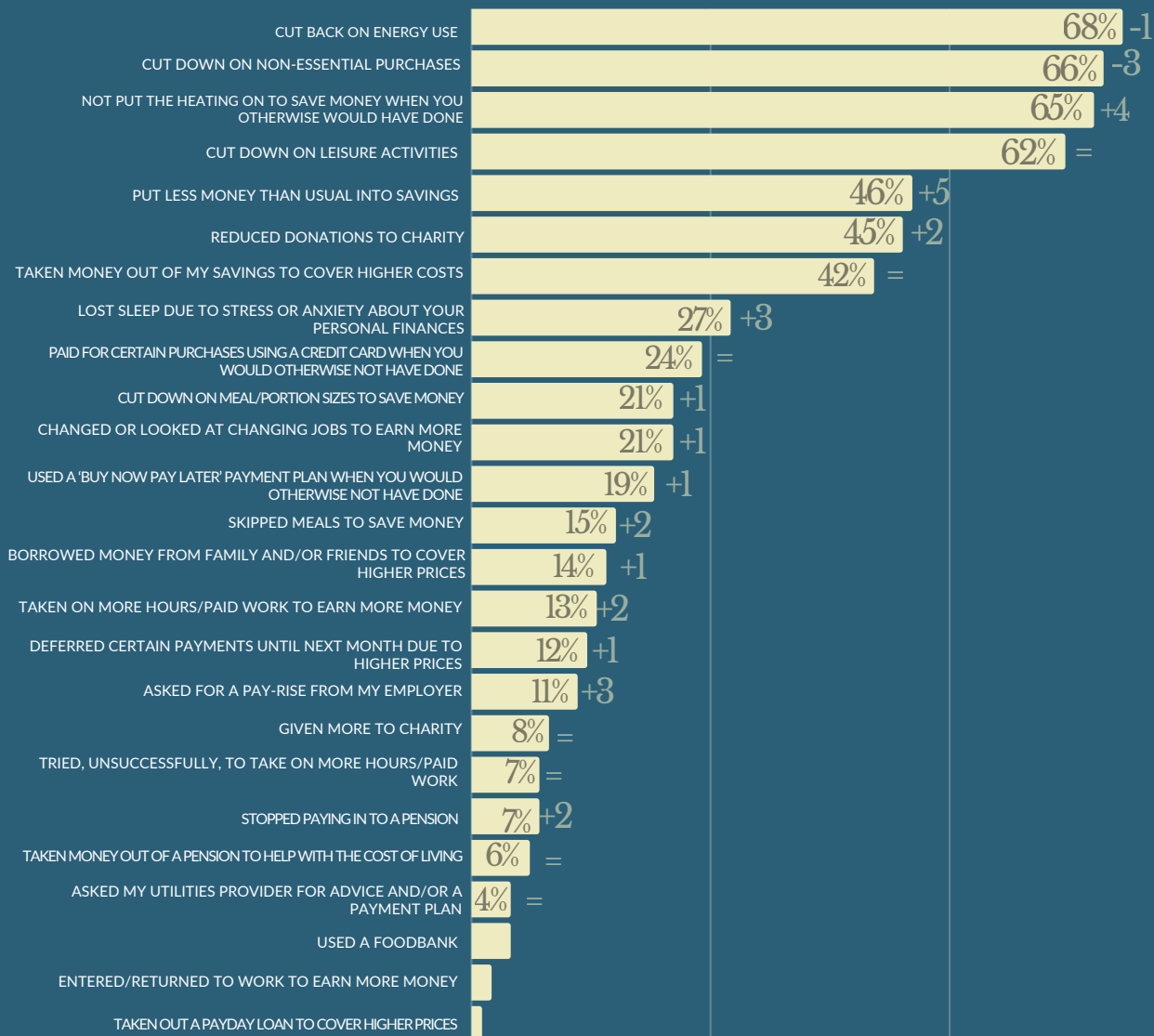
While these trends broadly fit with those observed before, some indicators have grown in prevalence since February, necessitating further concern. Almost half (46%) of Scottish adults report that they are putting less money than usual into savings, up five percentage points. In addition to this, significant proportions of people have reduced charity donations (45%), taken money out of savings to cover higher costs (42%), used a credit card for purchases that they wouldn't usually (24%) and used buy now pay later schemes to cover spending (19%). Turning to high cost borrowing options for everyday essentials, they are likely to be accumulating substantial debt which will affect their lives for many years to come. Additionally, over 1 in 4 people have lost sleep due to stress about their finances (27%). A small but increasing number of Scots have stopped contributing to a pension (7%).

More individuals are also attempting to increase their income to meet greater expenditures. More than 1 in 10 adults have asked their employer for a pay rise, an increase of three percentage points from the previous wave.



RESPONSES TO THE COST OF LIVING CRISIS

Proportions of respondents saying that they have done each of the following in response to rising prices and inflation

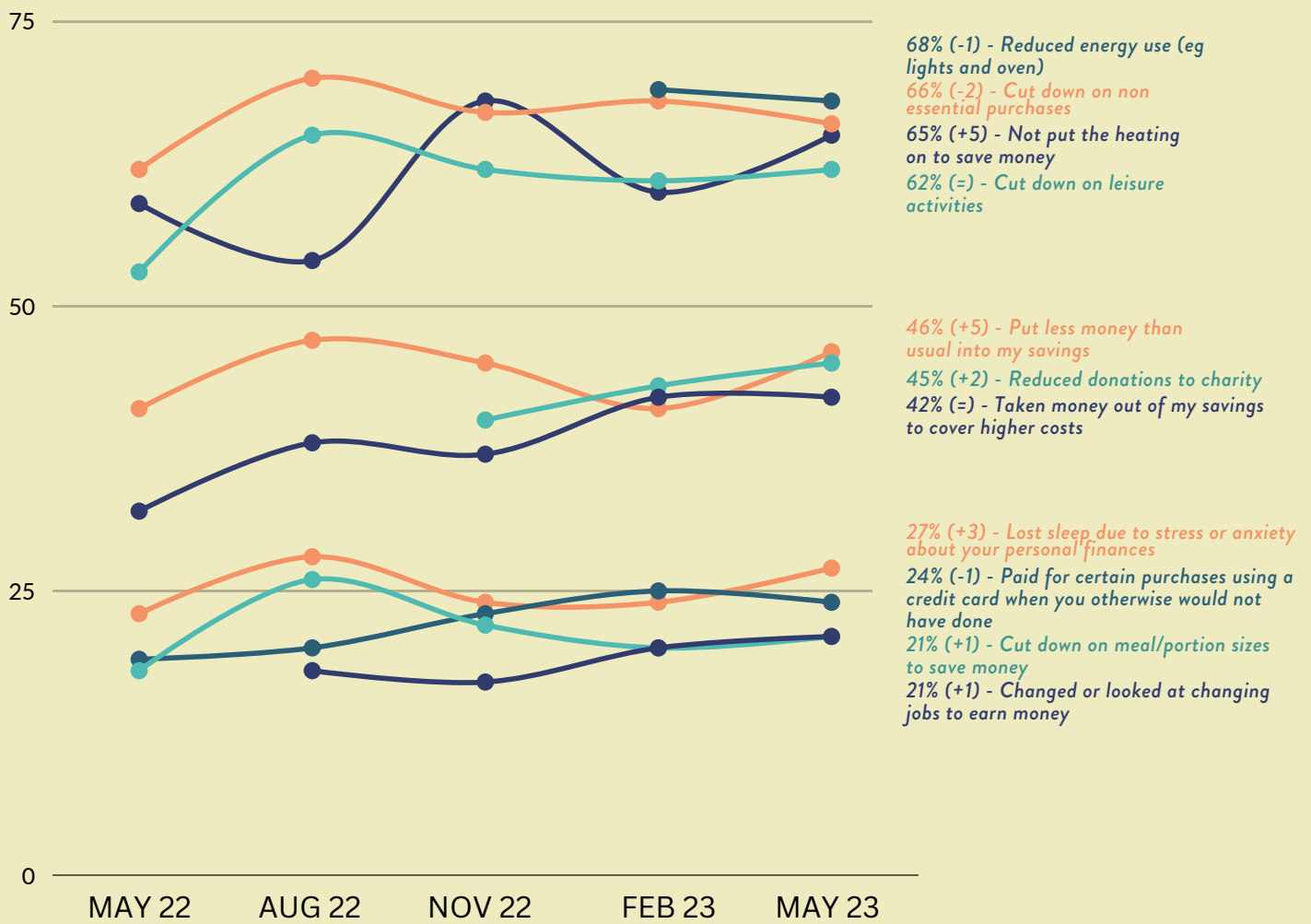


Which of the following have you done in response to rising prices and inflation?

Changes from most recent data point displayed outside bar.

RESPONSES TO THE COST OF LIVING CRISIS OVER TIME

Proportion of respondents reporting doing each action to combat rising inflation



Which of the following have you done in response to rising prices and inflation? (Only answer options with data points >=20% shown)
 N.B. An asterisk denotes a new or changed answer item. Changes in brackets since previous round of data collection



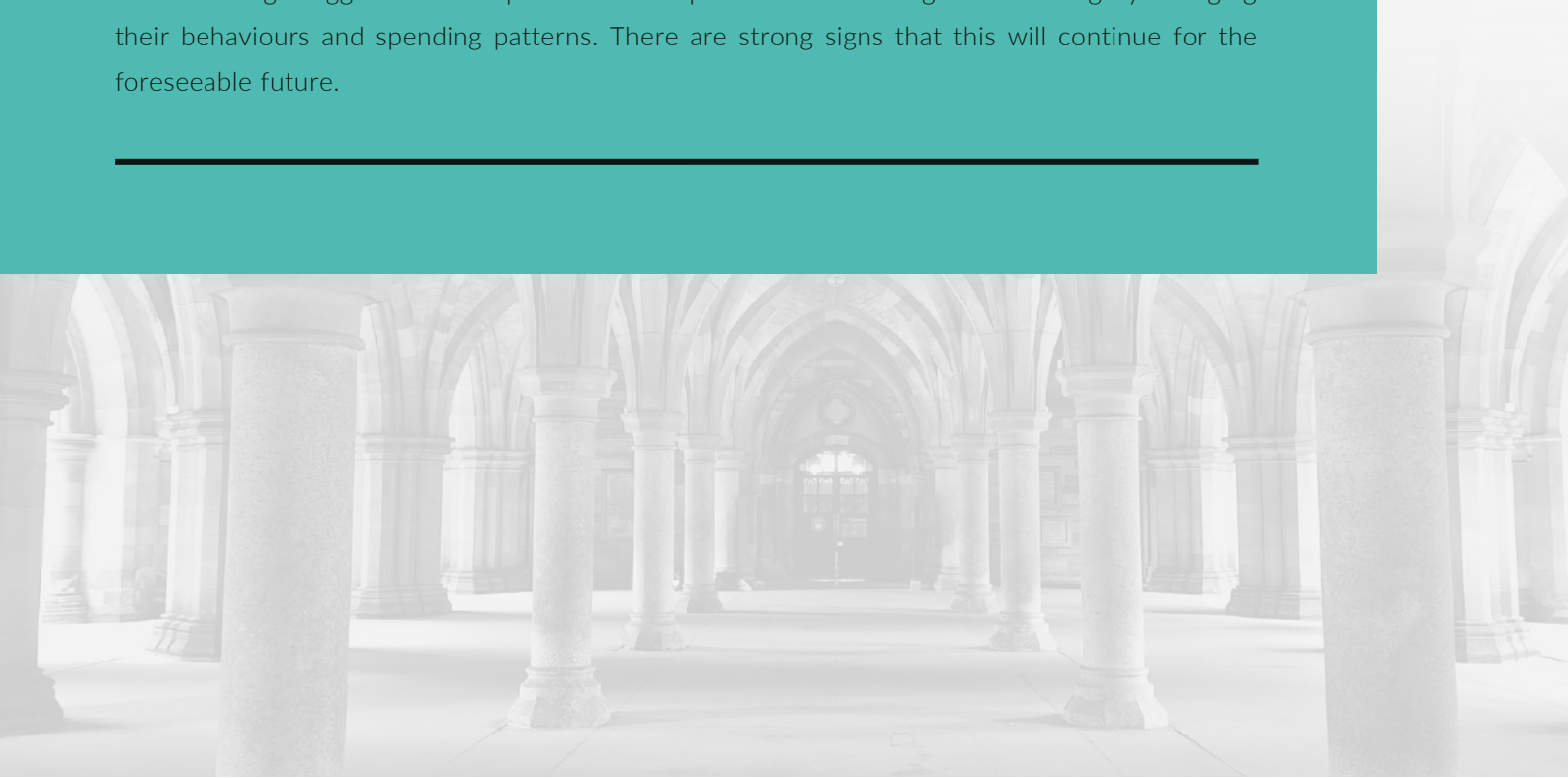
BUYING INTENTIONS

In previous waves, respondents increasingly expressed that they would be spending less money. For the first time in the Understanding Scotland series, the proportion of people intending to spend less in the next 12 month has not increased for both essential and non-essential goods.

For non-essential goods, the percentage of Scots reporting that they would spend less has fallen. The greatest change pertained to restaurants and hotels (46%), as well as leisure and culture (43%), which both fell by about 15 percentage points.

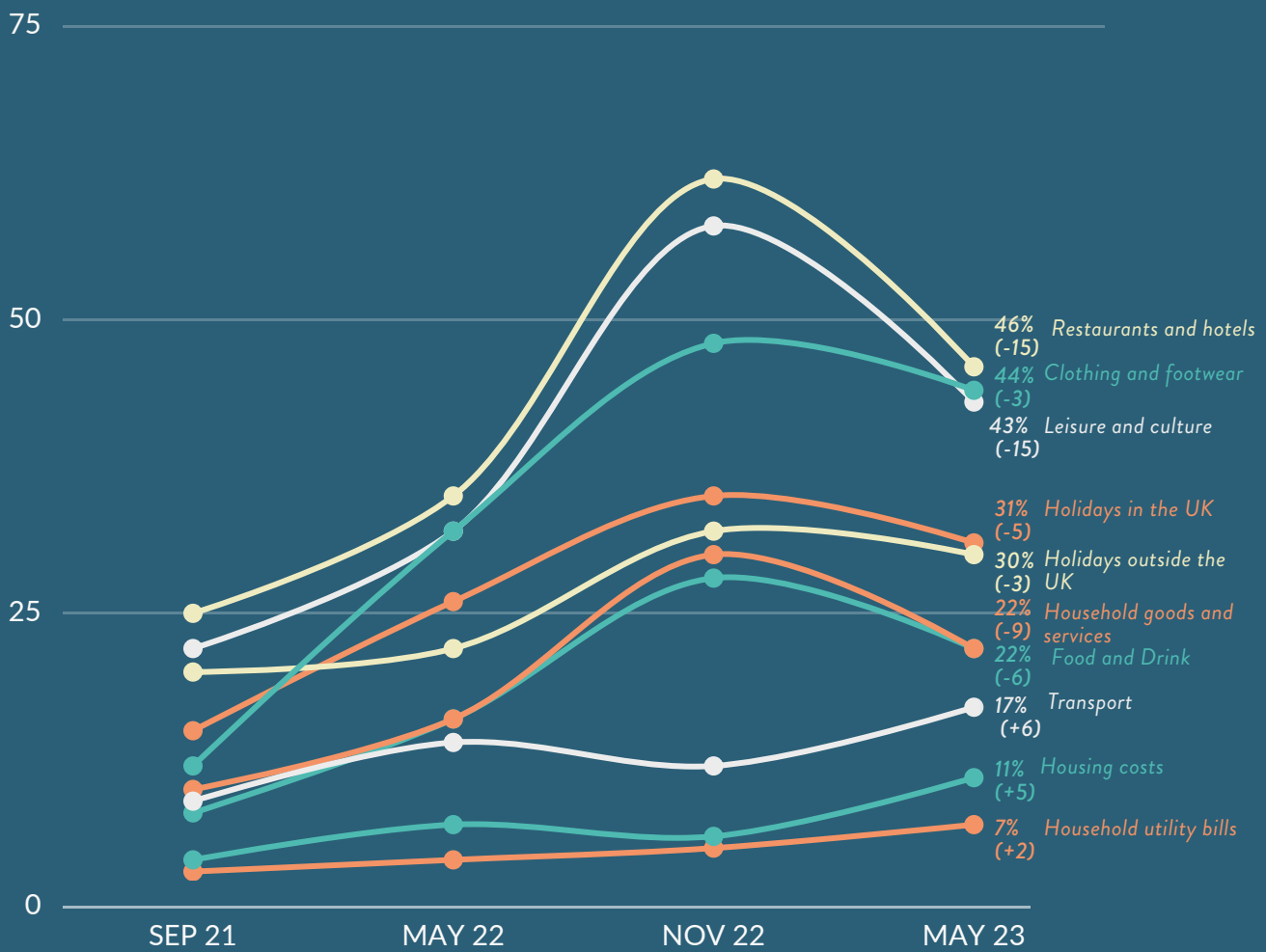
The decline has not necessarily translated into increased spending in these areas, but rather a large uptick in those saying that they would spend about the same on non-essentials as they have in the last 12 months. For leisure and culture, 14% intend to spend more in the next 12 months and 33% the same. While for restaurants and hotels a quarter (26%) intend to spend the same and 15% more. This is striking when set in contrast to household utility bills where two-thirds (67%) anticipate spending more and housing costs where half (50%) expect to spend more.

These findings suggest that the public have responded to the rising cost of living by changing their behaviours and spending patterns. There are strong signs that this will continue for the foreseeable future.



BUYING INTENTIONS OVER TIME

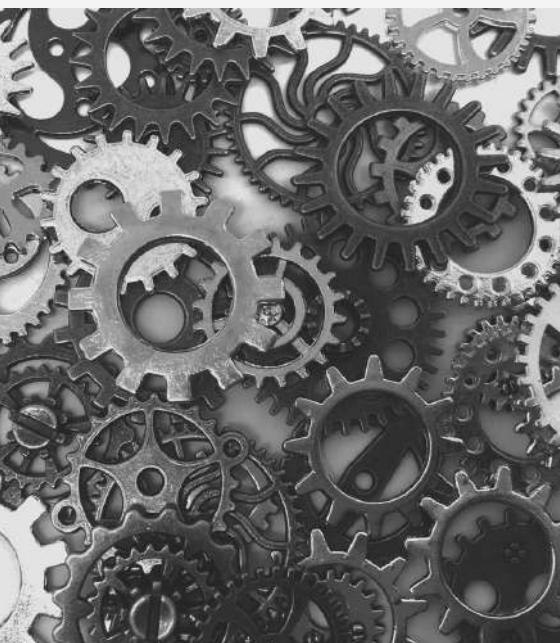
Proportion of respondents who expect to spend less money over the next 12 months compared to the last 12 months on certain goods and services.



Do you expect to spend more money or less money over the next 12 months compared to the last 12 months on:

*Brackets show change from last data point





TECHNICAL DETAILS

The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 2nd - 8th May 2023, and received 2,184 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population (2020 estimates) by age and sex.



FIND OUT MORE

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.

UNDERSTANDING SCOTLAND

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