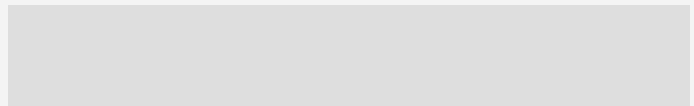




UNDERSTANDING SCOTLAND —————

A NEW SURVEY FOR SCOTLAND

ECONOMY
November 2022



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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 - NOVEMBER 2022

Our latest Understanding Scotland: Economy report continues to shine a light on people's concerns about the impact of rising costs and the state of the economy.

The survey takes place against the backdrop of last week's UK Government Autumn statement in which the Chancellor of the Exchequer confirmed that the UK is now in recession and announced a series of fiscal measures which may exacerbate public anxiety, at least in the short term.

The vast majority of Scots think that both their own financial situation and the economic health of the country have deteriorated over the last year, a view that is felt particularly strongly among those in lower socio-economic groups and in Scotland's most deprived neighbourhoods. Despite this, we are slightly less pessimistic about future financial and economic prospects than we were in the last wave conducted in August, and it will be interesting to see what happens to that measure as after today's announcement.

The cost-of-living crisis continues to have profound impacts on our behaviour, from reducing consumption of essentials and luxuries to impacts on mental health. There is little sign of the severity of the crisis making any differences to the tough choices we are facing in order to try and make ends meet. And with winter looming and issues with the NHS high on the news agenda, it is notable that concern over the NHS is now the joint top issues of concern, alongside the cost-of-living crisis.

This issue explores these and other economy related issues and 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

THERE IS A NEAR UNIVERSAL VIEW THAT ECONOMIC CONDITIONS ARE GETTING WORSE....

93% think that economic conditions are worse now than 12 months ago, up from 89% in August. This is the highest level of negativity we have recorded to date and represents an increase of 25 percentage points since the beginning of 2022.

02

... AND TWO-THIRDS FEEL THEIR OWN FINANCIAL SITUATION IS ALSO DETERIORATING

This negativity is not felt evenly through the population with those in Scotland's most deprived neighbourhoods significantly more likely to feel their situation worsening. Just 5% of people think that their financial situation has improved in the last 12 months.

03

THE PUBLIC MOOD ON THE ECONOMY HAS MOVED DRAMATICALLY IN THE LAST 12 MONTHS

The net score on economic conditions (those saying economic conditions have improved minus those saying they have got worse) is -91 percentage points; this is a dramatic increase in negativity from -58 points in January 2022. Similarly, the net score on individual financial situations has fallen from -34 points in January to -60 points now,

04

DISSATISFACTION WITH INCOME LEVELS REMAINS HIGH

46% of respondents are dissatisfied, either somewhat or very, by their income level. Income dissatisfaction is not felt evenly across the population, with those from lower social grades, those from Scotland's most deprived neighbourhoods and those out of work or unable to work being significantly more dissatisfied than others.

05

MANY PEOPLE ARE TIGHTENING THEIR BELTS AND EVEN FOREGOING NECESSITIES

More than two-thirds of people (68%) have avoided putting their heating on, when they otherwise would have done, in order to save money. This is an increase of 14 percentage points from August. Other impacts of the cost-of-living crisis have remained relatively steady, including 67% cutting down on non-essential purchases, 62% cutting back on leisure activities and 24% losing sleep due to anxiety about personal finances.

06

WE CAN EXPECT TO SEE SPENDING ON ANY LUXURIES FURTHER REDUCED IN THE COMING YEAR

When asked about spending on non-essential items in the next 12 months, there looks likely to be a significant downturn; for example, 12% expect to spend more on restaurants in the next year compared to 62% expecting to spend less; in October last year, 41% expected to spend more and 25% to spend less. This squeeze on expected spending may have significant impacts on businesses and on the ability to emerge from the current economic uncertainty.

07

AS WINTER ARRIVES, THE LEVEL OF PUBLIC CONCERN ABOUT THE NHS MATCHES CONCERN ABOUT INFLATION AND THE COST OF LIVING

Almost half of people (49%) see the NHS as among the top three issues of importance facing Scotland, rising to 57% among those aged 65 and older. This may have been as expected given the imminent arrival of the winter months and extensive recent coverage of issues facing the NHS. Concern for the NHS now matches concern about inflation and the cost of living which stands at 48%.

08

THERE HAS, HOWEVER, BEEN A MODEST REDUCTION IN PESSIMISM ABOUT ECONOMIC CONDITIONS IN THE NEXT 12 MONTHS

Around three quarters (77%) think that general economic circumstances will deteriorate in the coming year. Although this still represents a significant level of pessimism (and up from 62% in January 2022), it is a modest improvement from the 81% who believed the same in August. Similarly, 58% of respondents believe their own financial situations will worsen, down from 62% in August.

09

THE VAST MAJORITY OF US DO NOT THINK THAT THE ECONOMY WORKS IN THE INTERESTS OF MOST PEOPLE, AND THIS FIGURE IS RISING....

More than eight in 10 (82%) disagree with the statement that 'the economy, as it is currently organised, works in the interests of most people, while just 6% agree that it does, giving a net score of -76 points. This represents a significant shift since this question was last asked in October 2021 when the net score was -60 points.

10

.... AND MOST PEOPLE THINK THE ECONOMY WORKS IN THE INTERESTS OF THE WEALTHY

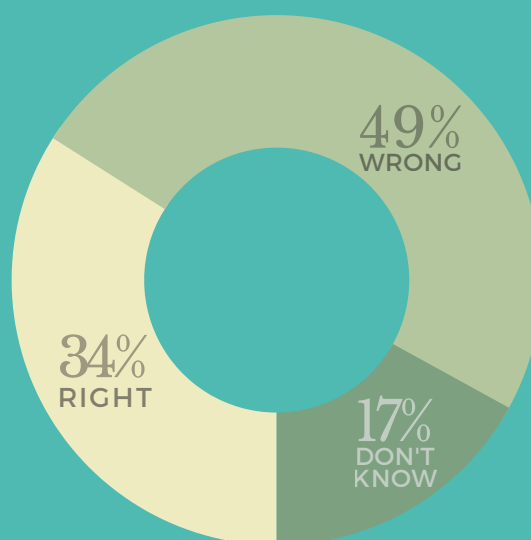
Eight in 10 (79%) agree with the statement that 'the economy, as it currently organised, works primarily in the interests of wealthy people' while just 9% disagree. The level of agreement in this statement rises to 83% among those who live in Scotland's most deprived neighbourhoods.

SCOTLAND'S DIRECTION OF TRAVEL

About half of people overall (49%), believe that things in Scotland are heading in the wrong direction. 49% is the highest proportion of respondents believing that Scotland is moving in the wrong direction recorded thus far in the Understanding Scotland series.

The pessimism recorded in the last iteration of Understanding Scotland has persisted as the cost of living continues to rise.

Age groups over 34 are all significantly more likely to answer that Scotland is moving in the wrong direction compared to the youngest respondents (aged 16-34). Self-employed and retired respondents are more likely to answer that things in Scotland are heading in the wrong direction than their full-time and part-time employed counterparts.

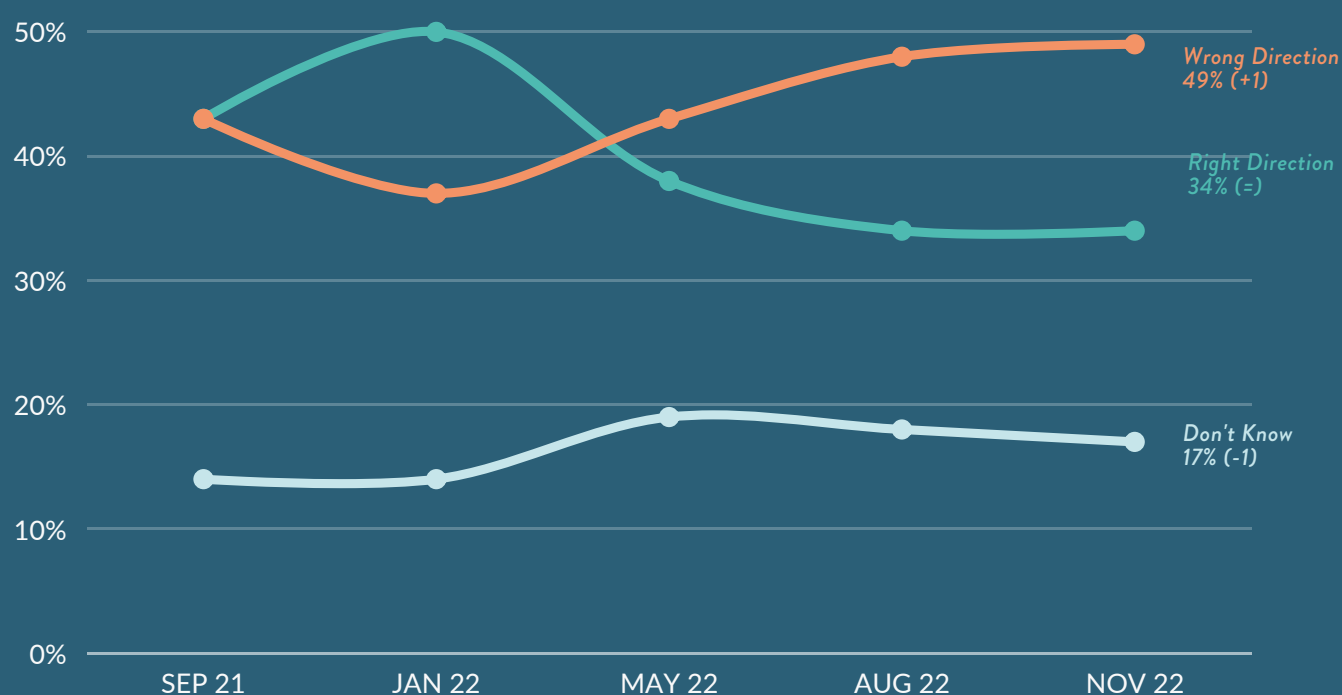


Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?



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 Aug 22

PUBLIC PRIORITIES

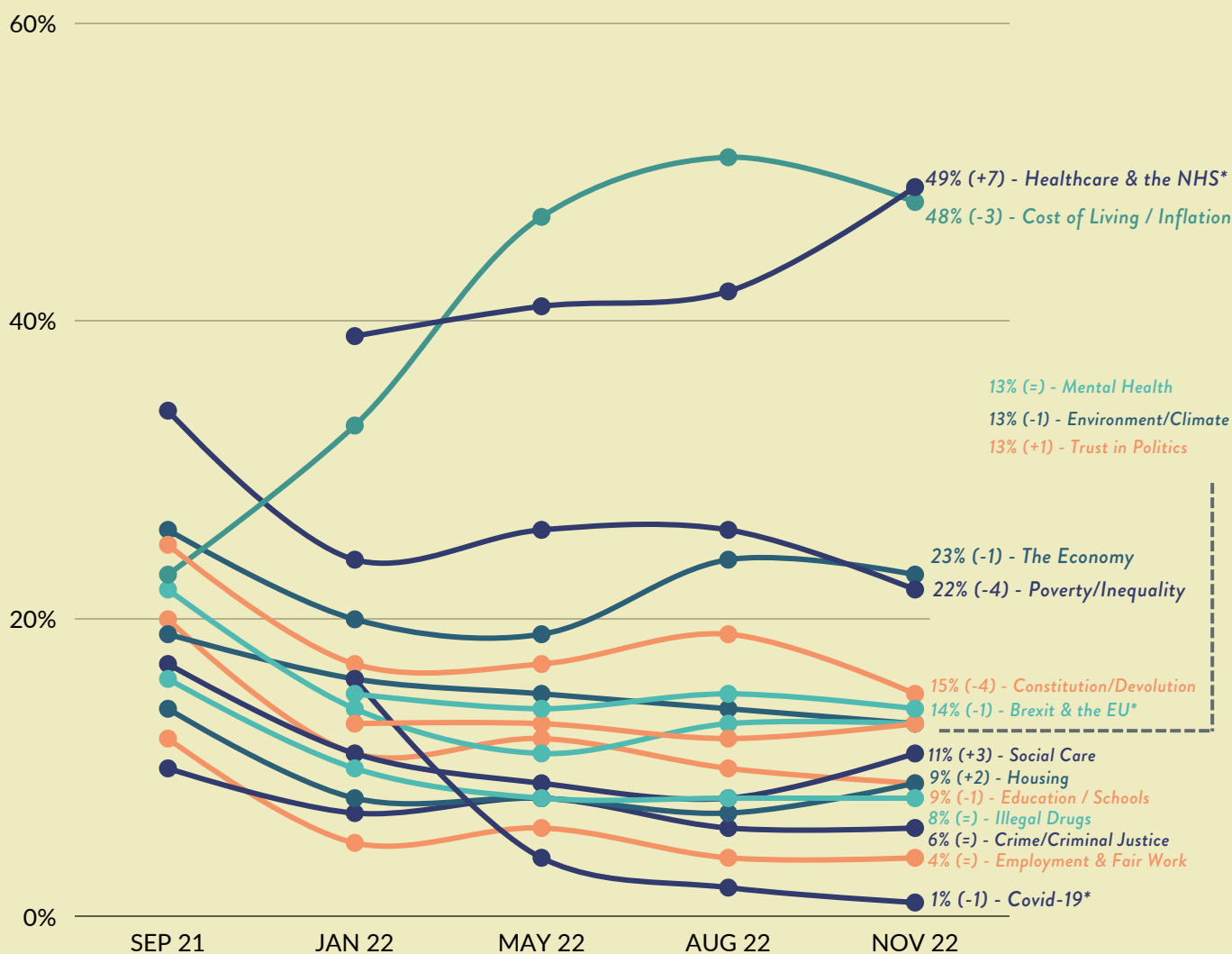
Just shy of half (49%) of respondents listed 'Healthcare and the NHS' as one of the top three issues facing Scotland. This issue has not ranked as the 'top priority' since January 2022, at which point COVID-19 was still viewed by 16% of respondents as a key issue in Scotland. Now, nearing the end of 2022, Covid-19 was mentioned by only 1% of respondents, suggesting the sharp rise in perceived salience of healthcare and the NHS could be driven by recent media coverage rather than the pandemic.

Nipping at the heels of healthcare, cost of living and inflation is viewed by 48% of respondents as one of the most important issues facing Scotland, reflecting a slight drop in concern from 51% of respondents when the question was last asked. In fact, with the exceptions of social care, healthcare and the NHS, housing, and trust in politics, there has been a slight drop in perceived importance of most issues displayed.

These headline trends mask various ways in which demographics and life circumstances shape the public's priorities. For example, while 21% of respondents aged 16-34 listed the environment and climate change as a key problem less than 12% in all older age groups did so. Additionally, 17% of respondents from the most deprived neighbourhoods in Scotland list housing as a key priority, a significantly larger proportion than respondents from less deprived areas. Finally, respondents who work part-time are more likely to list employment and fair work as a key issue, 11% did so, than their full time employed and self-employed counterparts.

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 quarter

ECONOMIC PRIORITIES

The cost of living and inflation remains the most frequently cited issue facing the Scottish economy by respondents, with 65% mentioning this as a key issue. Since our first round of data collection, the top five issues facing the economy have remained the same: cost of living and inflation, living standards and wages, poverty, managing public finances, and spending on public services. This order has not changed despite slight percentage differences between quarters, as shown on the graphic below.

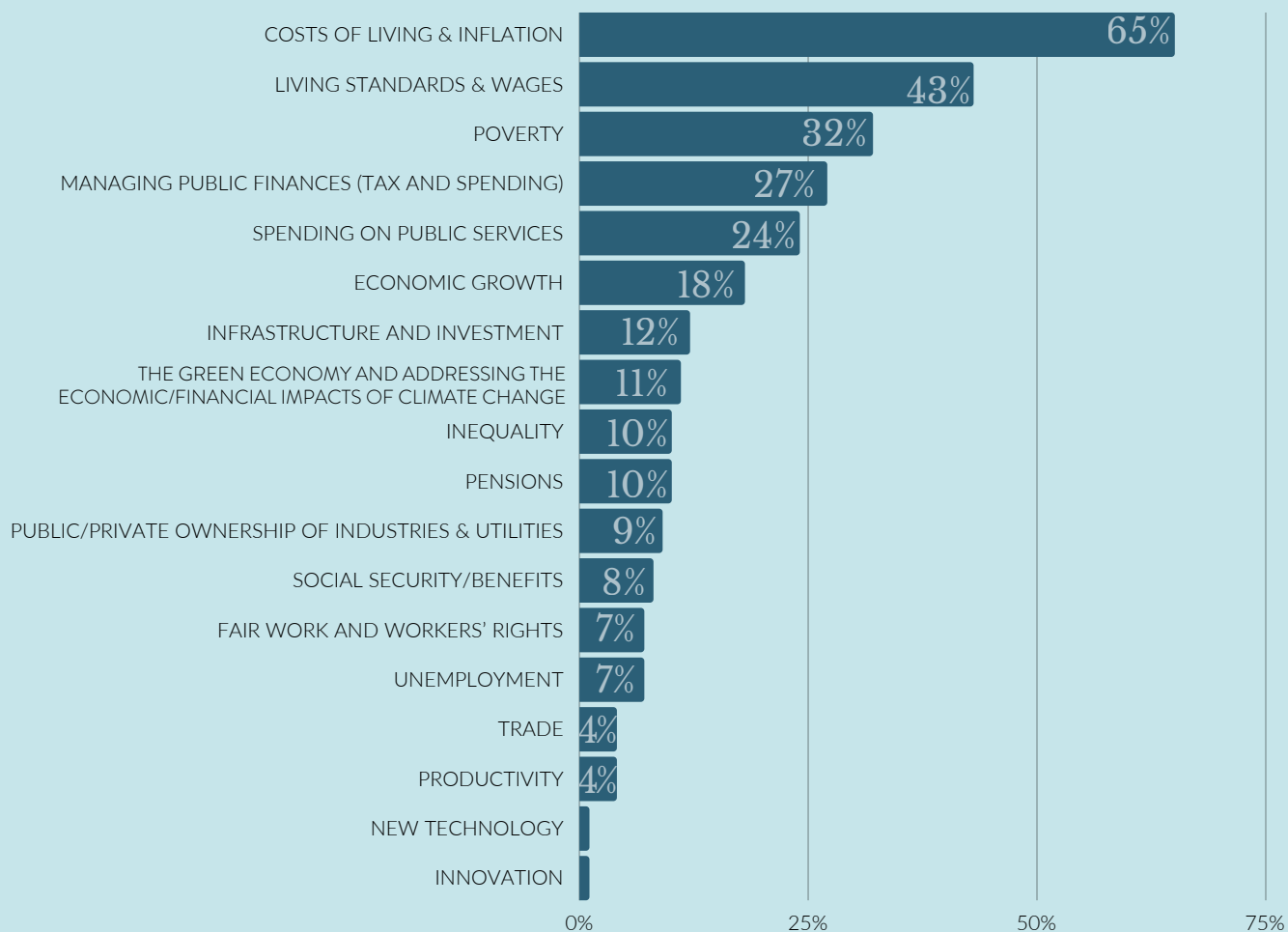
While cost of living and inflation and living standards and wages, were the most popular issues listed by male and female respondents, females focused on these issues at a higher rate. For instance, 71% of female respondents view the cost of living and inflation as a key issue compared to 60% of male respondents. Female respondents also listed poverty as a key issue (36%) at higher rates than male respondents (27%), making poverty the third most popular issue among females and fourth for males (with 'managing public finances' taking third). In general, male respondents appear slightly more split than female respondents on what is important, with seven answer options being mentioned by over 15% of males, and only five issues reaching this threshold amongst females.

Additionally, groups most likely to experience the sharp end of economic phenomena were more likely to focus on these issues than economically secure counterparts. For example, respondents aged 16-34 are more likely than any other age group to list unemployment as a key concern. Furthermore, respondents with children were around 10 percentage points more likely than those without children to list poverty (40% vs 29%), living standards and wages (50% vs 40%), and cost of living and inflation (72% vs 63%) as key economic issues.



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?



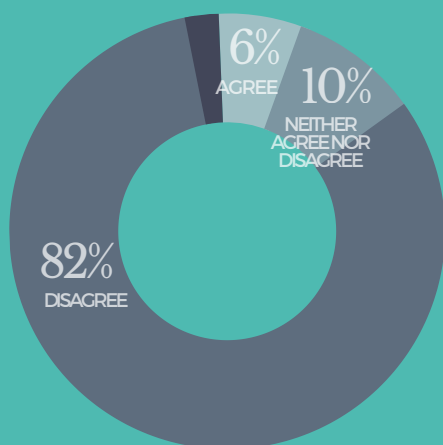
SCOTLAND'S ECONOMIC MODEL

The vast majority, 79% of respondents, believe that the current economy works primarily in wealthy people's interests. By comparison, only 6% agree that it works in the interests of most people, 8% in the respondent's own interests, and 47% in the interests of business. Since this question was first asked in one of our surveys, the percentage of respondents that agree that the economy works for most people has decreased by six percentage points. Over the same period of time, the proportion agreeing that the economy works for them has decreased by 10 percentage points and the proportion agreeing that the economy works primarily in the interests of business has decreased by 15 points.

Male respondents are more likely than female respondents to agree that the economy works in the interests of most people (8% vs 5%) and in their own interests (10% vs 6%). Conversely, 83% of female respondents agreed that the economy works primarily in the interests of the wealthy, compared to 76% of male respondents.

Differences in opinion were also visible across respondents from neighbourhoods belonging to different Scottish Index of Multiple Deprivation (SIMD) quintile. For example, respondents from the two least deprived quintiles were more likely to agree that the economy works in the interests of most people and in their own interests than respondents from the most deprived neighbourhoods, although it should be noted this was still a minority opinion across all groups.

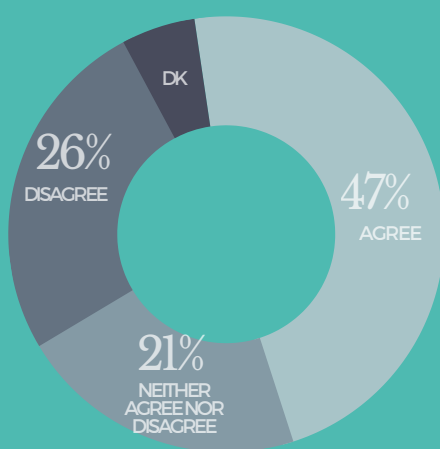




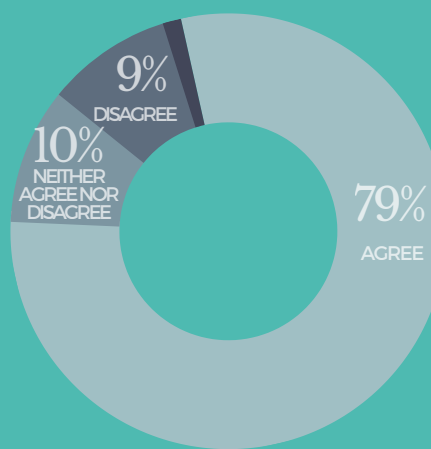
The economy, as it is currently organised, works in the interests of most people



The economy, as it is currently organised, works in my own interests



The economy, as it is currently organised, works primarily in the interests of business

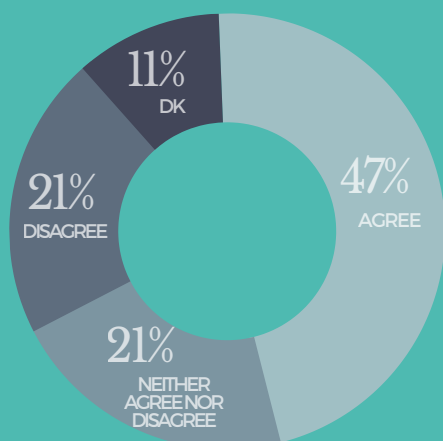


The economy, as it is currently organised, works primarily in the interests of wealthy people

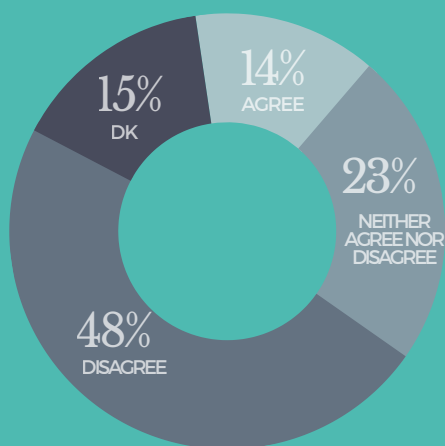
**Agree: composite of strongly agree and tend to agree, Disagree: composite of strongly disagree and tend to disagree*



ECONOMIC GROWTH



Economic growth is the most effective way of improving living standards and wellbeing for the average member of society



There is no conflict between economic growth and environmental prosperity

The high levels of 'Don't Know' and neutral responses displayed to the left demonstrate less conviction in respondent's judgements on economic growth than judgements on who benefits from current economic structures. The charts also demonstrate a tension in views on the topic: just under half of respondents (47%) agree that economic growth is the most effective way to improve living standards and wellbeing, but a similar proportion (48%) disagree that there is no conflict between economic growth and environmental prosperity.

Interestingly, the proportion of respondents who see conflict between these ideals is 11 percentage points lower than data from the first wave of Understanding Scotland.

As shown previously, male and female respondents differ in opinion. Male respondents are more likely than female counterparts to disagree that economic growth is the most effective way of improving living standards and wellbeing (26% vs 17%) but more likely to agree that there is no conflict between economic growth and environmental prosperity (19% vs 8%). Respondents from more deprived areas are more skeptical of the role of economic growth in improving living standards and are more likely to anticipate conflict between growth and environmental prosperity than respondents from the least deprived neighbourhoods.

**Agree: composite of strongly agree and tend to agree, Disagree: composite of strongly disagree and tend to disagree*

ECONOMIC & FINANCIAL OPTIMISM

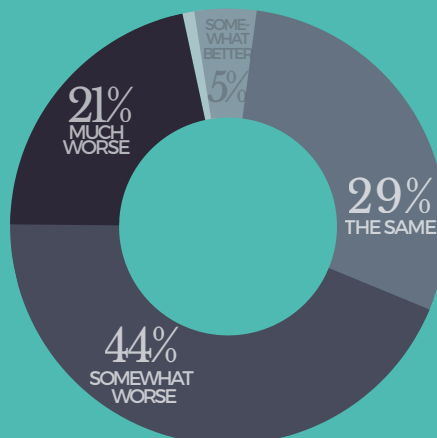
Respondents' evaluations of current general and personal economic situations compared to 12 months ago are the worst recorded since the Understanding Scotland series began: 93% of respondents believe general economic conditions are worse (94% when 'Don't Know' answers are excluded) than they were a year ago and 65% report the same of their own financial situation. Damning evaluations of the general economic situation are fairly consistent across demographic groups, but evaluations of personal finances differ by circumstance. For instance, 28% of respondents who have children report their situation being 'much worse' than previously compared to 19% of respondents with no children. Similarly, around a quarter (varying from 24% to 26%) of respondents from the three most deprived SIMD quintiles report their finances being much worse than last year, compared to 13% of respondents from the most affluent neighbourhoods.

Looking to the future, slightly reduced pessimism can be observed compared to August 2022, but this certainly shouldn't be mistaken for optimism: 77% of respondents (compared to 81% when the question was last asked) believe general economic conditions will worsen over the coming year and 58% (compared to 62% previously) foresee the same for their own finances. The young appear to display the lowest levels of pessimism: respondents aged 16-34 are at least 10 percentage points less likely than all older age groups to say they think the general economic situation will worsen and are also more likely than their older counterparts to believe their own finances will improve. On the other hand, 81% of respondents from the most deprived neighbourhoods think the general economic situation will worsen, compared to 71% of respondents from the least deprived neighbourhoods.

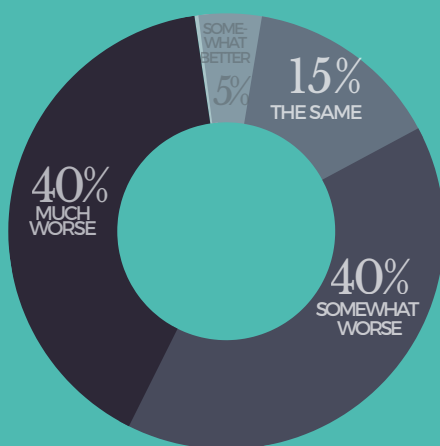




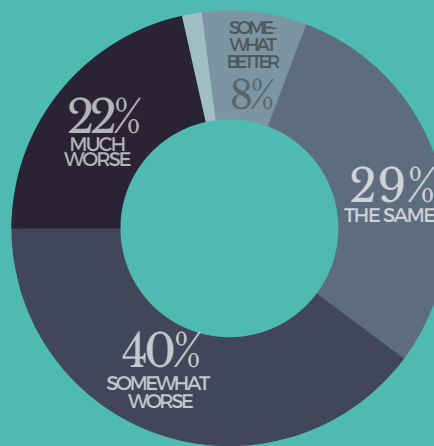
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



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?

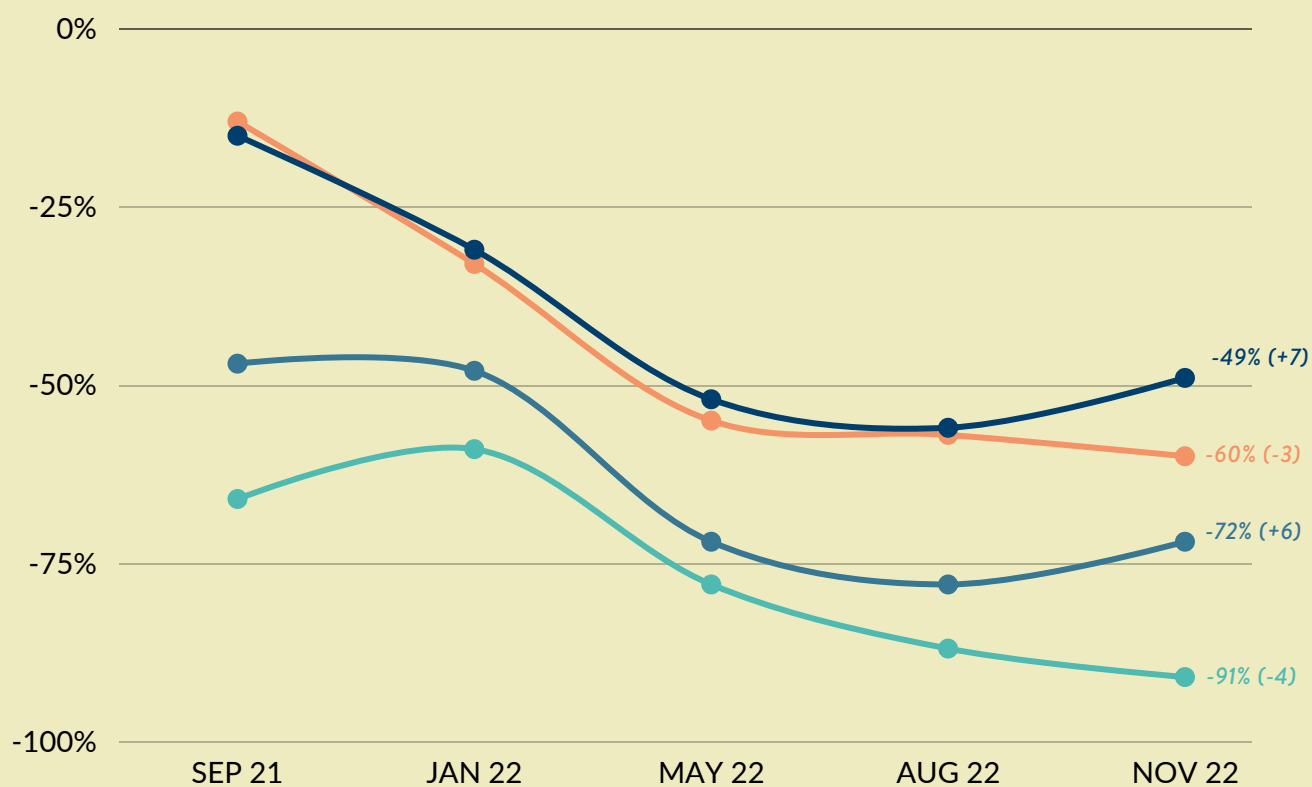
'Don't know' answers excluded.



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.

- 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?



Changes in brackets since the previous quarter

INCOMES & ADEQUACY

46% of respondents report feeling either somewhat or very dissatisfied with their income level, the highest level of dissatisfaction we have recorded. Respondents' satisfaction with their income covering the cost of living and satisfaction with their work life balance has remained static and people's satisfaction with their ability to meet household bills has increased by one percentage point.

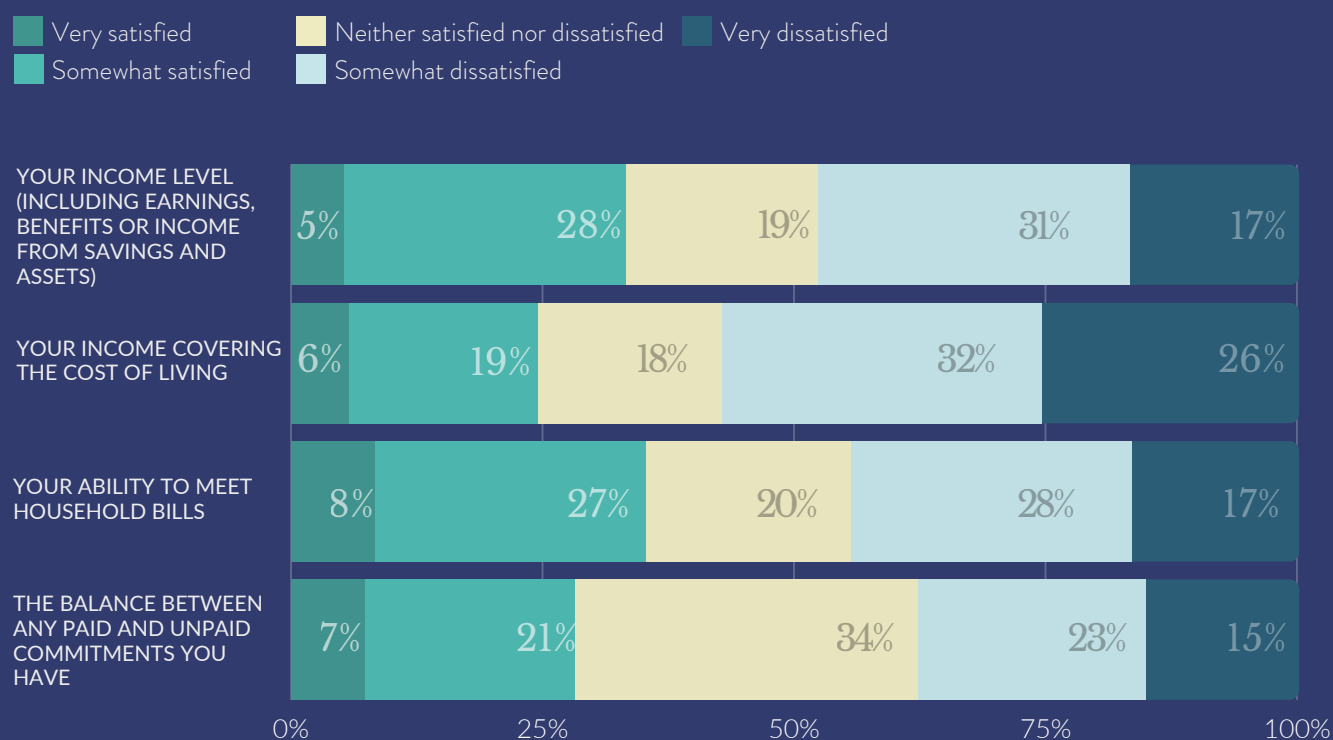
This stability in overall statistics masks pressures being felt by some groups. For instance, parents are more dissatisfied than people without children with their income (54%), with the ability of their income to cover the cost of living (64%), and their ability to meet household bills (49%).

Over half of respondents from the two most deprived area quintiles report dissatisfaction with their income, higher than the rates reported by respondents from more affluent areas. Only 14% of respondents from the most deprived areas are satisfied with their income covering the cost of living and 52% are dissatisfied with their ability to meet household bills.

Only 29% of respondents who are employed full-time are satisfied with their income covering the cost of living. This falls to 15% of part-time employees and 24% of retirees.

WORK AND INCOME SATISFACTION

Proportions of respondents reporting satisfaction and dissatisfaction with their income levels and adequacy, and their work-life balance (excluding those answering 'Don't know' or 'Not applicable')

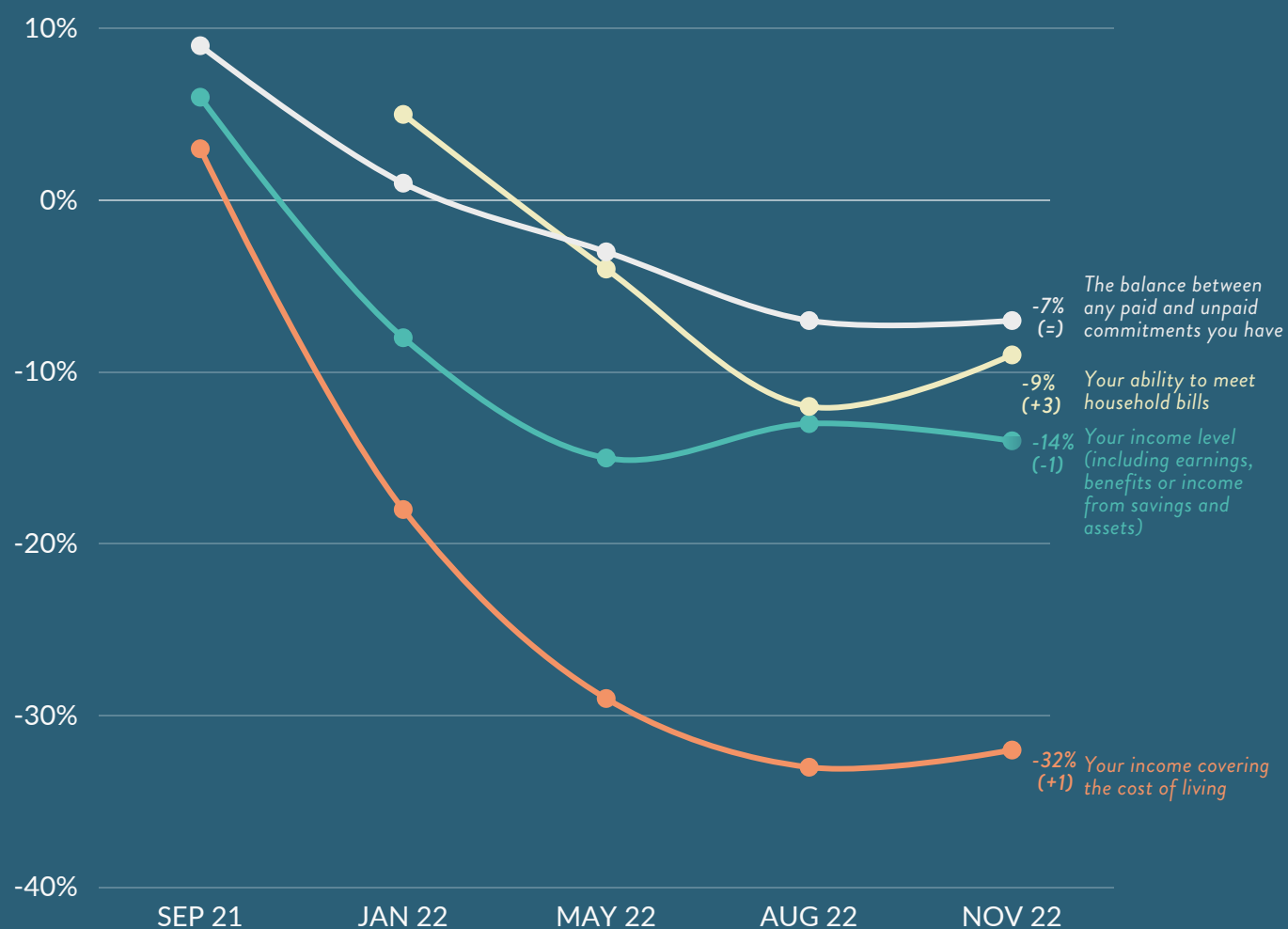


How satisfied are you with the following?



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)

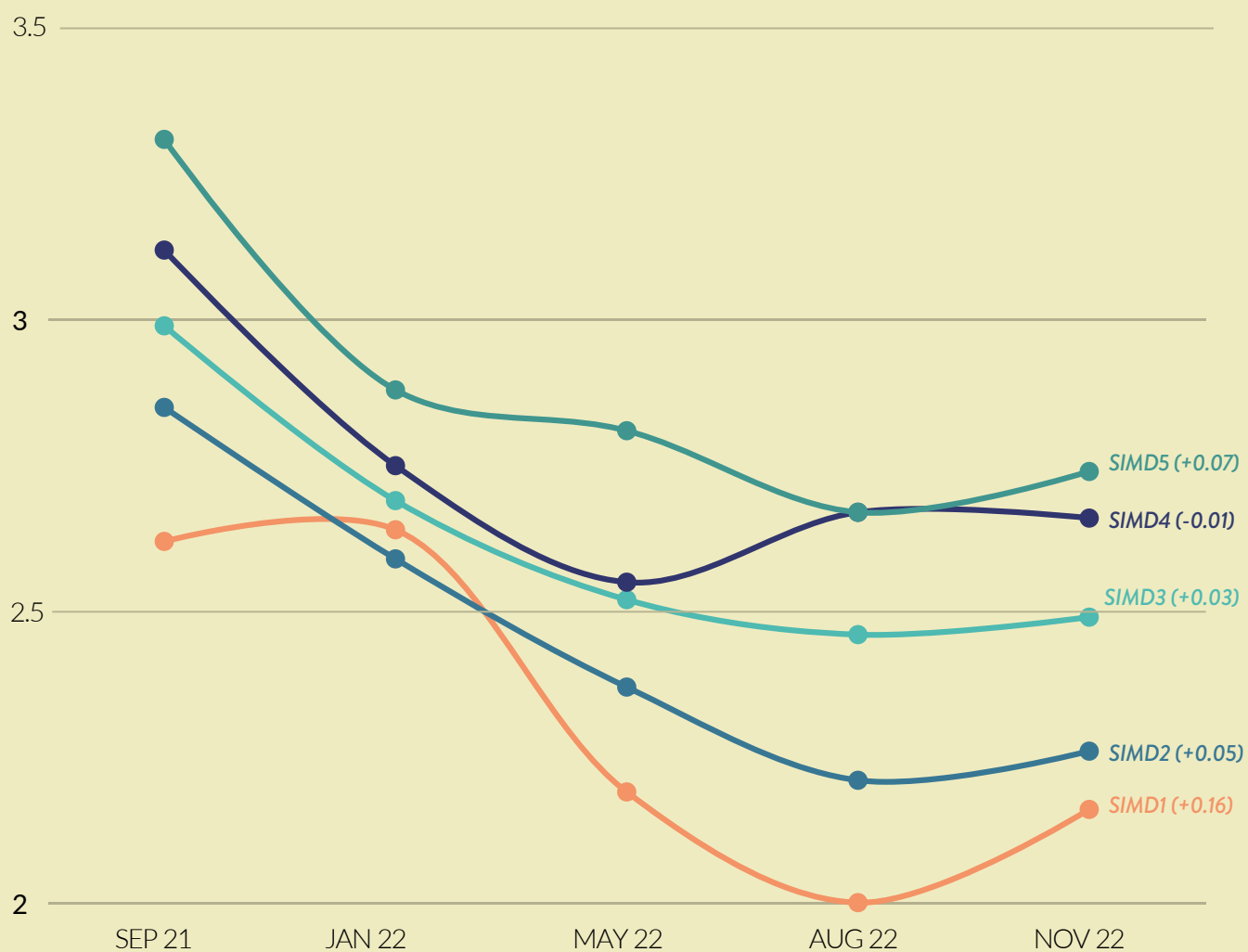


How satisfied are you with the following? Changes in brackets since the previous quarter



INCOME ADEQUACY OVER TIME BY SIMD QUINTILE

Weighted average* of the extent to which income satisfactorily covers living costs, shown over time by SIMD quintile, where SIMD1 is the most deprived



How satisfied are you with the following: Your income covering the cost of living

*Numerical average scaled from 1 ('Very dissatisfied') to 5 ('Very satisfied'). Changes in brackets since August 2022.

SPENDING BEHAVIOURS AND INTENTIONS

Perhaps unsurprisingly, given current energy prices, 68% of respondents report that they have refrained from putting the heating on to save money when they otherwise would not have done. Furthermore, 40% report reducing their donations to charity. This comes while these services are undoubtedly facing more demand as over a fifth (22%) report cutting portion sizes to save money and 17% report skipping meals entirely.

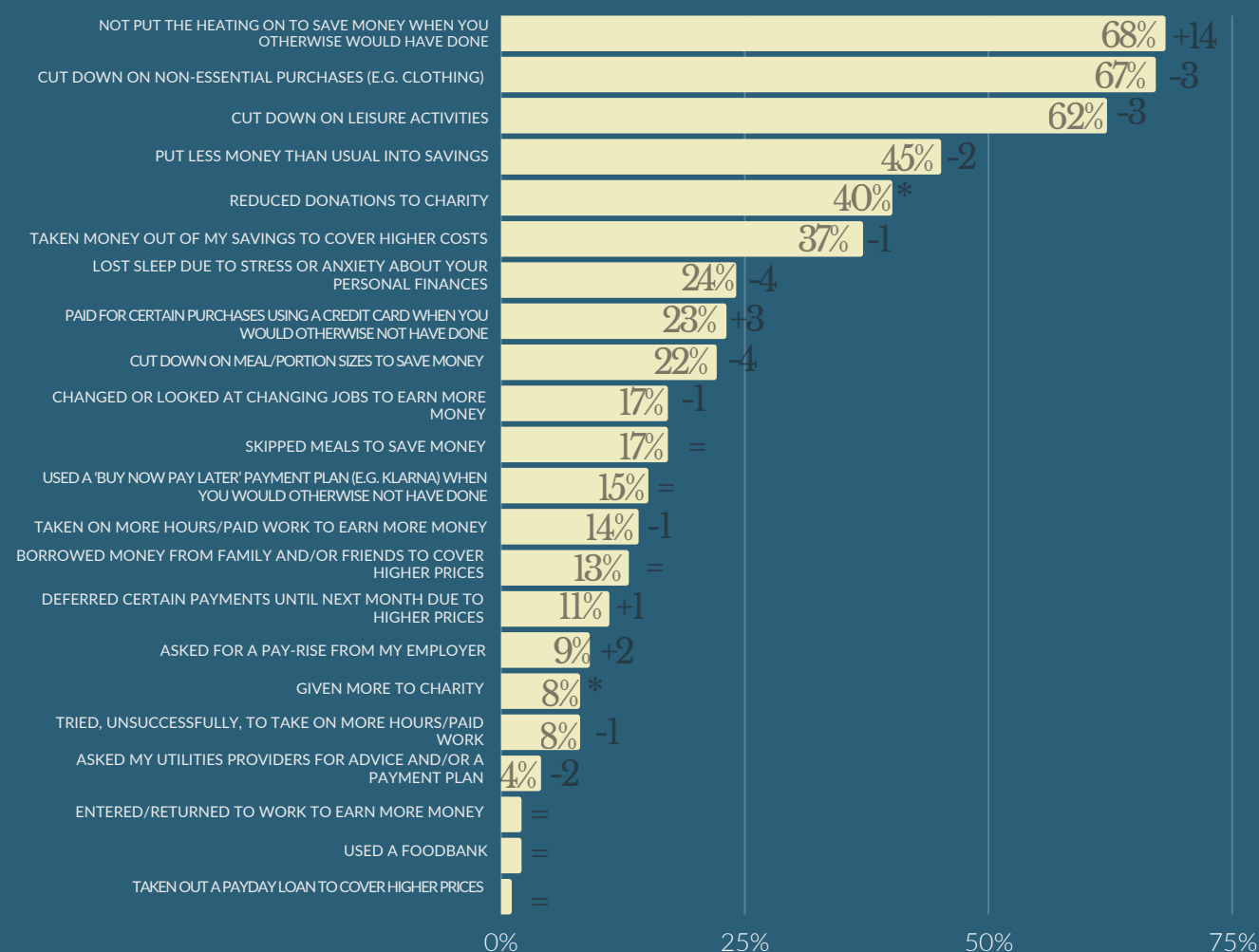
Once again, parents report feeling the squeeze: they are borrowing money from family and friends, using credit cards and buy now pay later payment plans when they otherwise wouldn't have, cutting down on leisure activities, losing sleep over finances and skipping meals at higher rates than child free households. 4%, double the percentage of those without children, have had to use a foodbank.

Respondents from the most deprived areas are being pushed into debt behaviours: 20% have had to borrow money from family or friends and 19% have used buy now pay later schemes when they otherwise wouldn't have. High proportions of respondents from these areas also report actively working to improve their situation, often to no avail: 15% have tried unsuccessfully to get more hours and 22% have changed, or looked at changing jobs, to earn more money.

Overall, these reported behaviours show a belt tightening that is reflected in buying intentions for the upcoming year. Since Understanding Scotland began, the proportion of people intending to spend less in the next 12 months has increased for every good and service listed in our survey. In line with findings above, respondents from the most deprived areas are more likely than those from the least deprived areas to intend to spend less on essentials such as food and drink and household goods and services. Parents also intend to cut back significantly, particularly on restaurants and hotels and leisure and culture spending.

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

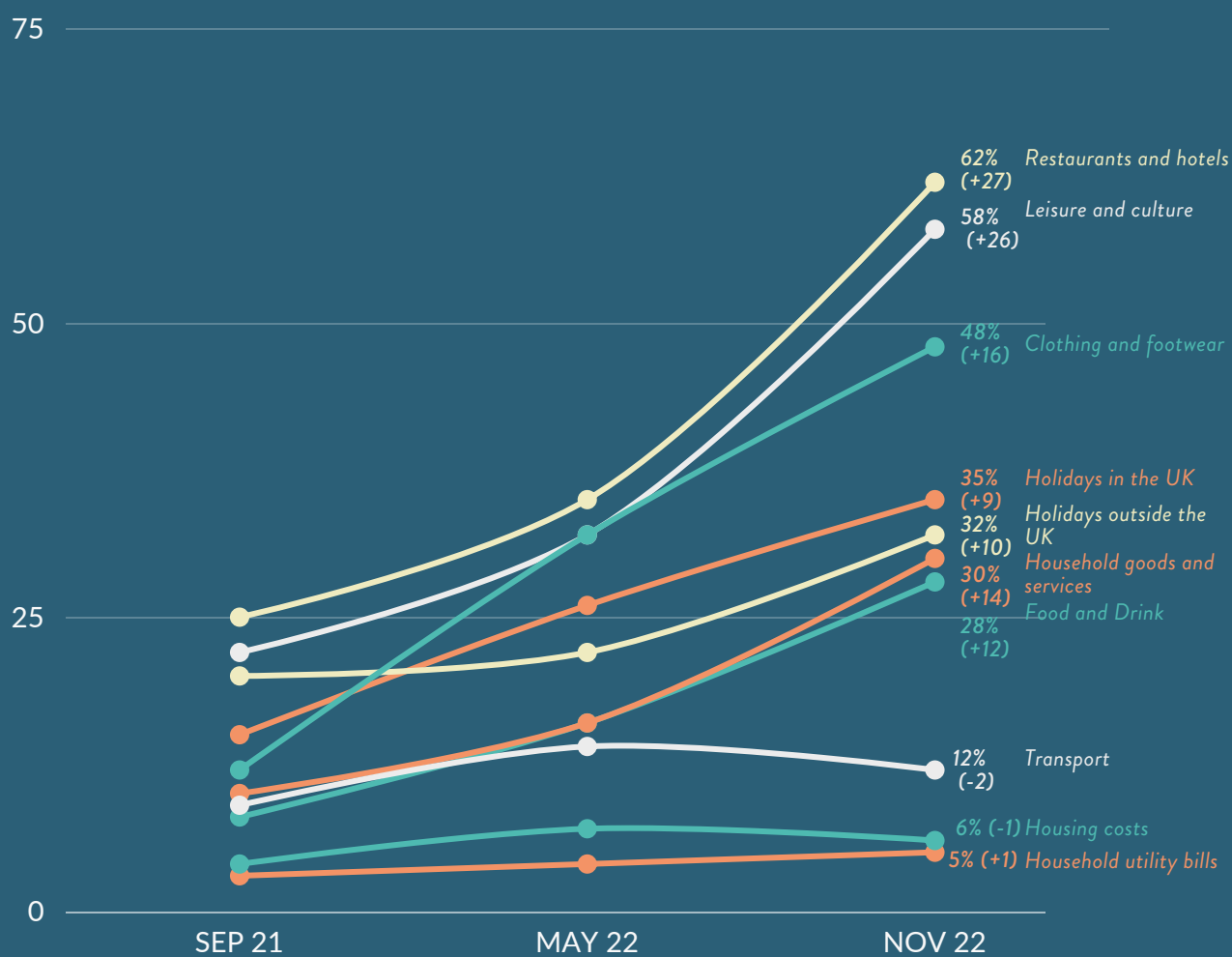


Which of the following have you done in response to rising prices and inflation?

*Changes from most recent data point displayed outside bar (*Has not previously been asked)*

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 3rd - 8th November 2022, and received 2,191 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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