



# UNDERSTANDING SCOTLAND

A NEW SURVEY FOR SCOTLAND

ECONOMY  
February 2023



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# UNDERSTANDING SCOTLAND

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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

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## ECONOMY - FEBRUARY 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.

The survey fieldwork took place in the week prior to the announcement by the First Minister, Nicola Sturgeon, that she would be resigning from her role. In this latest report we find for the first time that the majority of Scots believe that Scotland is heading in the wrong direction, continuing a recent trend.

Healthcare/the NHS and the cost of living remain top of the list of concerns for Scots. The proposed response of the leadership hopefuls in the race for First Minister will likely face intense scrutiny in these areas.

There continues to be a wide feeling among Scots that economic conditions and their own financial circumstances are worse than 12 months ago. However, while the majority remain pessimistic that these conditions will improve over the next 12 months, the depth of that pessimism is reduced from previous waves.

The cost of living and inflation continue to dominate the concerns of Scots in terms of economic priorities as people remain dissatisfied with the adequacy of their income to cover the cost of living.

The crisis continues to impact our behaviours, with many reducing energy consumption and cutting down on non-essential purchases to make ends meet. We also find that a significant proportion of Scots would struggle to cope if an emergency required a payment of £100 or £500 without having to borrow money, bringing the fragile economic reality for many households into sharp focus.

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 THE MAJORITY OF PEOPLE DO NOT THINK ECONOMIC CONDITIONS WILL GET BETTER IN THE NEXT 12 MONTHS

The majority of people remain pessimistic about the way in which economic conditions will change over the next 12 months. However, the level of pessimism has lessened since November 2022, with two-thirds (66%) saying that it will be worse, representing a drop from 81% in November. Around one in four (23%) believe that the situation will remain the same and only 10% predict that economic conditions will be better.

### 02 THE MAJORITY OF PEOPLE FEEL THAT GENERAL ECONOMIC CONDITIONS ARE WORSE THAN A YEAR AGO...

Almost nine in 10 Scots (88%) think that economic conditions are worse than they were a year ago. However, this is marginally lower than the 94% figure reported in November 2022.

### 03 ...AS ARE THEIR OWN FINANCES

Nearly two-thirds (63%) of Scots believe that their own personal financial situation has got worse in the last 12 months. Those in the most deprived neighbourhoods are more likely to say that their personal financial situation has got much worse in the last 12 months than those in the least deprived neighbourhoods.

## 04 COST OF LIVING AND INFLATION AND HEALTHCARE REMAIN TOP PRIORITIES FOR SCOTS

People's economic priorities have remained relatively stable, with costs of living and inflation cited by the vast majority (65%) as one of the top three issues facing the Scottish economy. This is followed by living standards and wages (44%) and poverty (29%). Additionally, the majority of Scots (52%) identify healthcare and the NHS as one of the three most important issues facing Scotland generally.

## 05 PEOPLE REMAIN DISSATISFIED WITH THE ADEQUACY OF THEIR INCOME

The majority of people report being dissatisfied with their income covering the cost of living (58%). This level of dissatisfaction is followed closely by dissatisfaction with income level in general (47%) and people's ability to meet their household bills (46%). This is more pronounced in more deprived neighbourhoods than in the least deprived neighbourhoods. The time series data demonstrates that work and income satisfaction levels have remained relatively stable since the last point of data collection in November 2022.

## 06 MANY SCOTS ARE EXPERIENCING FINANCIAL FRAGILITY

A quarter (25%) of people, are not confident that they would be able to pay for an emergency expense of £100 without having to take out a loan or borrow money. This figure rises to 45% for an emergency expense of £500. This points to an alarming level of financial precarity in Scottish households. These figures are higher among households with children and the most deprived neighbourhoods.

## 07 WE ARE WATCHING OUR ENERGY USE...

Seven in ten (69%) people report that they have cut their energy use through methods such as switching off lights and not using the oven to cope with rising prices and inflation. Similarly, six in ten (60%) report not turning their heating on when they otherwise would have done to save money, though this has decreased from 68% in November 2022.

## 08 .... AND CONTINUING TO TIGHTEN OUR BELTS

People also report cutting discretionary spending, including spending on non essential purchases (68%) and on leisure activities (61%) in roughly similar proportions as November 2022. Reducing charity donations (43%) and taking money out of saving to cover higher costs (42%) have both increased in prevalence among Scots since November by three and five percentage points respectively.

## 09 PRECARITY IN THE LABOUR AND HOUSING MARKETS DO NOT AFFECT ALL SCOTS EQUALLY

57% (excluding don't know and not applicable) are not confident that they could get a job/another job within 3 months if necessary and 42% feel similarly unsure that they could pay their housing costs if they increased in the next 6 months. This latter figure rises to 54% among those from the most deprived neighbourhoods and drops to 34% among respondents from the least deprived neighbourhoods.

## 10 THE MAJORITY OF SCOTS THINK THAT SCOTLAND IS HEADING IN THE WRONG DIRECTION....

55% of Scots feel that things in Scotland are heading in the wrong direction. This is the first time since the beginning of Understanding Scotland that a majority have said this and an increase of six percentage points from the previous high of 49% in November 2022.

## SCOTLAND'S DIRECTION OF TRAVEL

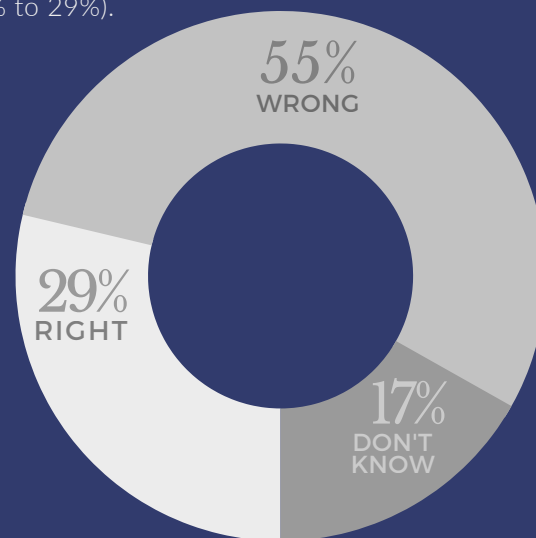
Over half of people (55%) believe that things in Scotland are heading in the wrong direction. This is the first time that a majority have expressed pessimism in the Understanding Scotland series.

This continues a trend of increasing pessimism among Scots with a steep increase in people thinking Scotland is heading in the wrong direction from 49% in November 2022, a previous high, being accompanied by a corresponding decrease in the proportion who believe things in Scotland are going in the right direction (decreasing from 34% to 29%).

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).

Men in Scotland are also more likely to believe that Scotland is moving in the wrong direction (60%) compared to women (49%).

Those in West Scotland are more likely to believe that Scotland is moving in the wrong direction compared to those in the North and East.

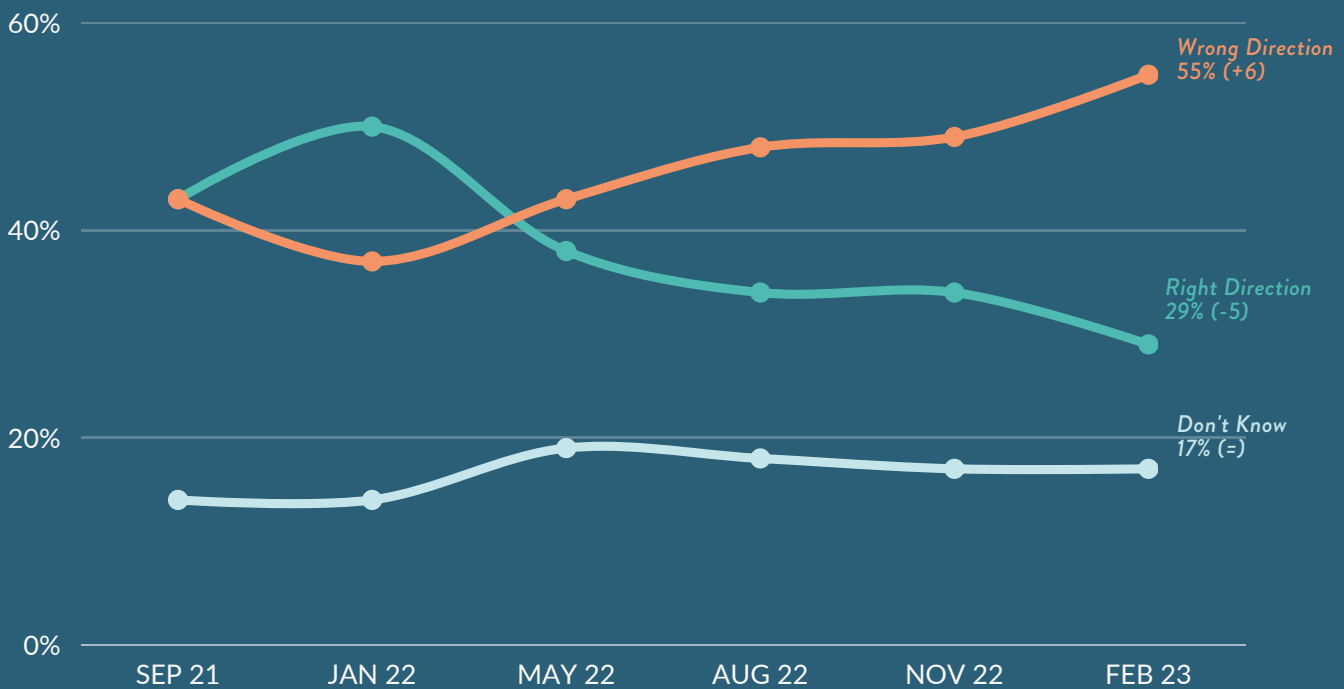


*Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?*



## 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 November 2022





## PUBLIC PRIORITIES

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Healthcare and the NHS and the cost of living and inflation remain the key issues facing Scotland in the public's eyes. Healthcare and the NHS remains the 'top priority', listed by over half (52%) of respondents as one of the top three issues facing Scotland. This is a three percentage point increase since the last wave of data collection. In comparison, while the cost of living and inflation is still at the forefront of 45% of people's minds, this is a slight decrease in prevalence since the last round of data collection.

15% of people mentioned education/schools as a key issue facing Scotland, a steep increase since last quarter (9%). This could be connected to the media coverage of school strikes at the beginning of the year. However, despite high levels of media coverage and political debate in recent weeks, only 6% of respondents listed gender recognition reforms as one of the three most important issues facing Scotland.

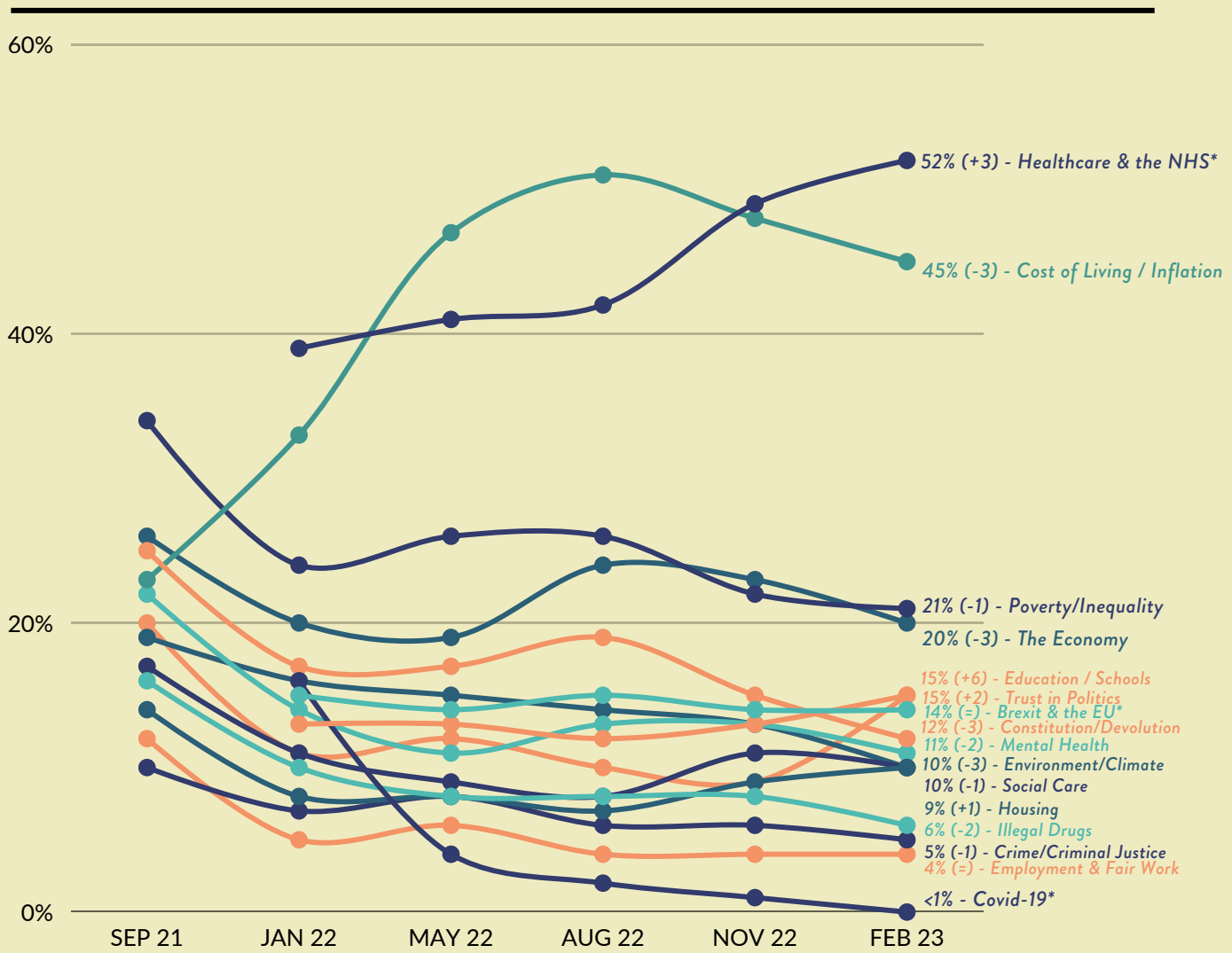
These headline trends mask various ways in which demographics and life circumstances shape the public's priorities. For example, 3% of respondents aged 16-34 listed social care as a key issue compared to 18% of those aged 55-64 and 14% of those aged 65+.

Additionally, healthcare and the NHS was more likely to be named as a priority by those aged 45+ than those aged 16-34.

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## 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

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People's economic priorities have remained relatively stable, with costs of living and inflation cited by the vast majority (65%) as one of the top three issues facing the Scottish economy today.

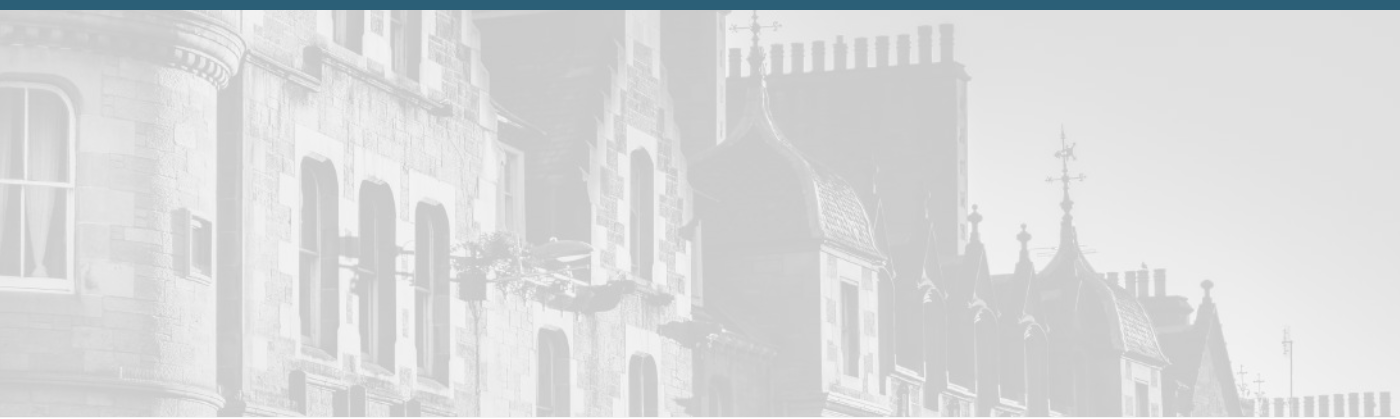
This is followed by living standards and wages (44%), poverty (29%), managing public finances (27%), and spending on public services (27%). There has been general consistency in the prioritisation of economic issues across various waves of data collection.

While cost of living and inflation and living standards and wages are the most popular issues listed by male and female respondents, females focused on these issues at a higher rate. For instance, 71% of females view the cost of living and inflation as a key issue compared to 58% of males.

Fair work and workers' rights are more likely to be identified as an economic priority by those from the most deprived neighbourhoods compared to those in the least deprived (15% vs 9%).

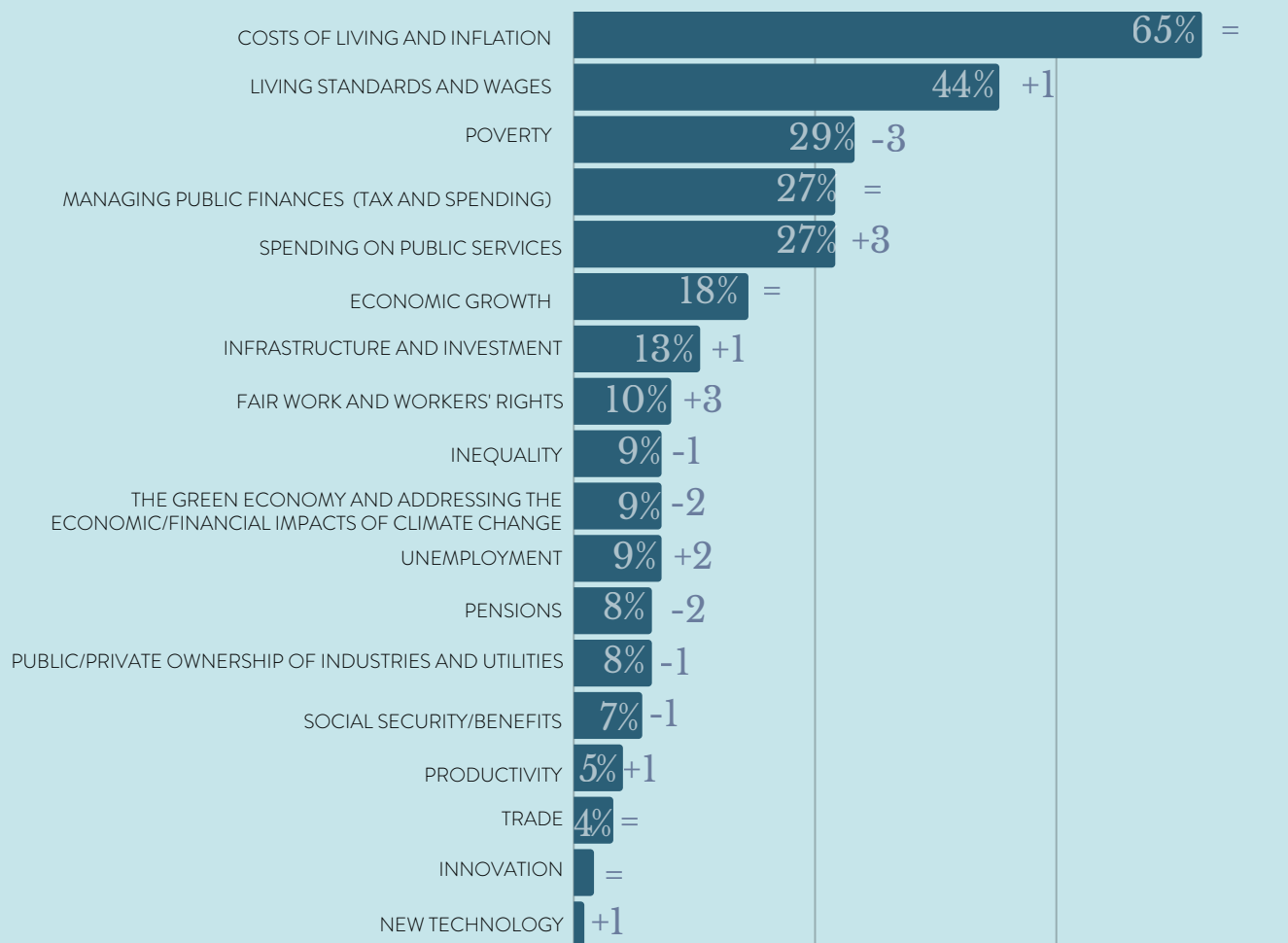
Spending on public services is a higher public priority among Scots aged 45+ (32%) than among those aged 16-34 (18%).

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## 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 November 2022*



# ECONOMIC OUTLOOK

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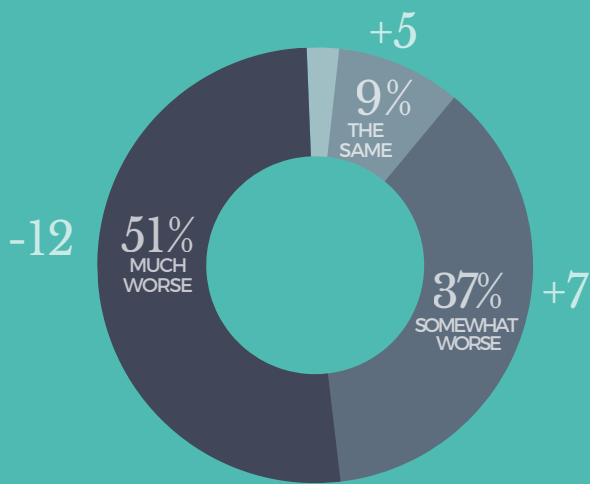
Respondents' evaluations of current general and personal economic situations compared to 12 months ago remain overwhelmingly negative. While 88% of respondents, excluding those who answered don't know, view the current general economic situation as worse than 12 months ago, this is an improvement on the 94% who responded the same way in the last round of data collection. Those who believe that Scotland is heading in the wrong direction are more likely to think that the general economic situation has worsened in the last 12 months. In addition, 63% of Scots believe that their own personal financial situation has got worse in the last 12 months. Those in the most deprived neighbourhoods are more likely to say that their personal financial situation had got much worse in the last 12 months than those in the least deprived neighbourhoods.

The majority of people remain pessimistic about the way in which general economic conditions will change over the next 12 months but less so than in previous waves, with two-thirds (66%) saying that it will be worse (excluding don't knows), representing a drop from 81% in November. Around one in four (23%) believe that the situation will remain the same and only 10% predict that economic conditions will be better.

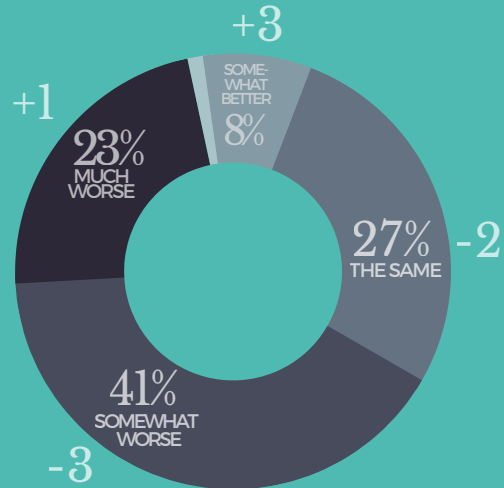
People appear to be slightly more positive when asked how they think their personal financial situations will change in the next year, but this should not be confused with optimism. Excluding those who answered 'don't know', 14% of people believe that they will be better off, 38% believe their situation will be the same (compared to 30% in November) and 48% believe they will be worse off in 12 months time (compared to 61% in November).

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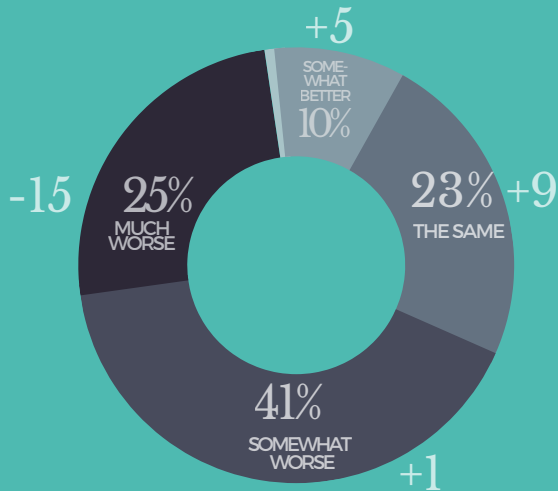




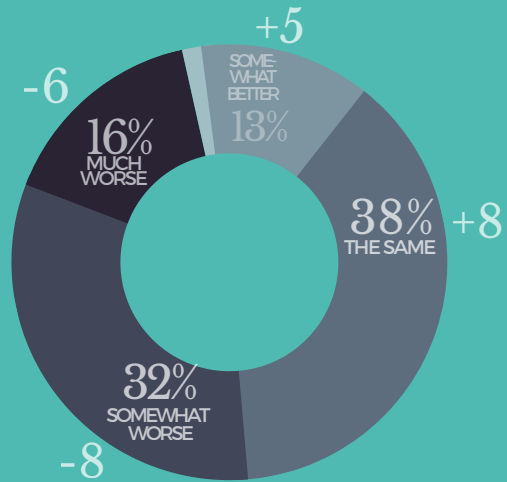
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



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?

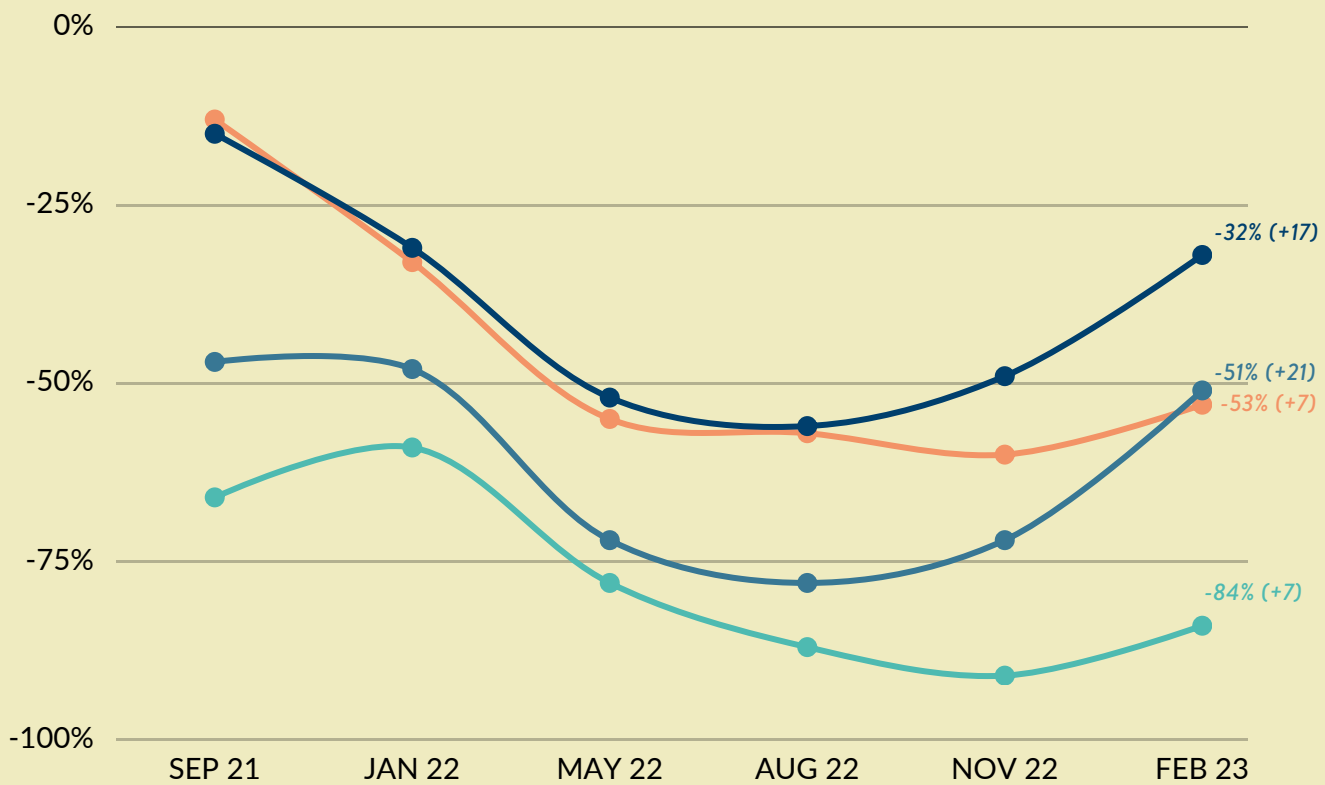
'Don't know' answers excluded. Numbers outside donut charts represent change from the previous wave of data collection



## 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.

- 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 round of data collection



## INCOMES & ADEQUACY

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A majority of people report being dissatisfied with their income covering the cost of living (58%, excluding 'don't know' and 'not applicable' answers). This level of dissatisfaction is followed closely by dissatisfaction with income level in general (47%) and people's ability to meet their household bills (46%).

Unsurprisingly, those in more deprived neighbourhoods are more likely to be dissatisfied with their income covering the cost of living, their income level and ability to meet household bills than those in the least deprived neighbourhoods.

Around one in four (27%) of people feel satisfied about the balance in their lives between paid and unpaid commitments, while around four in ten (38%) are dissatisfied with this balance.

The time series data demonstrates that work and income satisfaction levels have remained relatively stable since the last point of data collection in November 2022.

Additionally, 66% of respondents (excluding don't know and not applicable answers) are satisfied that they receive enough paid hours from their employer. This was lower among those employed part-time (56%) and higher among full-time employees (77%).

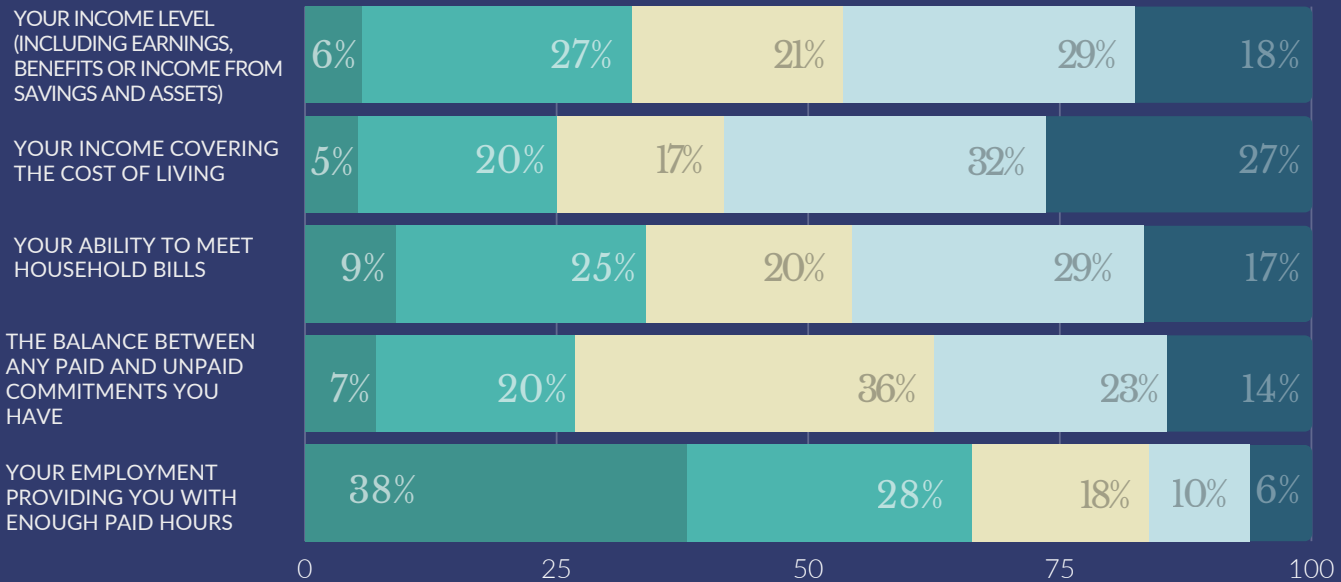
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## WORK AND INCOME SATISFACTION

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

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

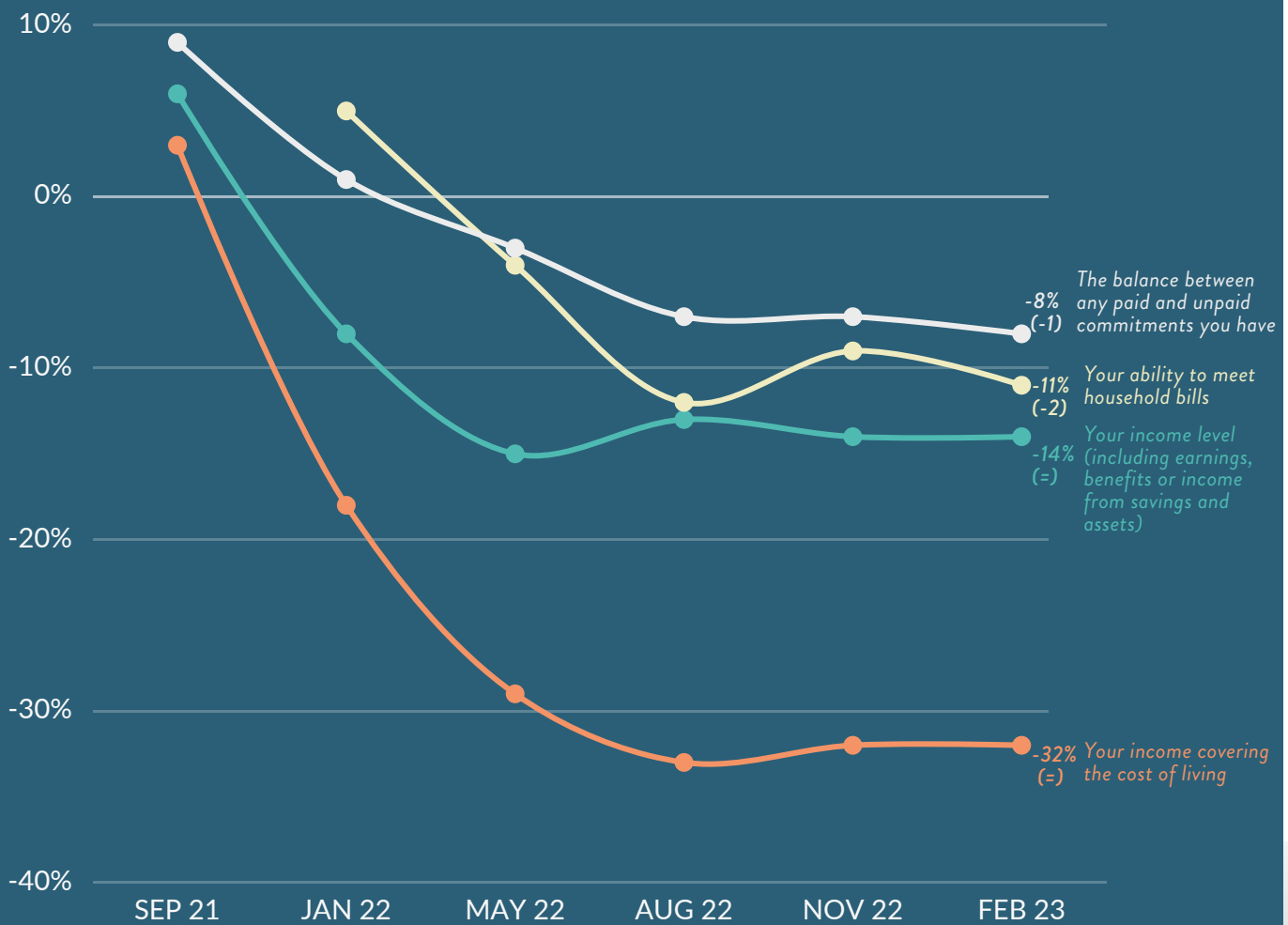


How satisfied are you with the following?



## 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 round of data collection



## FINANCIAL FRAGILITY

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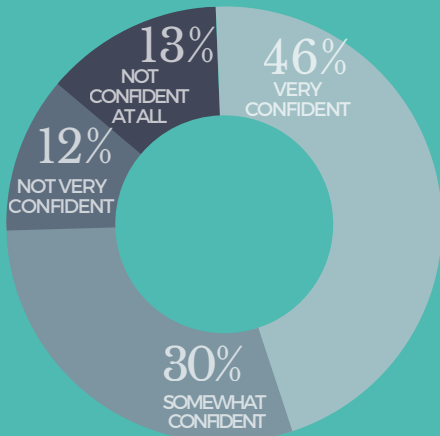
A quarter (25%) of people, excluding those answering 'don't know' or 'not applicable', are not confident that they would be able to pay for an emergency expense of £100 without having to take out a loan or borrow money. This figure rises to 45% for an emergency expense of £500. This points to an alarming level of financial precarity in Scottish households.

More than a third of Scots living in households with children are not confident that they could afford an emergency expense of £100 without having to take out a loan (36%) compared to those in households with no children (22%). This rises to six in ten (60%) among those in households with children if the amount is increased to £500 and to 40% in households with no children. This highlights the fragile financial situation that many Scots are in during the midst of the cost of living crisis.

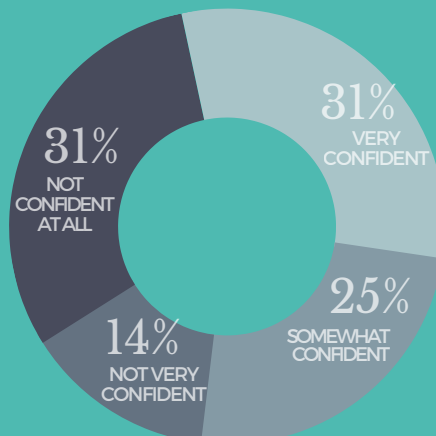
As expected, deprivation plays a role here, with people living in the most deprived neighbourhoods most concerned about their ability to meet an emergency expense: 46% are not confident they could meet an emergency expense of £100, with this figure rising to 66% for a £500 expense. In comparison, 15% of people living in the least deprived areas expressed a lack of confidence in their ability to pay a £100 pound expense, rising to 31% in the case of a £500 expense.

Responses were mixed when it came to people's perceived ability to weather major life changes in their employment status and housing costs. Excluding don't know and not applicable answers, a majority of people (58%) are at least somewhat confident that they would still be able to pay for their housing costs in the event of an increase in the next 6 months. In comparison, 57% are not confident that they would be able to find a new job in the next 3 months.

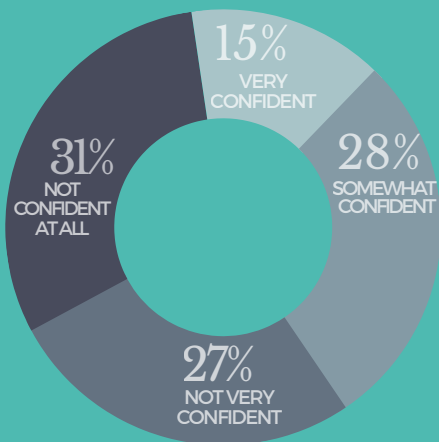
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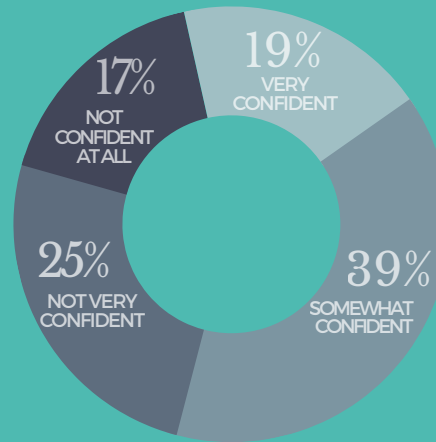
Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £100 without having to take out a loan/borrowing?



Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £500 without having to take out a loan/borrowing?



Thinking about your own financial circumstances, how confident are you that you could get another job/a new job within 3 months if necessary?



Thinking about your own financial circumstances, how confident are you that you could pay your housing costs (rent or mortgage) if they increase in the next 6 months?

'Don't know' and not applicable answers excluded.



## COST OF LIVING CRISIS BEHAVIOURS

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Seven in ten (69%) people report that they have cut their energy use through methods such as switching off lights and not using the oven to cope with rising prices and inflation. This is even higher among Scots aged 55 and over, with three-quarters (74%) saying that they have done this to cope with rising prices and inflation. This new measure is the most reported behaviour among Scots in response to the cost of living crisis.

Similarly, six in ten (60%) report not turning their heating on when they otherwise would have done to save money, though this has decreased from 68% in November 2022. People also report cutting discretionary spending, including spending on non essential purchases (68%) and on leisure activities (61%) in roughly similar proportions as November 2022 data.

Reducing charity donations (43%) and taking money out of saving to cover higher costs (42%) have both increased in prevalence among Scots since November by three and five percentage points respectively.

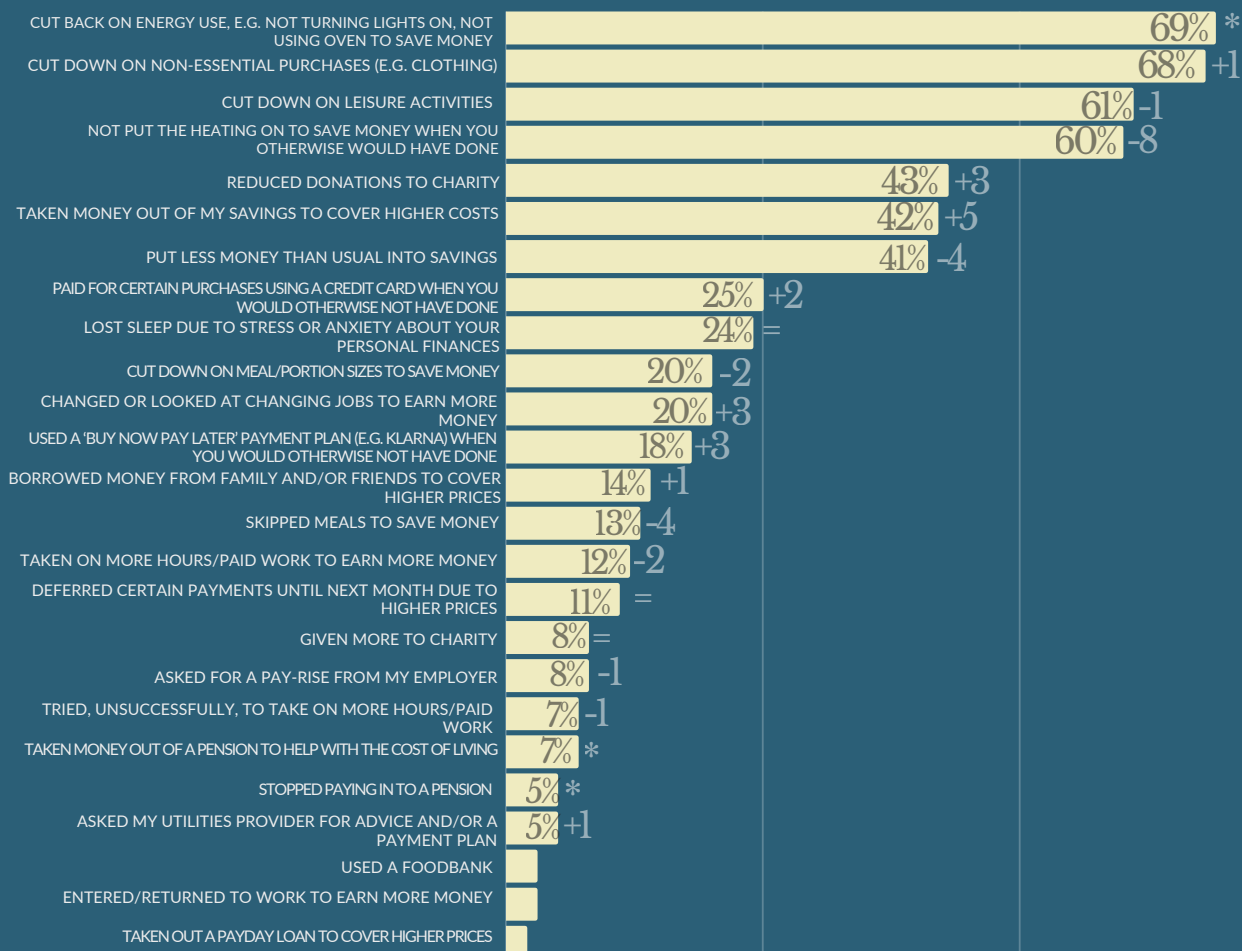
The proportion of people taking money out of their savings to cope with higher costs has increased from 37% to 42% since the last wave. There has also been an increase in the proportion of Scots changing or looking to change jobs for more money from 17% to 20% and an increase in the use of 'Buy now, Pay Later' schemes from 15% to 18%. Overall, it remains the case that most Scots are feeling the squeeze of rising prices and taking action to protect themselves.

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## 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

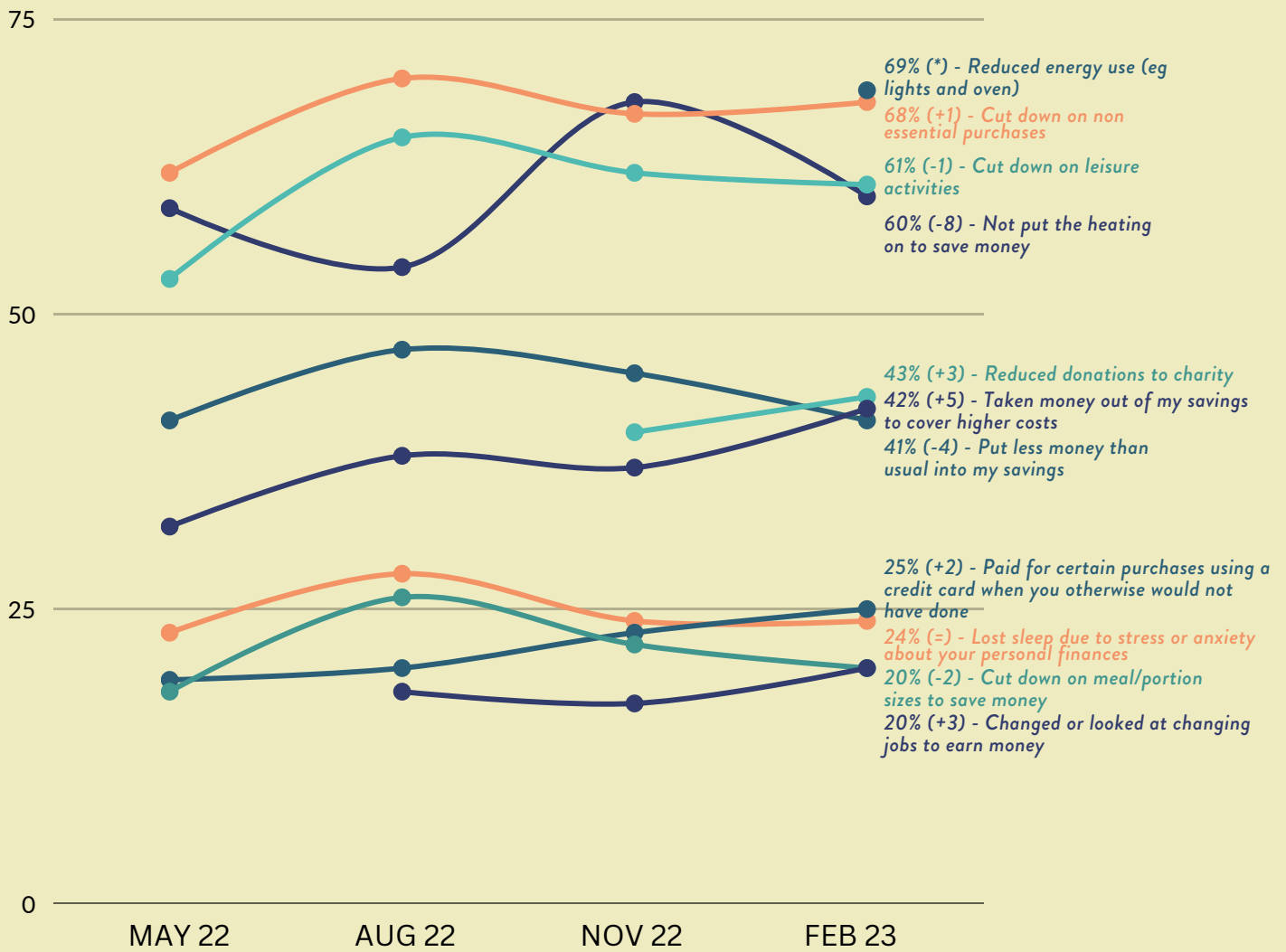


Which of the following have you done in response to rising prices and inflation?

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

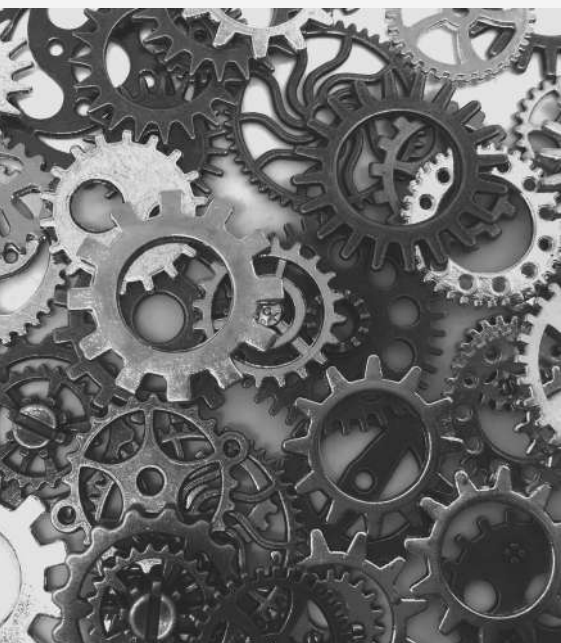
## RESPONSES TO THE COST OF LIVING CRISIS OVER TIME

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





## 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 6th - 8th February 2023, and received 2,409 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

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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 [info@diffleypartnership.co.uk](mailto:info@diffleypartnership.co.uk)





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