



UNDERSTANDING SCOTLAND

A NEW SURVEY FOR SCOTLAND


ECONOMY

August 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 tracker is produced in partnership with the David Hume Institute*.



*Registered Charity Number SC009579

INTRODUCTION

ECONOMY - AUGUST 2023

This wave of Understanding Scotland demonstrates the persistent dominance of cost of living concerns on public attitudes and behaviours, as we continue to grapple with the wide-ranging consequences of rising prices and a squeeze on our finances.

The public remains generally pessimistic about Scotland's direction of travel, as well as current and future economic conditions. Pessimism is gradually subsiding, but more are uncertain about Scotland's direction and expect deteriorated conditions to endure over the next year.

Significant numbers are still struggling with the cost of living, engaging in cost-saving behaviours where possible and relying on diverse strategies to pay for expenses. These cost-saving behaviours shape every facet of Scots' lives, including how they shop and what they eat. There may be some marginally more positive news in the media but this is not yet translating into greater optimism or changing behaviour.

An overwhelming majority is dissatisfied with support offered by government and private companies in helping people cope with inflation, reporting that there is still more to be done to address current economic woes.

Despite the prominence of cost of living concerns, Scots continue to draw attention to many public and economic priorities. Healthcare and the NHS follow closely behind the cost of living, with the economy, poverty, and the environment trailing behind. Particularly, emphasis on the environment and climate change has grown substantially since last wave, with 18% identifying the issue as a top three priority.

This report explores these issues and others, examining how the Scottish public navigates economic challenges, including their attitudes and behaviours.

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 SCOTS REMAIN SCEPTICAL ABOUT THE ECONOMY AND ECONOMIC RECOVERY.

Evaluations of the current and future economy are still overwhelmingly negative, although perceptions are shifting to slightly less negative categories. 38% say that economic conditions are much worse now than a year ago, down from 46% in May. In contrast, those saying conditions are somewhat worse or the same has risen by five and three percentage points respectively. Almost a third (32%) believe that economic conditions will be the same this time next year, up from 28% in May.

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

Over half (56%) of the public believes that things in Scotland are headed in the wrong direction, while 24% believe things are headed in the right direction and 20% say they don't know, a rise of two percentage points since May.

03 YOUNGEST GENERATION (16-34) LEAST PESSIMISTIC ABOUT SCOTLAND'S ECONOMY AND DIRECTION.

Those aged 16 to 34 are least likely to report that things in Scotland are heading in the wrong direction (44%), in comparison to those of every other age. They are also least likely to say that general economic conditions have worsened in the last year and to expect conditions to continue to deteriorate.

04 COST OF LIVING CONTINUES TO DOMINATE THE CONVERSATION.
Cost of living/inflation and healthcare and the NHS remain top concerns amongst the public, although cost of living has overtaken healthcare for the first time in a year. Cost of living remains far and away the most common economic priority.

05 WE ARE CONTINUING TO CUT BACK SPENDING.
Across the board, Scots are reducing expenditure on energy use (69%), non-essential purchases (67%) and leisure purchases (61%), with little sign of letting up; these rates have remained stable from May.

06 WE ARE CHANGING HOW WE SHOP AND WHAT WE EAT...
Half (52%) of people say they are shopping for food based on price rather than health, and over 1 in 4 are reducing the quantity or quality of fruits and vegetables in their diet (28%), consuming more packaged or processed foods (27%), or choosing foods that require no or very little cooking (25%). Individuals also mention that they are shopping around, changing brands or shops, buying reduced food, bulk/batch cooking and reducing food waste as a response to rising prices.

07 ...AND SOME ARE ENGAGING IN EXTREME BEHAVIOURS, DETRIMENTAL TO HEALTH.
The number of people cutting down on meal and portion sizes continues to rise, up from 21% last quarter to nearly 1 in 4 (23%) this quarter. 15% still report that they are skipping meals. Of those skipping meals, some say that they are eating only one meal a day.

08 WORKING CLASS SCOTS AND THOSE WITH CHILDREN HAVE BEEN HARDEST HIT.
22% of those in grades C2DE report that their finances are much worse now than a year ago while 15% of those in grades C2DE believe their situation will worsen severely this year; 1 in 4 (25%) individuals in a household with children think their finances are much worse than a year ago, in comparison to 17% of those in households without children.

09 DISSATISFACTION WITH THE SUPPORT OFFERED BY PUBLIC AND PRIVATE BODIES LINGERS.
A majority of Scots believe that the UK Government, Scottish Government, Local Authorities, energy companies and banks have done too little to help people cope with rising cost of living.

10 CONCERNS ABOUT THE ENVIRONMENT ARE RISING.
18% rate the environment and climate change as a top issue facing Scotland: making it one of the top three priorities for the first time in this series. Only 10% said the same in May. Additionally, 14% list the green economy as a top issue for the Scottish economy, compared to 9% last wave.

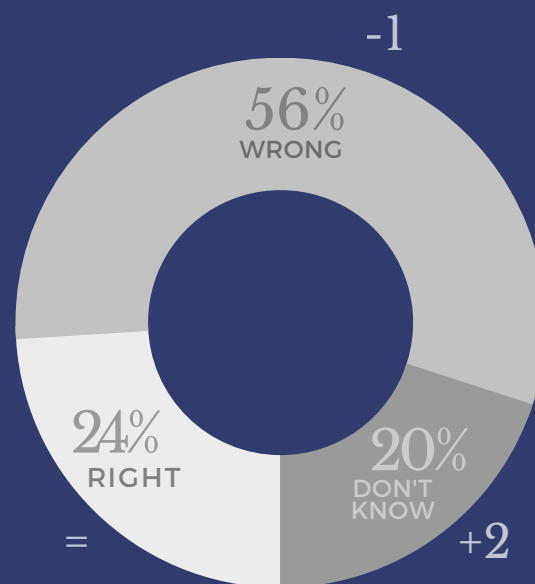
SCOTLAND'S DIRECTION OF TRAVEL

In line with last wave, over half of Scots (56%) believe that things in Scotland are heading in the wrong direction; this represents a small drop from the 58% of Scots that said the same in May.

For the first time since January 2022, the percentage of Scots that say that things in Scotland are heading in the right direction has not fallen, remaining steady at just under 1 in 4 (24%). However, more Scots are reporting that they 'don't know' which direction Scotland is headed in (20%).

As in previous waves, age and gender significantly influence evaluations of Scotland's direction. Women are less likely to say that things in Scotland are heading in the wrong direction (51%) than men (62%). And the youngest age group, those aged 16 to 34, is least likely to report that things in Scotland are heading in the wrong direction (44%) in comparison to those of every other age, ranging from over half (55%) of those 35 to 44, to a high of 2 in 3 (67%) of those 65+.

Perceptions of Scotland's direction are also linked to citizen's economic evaluations: those who think that general economic conditions have improved or will improve are most likely to say that things are heading in the right direction (52%, 50%), while those who think economic conditions have worsened or will worsen are more likely to say things are heading in the wrong direction (61%, 65%).

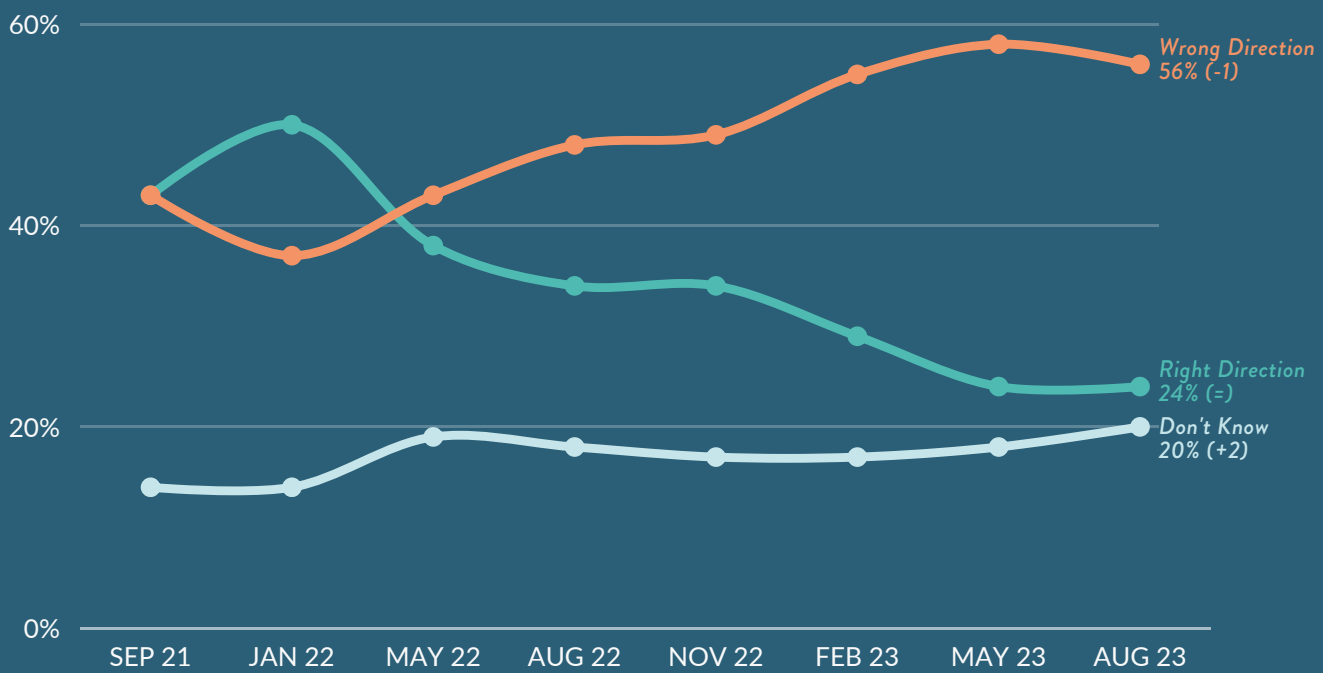


Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?



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 May 2023



PUBLIC PRIORITIES

The cost of living and healthcare maintain their status as top priorities amongst the public, chosen as one of the top three issues facing Scotland by just under half of Scots (48% and 46%). Cost of living has re-emerged as the number one priority among Scots for the first time in a year.

Beyond these dominating priorities, three issues receive notable support amongst Scots, with nearly 1 in 5 (18%) of Scots choosing the economy, poverty/inequality, or the environment as a top priority. This is the first time that the environment has emerged within the top five public priorities, following an increase of 8 percentage points from May 2023.

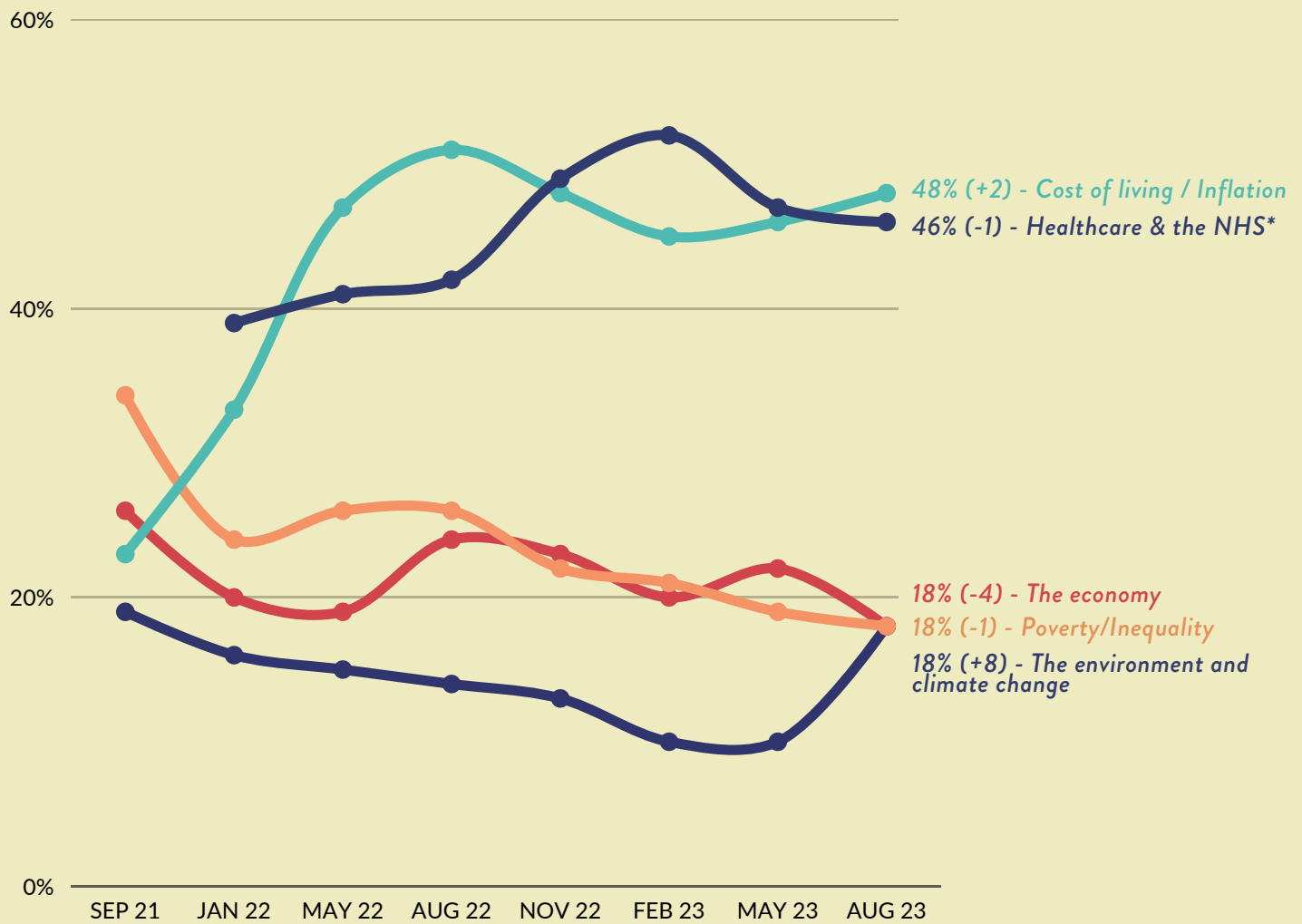
Support for top priorities varies by demographic. Younger generations are more likely to identify cost of living/inflation as a top concern than older generations: over half (57%) of those 16-44 list this as a top concern, in comparison to 44% of those 45-64 and only 36% of those over 65. In addition, those in larger households of three or more people (54%), those with children (56%), and those in urban areas (49%) are more likely to report cost of living as a top priority.

Concern with healthcare and the NHS is higher amongst women (50%) than men (42%), and those in rural environments (49%) rather than urban (46%).

The environment and climate change is more likely to be cited as a top issue by men (21%) compared to women (16%), those aged 16 to 34 (30%), and those living in urban environments (19%). Those who believe Scotland was moving in the right direction were also more likely to suggest the environment and climate change as a top priority (31%) contrasted with those who think things in Scotland are moving in the wrong direction (12%).

TOP PRIORITIES & ISSUES

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

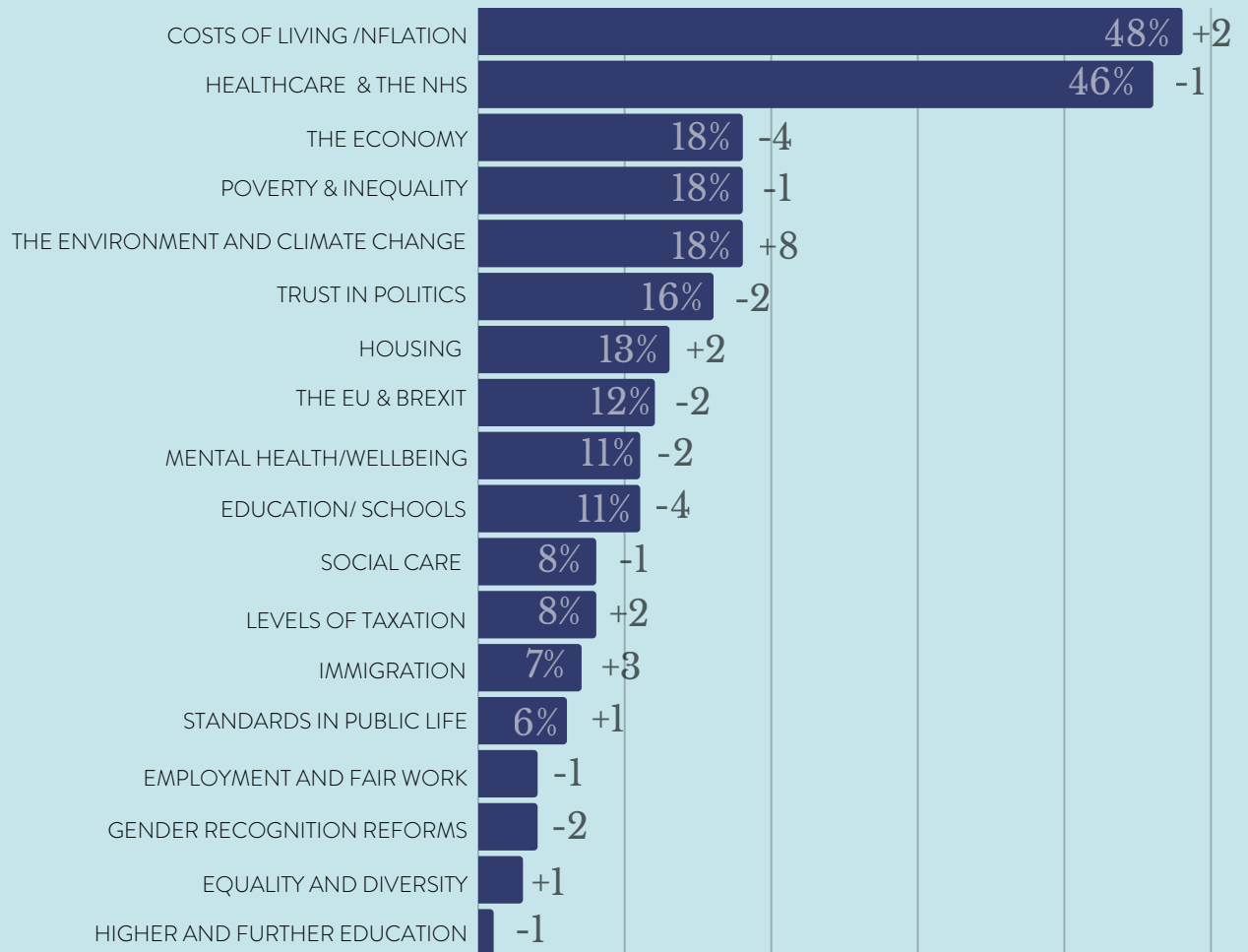


And what do you think are the three most important issues facing Scotland today? (Only answer options in top 5 shown)

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

TOP PRIORITIES & ISSUES

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



Thinking specifically about economic and financial issues, which of the following do you think are the three most important issues facing the Scottish economy? (Only answer options with change from May 2023 shown). Numbers outside bars represent percentage point change from May 2023



ECONOMIC PRIORITIES

The public's top economic priorities mirror trends in broader priorities. Cost of living continues to dominate economic concerns, with about 2 in 3 (67%) reporting that this is a top issue facing the Scottish economy. As in May, 2 in 5 (40%) state that living standards and wages is also a key concern for the Scottish economy. Poverty (29%), spending on public services (27%) and managing public finances (24%) also receive sizable support from Scots.

However, there are some notable changes from May. Emphasis on economic growth has fallen by four percentage points, trending down for the first time in the Understanding Scotland series. In contrast, more Scots are highlighting the green economy and climate change as a top economic priority (14%), compared to 9% in May.

As Scots cope with the rising cost of living and begin to envision a way forward, some demographics continue to emphasise cost of living and living standards as top economic priorities. Both concerns receive more support from women than from men, and from younger generations (those under 55) in comparison to the oldest generations (those 55+).

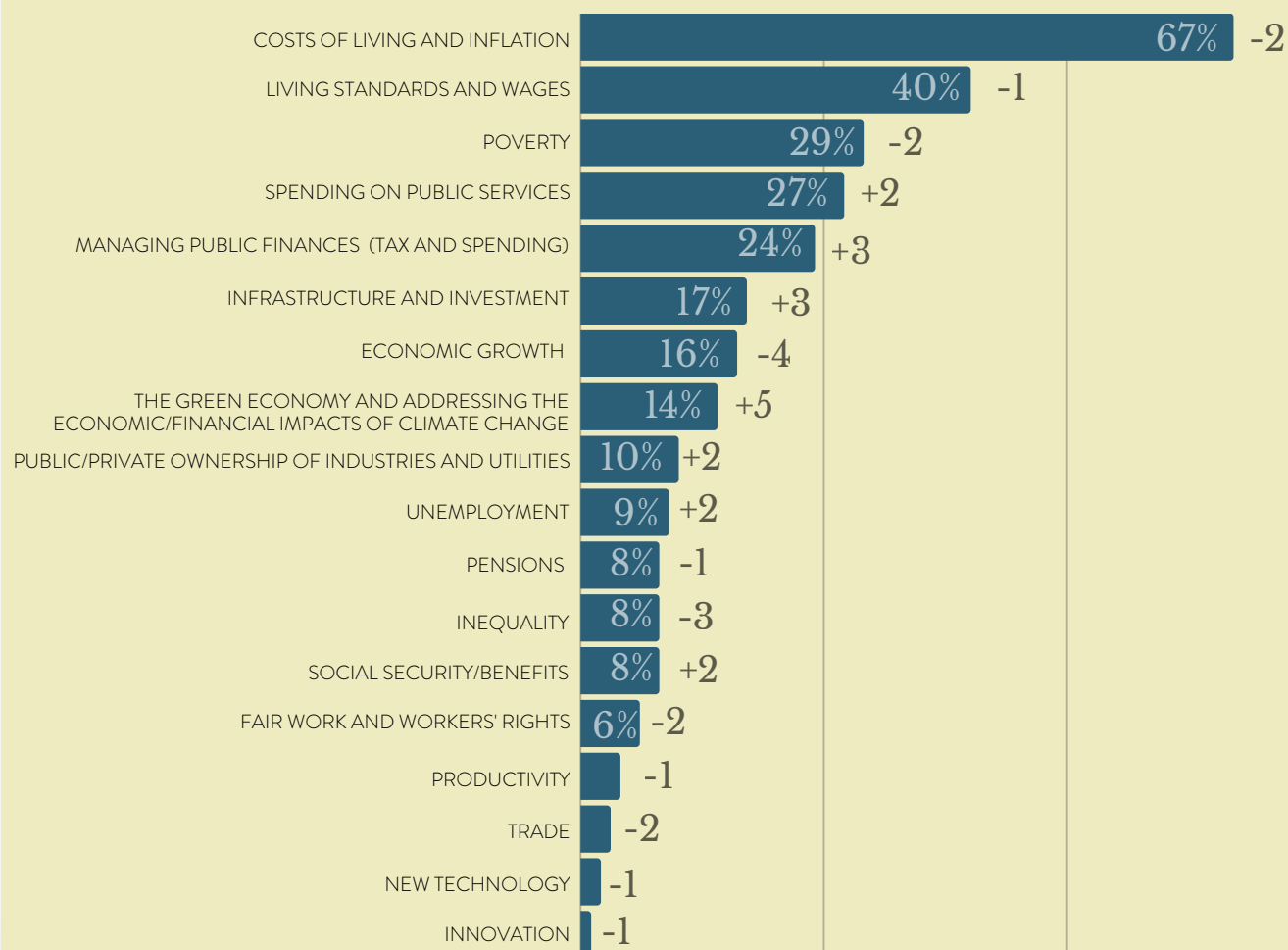
This includes those hit hardest by rising prices. Of those with children in the household, 3 in 4 (75%) identify cost of living and half (49%) identify living standards as top priorities, compared to 65% and 38% of those without children in the household.

Additionally, those who think the UK Government and Scottish Government have done too little to help people cope with rising prices and inflation are more likely to list the cost of living and living standards as top economic priorities, suggesting that many believe more intervention is required to help the public recover.



ECONOMIC & FINANCIAL PRIORITIES

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

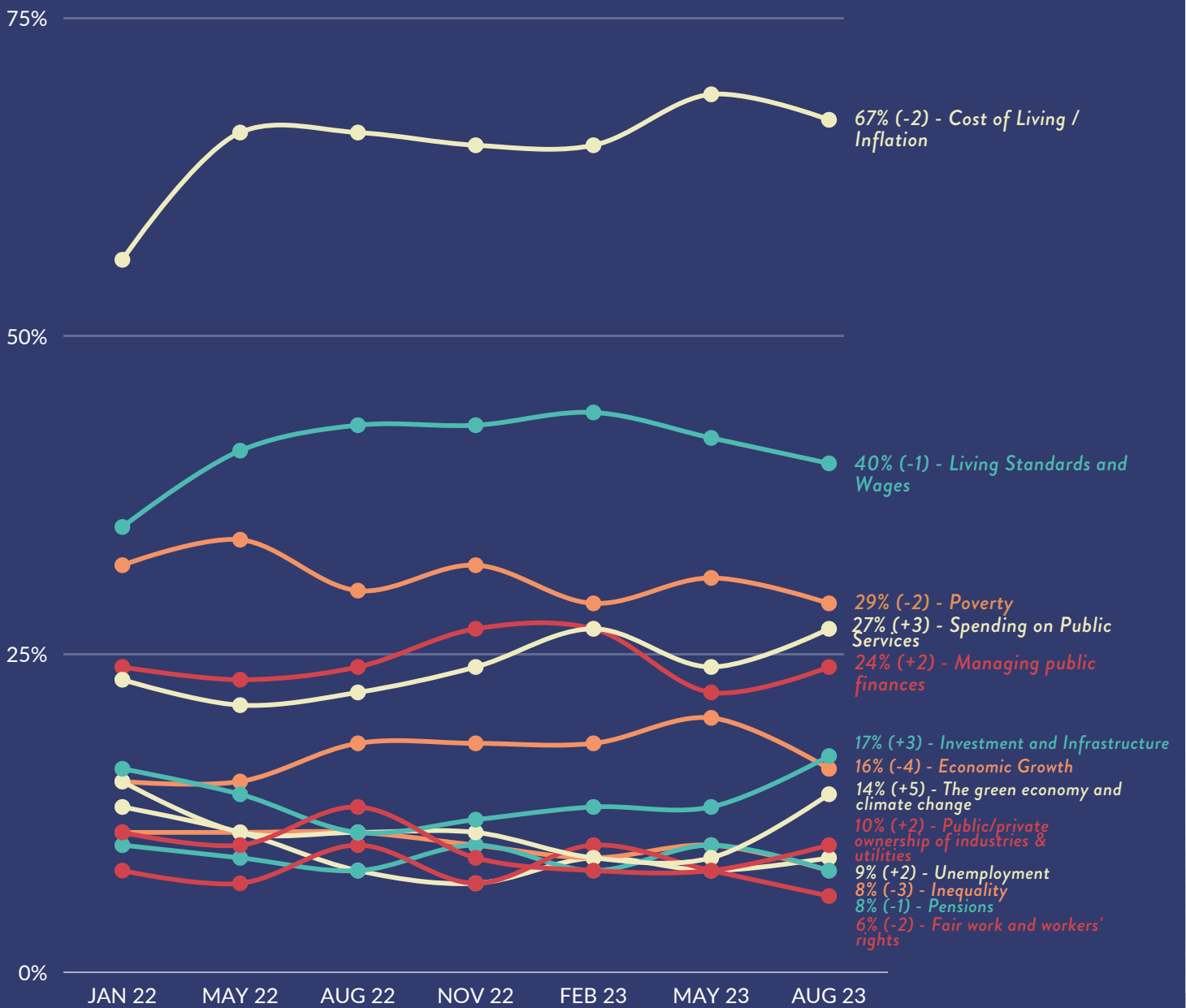


Thinking specifically about economic and financial issues, which of the following do you think are the three most important issues facing the Scottish economy? Numbers outside bars represent percentage point change from May 2023



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)

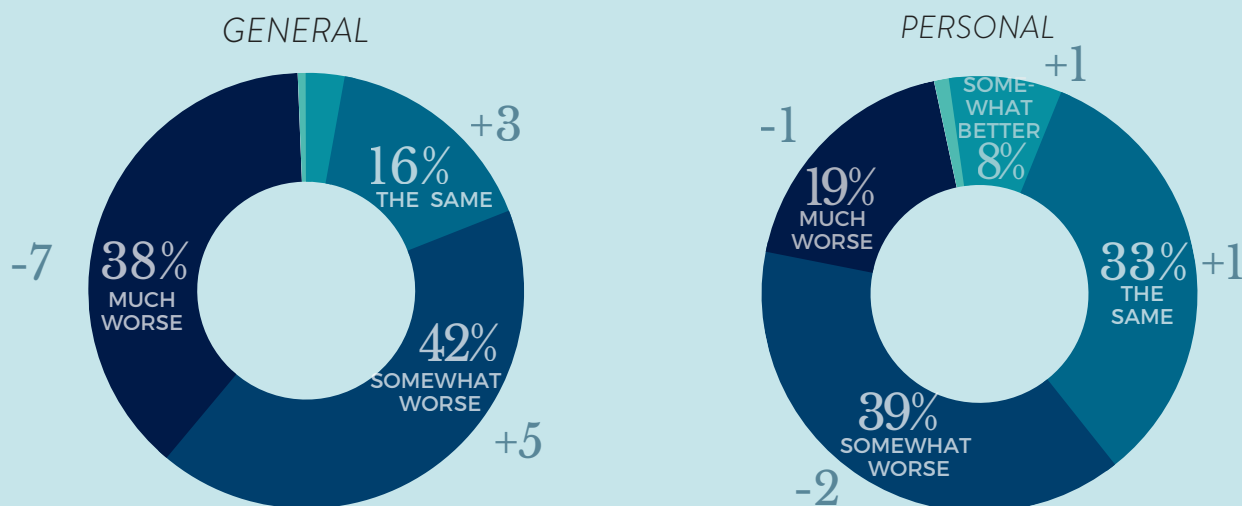
N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since previous round of data collection

ECONOMIC OUTLOOK (1)

Scots continue to view economic conditions with pessimism, with 4 in 5 (80%) reporting that general economic conditions are worse than 12 months ago and 57% reporting that they are personally worse off now. 3 in 5 (60%) Scots believe that general economic conditions will be worse in 12 months' time, while 42% believe their own personal finances will be worse in 12 months' time.

Across the board, public attitudes show modest signs of recovery. Evaluations are shifting from the most severe categories to less negative evaluations, such as 'somewhat worse' and 'about the same'. This is most positive for Scot's evaluations of their personal financial situation, where more individuals are reporting that their situation is somewhat better now than last year, and more also believe their situation will have improved in 12 months. For example, in terms of personal finances, 13% now report that they will be 'somewhat better' in 12 months' time (up from 11% in May), while 12% report that their personal finances will be 'much worse' in 12 months' time (down from 14% in May).

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



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

ECONOMIC OUTLOOK (2)

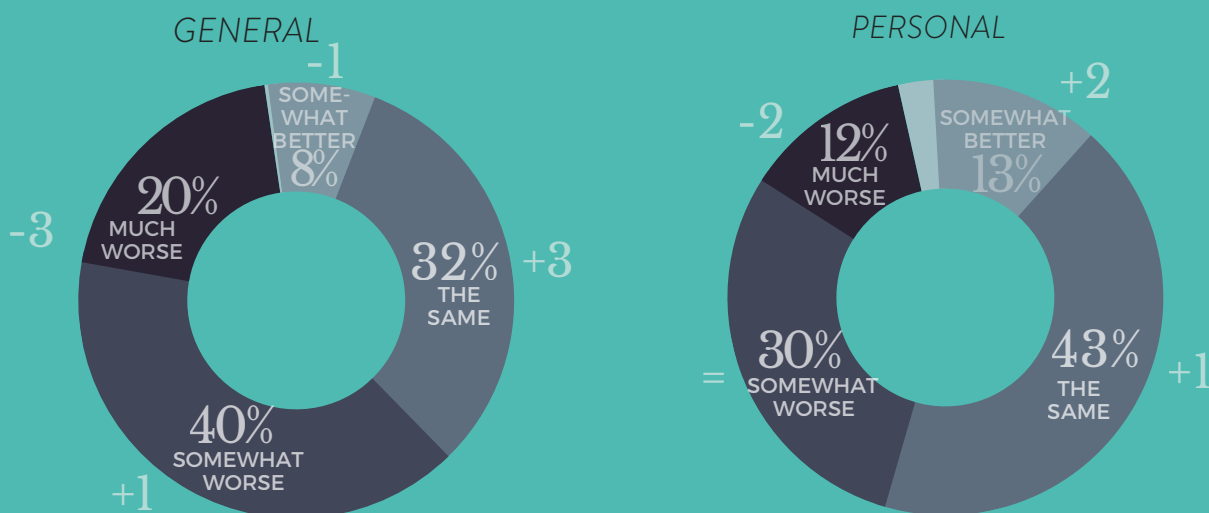
Those in older age groups (35+) are more likely to think that general economic conditions now are worse (81%), and much worse (41%), than a year ago, compared to those ages 16 to 34. When thinking about the future, older generations are also more likely than the youngest generation to say economic conditions will worsen in the next year.

Some groups are continuing to report poor and worsening financial circumstances. 1 in 5 (20%) of those who report that their financial situation has deteriorated in the past year believe that their situation will continue to worsen over the next year.

This is especially pronounced for those in social grades C2DE, women, and those living in a household with children. For example, 22% of those in grades C2DE report that their finances are much worse now than a year ago while 15% of those in grades C2DE believe their situation will worsen severely this year; 61% of women think their personal financial situation has worsened in the last year, and 44% think their circumstances will continue to worsen over the next year; 1 in 4 individuals in a household with children (25%) think their finances are much worse than a year ago, in comparison to 17% of those in households without children.

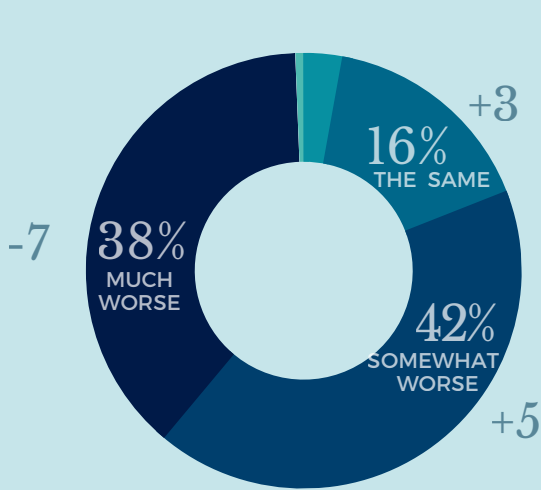
Almost 1 in 5 (19%) of those in South Scotland think their finances will be much worse in 12 months' time, higher than all other Parliamentary regions barring Highlands and Islands.

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

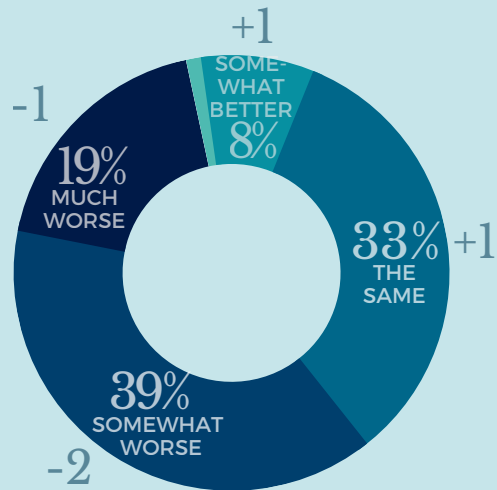


'Don't know' answers excluded. Numbers outside donut charts represent change from the previous wave of data collection

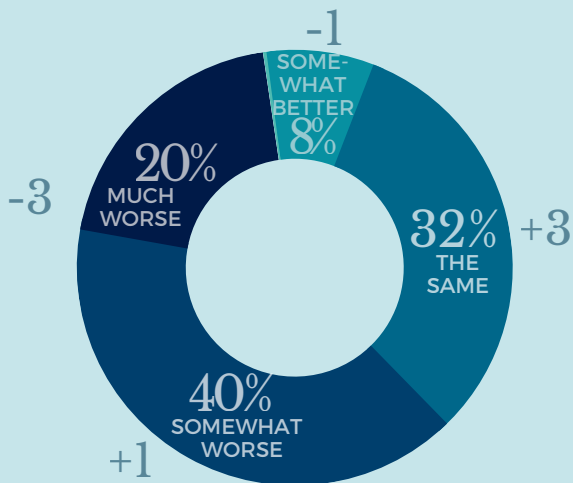
OVERVIEW OF ECONOMIC OUTLOOK



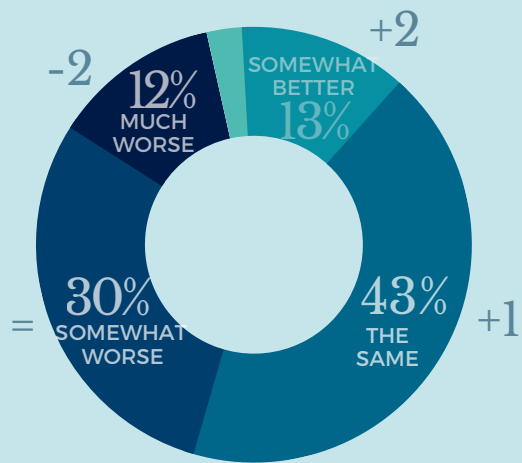
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



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?



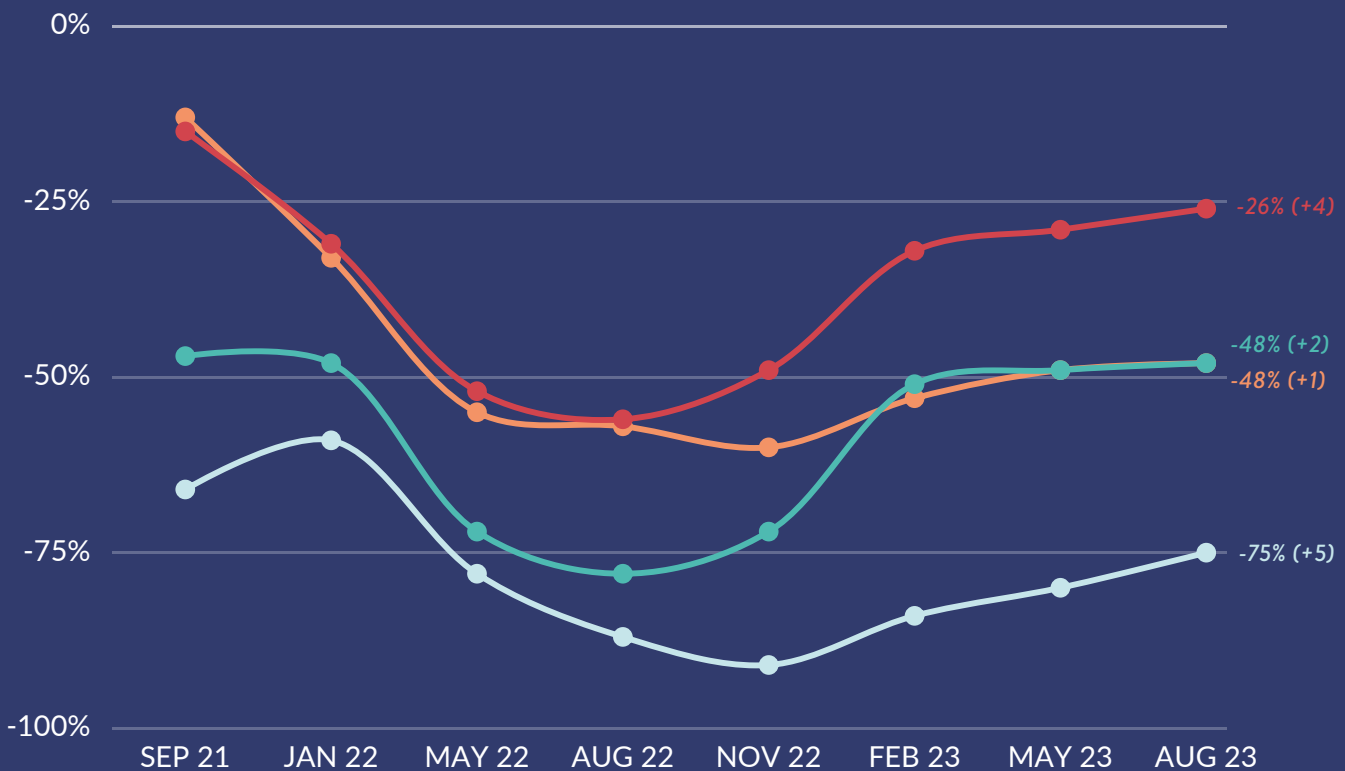
Compared to now, do you believe that your own financial circumstances will be better or worse over the next 12 months?

'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



ADEQUACY OF RESPONSE

The public still feels that efforts to support people through inflation are inadequate, and that most actors have done too little to help individuals cope with rising prices and inflations. Scots are most dissatisfied with the response of energy companies, with 94% of those who expressed an opinion saying that energy companies have done too little and 70% saying they have done far too little to help. A majority also express large dissatisfaction with the response of the UK Government and the Bank of England, with 61% saying the UK Government has done far too little and 52% saying the Bank of England has done far too little, excluding don't knows. In contrast, nearly half (48%) feel that their employer has done enough to help staff.

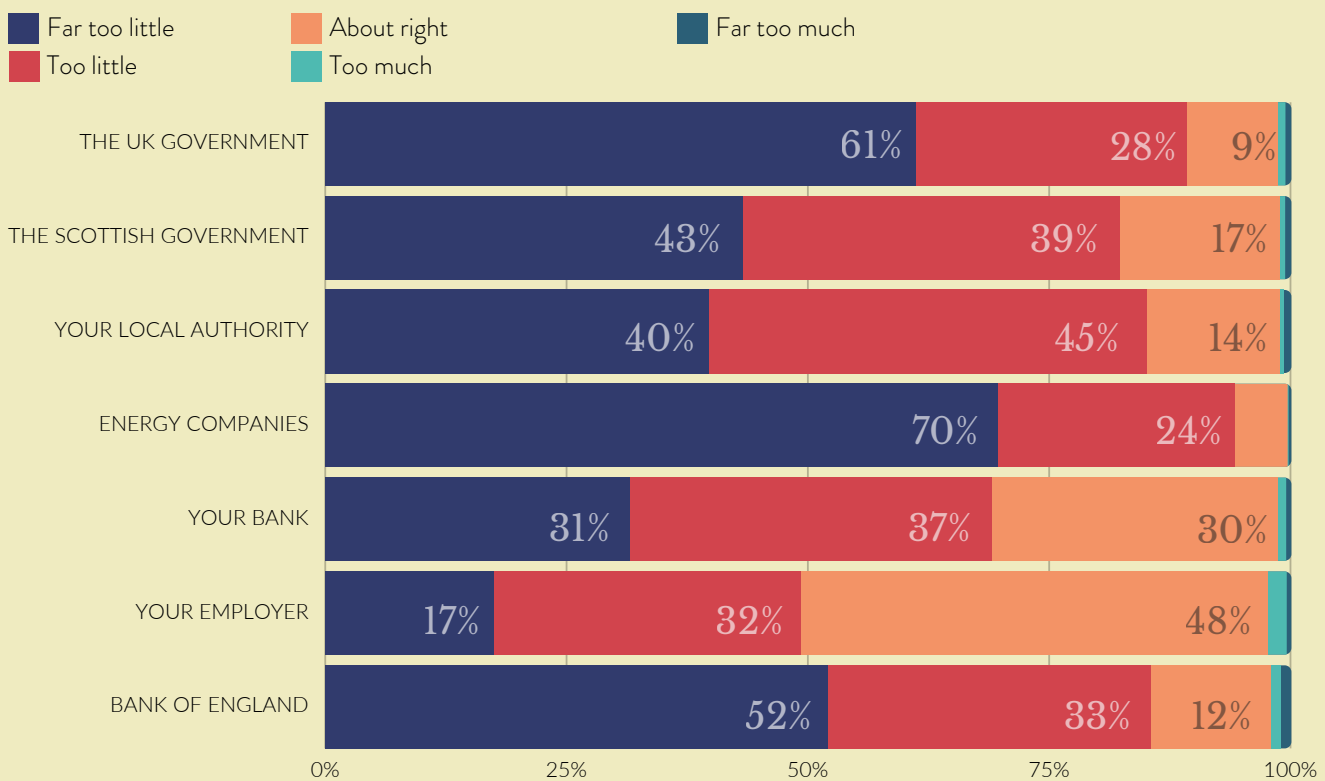
Such evaluations are common across the population. However, individuals with children in their household are more likely to think that the UK Government and their employer has done too little to support people during this time (92%, 38%), compared to those in households without children (85%, 25%).

Perceptions largely reflect those from last year, although with some drops in negative sentiment for the UK Government (-6), energy companies (-13) and employers (-11), where less individuals are saying that these actors are doing 'far too little'.

A sizable proportion reported uncertainty over the response of local authorities (15%) and banks (22%), as measured by those saying they 'don't know'. This suggests that the public has little awareness of support on offer from these actors.

COST OF LIVING: ADEQUACY OF RESPONSE

Proportions of respondents deeming various actors' response to the cost of living in/sufficient (excluding those answering 'Don't know' or 'Not applicable')

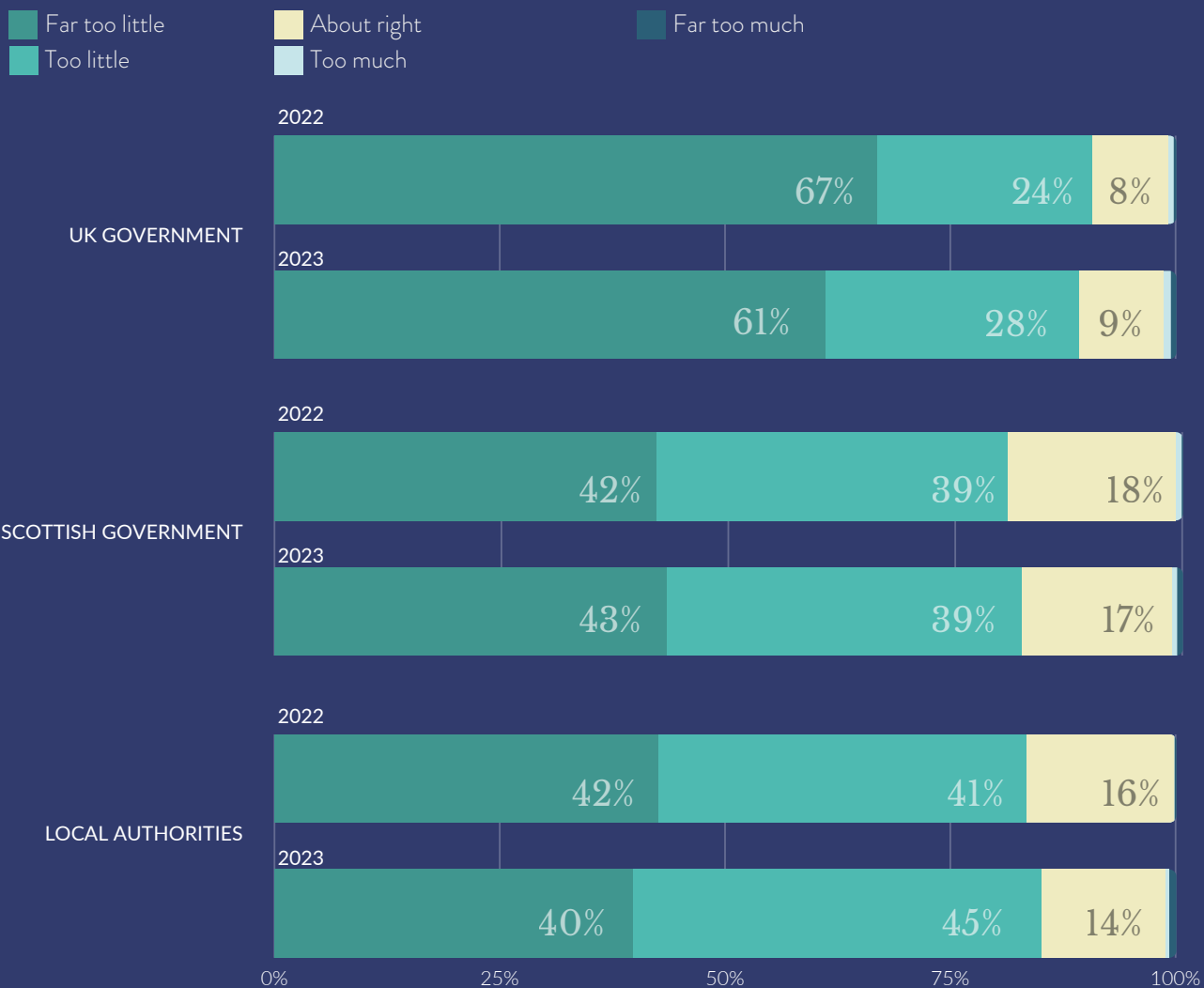


To what extent do you think the following groups/organisations have done enough to help people cope with rising prices and inflation?



ADEQUACY OF RESPONSE OVER TIME

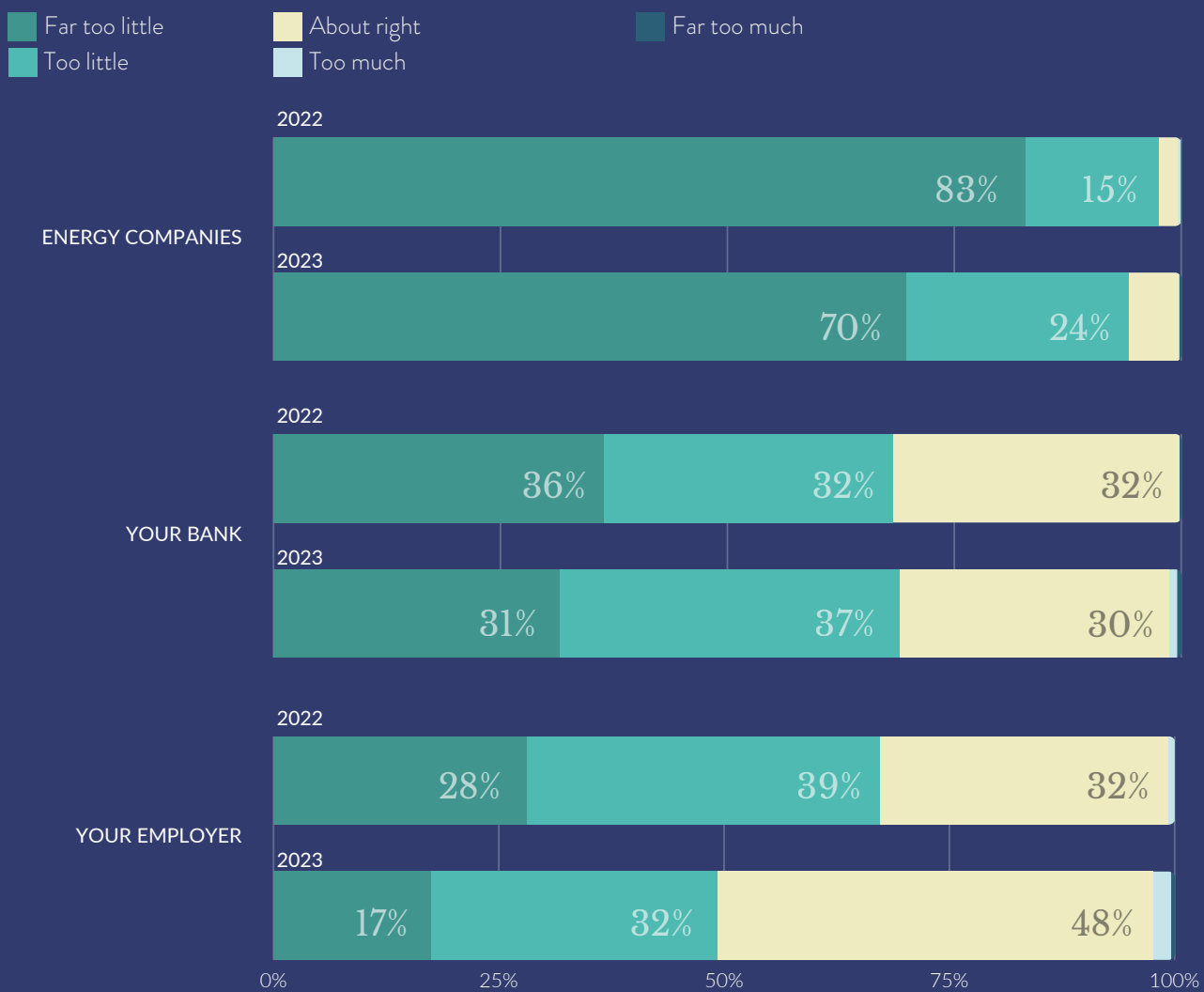
Proportions of respondents deeming various actors' response to the cost of living in/sufficient (excluding those answering 'Don't know' or 'Not applicable')



To what extent do you think the following groups/organisations have done enough to help people cope with rising prices and inflation?

ADEQUACY OF RESPONSE OVER TIME

Proportions of respondents deeming various actors' response to the cost of living in/sufficient (excluding those answering 'Don't know' or 'Not applicable')



To what extent do you think the following groups/organisations have done enough to help people cope with rising prices and inflation?



COST OF LIVING BEHAVIOURS

A vast majority of Scots (>60%) report that they are cutting costs across the board to deal with the cost of living crisis: by reducing spending on heating, on energy, on non-essentials and on leisure activities.

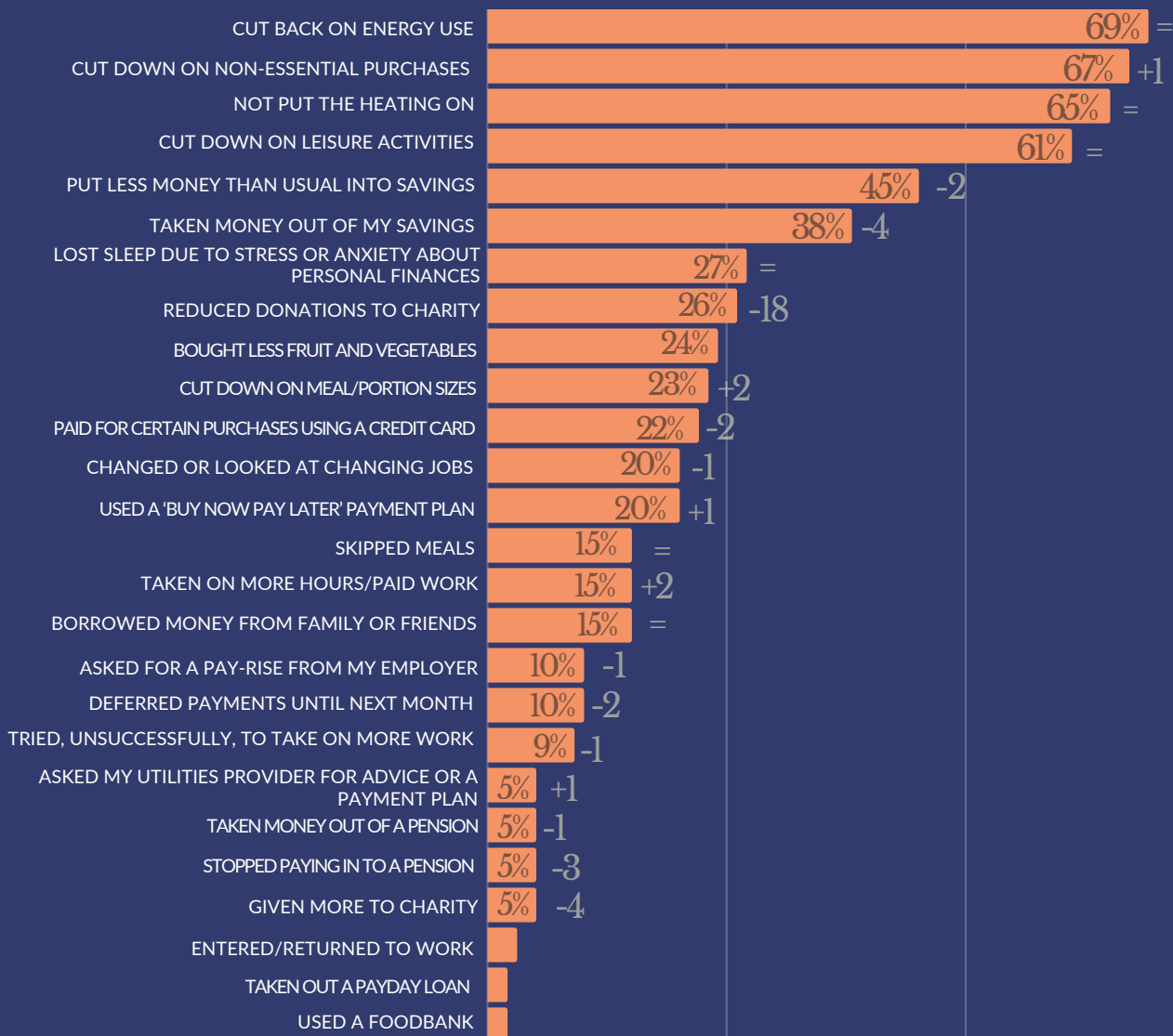
They are taking a host of strategies to pay for increasing expenses. Most commonly, individuals say they are putting less money into savings (45%) and taking money out of savings (38%), both of which increase financial fragility now and in the future. Women are more likely to engage in some of these behaviours: 42% of women report that they are taking money out of savings, compared with 34% of men.

Of note, Scots are also engaging in money-saving strategies surrounding food. The proportion of the public cutting down on meal/portion sizes to save money is on the rise, from 21% in May 2023 to 23% now, while the percentage of those skipping meals to save money hovers around 15%. Almost 1 in 4 (24%) report that they are buying less fruit and vegetables as a response to rising prices. Despite the high prevalence of these behaviours, the proportion of Scots using a food bank remains low (2%). In general, these behaviours are more common amongst those 16-44, those in social grades C2DE, those in the most deprived neighbourhoods and those with children.

The strain of the cost of living crisis is taking a toll on individuals' physical and mental health: 27% report losing sleep due to stress or anxiety about their personal finances. However, some groups are particularly hit hard; 41% of those aged 35-44 and 39% of those in the most deprived neighbourhoods (SIMD 1) say they are losing sleep. Those in social grades C2DE and those with children are also reporting higher rates of lost sleep than those in social grades ABC1 and those without children.

RESPONSES TO THE COST OF LIVING CRISIS

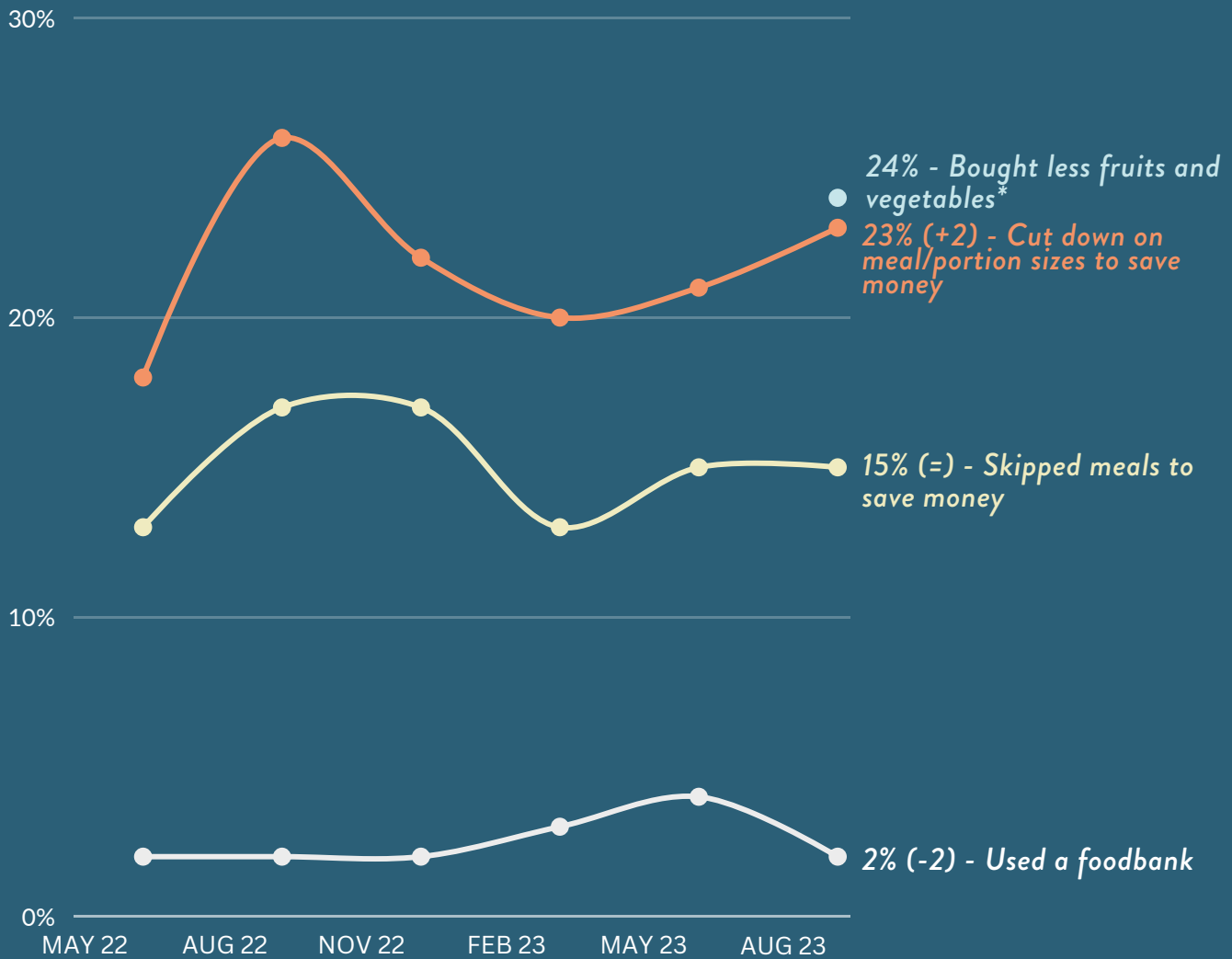
Proportions of respondents saying that they have done each of the following in response to rising prices and inflation



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

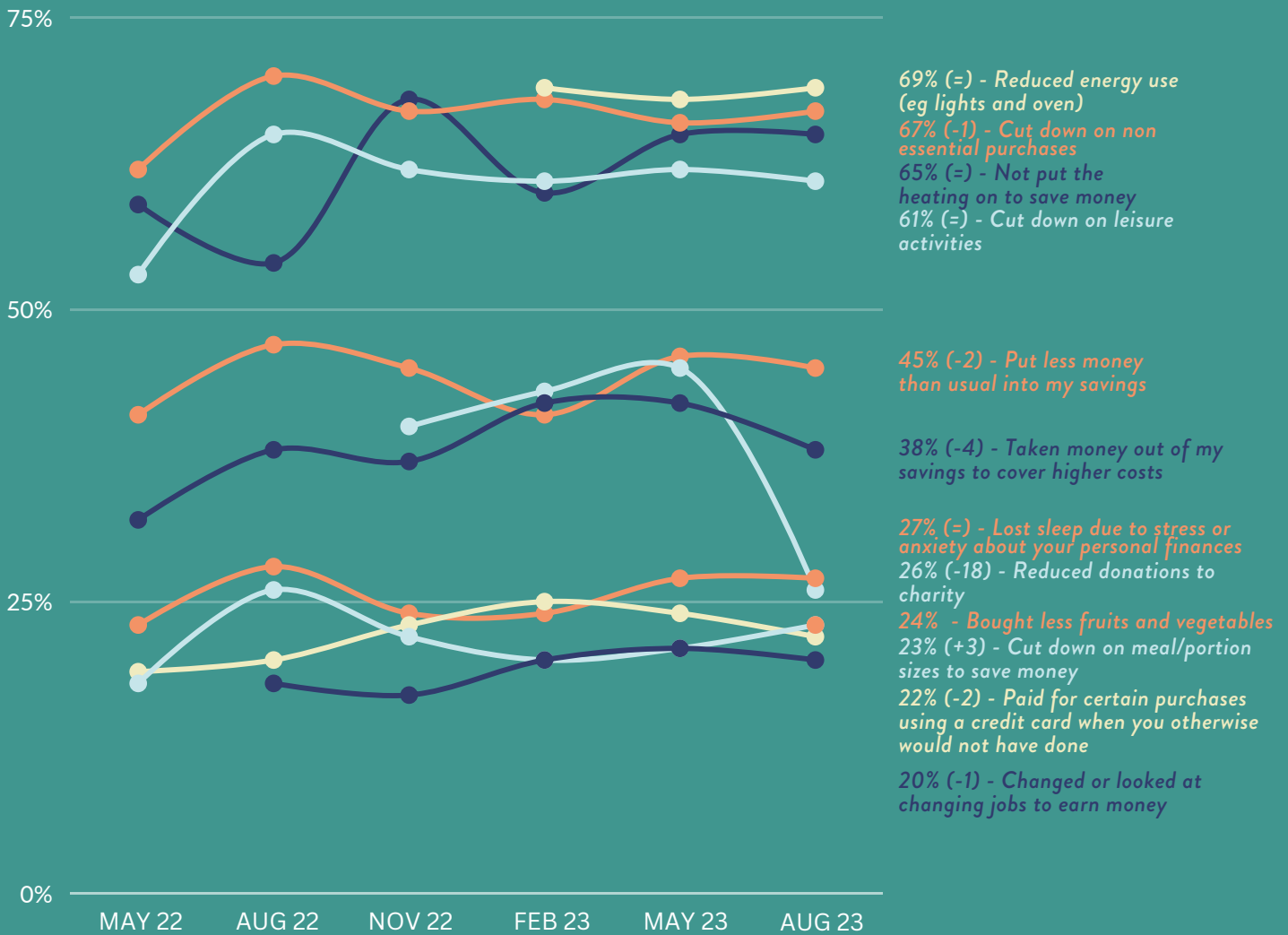


Which of the following have you done in response to rising prices and inflation? (Only answer options related to food shown)
 N.B. An asterisk denotes a new or changed answer item. Changes in brackets since previous round of data collection



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



IMPACTS ON FOOD (1)

This wave posed a question about food-related behaviours Scots have taken in the last six months to save money, as rising prices and inflation may have long-term health consequences.

A majority are taking efforts to reduce food-related costs, either by reducing the number of times they eat out of home (64%) and/or shopping for food based primarily on price (52%).

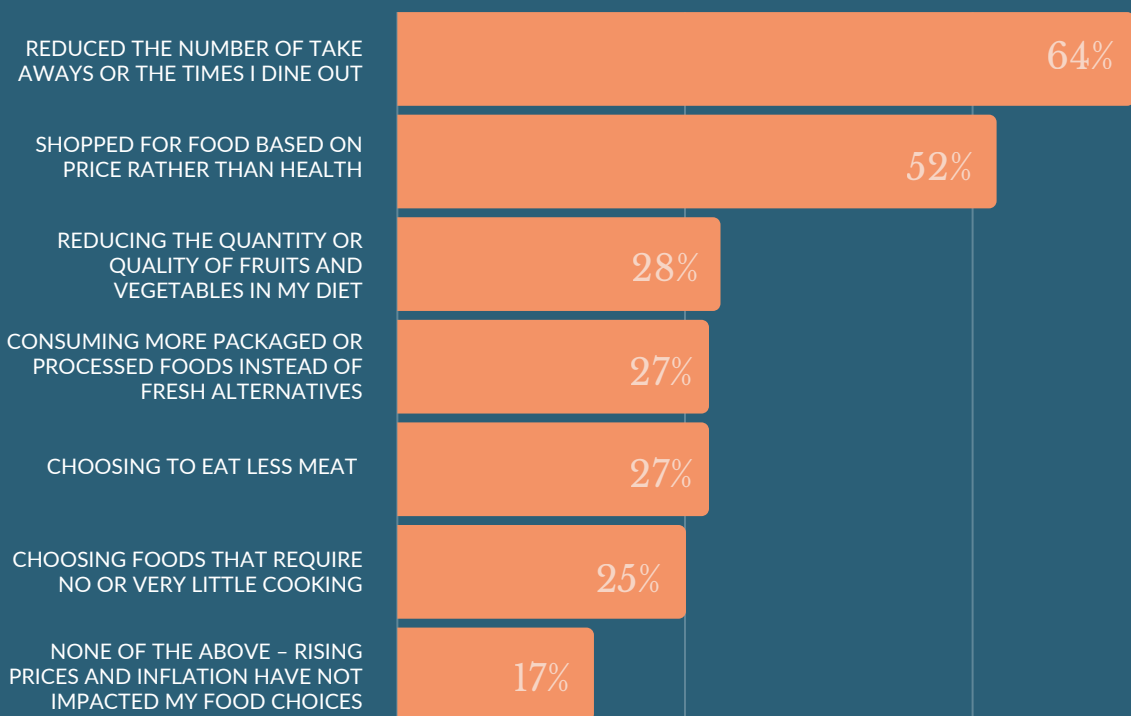
A sizable percentage are reducing the quantity or quality of fruits and vegetables in their diet (28%), choosing more packaged or processed food (27%), choosing to eat less meat (27%), and choosing foods that require no or little cooking to cope (25%). Individuals in social grade C2DE and those with children are more likely to report that they are reducing the quantity or quality of fruits and vegetables in their diet and consuming more packaged or processed foods instead of fresh alternatives, highlighting the need for support for these groups.

Only 17% say that rising prices and inflation have not impacted their food choices.

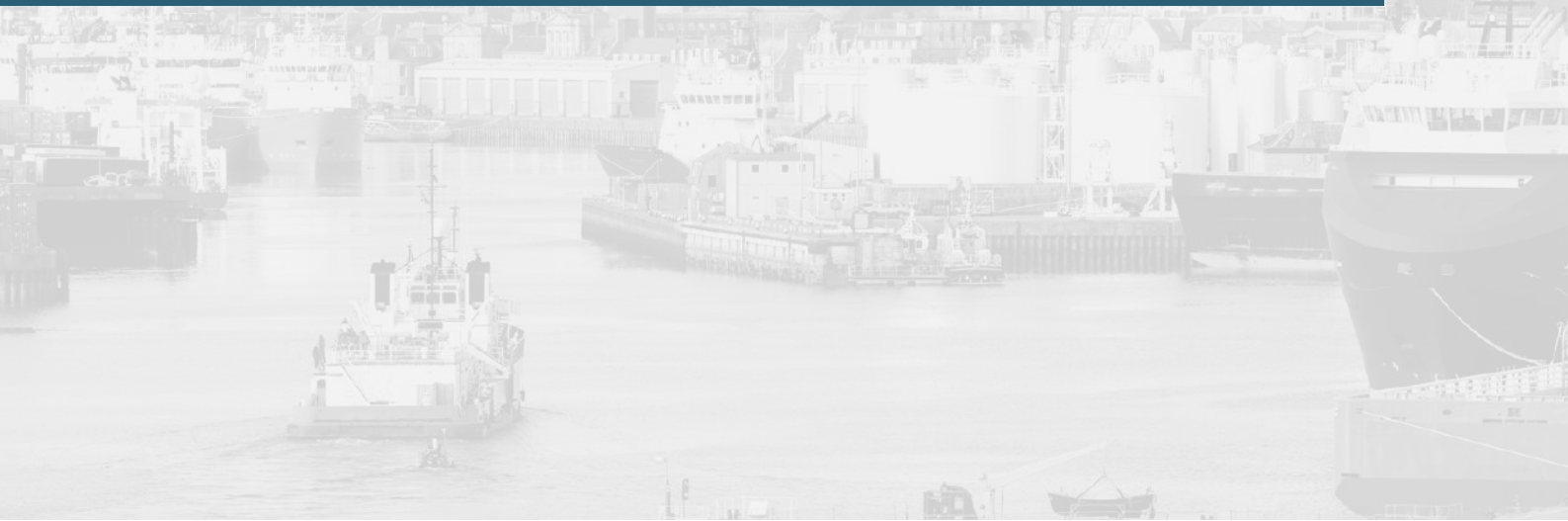


IMPACTS ON FOOD

Proportions of respondents engaging in the following behaviours to combat rising prices and inflation in the last six months



Which of the following ways have rising prices and inflation impacted your food choices in the last six months?



IMPACTS ON FOOD (2)

Scots mentioned additional measures they are taking to reduce costs, including shopping around for best value, changing brands or shops, buying reduced food, bulk/batch cooking, and reducing food waste. In general, these measures add to the mental labour of Scots, who must balance fluctuating prices around work, study and family life, to stay afloat.

Some of the listed behaviours, such as reducing food waste, may be beneficial for the environment. 1 in 4 (27%) stated that they were choosing to eat less meat, and others stated that they are relying on cooking alternatives like air frying to save money.

However, these behaviours reflect a populace that is cutting back to save money, which may lead to severe health implications. Several responses mentioned that they are substantially reducing meals, some down to only one a day, often so dependents have more food. One mentioned that they were primarily eating foods with little nutritional value, such as cheap noodles, and another participant remarked that they are cutting back on necessary gluten-free products, indicating that the poorest and those with dietary requirements are especially struggling to keep up with rising costs.

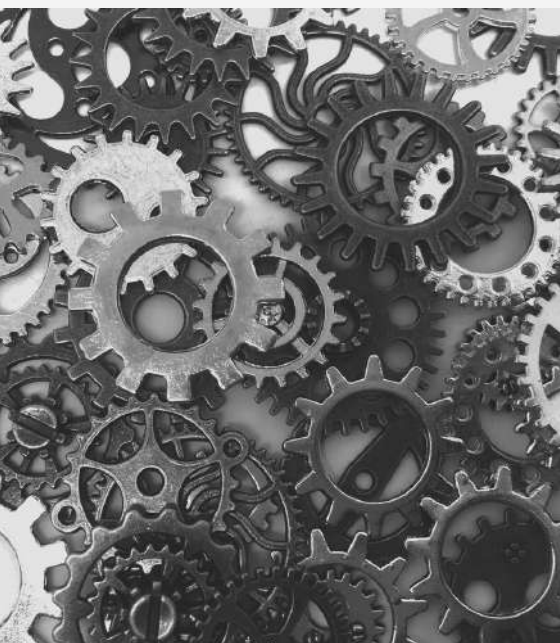
'Trying to survive on constant cheap noodles'

'Shopping daily to save on waste'

'Reducing meals down to one/two a day'

'Cut back on gluten free products which I need to eat'

Quotes taken from 'Other' option on: Which of the following ways have rising prices and inflation impacted your food choices in the last six months?



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 August 2023, and received 2,101 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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