



UNDERSTANDING SCOTLAND

A NEW SURVEY FOR SCOTLAND

ECONOMY
November 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 - NOVEMBER 2023

In the midst of economic uncertainties, Scots maintain a nuanced perspective, with pessimism lingering but to a lesser extent than in previous waves of this research. While acknowledging economic difficulties, there is a noticeable moderation in negativity. Concerns about general economic conditions, while prevalent, have also subsided from previous waves of Understanding Scotland.

The prevailing sentiment about Scotland's trajectory remains steady, with a majority expressing a belief that the country is heading in the wrong direction. Notably, women and the youngest generation (16-34) are less likely to exhibit this pessimism.

Healthcare and the cost of living continue to dominate public priorities. The cost of living remains a paramount concern, reflecting the enduring impact of economic pressures. Additionally, there is an increased focus on poverty, indicating a shifting landscape within economic considerations.

Belief that the structure of the economy favours wealthy individuals and business persists. Younger Scots tend to perceive the economy as favouring business, revealing a generational perspective.

While there are improvements in income adequacy, dissatisfaction remains notable. Concerns about emergency expenses underline financial fragility, especially for households with children.

Coping with economic challenges, Scots are adjusting spending habits and showing resilience. Financial stress is evident, with a significant proportion reporting losing sleep due to financial worries.

On a more positive note, there is improved confidence in securing another job within three months if they had to, reflecting changes in the labour market. These findings highlight a populace navigating an ever-evolving economic landscape, characterised by subtle shifts in outlook and behaviour.

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 STRUGGLING TO NAVIGATE TURBULENT ECONOMIC TIMES

Three in ten Scots (29%) are losing sleep over their personal finances. Others are taking a host of strategies to pay for rising expenses, including one in five (21%) using a 'buy now pay later' payment plan, 16% borrowing money from family and friends to cover higher prices, and 30% cutting back on donations to charity. Food remains a challenge for a significant proportion of Scots, with 17% reporting skipping meals and 26% cutting back on fruits and vegetables.

02 CONCERNS ABOUT EMERGENCY EXPENSES CONTINUE

A lack of confidence in covering a £100 emergency expense has increased to 28% from 25% in February 2023, but for a more significant expense of £500, uncertainty rises to 49%. This indicates that many Scots are in a situation of severe financial fragility. Notably, 34% of households with children lack confidence in covering a £100 emergency expense.

03 SCOTS REMAIN PESSIMISTIC ABOUT THE ECONOMY BUT LESS SO THAN BEFORE

Despite a slight reduction in negativity, 73% perceive general economic conditions as worse than a year ago, down from 80% in August 2023. Looking ahead, 61% of Scots anticipate a worsening of general economic conditions in the next 12 months, while 39% expect their personal finances to deteriorate, down from 42% in August 2023. For those aged 45 and above, pessimism dominates, with 75% perceiving current economic conditions as worse than a year ago.

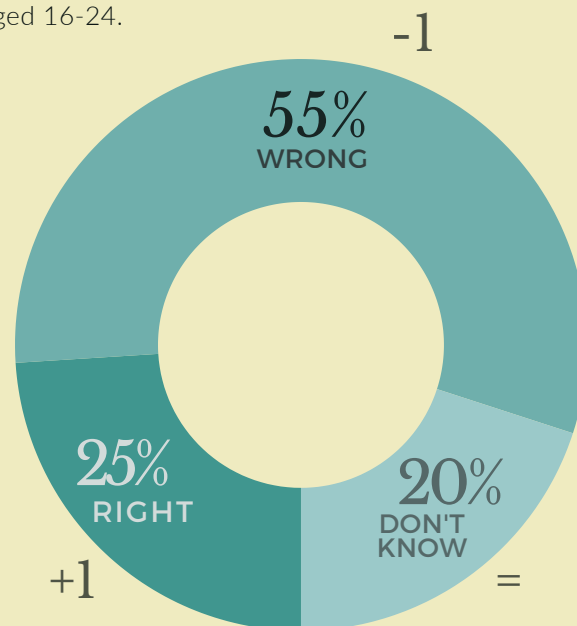
- 04** **WEALTHY INTERESTS PREVAIL IN THE EYES OF SCOTS**
Scots overwhelmingly perceive the economy as favouring the wealthy (78%), while 53% believe it serves business interests. This trend is more pronounced among younger Scots: those 16 to 34 are more likely to view the economy as working primarily for business and the wealthy. Only one in ten (10%) believe that the economy works in their own interest.
- 05** **THE MAJORITY CONTINUE TO THINK SCOTLAND IS HEADING IN THE WRONG DIRECTION**
Since August 2023, there has been a stable outlook, with 55% of Scots believing the country is heading in the wrong direction. This sentiment is particularly pronounced among men (59%) compared to women (51%) and those aged 55 and above (62%) compared to the youngest generation (46%).
- 06** **HEALTHCARE AND COST OF LIVING CONTINUE TO DOMINATE PRIORITIES OF SCOTS**
Healthcare (48%) and cost of living (42%) remain among the top three concerns for Scots. Notably, cost of living concern has witnessed a decline of six percentage points, reflecting a shift in public focus from August 2023. These concerns are greater among those aged 16 to 44 and households with children.
- 07** **COST OF LIVING RETAINS PARAMOUNT STATUS AMONG ECONOMIC PRIORITIES**
Over three-fifths of Scots (62%) view the cost of living and inflation as a key economic priority, though this is down five percentage points from August. Poverty sees an uptick, becoming a significant concern for 32% of respondents, up three percentage points from August.
- 08** **INCREMENTAL IMPROVEMENTS IN ADEQUACY OF INCOMES WITH LINGERING DISSATISFACTION**
Satisfaction with income has increased modestly to 37%, but dissatisfaction remains high at 45%. Satisfaction with the ability to meet household bills and balance commitments has improved.
- 09** **SHIFTING CONFIDENCE IN EMPLOYMENT PROSPECTS**
Confidence in securing another job within three months has significantly improved, with 50% expressing confidence, contrasting with 57% lacking confidence in February 2023. This shift indicates a more positive perception of job market prospects among Scots.
- 10** **MIXED VIEWS ON RELATIONSHIP BETWEEN ECONOMIC GROWTH AND ENVIRONMENTAL PROSPERITY**
While one in two (49%) agree that economic growth improves wellbeing for an average member of society, a similar number (48%) believe that there is conflict between economic growth and environmental prosperity. Notably, this conflict perception has decreased by 11 percentage points since October 2021.

SCOTLAND'S DIRECTION OF TRAVEL

Since August 2023, perceptions of Scotland's direction have remained stable. A majority of Scots (55%) believe that things in Scotland are heading in the wrong direction, while just one quarter (25%) believe that things are heading in the right direction.

Age and gender continue to influence these opinions, with around six in ten men (59%) and over three in five (62%) of those 55+ reporting that Scotland is moving in the wrong direction. This compares to 51% of women and 46% of those aged 16-24.

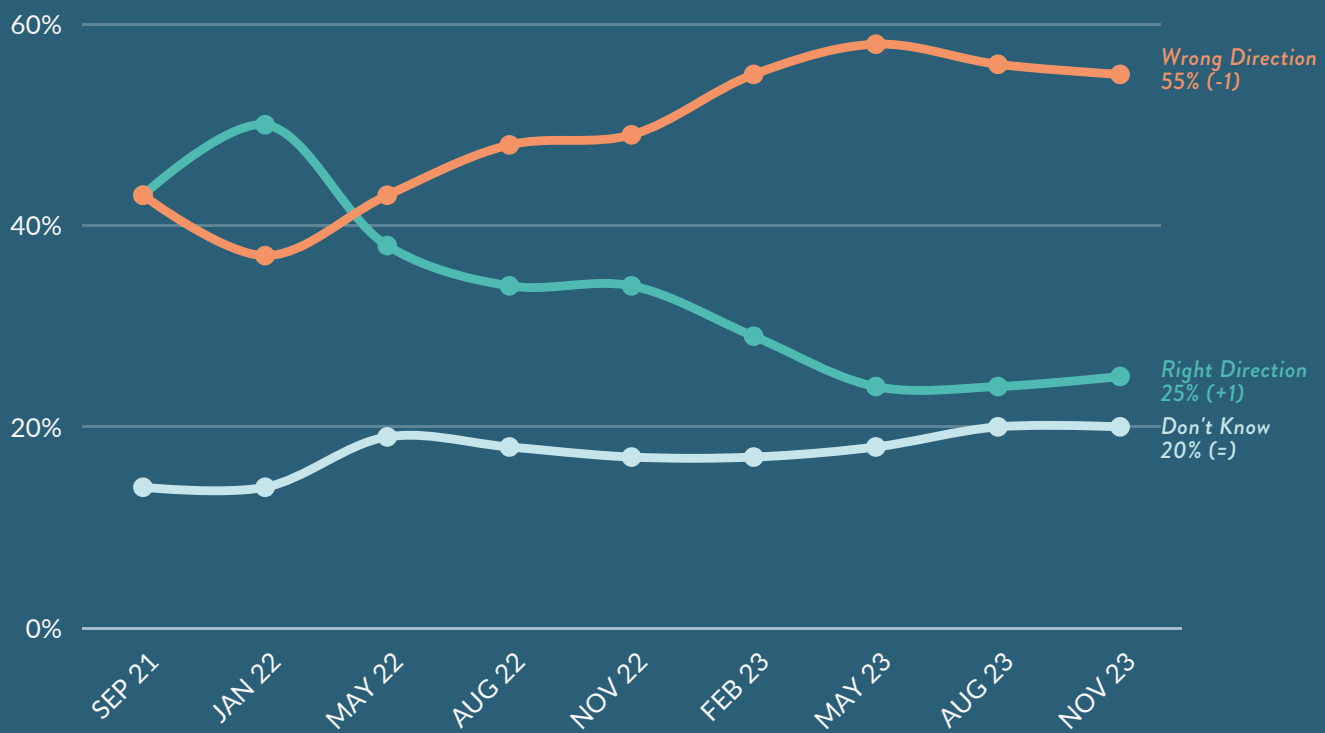
Likewise, evaluations of general and personal economic circumstances impact perceptions of Scotland's direction of travel. Those that believe conditions have or will improve are more likely to say that things are heading in the right direction, whereas those that believe conditions have or will worsen are more likely to say that things are heading in the wrong direction. In line with these findings, those that are satisfied with their income and its ability to cover the cost of living are more likely to say that things in Scotland are heading in the right direction.



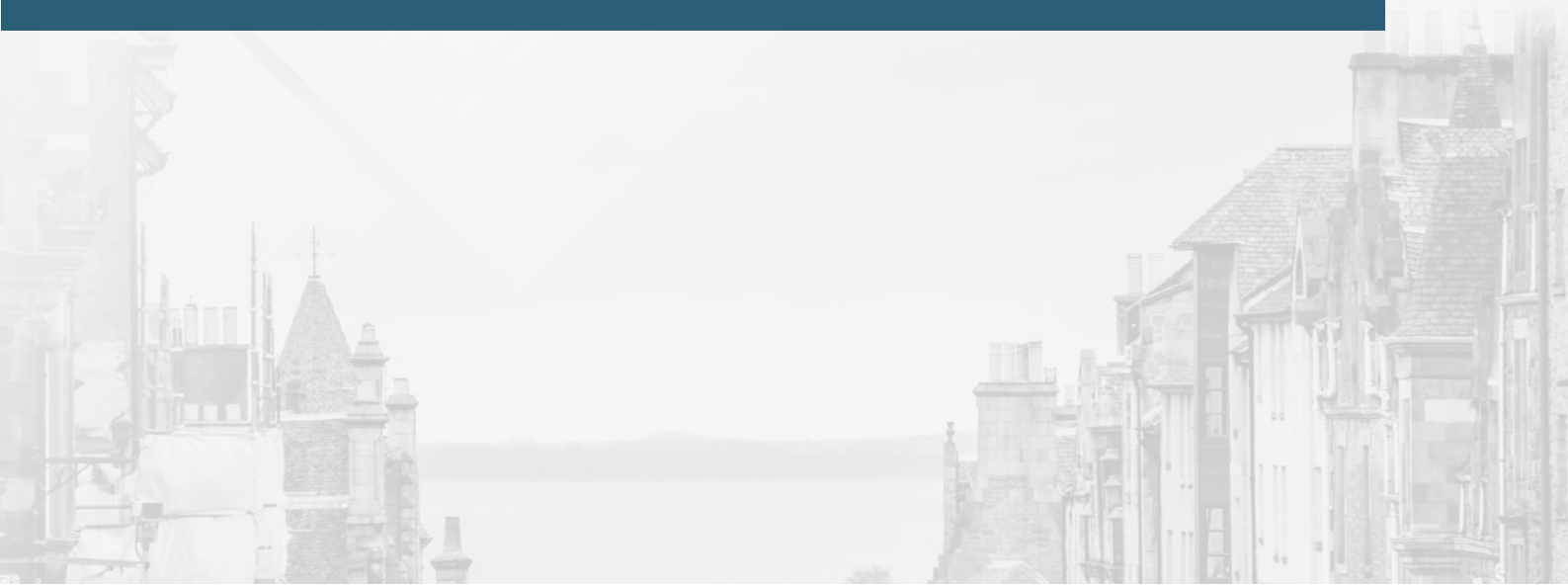
Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?

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 August 2023



PUBLIC PRIORITIES

Healthcare and cost of living continue to dominate public priorities, with nearly half (48%) of Scots naming healthcare among the top three issues facing Scotland. This is more pronounced among Scots aged 65+ (57%) than those aged 16-34 (41%).

Cost of living remains a concern for around four in ten (42%) Scots, though this wave has evidenced a notable decline in those naming the cost of living/inflation as a top priority, falling six percentage points from 48% in August 2023.

Those aged 16 to 44 are more likely to report concern with the cost of living, as are households with children (48%) compared to households with no children (40%).

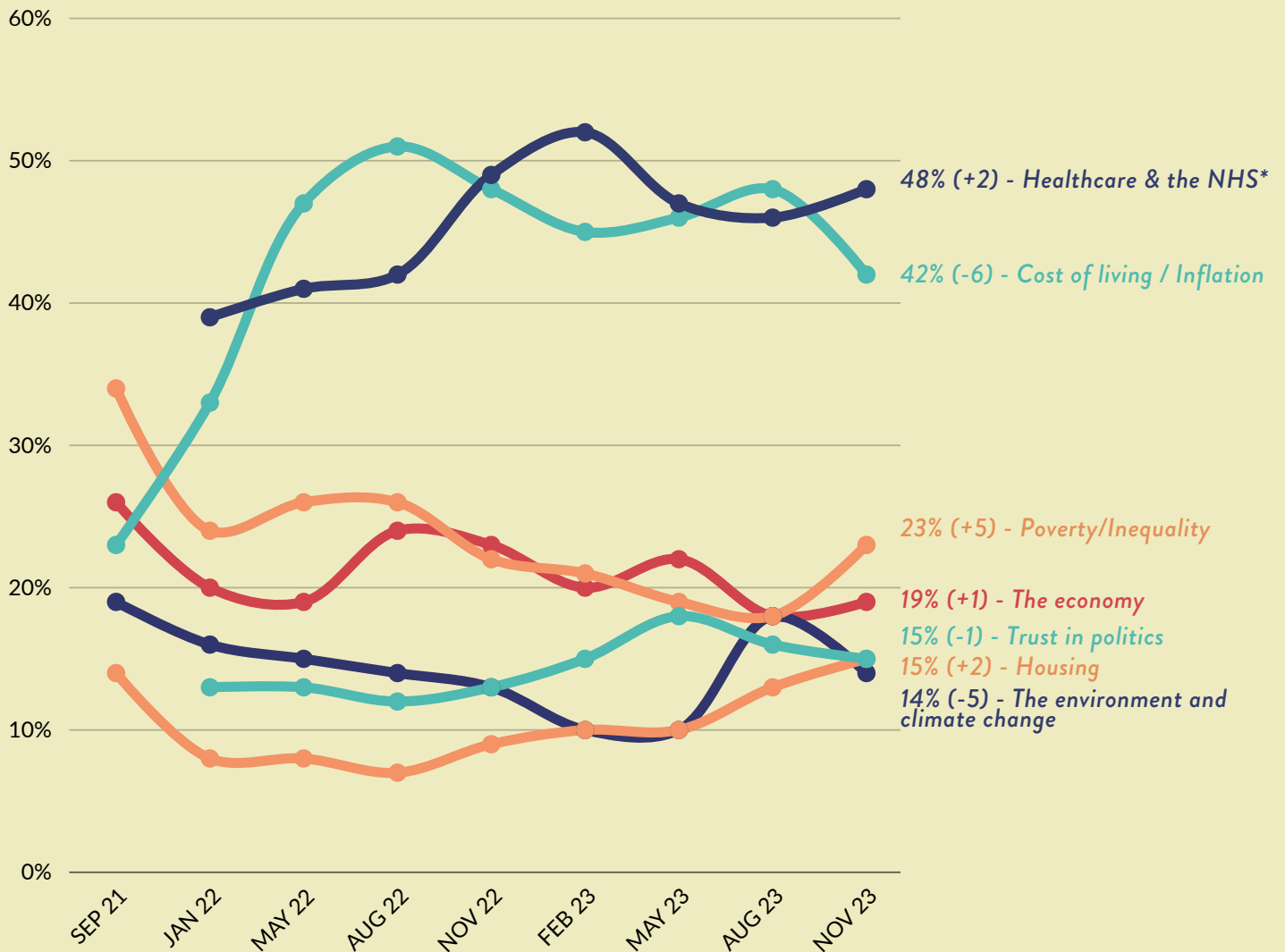
Concern with poverty/inequality has also risen substantially, from 18% in August to 23% now, suggesting growing concern with the ramifications of the cost of living crisis on Scotland's most vulnerable. Women are more likely to consider poverty and inequality (27%) a top priority than men (19%).

Emphasis on the environment and climate change as a top issue facing Scotland rose considerably last wave but has fallen since, from 18% to 14%. This rate still remains higher than those recorded in May 2023, with environmental concerns remaining among the priorities of many Scots.



TOP PRIORITIES & ISSUES

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



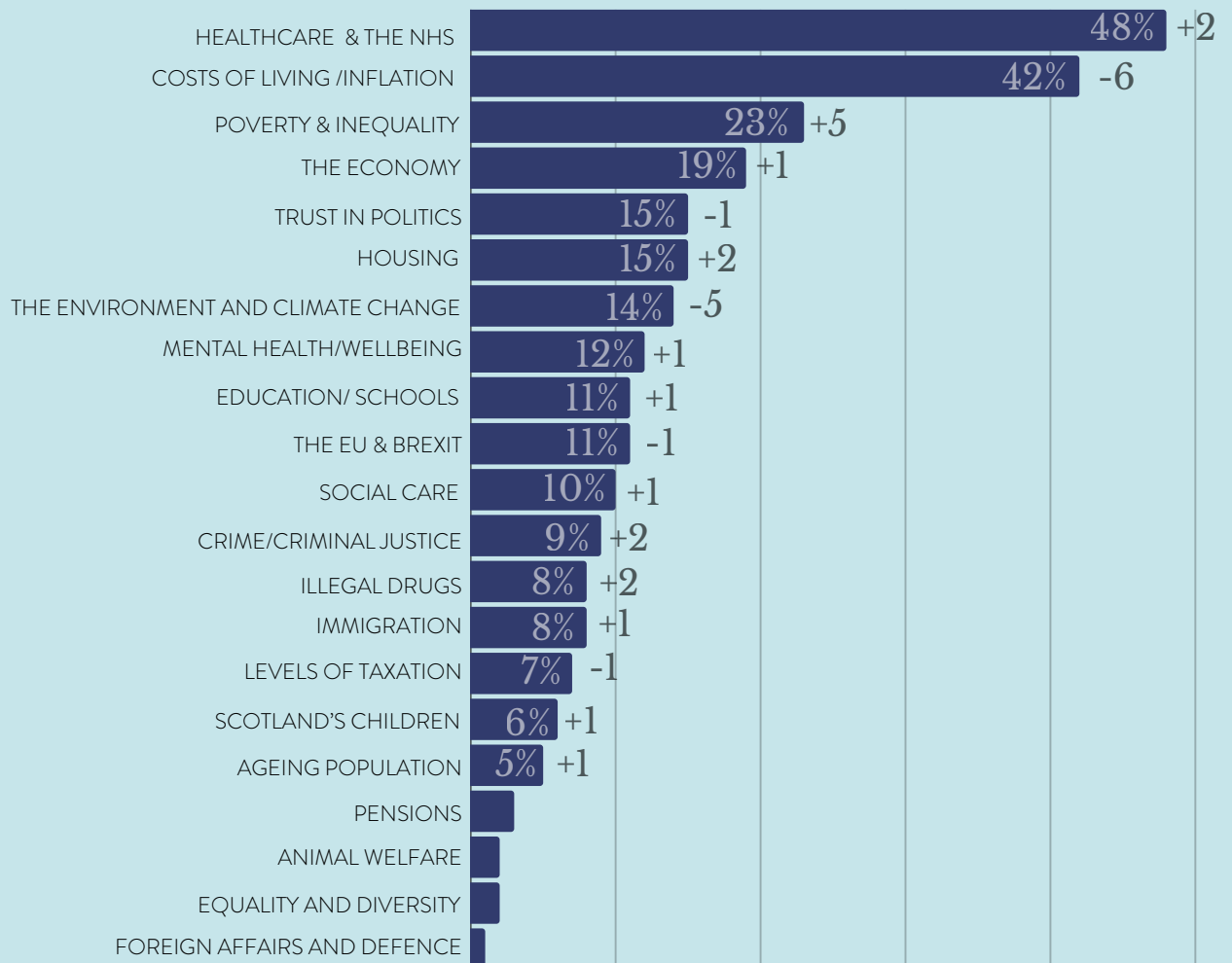
And what do you think are the three most important issues facing Scotland today? (Only answer options in top 7 shown)

N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since August 2023



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 with change from August 2023 shown). Numbers outside bars represent percentage point change from August 2023



ECONOMIC PRIORITIES

The economic priorities of the Scottish public have exhibited a notable degree of stability throughout the Understanding Scotland series. A predominant concern for over three in five Scots (62%) is the cost of living and inflation, underscoring its status as the paramount economic priority. Living standards and wages remain significant issues for nearly two in ten Scots (39%).

A nuanced distribution of concerns is observed, with poverty registering as a pivotal economic issue for 32% of respondents. Additionally, 30% see spending on public services as a priority, while 25% prioritise the management of public finances.

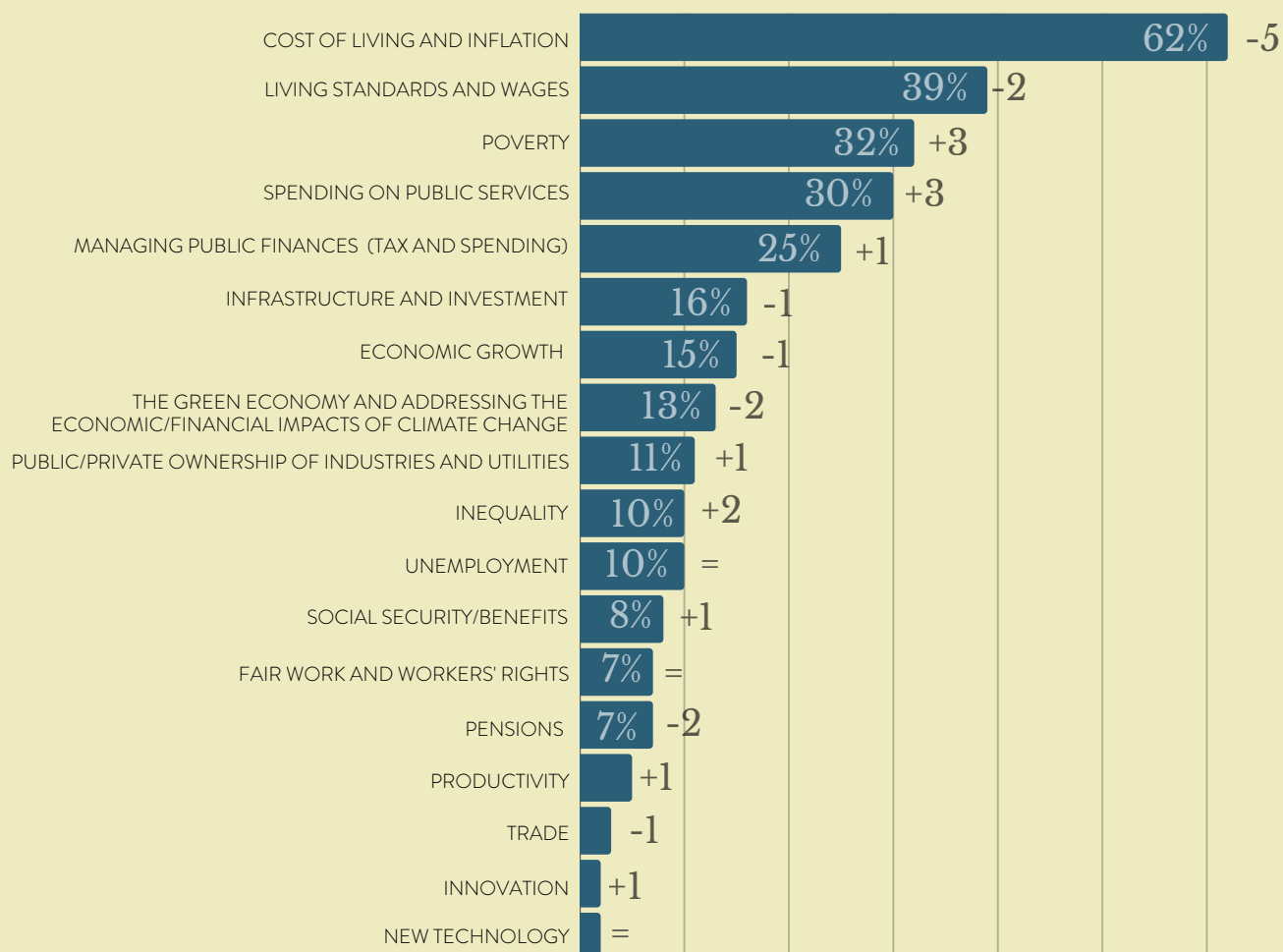
Gender disparities in the perception of poverty as a pressing economic issue persist from previous waves. A larger proportion of women (38%) view poverty as a significant concern compared to men (24%).

Contrasting age groups reveal distinctive priorities. While only 15% of Scots consider economic growth a top concern, this perspective is more pronounced among those aged 65 and above (23%) compared to those of working age (13%).

The overarching trend conceals fluctuations in the prevalence of top economic priorities. Although the cost of living and inflation retains its dominant position, there is a noteworthy decline of five percentage points from August. Similarly, living standards and wages experience a modest decrease of two percentage points. In contrast, emphasis on poverty and spending on public services has seen an uptick since August, both rising by three percentage points.

ECONOMIC & FINANCIAL PRIORITIES

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

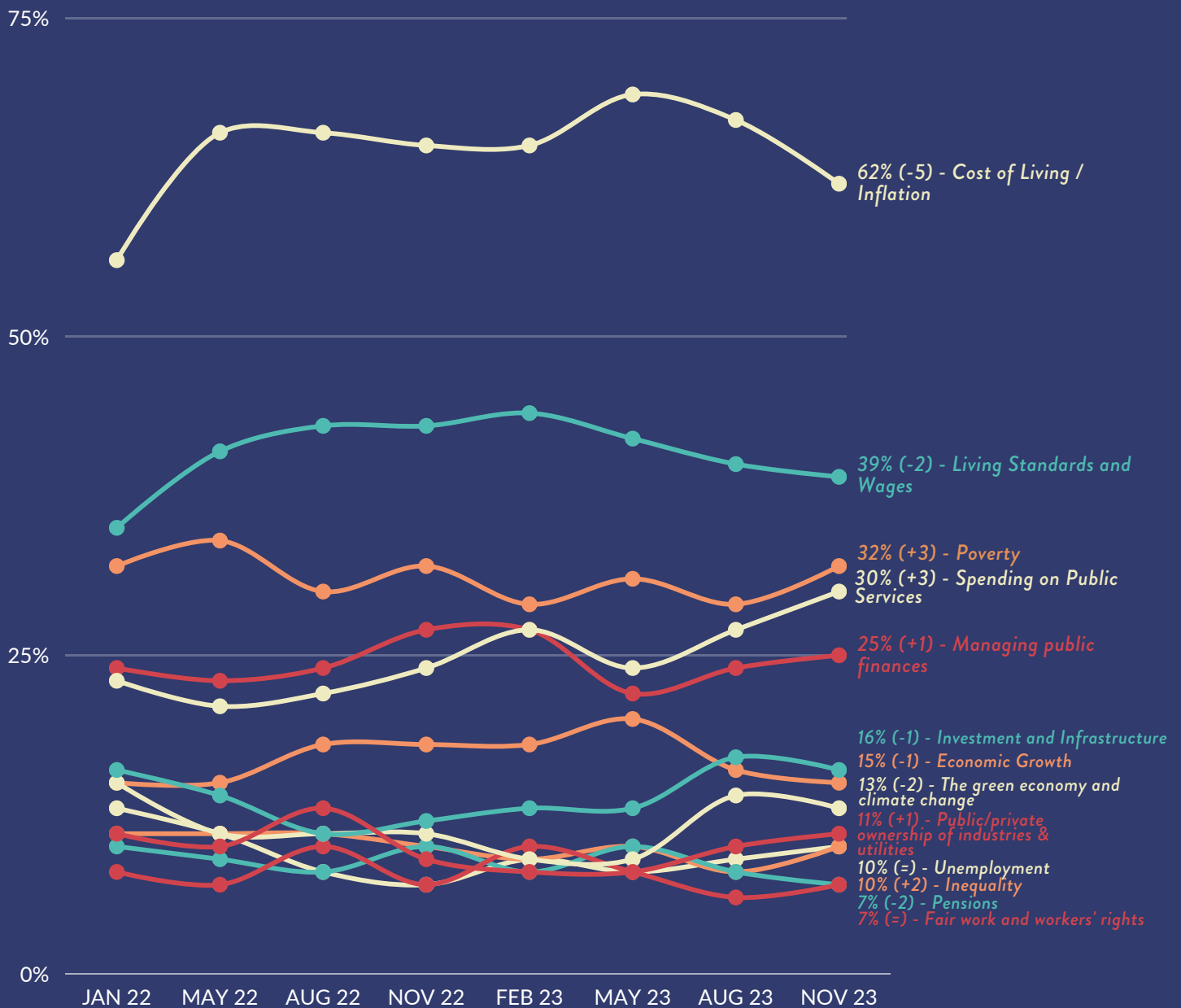


Thinking specifically about economic and financial issues, which of the following do you think are the three most important issues facing the Scottish economy? Numbers outside bars represent percentage point change from August 2023



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 August 2023

ECONOMIC OUTLOOK

Despite persistent pessimism among Scots concerning economic conditions, there are discernible shifts indicating a modest reduction in negativity this wave. Presently, 73% perceive general economic conditions as worse than a year ago, down from 80% recorded in August 2023.

Correspondingly, 50% report that their own personal financial circumstances have worsened over the last 12 months, reflecting a decline of seven percentage points from August 2023.

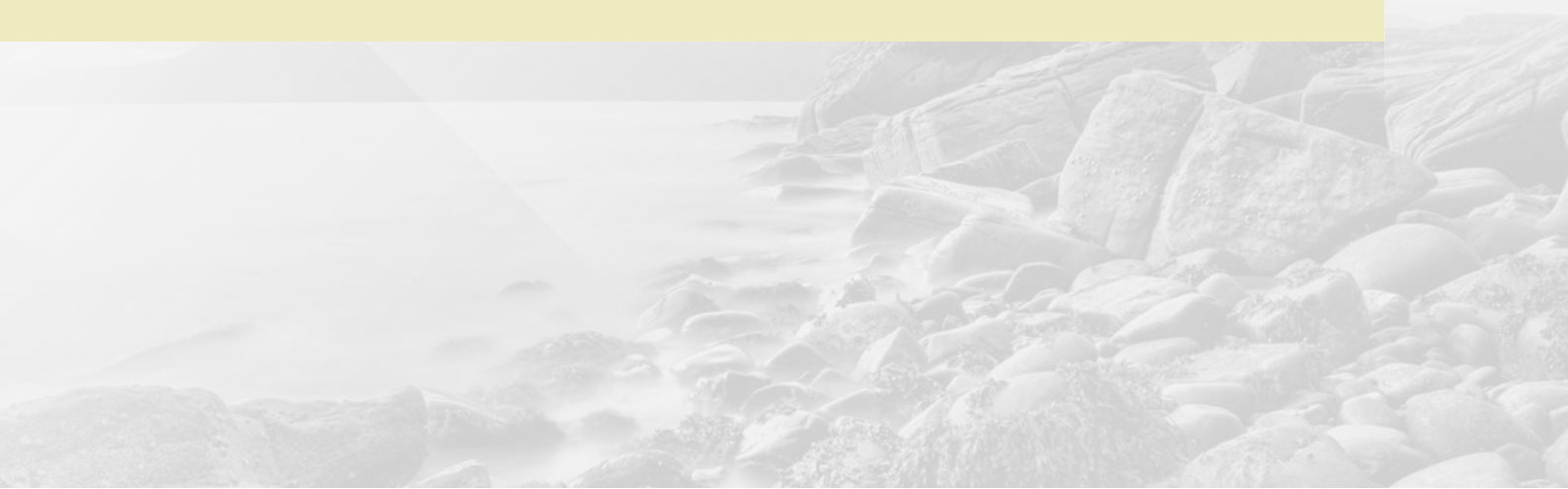
Looking ahead, 61% of Scots anticipate a worsening of general economic conditions in the next 12 months, while 39% expect their personal finances to deteriorate, down from 42% in August 2023.

A notable trend emerges among those aged 45 and above, holding a decidedly negative outlook with 75% perceiving current economic conditions as worse than a year ago. This pessimism extends to their future expectations, with older generations more likely than the youngest (ages 16-34) to foresee a continued economic downturn in the next year.

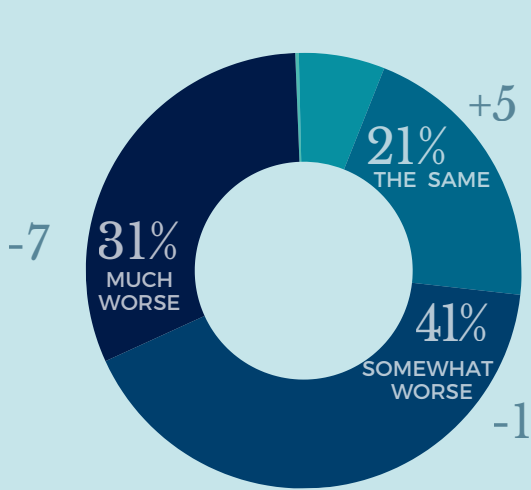
Analysing predictions across socioeconomic strata reveals disparities. In the least affluent neighbourhoods (SIMD1 and SIMD2), 64% and 68%, respectively, anticipate a deterioration in general economic conditions over the next 12 months, compared to 54% in the most affluent (SIMD5).

Similarly, concerning personal financial circumstances, 43% in SIMD1 predict a decline, contrasting with 32% in SIMD5.

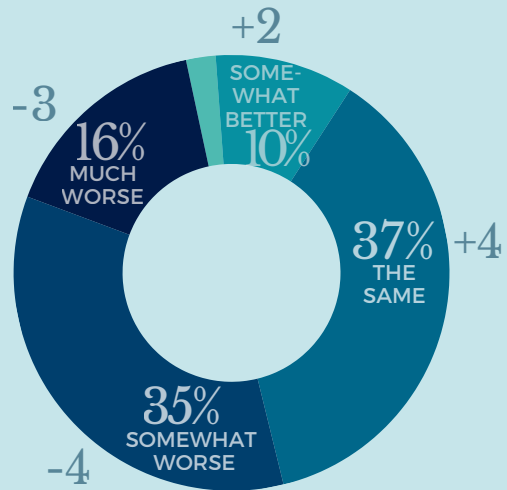
These nuances underscore the influence of socioeconomic factors on perceptions and expectations, painting a more detailed picture of the varied sentiments across the Scottish population.



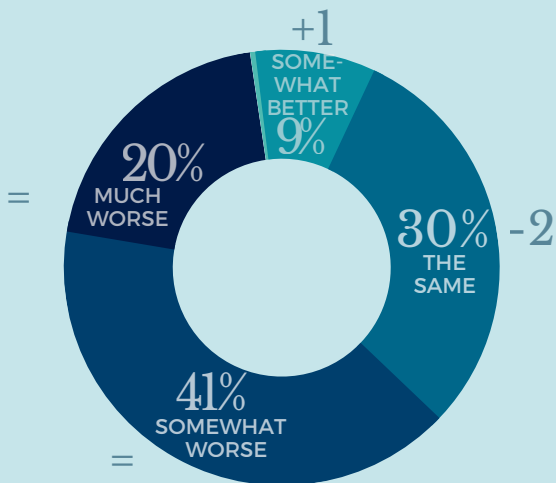
OVERVIEW OF ECONOMIC OUTLOOK



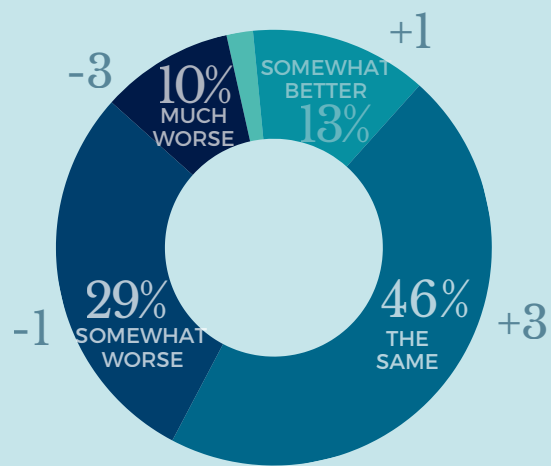
Compared to the past 12 months, do you believe that general economic conditions are better or worse now?



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?



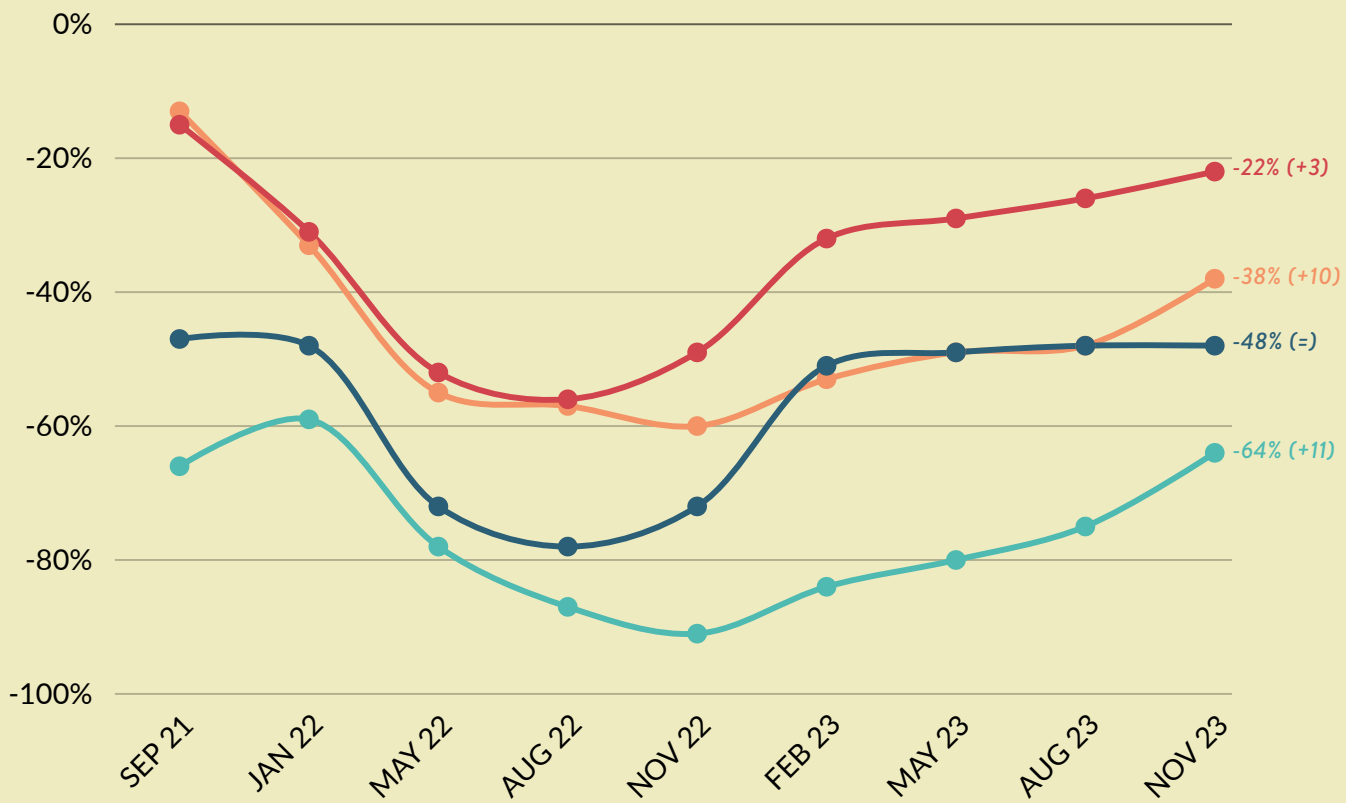
Compared to now, do you believe that your own financial circumstances will be better or worse over the next 12 months?

'Don't know' answers excluded. Numbers outside donut charts represent change from August 2023

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 August 2023



SCOTLAND'S ECONOMIC MODEL

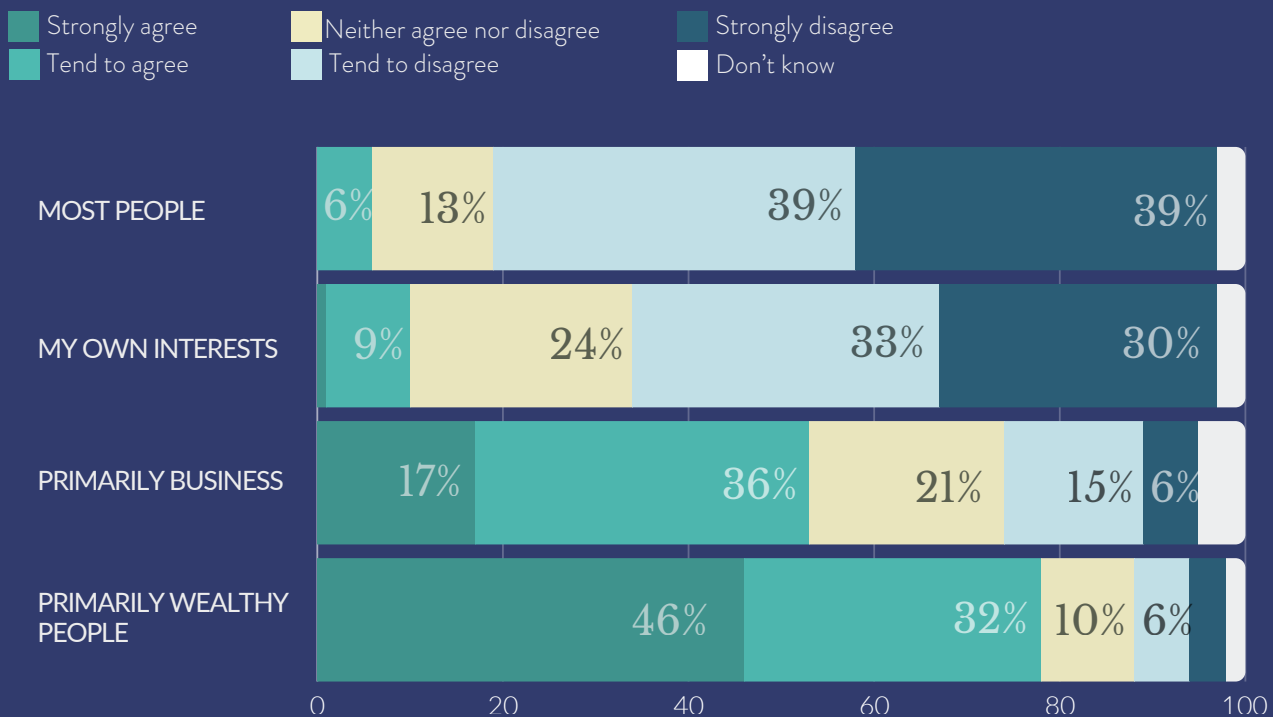
Since October 2021, when asked about the structure of the economy, the overall picture of public opinion remains the same.

Scots continue to report a perception that the economy works primarily in the interest of wealthy people and business rather than most people. Over three in four Scots (78%) believe that the economy works primarily in the interests of the wealthy, compared to about half (53%) that say it works primarily in the interest of business and only one in ten (10%) that say it works in their own interest. A vast majority (78%) believe the economy does not work in the interest of most people.

Compared to Scots aged 45 and over, those aged 16-44 are more likely to believe that the economy works primarily in the interests of business and wealthy people.

ECONOMY FUNCTIONS IN THE INTEREST OF...

Proportion of respondents that agree or disagree that the economy works in the interest of each group

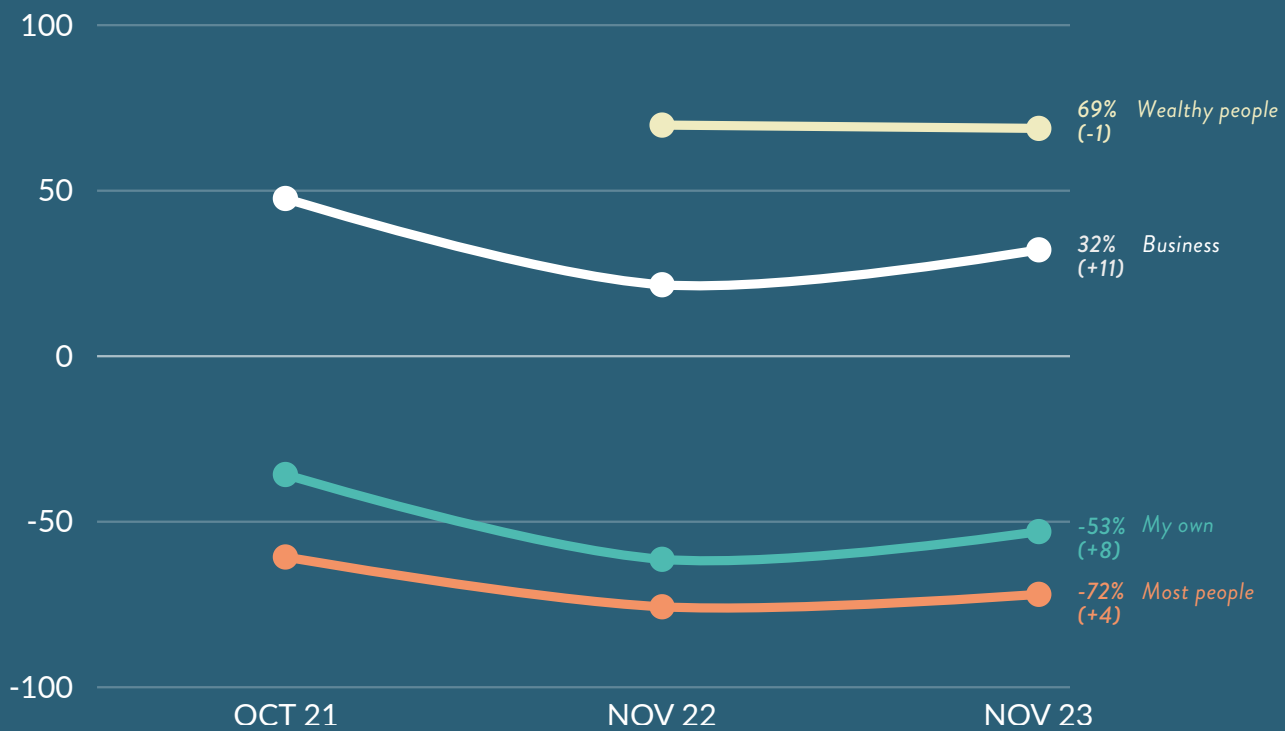


To what extent do you agree or disagree with the following statements: The economy, as it is currently organised, works in the interests of...



ECONOMY FUNCTIONS IN THE INTEREST OF...

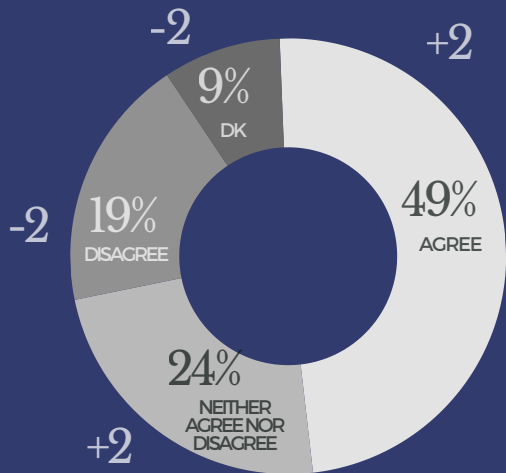
'Net' proportion of people that agree that the economy works in the interest of each group minus the proportion of people that disagree.



To what extent do you agree or disagree with this statement: The economy, as it is currently organised, works (primarily) in the interests of...

Brackets show change from November 2022

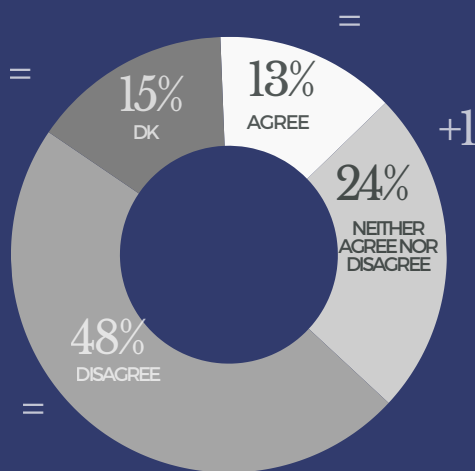
ECONOMIC GROWTH



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

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 (49%) agree that economic growth is the most effective way to improve living standards and wellbeing, but a similar proportion (48%) believe that there is 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.



There is no conflict between economic growth and environmental prosperity

As shown previously, male and female respondents differ in opinion. Male respondents are more likely than female counterparts to agree that economic growth is the most effective way of improving living standards and wellbeing (53% vs 45%) and more likely to agree that there is no conflict between economic growth and environmental prosperity (18% vs 9%). Respondents from deprived areas are more sceptical of the role of economic growth in improving living standards and are more likely to anticipate conflict between economic growth and environmental prosperity than respondents from the least deprived neighbourhoods.



INCOMES & ADEQUACY

Satisfaction with income levels has shown a slight increase from May 2023 to November 2023, with 37% expressing satisfaction compared to 35% previously. However, dissatisfaction remains prevalent, with 45% dissatisfied in November 2023.

When specifically considering income covering the cost of living, the trend continues, with 31% satisfied in November 2023, an improvement from 25% in May 2023. Nevertheless, a substantial 50% remain dissatisfied, indicating ongoing financial concerns.

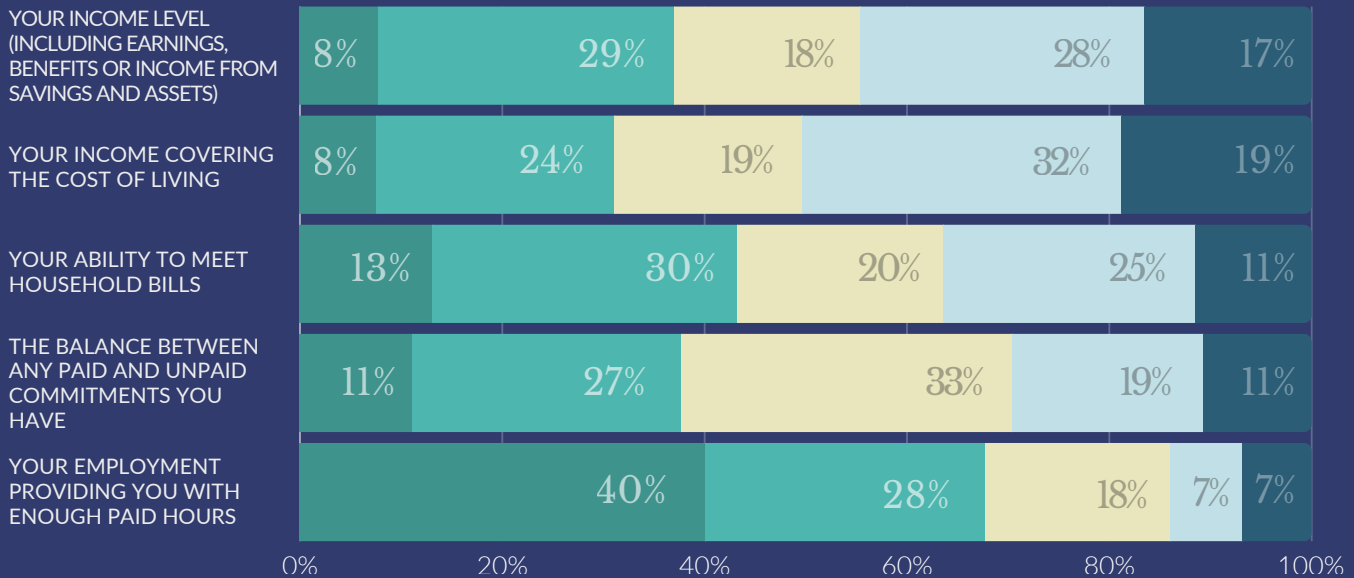
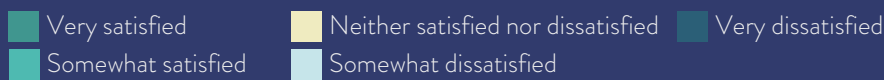
In terms of the ability to meet household bills, there has been notable improvement. In November 2023, 43% express satisfaction, up from 36% in May 2023. Conversely, dissatisfaction has decreased from 43% to 36%, suggesting a more positive financial outlook in this regard.

The balance between paid and unpaid commitments has also seen improvement, with 38% expressing satisfaction in November 2023 compared to 30% in May 2023. Dissatisfaction has similarly decreased from 36% to 30%, reflecting an enhanced sense of equilibrium.

The satisfaction level regarding employment providing enough paid hours has remained high, with 68% satisfied in November 2023, a slight increase from May 2023. Dissatisfaction remains relatively low at 14%, indicating a positive perception of employment stability among respondents.

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')

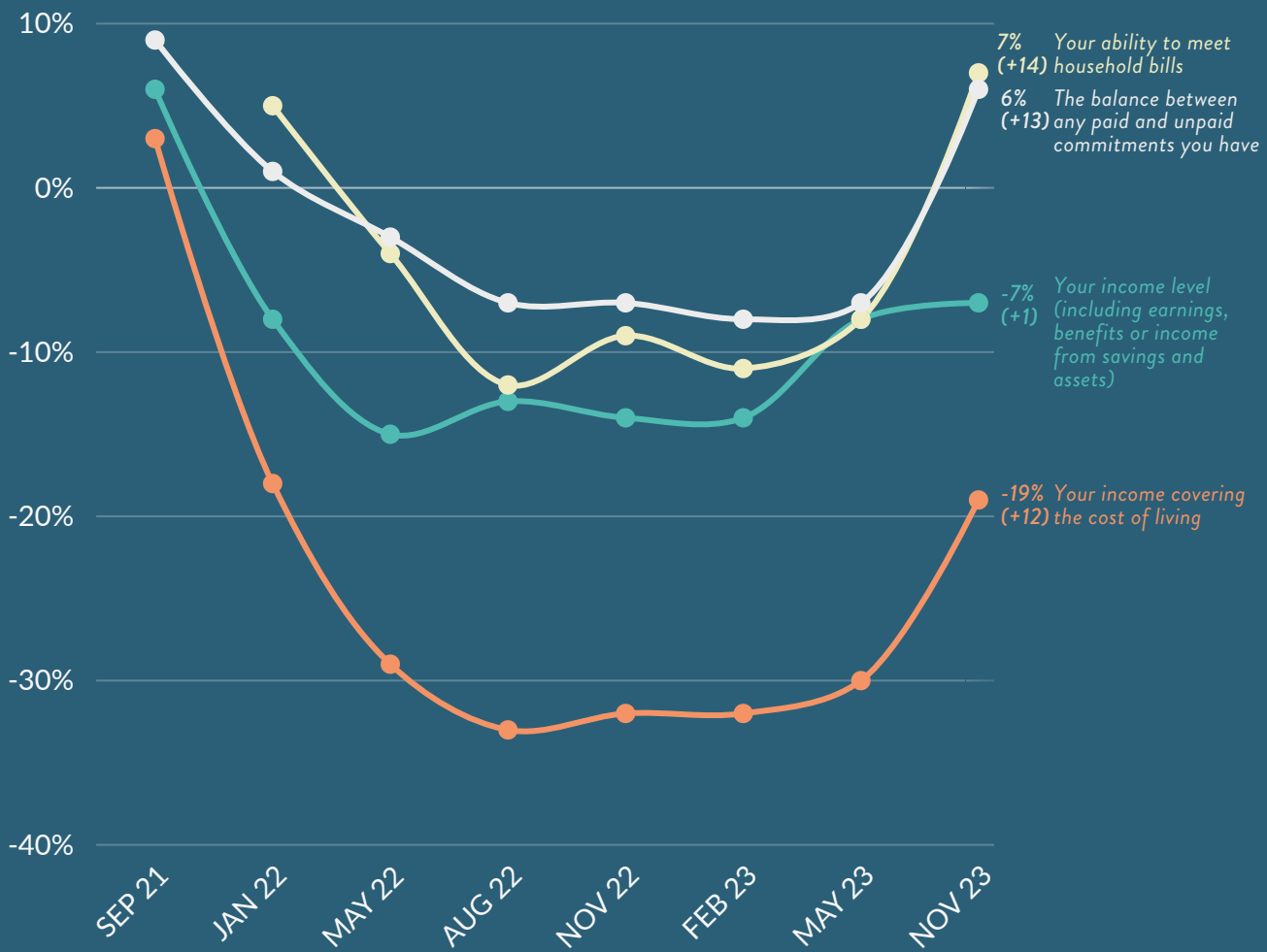


How satisfied are you with the following?



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 May 2023



COST OF LIVING BEHAVIOURS

This data sheds light on shifting financial behaviours and coping strategies among Scots in response to economic challenges.

Many individuals have opted to cut non-essential purchases, with 68% employing this strategy in November 2023, a marginal uptick from the 67% reported in August 2023. Similarly, the decision to forgo heating to save money saw an increase, with 67% adopting this approach in November 2023 compared to 65% in August 2023.

While the inclination to cut back on energy use witnessed a slight decrease from 69% in August 2023 to 66% in November 2023, respondents displayed a nuanced approach to managing leisure spending. In November 2023, 63% reported reducing expenditure on leisure activities, a minor increase from 61% in August.

Scots continue to change their savings behaviours to cope with increased costs. While 46% reported putting less money into savings in and 38% continue to tap into their savings to cover higher costs, marking a high degree of stability from figures recorded in August 2023.

Relatedly, 11% of those aged 55-64 and 10% of those aged 65+ report taking money out of their pension to help with the cost of living, meaning they are depleting resources that they will rely on later to meet immediate costs.

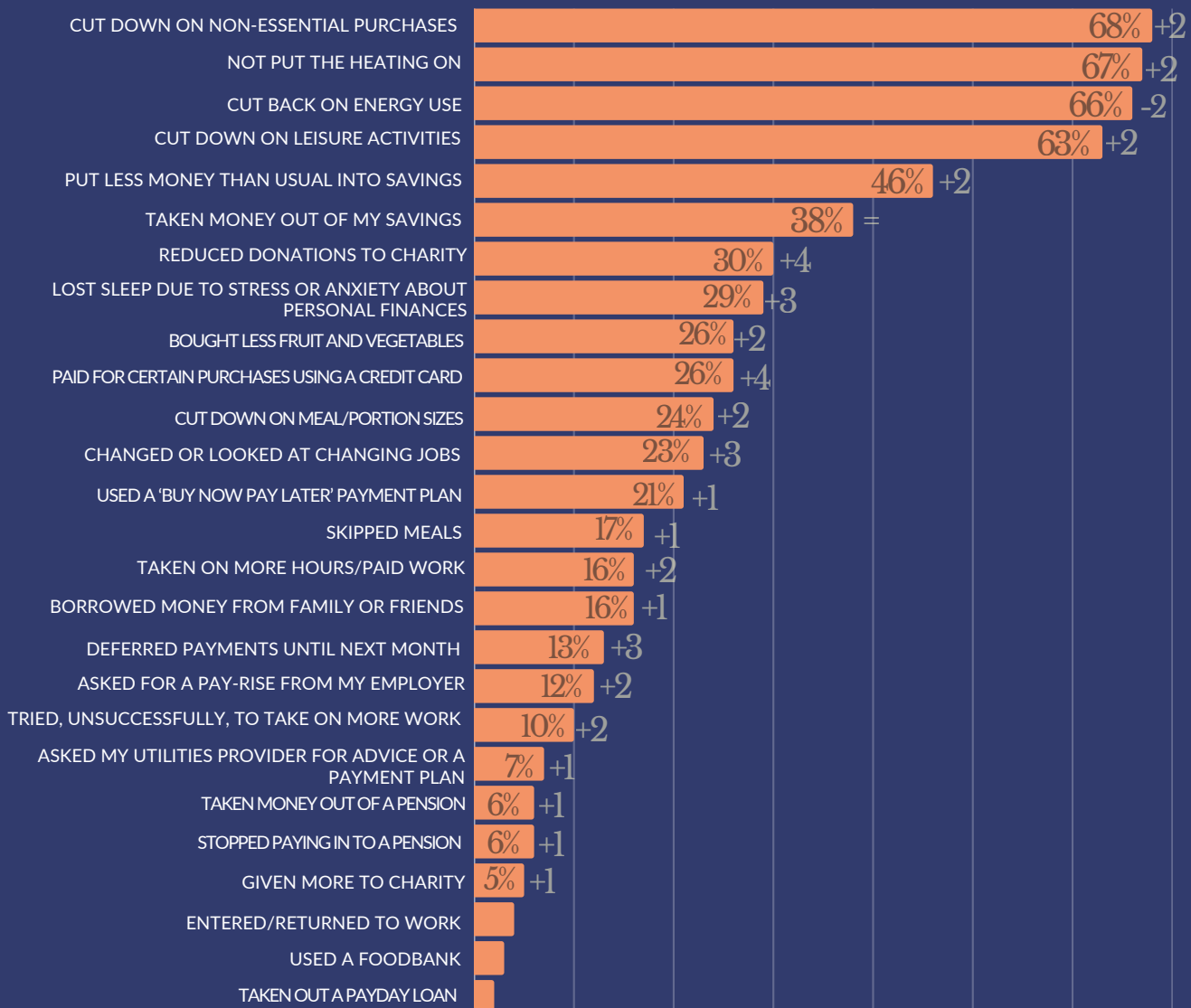
Financial stress is palpable, as 29% report losing sleep due to anxiety about personal finances in, a slight increase from 27% in August 2023. This is higher among women (32%) compared to men (26%).

The trend of adjusting dietary habits to manage food bills persists, with 26% opting to buy fewer fruits and vegetables. Additionally, a reliance on credit is becoming more apparent, as 26% report paying for purchases using a credit card when they otherwise would not have done in November 2023, compared to 22% in August 2023.

These findings illuminate the dynamic nature of individuals' financial strategies as they navigate the evolving economic landscape, highlighting both continuity and adaptation in response to the challenges posed by rising costs.

RESPONSES TO THE COST OF LIVING CRISIS

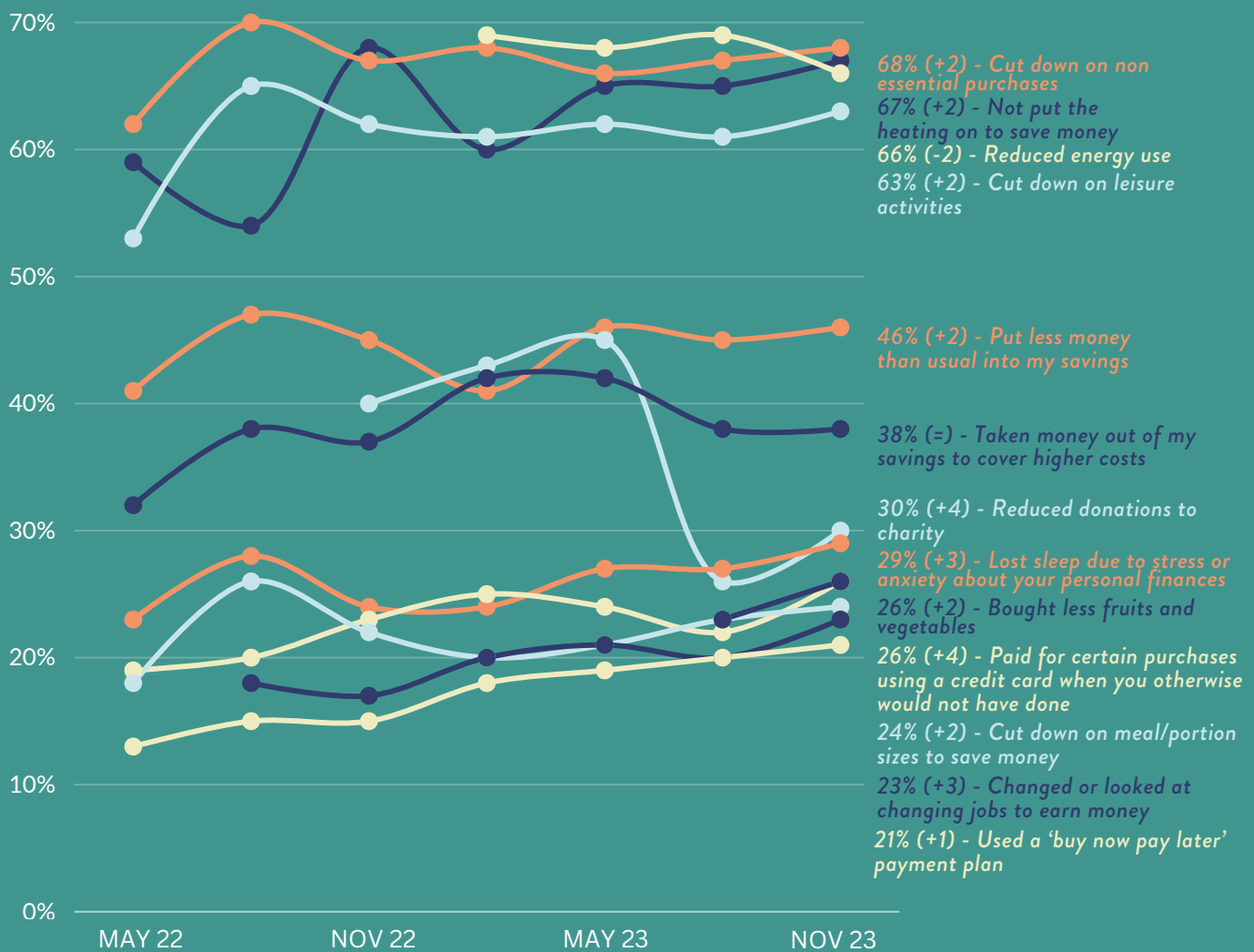
Proportions of respondents saying that they have done each of the following in response to rising prices and inflation



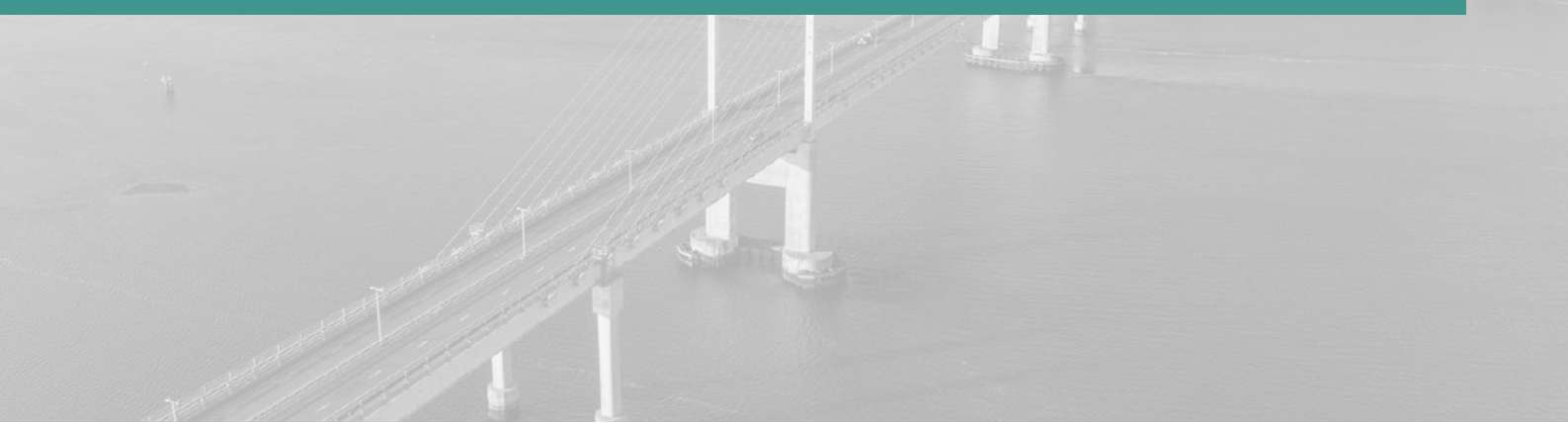
Which of the following have you done in response to rising prices and inflation?
Changes from August 2023 displayed outside bar.

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 August 2023



FINANCIAL FRAGILITY

Confidence levels in financial resilience and emergency preparedness have shown nuanced changes from February 2023 to November 2023.

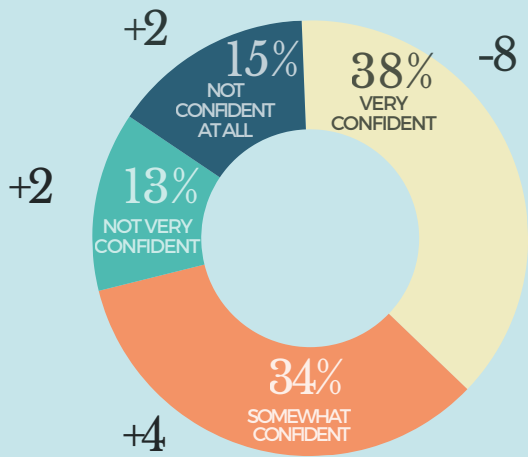
In terms of being able to cover a £100 emergency expense without borrowing, confidence has slightly decreased, with 28% not feeling confident in November 2023 compared to 25% in February 2023. This lack of confidence is higher among those in the most deprived neighbourhoods (43%) compared to those in the most affluent neighbourhoods (21%).

There is also a marked difference between households with children, with 34% of such households not being confident that they could make such an emergency payment of £100, compared to 27% of households with no children.

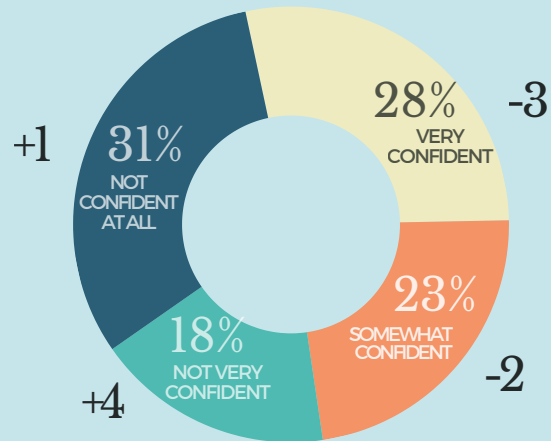
For a more significant expense of £500, there is a notable rise in uncertainty. In November 2023, 49% express a lack of confidence, up from 45% in February 2023, suggesting heightened concerns about managing larger unexpected costs without resorting to loans.

When it comes to the ability to pay housing costs in case of an increase in the next six months, there is a slight dip in confidence. In November 2023, 56% feel confident, down from 58% in February 2023, indicating a subtle decrease in the assurance of meeting potential housing cost hikes.

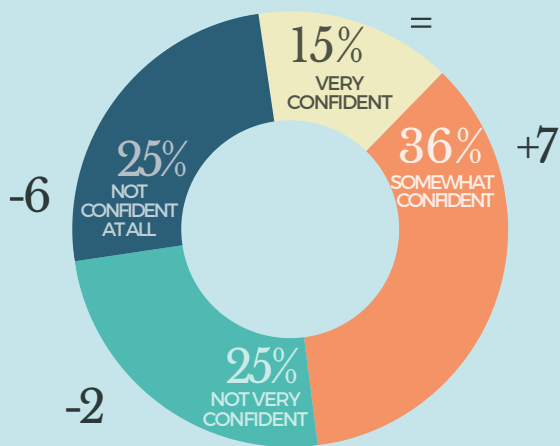
The confidence in securing another job or a new job within three months if necessary has shown a significant shift. In November 2023, 50% express confidence, while the remaining 50% do not. This marks a notable change from February 2023 when 57% lacked confidence, showcasing an improved perception of job market prospects among respondents.



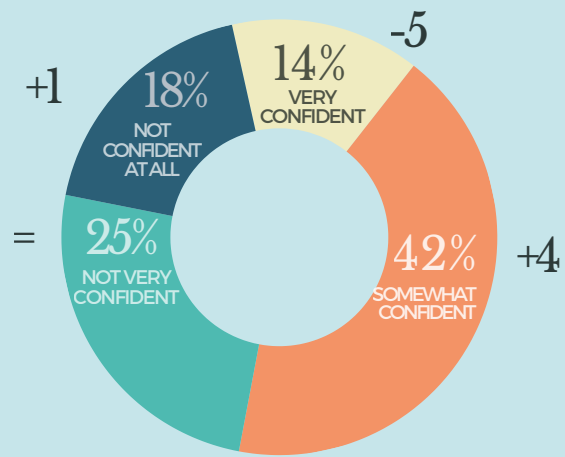
Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £100 without having to take out a loan/borrowing?



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. Numbers outside donut charts represent change from February 2023



TECHNICAL DETAILS

The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 1st - 9th November 2023, and received 2,218 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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