

UNDERSTANDING SCOTLAND

A SURVEY FOR SCOTLAND

ECONOMY
February 2024



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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 - FEBRUARY 2024

Amidst economic uncertainties, perspectives from the latest wave of Understanding Scotland reveal nuanced attitudes amongst Scots. However, a prevailing sentiment holds firm: a majority of Scots believe Scotland is heading in the wrong direction, matching the highest percentage seen in the Understanding Scotland series in May 2023.

Healthcare and the cost of living once again occupy top slots in public priorities, with poverty and inequality, the economy, trust in politics, and housing also prominent concerns. The constitution and devolution is at its lowest level of priority amongst the public since the beginning of the series.

Age remains a salient factor in shaping priorities, with healthcare concerns peaking among the oldest demographic and cost of living/inflation worries dominating younger generations' outlook.

Economic priorities exhibit remarkable stability, with cost of living and inflation maintaining their top spots. However, this stability masks pronounced age-based disparities, with younger demographics prioritising cost of living concerns at higher rates, while older generations lean towards public service spending and managing public finances.

Scots' economic outlook remains tinged with pessimism, with a majority expressing the belief that conditions will deteriorate further. The ongoing cost of living crisis propels Scots to adopt various coping mechanisms, reflecting a recalibration of spending habits in the face of uncertainty.

Attitudes towards safety nets reveal a widespread recognition of collective responsibility and employer accountability in ensuring societal support systems. There is also consensus on the interconnectedness of personal well-being, work performance, and long-term societal implications, underscoring the importance of addressing immediate needs for a sustainable future.

UNDERSTANDING SCOTLAND

THE ECONOMY IN 5 POINTS

This edition of Understanding Scotland brings you insights from over 2,300 members of the adult (16+) Scottish public on the most important aspects of our society and economy.



01 ECONOMIC SURVIVAL TACTICS: SCOTS' STRATEGIES AMIDST THE COST OF LIVING CRISIS

With the cost of living continuing to impact Scots, many continue to employ various coping strategies to manage higher prices. Nearly seven in ten Scots (67%) have reduced non-essential purchases, while significant proportions have cut back on energy use (64%), leisure activities (62%), and household heating (60%). Additionally, about 45% have decreased savings contributions, and over a third (36%) have tapped into their savings. These behaviours are more prevalent among younger age groups, suggesting a disproportionate impact on working-age individuals.

02 CAUTIOUS OUTLOOK: SCOTS' CONTINUE TO CURB FUTURE SPENDING

Both essential and non-essential spending expectations show little change since the last quarter. Decreasing proportions of people expect to spend more and an increasing proportion of people expect to spend the same across various goods and services. This suggests a cautious approach amongst Scots, as tough economic times continue for many.

03 COLLECTIVE RESPONSIBILITY: CONSENSUS ON MANAGING RISK AND EMPLOYER RESPONSIBILITY

There is a strong consensus amongst Scots regarding the importance of collective responsibility and employer accountability for managing societal risks. Over three-quarters (77%) agree on the necessity of a safety net, while an overwhelming majority (87%) believe that employers should provide wages that meet basic needs. Additionally, there is widespread acknowledgment (86%) of the long-term costs associated with neglecting people's basic needs, underscoring the importance of addressing immediate concerns to mitigate future societal impacts.

04 GENERATIONAL DIVIDES: VARIED PRIORITIES ACROSS AGE GROUPS

Once again, healthcare and the cost of living continue to be top public priorities. Almost half (49%) report healthcare and the NHS as a top issue facing Scotland: up one percentage point from November. Meanwhile, cost of living/inflation remains a core concern for four in ten (41%). In February 2024, only 9% of Scots placed the constitution and devolution in their top three most important issues compared to 25% in the first wave in Understanding Scotland. Age remains a significant factor influencing Scots' priorities and concerns. While healthcare and the NHS are paramount among older age groups, younger individuals are more focused on cost-of-living issues.

05 GROWING DOUBTS: SCOTS' INCREASING SCEPTICISM ABOUT SCOTLAND'S TRAJECTORY

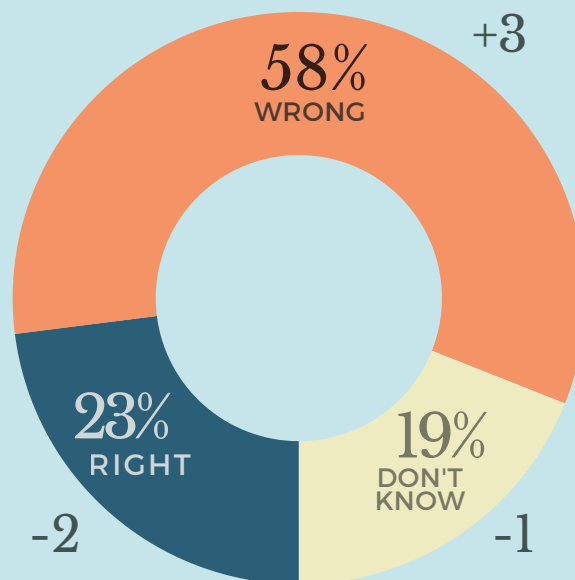
The majority of Scots (58%) believe that Scotland is heading in the wrong direction, marking a three percentage point increase from the previous wave. This shift matches the highest percentage recorded since the beginning of Understanding Scotland, which was previously recorded in May 2023, reflecting an increasing sense of pessimism about the future. Conversely, just under one in four (23%) believe that things in Scotland are heading in the right direction, the lowest percentage to say so in the Understanding Scotland series.

SCOTLAND'S DIRECTION OF TRAVEL

The latest wave of Understanding Scotland finds the continuation of the trend that a majority of Scots (58%) believe that things in Scotland are heading in the wrong direction. This is up three percentage points from estimates in November, when the percentage of those believing that things in Scotland are heading in the wrong direction had started to plateau. The latest figure matches the highest percentage of the public reporting that things are heading in the wrong direction since the start of our Understanding Scotland series, with the previous equivalent figure being recorded in May 2023. Conversely, just under one in four (23%) believe that things in Scotland are heading in the right direction, the lowest percentage to say so in the Understanding Scotland series.

Age and gender effects remain salient, with over six in ten men (63%) reporting that they believe Scotland is heading in the wrong direction, compared to over half of women (54%), and six in ten (63%) of those over 45, compared to half (51%) of those 16 to 34.

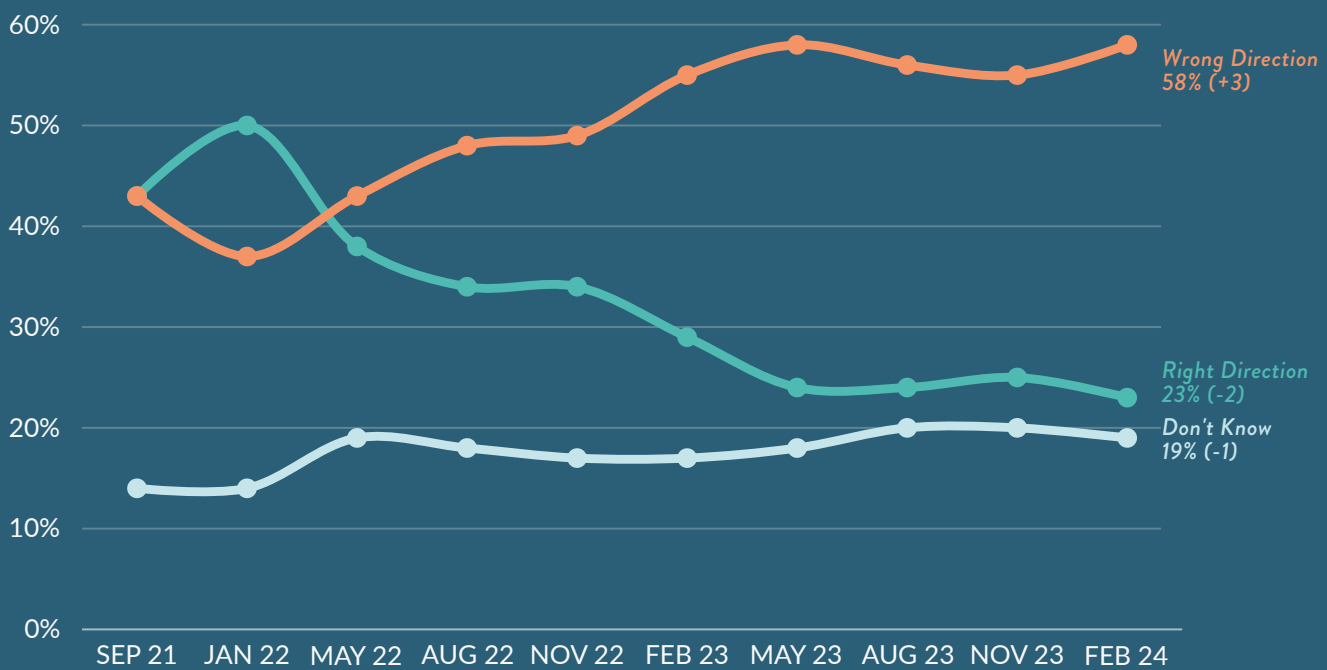
Those that believe general economic conditions and their own financial circumstance have worsened in the last year or will worsen in the year to come are more likely to say that things in Scotland are heading in the wrong direction.



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 November 2023

PUBLIC PRIORITIES

Once again, healthcare and the cost of living continue to top public priorities. Almost half (49%) report healthcare and the NHS as a top issue facing Scotland: up one percentage point from November. Meanwhile, cost of living/inflation remains a core concern for four in ten (41%). As emphasis on healthcare and the NHS rises while emphasis on cost of living remains constant, a widening gap of seven percentage points emerges between these two critical issues facing Scotland.

Poverty/inequality, the economy, trust in politics and housing remain prominent priorities amongst the Scottish public, chosen as a top issue facing Scotland by 15% or more of Scots. With the exception of poverty and inequality, which fell three percentage points, estimates remain consistent with those from November 2023.

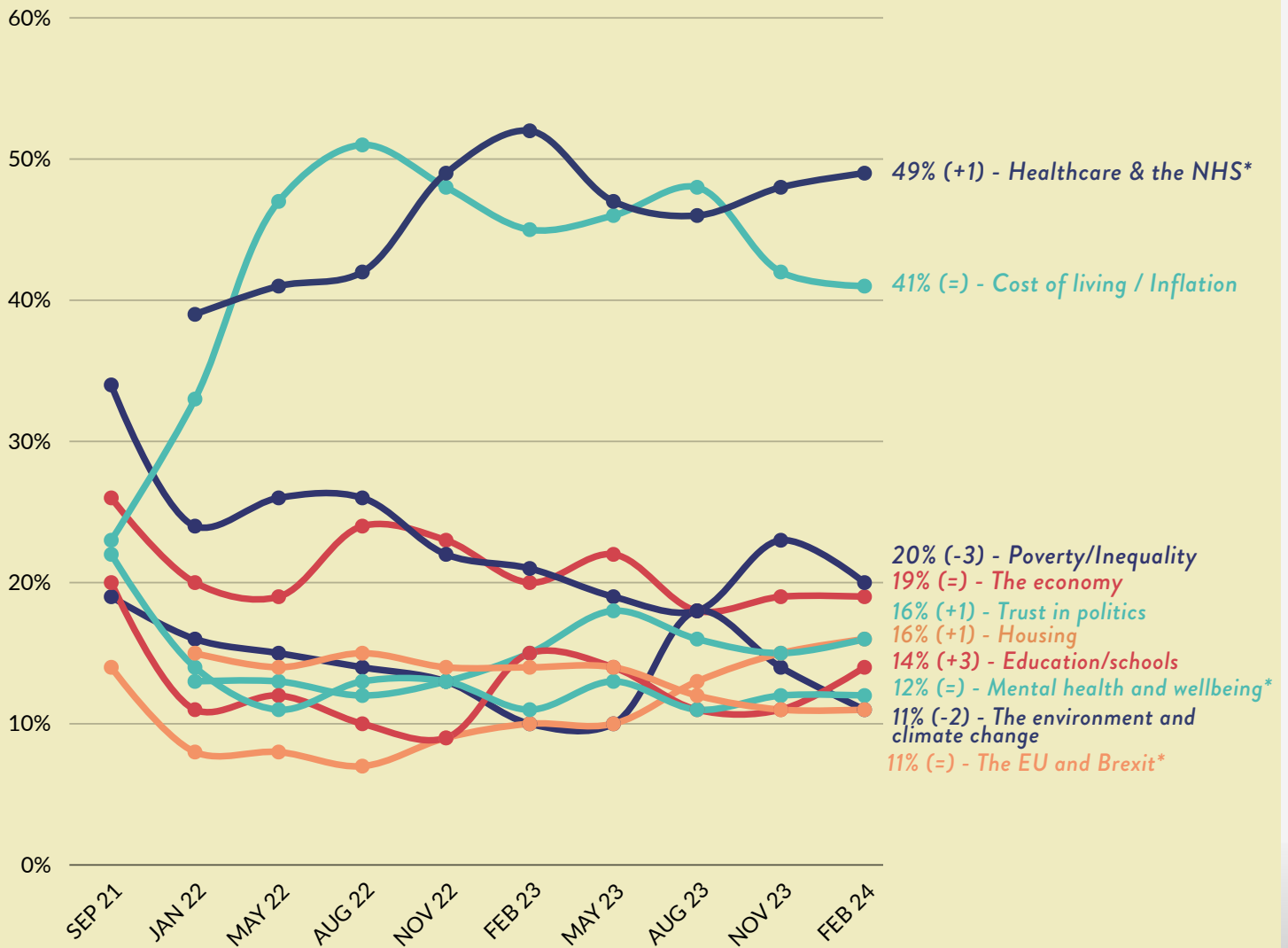
Looking across the Understanding Scotland series, emphasis on issues like mental health (-10), poverty and inequality (-14), and the constitution (-16) have fallen considerably from September 2021, suggesting long-term shifts in public attitudes as the public grapples with pressing health and economic concerns. In February 2024, only 9% of Scots placed the constitution and devolution in their top three most important issues compared to 25% in the first wave of Understanding Scotland.

However, Scots also respond to changing political prioritisation. Prior to the Prime Minister's speech on a renewed approach to net zero in September 2023, 18% of Scots selected the environment and climate change as a top three issue for Scotland; since, this priority has fallen to only one in ten (11%).

Age remains a core influence of Scots' top priorities. Concerns with healthcare and the NHS are highest amongst those 65, where over half (55%) select this as a top three issue facing Scotland, while only 45% of those 16 to 34 report the same. In contrast, the percentage of those ascribing cost of living/inflation as a top three issue facing Scotland peaks amongst the youngest generation, at half (54%) of those 16 to 34, falling to one in four (27%) of those 65 or older.

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



ECONOMIC PRIORITIES

The public's economic priorities remain remarkably stable wave on wave. Cost of living and inflation has cemented itself as the public's top economic concern, reported by over three in five Scots (62%). Trailing behind, around one in three emphasise living standards and wages (35%) and spending on public services (33%) as top issues facing the Scottish economy.

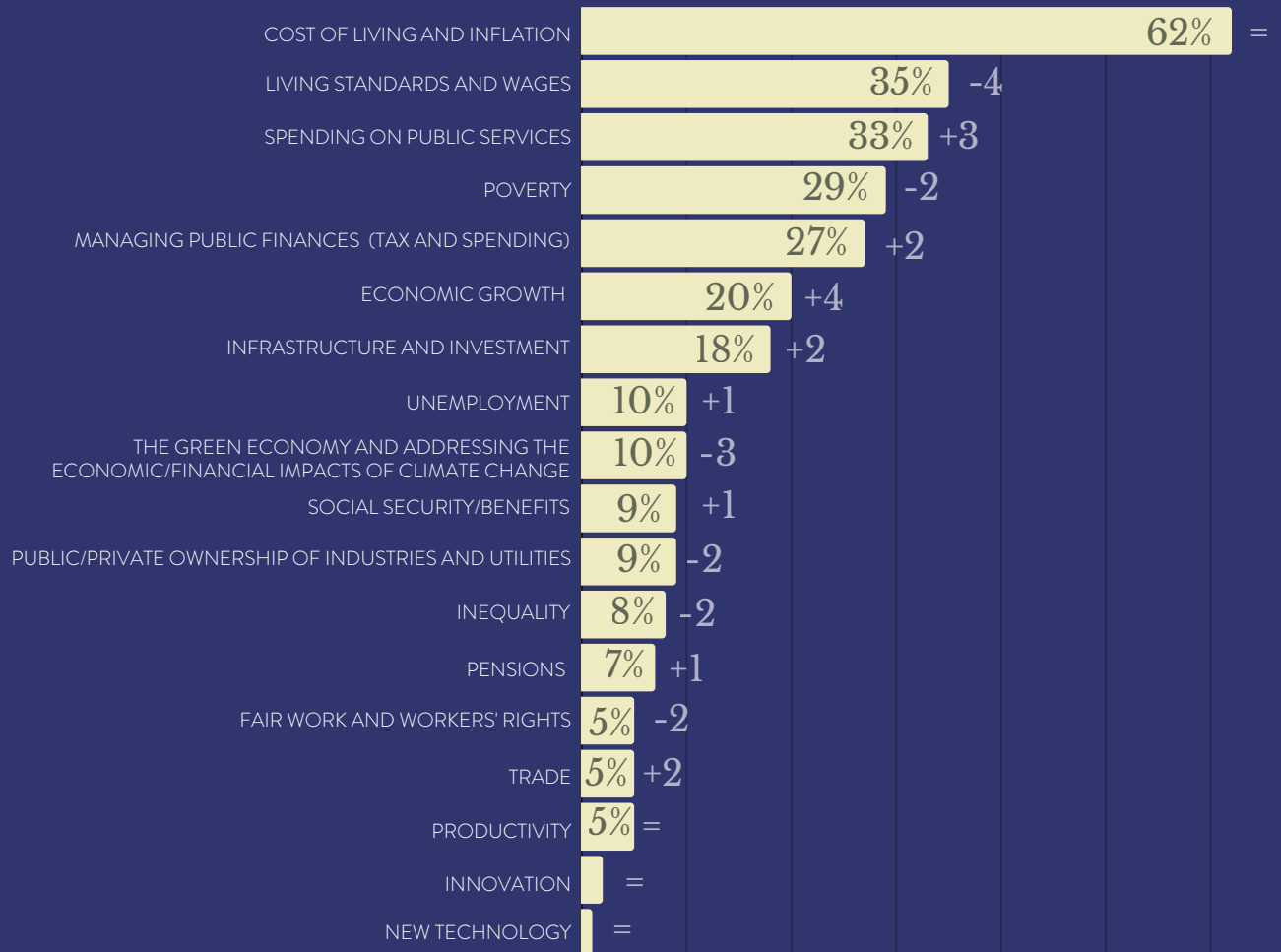
Across the Understanding Scotland series, there have been small but notable changes in the prevalence of priorities. Emphasis on spending on public services has increased for the third consecutive wave, up by ten percentage points from 23% in January 2022, suggesting increased concern. In addition, interest in economic growth as a top economic priority is up four percentage points from last wave, although there is a clear gender split with more men ranking this higher than women.

Concern with the green economy and addressing the financial impacts of climate change has fallen for the second consecutive wave, now hovering at just one in ten (10%).

The overall stability of the public's economic priorities masks marked differences by age. Despite the prominence of cost of living and inflation, support for this priority is concentrated amongst those 16 to 44, where almost three in four (72%) select this as a top issue for the Scottish economy; only half (49%) of those 65+ do the same. In contrast, older generations are more likely to select spending on public services and managing public finances as issues for the Scottish economy. Just under four in ten (38%) of those over 34 prioritise spending on public services and three in ten (30%) prioritise managing public finances, falling to about one in five of those aged 16 to 34 (22%; 18%).

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 2023



ECONOMIC OUTLOOK

Reviewing the past year, many Scots that express an opinion continue to report that general economic conditions (70%) and their own financial circumstances (49%) are worse now than they were a year ago. However, negativity is on a slow but consistent decline, giving way to a growing sense that conditions are about the same now as they were before (21%; 37%). While an important shift in opinion, the consequences of the ongoing cost of living challenges may prove hard for individuals and families to shake in the long-term.

Looking to the future, projections of general economic conditions remain generally pessimistic, with three in five (59%) of those that express an opinion believing that conditions will deteriorate further. When thinking of their own financial circumstances, a plurality (45%) believe that their finances will remain the same over the next year, followed by four in ten (40%) that believe their situation will worsen.

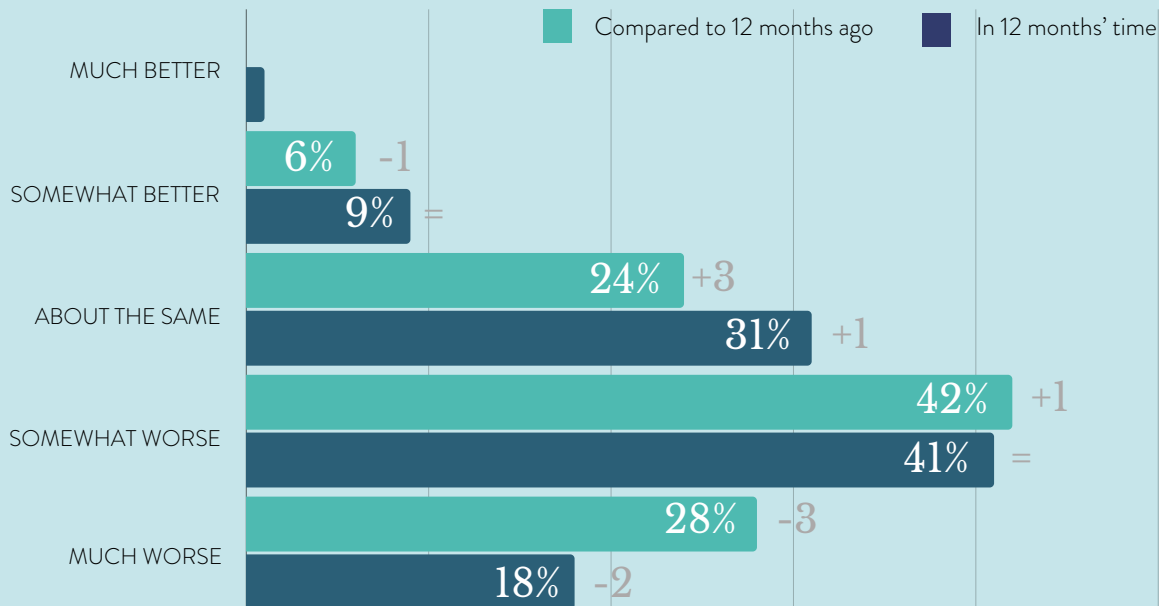
This is particularly stark amongst those with children, with almost six in ten (58%) of those with children in their household reporting that their financial situation has worsened in the last year, compared to almost half (47%) of those without children in their household.

Those in the most deprived neighbourhoods (SIMD 1 and 2) are also more likely to report that their financial circumstances have deteriorated in the last year (55%), compared to those in the least deprived neighbourhoods (SIMD 5) (45%).

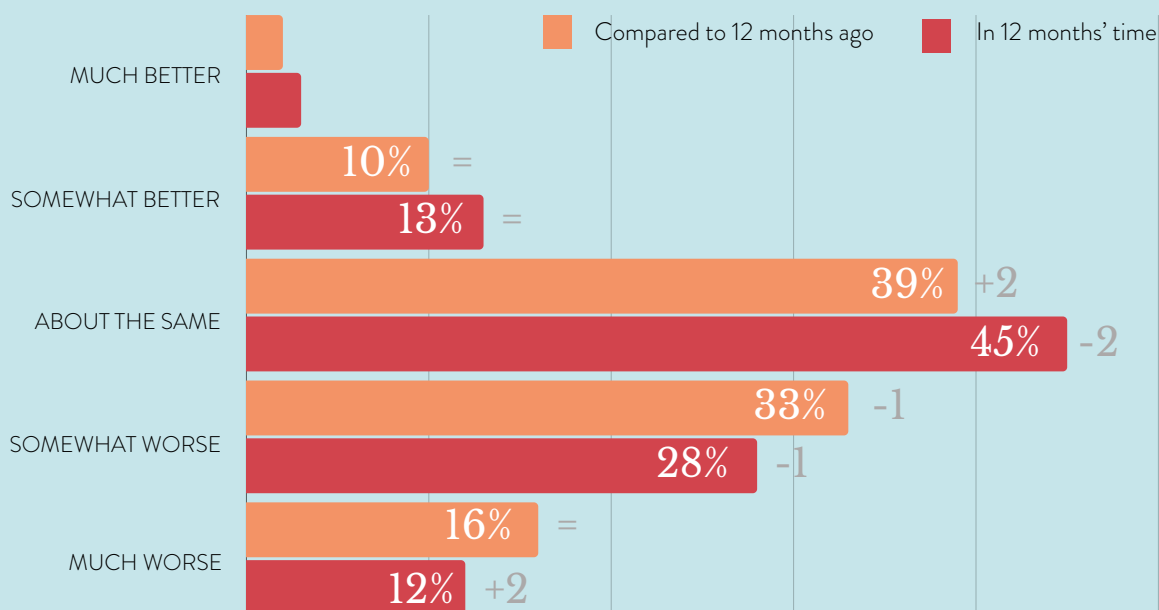


OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions



Own financial circumstances

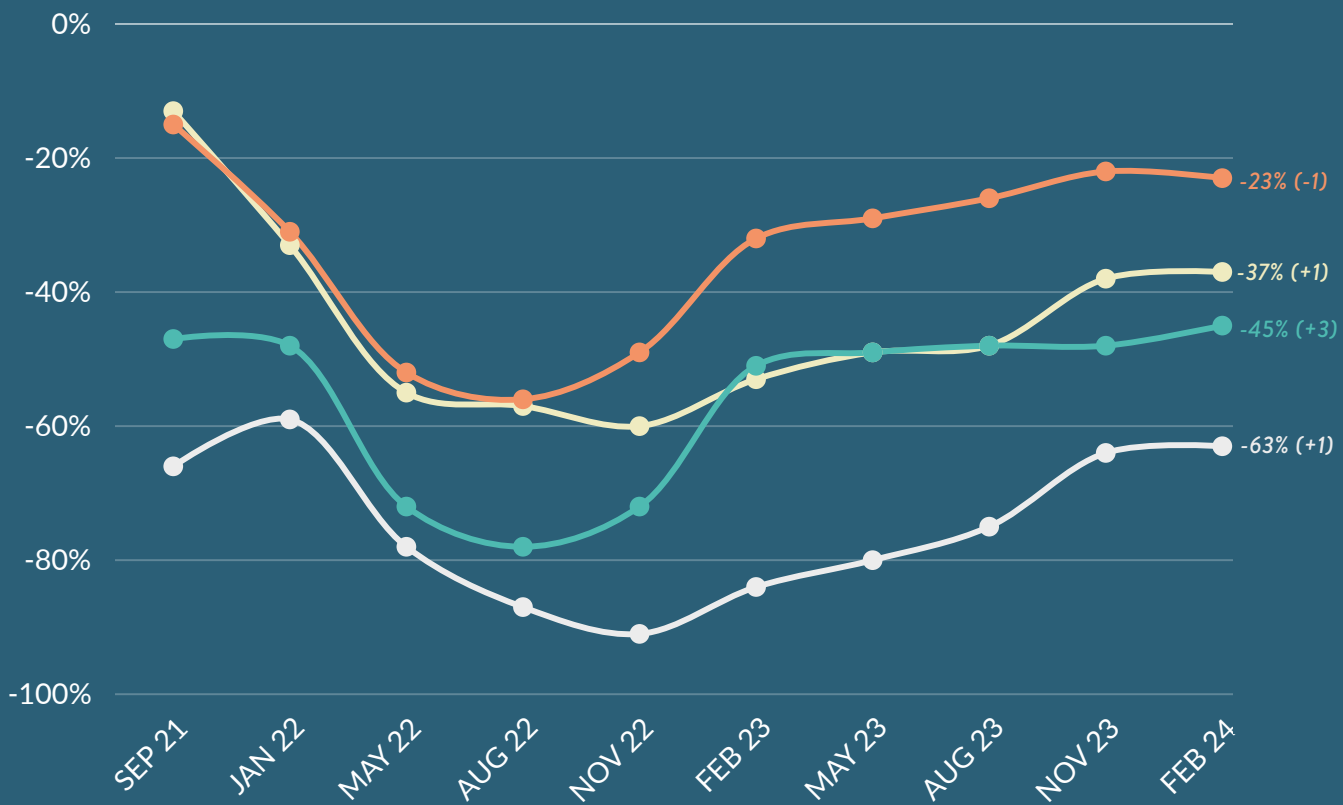


'Don't know' answers excluded. Numbers outside charts represent change from November 2023

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 November 2023



COST OF LIVING BEHAVIOURS

As the public grapples with the ramifications of an ongoing cost of living crisis, Scots engage in a host of strategies to cope with higher prices. These strategies see Scots cutting back on both essential and non-essential goods and using up any financial reserves, with critical consequences for the Scottish public and the Scottish economy.

Just under seven in ten (67%) Scots have cut down on non-essential purchases, like clothing, to cope with the cost of living crisis. About three in five have cut back on energy use (64%), leisure activities (62%), and household heating (60%).

Almost half of Scots (45%) put less money into savings than usual and over a third (36%) have taken money out of savings to deal with higher costs, effectively borrowing from their future to deal with today's economic challenges. A fifth have used a credit card (23%) or a 'buy now, pay later' scheme (19%). These behaviours are higher amongst those under 55, peaking for those between 35 and 44, suggesting that working Scots are exhausting all funds at their disposal.

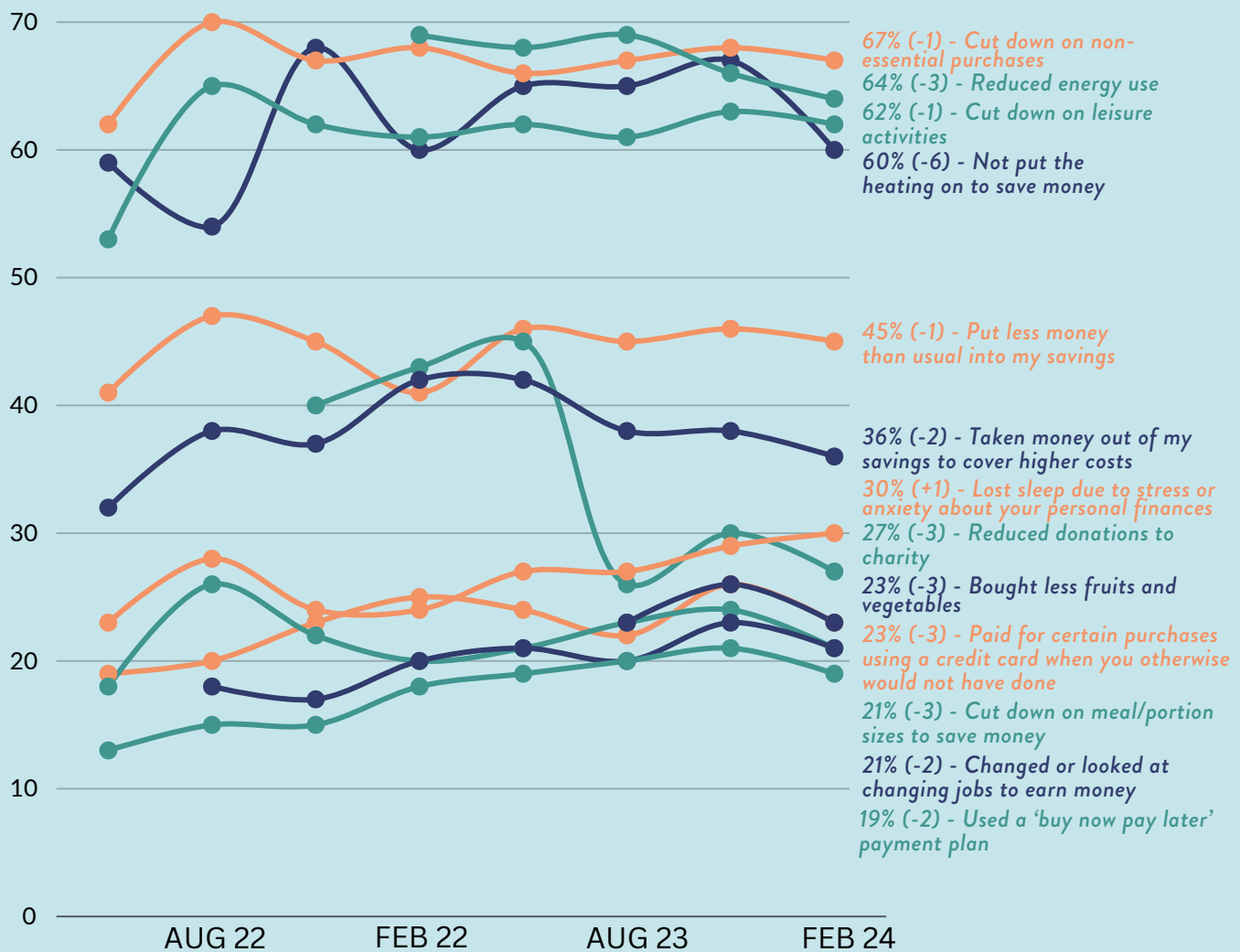
Those with less financial resources are also taking more severe actions to reduce expenses. Individuals in social grades C2DE and individuals in SIMD 1 are more likely to report that they are skipping meals (20%; 21%), cutting down on meal/portion sizes (24%; 24%), and buying less fruit and vegetables (27%; 30%).

These groups are also more likely to be losing sleep over their personal finances: about a third of those in social grade C2DE (36%) and in SIMD 1 (30%). This rises to almost four in ten (39%) of those with children in their household losing sleep over their finances.

While a significant percentage of the population continues to take critical coping measures, it is important to note that less Scots are doing so than before. Estimates across almost all behaviours witness a drop this wave, suggesting that some Scots may be beginning to recover from the economic crisis. However, it is clear that this recovery is not felt evenly amongst the population, exacerbating pre-existing inequality.

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 November 2023



BUYING INTENTIONS

In this wave, respondents were asked to consider whether they expected to spend more or less money over the next 12 months on a series of essential and non-essential goods. Overall, results from the latest wave suggest that spending behaviours amongst Scots are baked in, with increasing proportions predicting that they will spend the same across the majority of goods asked about.

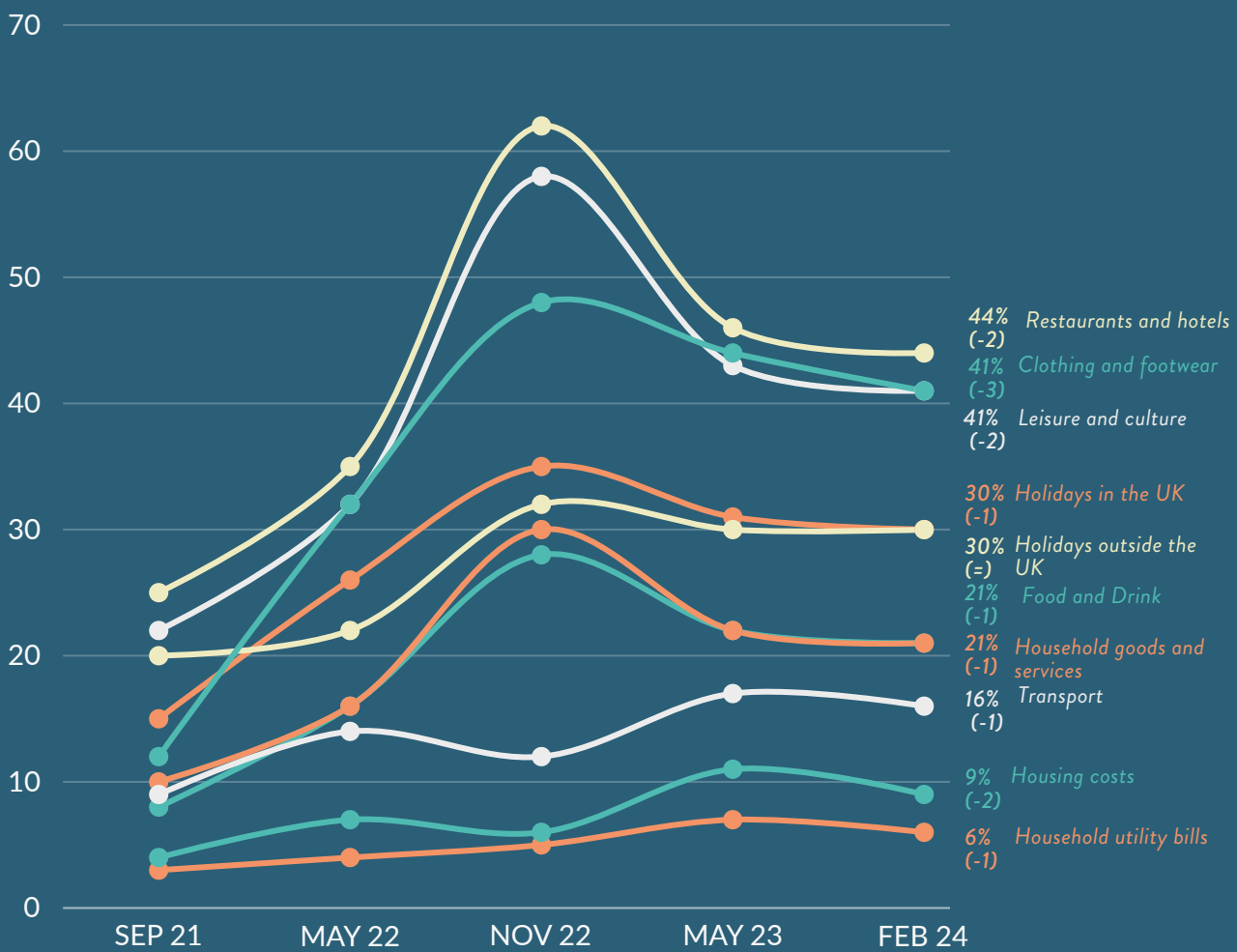
For example, when it comes to food and drink, the proportion expecting to spend more money has decreased from 43% in May 2023 to 38% in February 2024, while the proportion expecting to spend the same has increased to 38% from 32%. Similarly, the proportion of Scots expecting to spend more on their household utility bills has decreased from 67% in May 2023 to 60% in February 2024, and the proportion expecting to spend the same has increased by seven percentage points from 20% to 27% in the same period.

Similarly, in non-essential categories including restaurants and hotels, leisure and culture activities, and holidays both within and outside the UK, there is a general trend towards stability in spending expectations. Despite fluctuations in individual responses, the overall distribution of expectations for increased, stable, or decreased spending remains relatively steady. This stability suggests that Scots do not anticipate returning to the forecasts of increased spending that were seen in earlier waves of Understanding Scotland.

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

BUYING INTENTIONS OVER TIME

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



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

*Brackets show change from last data point

ATTITUDES TO MANAGING SOCIETAL RISK

More than three quarters of Scots (77%) either strongly agree or somewhat agree that there exists a collective responsibility to ensure a safety net for those facing hardships during challenging economic periods. This suggests a widespread acknowledgment of the importance of societal support systems in providing assistance to vulnerable individuals and families during times of economic strain.

The data indicates a strong consensus (87%) regarding the belief that employers bear a responsibility to pay wages that enable individuals to meet their basic needs such as heating, eating, and housing. This underscores the expectation for employers to prioritise the well-being and livelihoods of their employees by offering adequate compensation to cover essential living expenses.

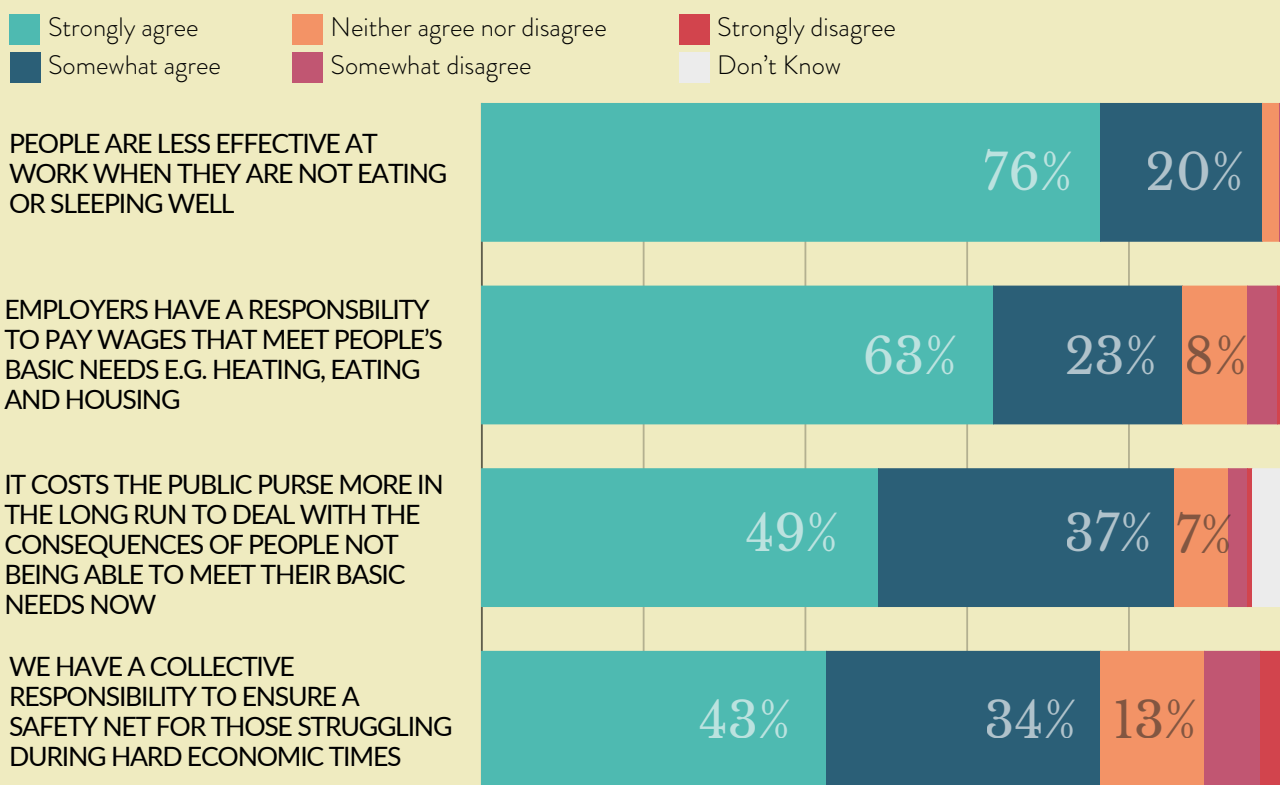
An overwhelming majority (97%) agree that individuals are less effective in their work when they are experiencing inadequate nutrition or sleep. This highlights the recognition of the interplay between personal well-being and workplace performance, emphasising the importance of supporting employees' health and welfare for optimal productivity.

A substantial portion of respondents (86%) agree that neglecting people's basic needs now leads to higher costs for the public purse in the long run. This viewpoint suggests an understanding of the broader societal implications of failing to address immediate needs, with potential ramifications for public spending and resource allocation in the future.

Overall, the data reflects a strong consensus on the importance of collective responsibility, employer accountability, the connection between well-being and work performance, and the long-term implications of neglecting basic needs.

ATTITUDES TO MANAGING SOCIETAL RISK

Proportions of respondents agreeing or disagreeing with statements about societal risk



To what extent do you agree or disagree with the following statements?





TECHNICAL DETAILS

The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 1st - 5th February 2024, and received 2,305 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.

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