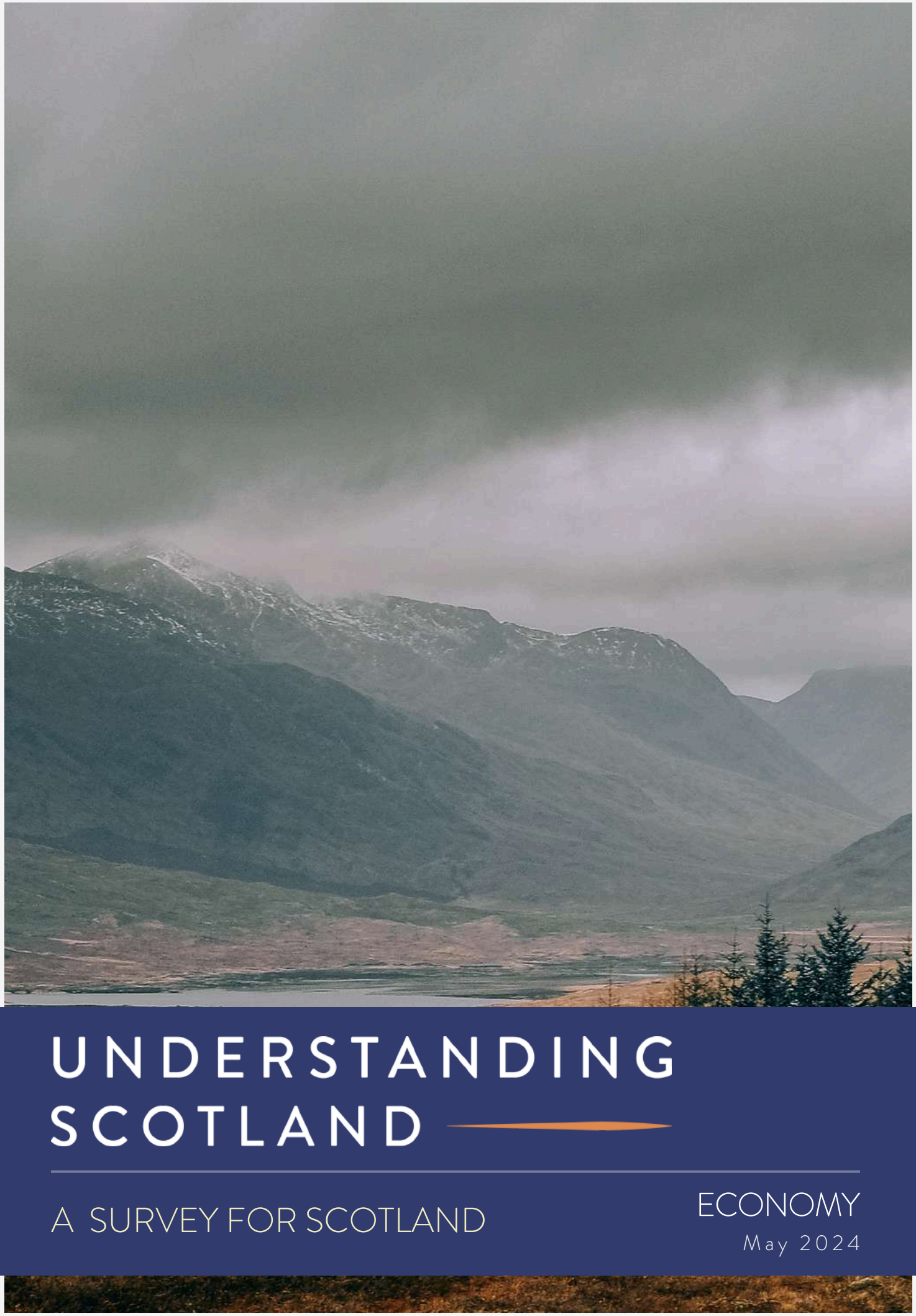

UNDERSTANDING SCOTLAND

A SURVEY FOR SCOTLAND

ECONOMY

May 2024

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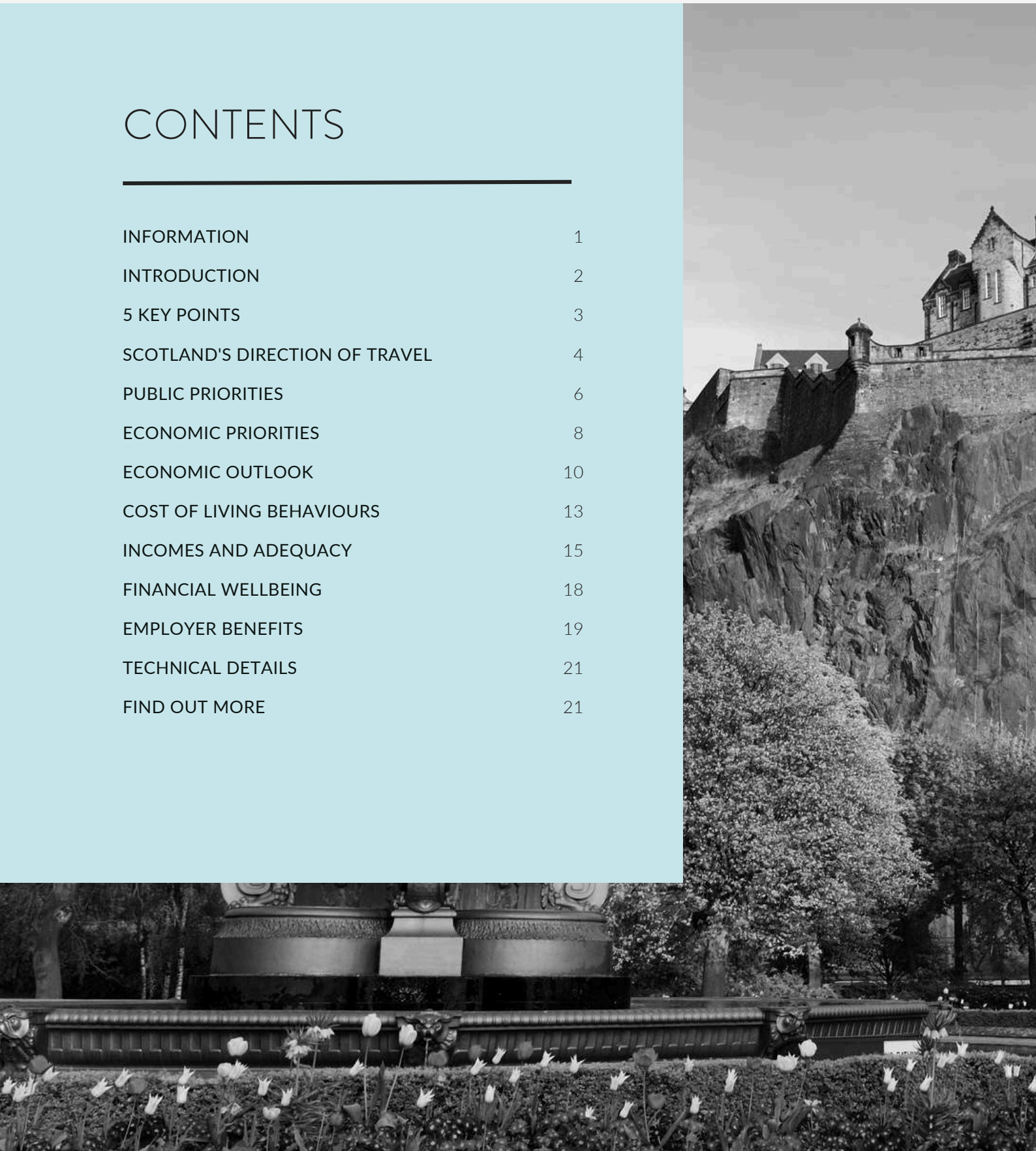


UNDERSTANDING SCOTLAND

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*.

Diffley Partnership

CHARLOTTE STREET PARTNERS

The David Hume Institute

*Registered Charity Number SC009579

INTRODUCTION

ECONOMY - MAY 2024

Amidst economic uncertainties, perspectives from the latest wave of Understanding Scotland reveal nuanced attitudes amongst Scots. However, a prevailing sentiment holds firm: a significant number of Scots believe Scotland is heading in the wrong direction, signalling growing unease regarding the nation's trajectory. Conversely, the proportion of those who believe Scotland is heading in the right direction now stands at a record low for the series.

Survey fieldwork took place during a time of significant political change. First Minister Humza Yousaf announced his resignation shortly after ending the Bute House Agreement, and now First Minister John Swinney had declared his bid for the role. Since fieldwork ended, a UK Parliament General Election has been announced for 4 July.

As voters prepare to go to the polls, the priorities of Scots remain steadfast. Healthcare and the cost of living continue to be the main issues highlighted as priorities, with trust in politics also emerging as a key concern among the public. These priorities will have major implications for political parties as they prepare to set out their offer to the public ahead of the election.

The latest data highlights ongoing challenges in income adequacy and financial stability, with a slight decline in satisfaction levels since late 2023. Many Scots express discontent with their income levels and ability to cover the cost of living.

Despite incremental improvements, lingering apprehensions persist over general economic conditions, with many perceiving them as worse compared to the previous year. However, amidst these challenges, there are signs of cautious optimism, with a modest increase in those viewing their personal financial circumstances more favourably.

In this wave we explored financial wellbeing and the results underscore the profound impact of financial strain on overall wellbeing, with more than half of Scots reporting deteriorated financial health compared to the previous year. This decline is associated with significant impacts on mental and physical health, interpersonal relationships, and effectiveness at work, highlighting the impact of financial strain on overall wellbeing and the interconnectedness of individual financial wellbeing and broader societal welfare.

UNDERSTANDING SCOTLAND

THE ECONOMY IN 5 POINTS

This edition of Understanding Scotland brings you insights from over 2,200 members of the adult (16+) Scottish public on the most important aspects of our society and economy.

01

SOCIETAL IMPACTS: RIPPLE EFFECTS OF WORSENING FINANCIAL WELLBEING

More than half of Scots report deteriorated financial health compared to the previous year. This decline is associated with significant impacts on mental and physical health, interpersonal relationships, and effectivesness at work, highlighting the profound impact of financial strain on overall wellbeing and the interconnectedness of individual financial wellbeing and broader societal welfare.

02

FINANCIAL STRAIN: SCOTS' INCOME CHALLENGES CONTINUE

The latest data highlights ongoing challenges in income adequacy and financial stability. Only one in three (34%) respondents express contentment with their income levels and covering the cost of living, down from 37% previously. This decline in satisfaction regarding meeting household bills and managing commitments, reflects the ongoing challenge for many to make ends meet.

03

PUBLIC PERCEPTION: SCOTLAND'S SHIFT IN MOOD

The latest data reveals a significant shift in public sentiment, with a striking 62% of Scots expressing that they believe things in Scotland to be going in the wrong direction. This marks an increase from 58% in February 2024 and is the highest ever recorded in the Understanding Scotland series, signalling a growing unease among Scots regarding the direction of the nation. Conversely, the proportion believing that Scotland is headed in the right direction is now only one in five (19%).

04

ECONOMIC SENTIMENTS: GAUGING SCOTLAND'S FINANCIAL PULSE

Two in three (66%) Scots perceive general economic conditions as worse now than 12 months ago – a slight reduction on last quarter. There are signs of very cautious optimism, with a modest uptick in those viewing their personal financial circumstances to have improved in the previous 12 months up two percentage points to 14% since the last wave. This suggests a nuanced economic outlook characterised by enduring economic uncertainty.

05

PUBLIC PRIORITIES: STABILITY OVERALL WITH SUBTLE SHIFTS IN EMPHASIS

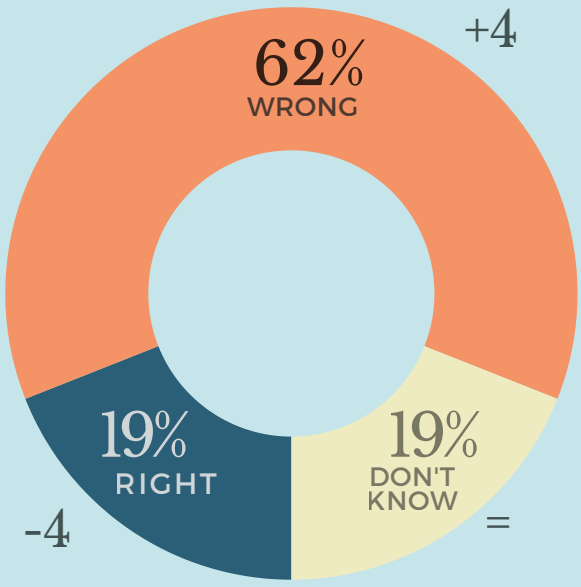
Healthcare continues to retain its prominence, with over half of Scots prioritising it. While the cost of living, also remains a significant priority for Scots with 40% identifying it as one of the top issues facing Scotland. A host of other issues remain of importance to Scots, including poverty/inequality, trust in politics, the economy and housing, which are regularly selected as top issues facing Scotland by more than one in six Scots (over 15%). However, there are notable changes in prioritisation among these issues, with emphasis on trust in politics rising two percentage points to 18% and emphasis on the economy falling two percentage points to 17%.

SCOTLAND'S DIRECTION OF TRAVEL

After consistent increases throughout the Understanding Scotland series, the percentage of Scots believing that things in Scotland are headed in the wrong direction now stands at a record high for the series. Over three in five Scots (62%) believe that things in Scotland are heading in the wrong direction, up four percentage points from February. In contrast, the percentage of Scots reporting that things in Scotland are heading in the right direction is down four percentage points from February to a low of just under one in five (19%). A similar percentage (19%) say they don't know what direction Scotland is headed in.

Perception of Scotland's direction is tied to key socio-economic characteristics. Older generations - those over 55 - are more likely to believe that things in Scotland are heading in the wrong direction (67%), compared to the youngest generation - those 16 to 34 (55%). Similarly, those in higher social grades (ABC1) are more likely to say that things are headed in the wrong direction (66%) than those in grades C2DE.

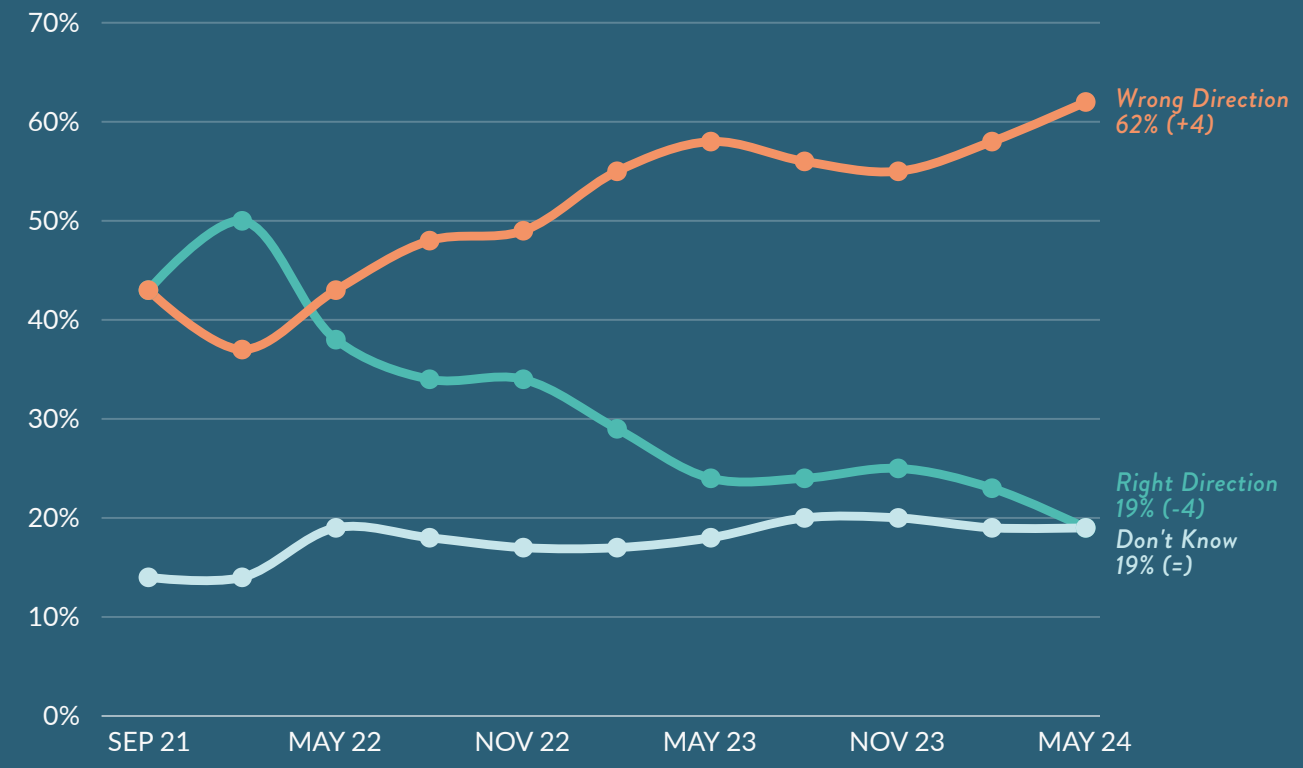
Responses are influenced by people's perception of their own financial circumstances with those feeling that economic circumstances have or will improve viewing Scotland's direction more positively and those that feel conditions have or will worsen viewing it more negatively.



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 February 2024

PUBLIC PRIORITIES

While healthcare and the cost of living continue to dominate the public's priorities, this wave evidences a widening gap in emphasis on healthcare compared to the cost of living. Over half of Scots (52%) list healthcare and the NHS as a top issue facing Scotland today, up three percentage points from February 2024. Conversely, emphasis on the cost of living has dipped mildly for the second consecutive wave, falling one percentage point to 40%.

A host of other issues remain paramount to Scots, including poverty/inequality, trust in politics, the economy, and housing, which are regularly selected as top issues facing Scotland by upwards of 15% or more of Scots. However, there are notable changes in prioritisation among these issues, with emphasis on trust in politics rising two percentage points to 18% and emphasis on the economy falling two percentage points to 17%.

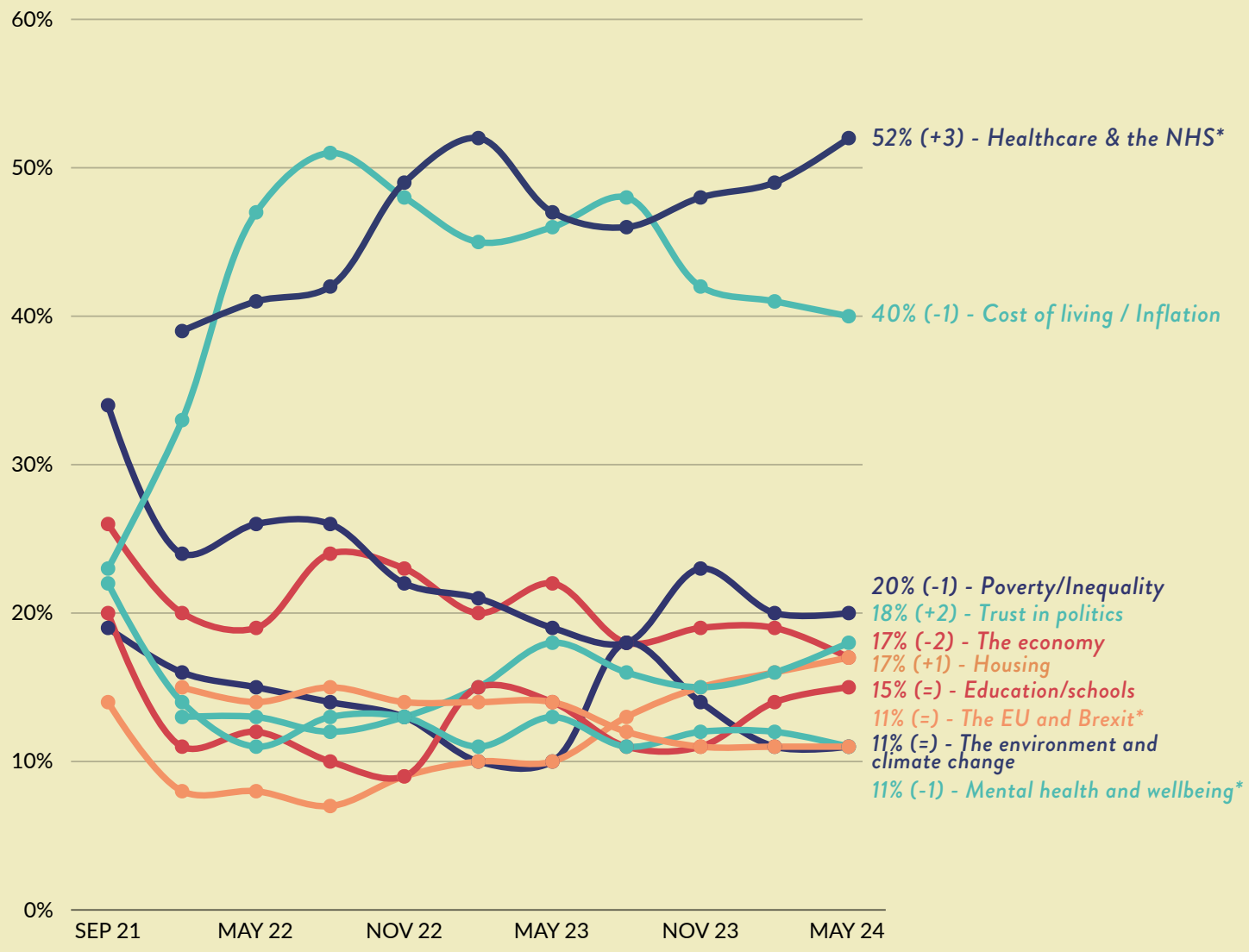
Previous reporting noted long-term shifts in public attitudes on issues like mental health, poverty and inequality, and the constitution from September 2021. Although emphasis on mental health and poverty/inequality remain stable, emphasis on the constitution/devolution has fallen three percentage points since February, reaching a low of seven percent. With a UK Parliament General Election in July, public priorities must be considered as each party sets out their offer to the Scottish public.

Public priorities are starkly split by demographic lines, particularly age. Among top priorities, younger generations (16 to 54) are more likely to highlight the cost of living than older generations (55+), while the oldest generation (65+) continues to emphasise healthcare/the NHS at higher rates than the youngest (16 to 34). In addition, older generations are more likely to stress constitution/devolution as a top issue facing Scotland than the youngest.

Emphasis on the cost of living also remains high among households with children (48%) compared to those without (38%) and the most deprived communities (46%) compared to the most affluent (35%), suggesting that the impact of easing inflation has not reached those struggling to make ends meet.

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 February 2024

ECONOMIC PRIORITIES

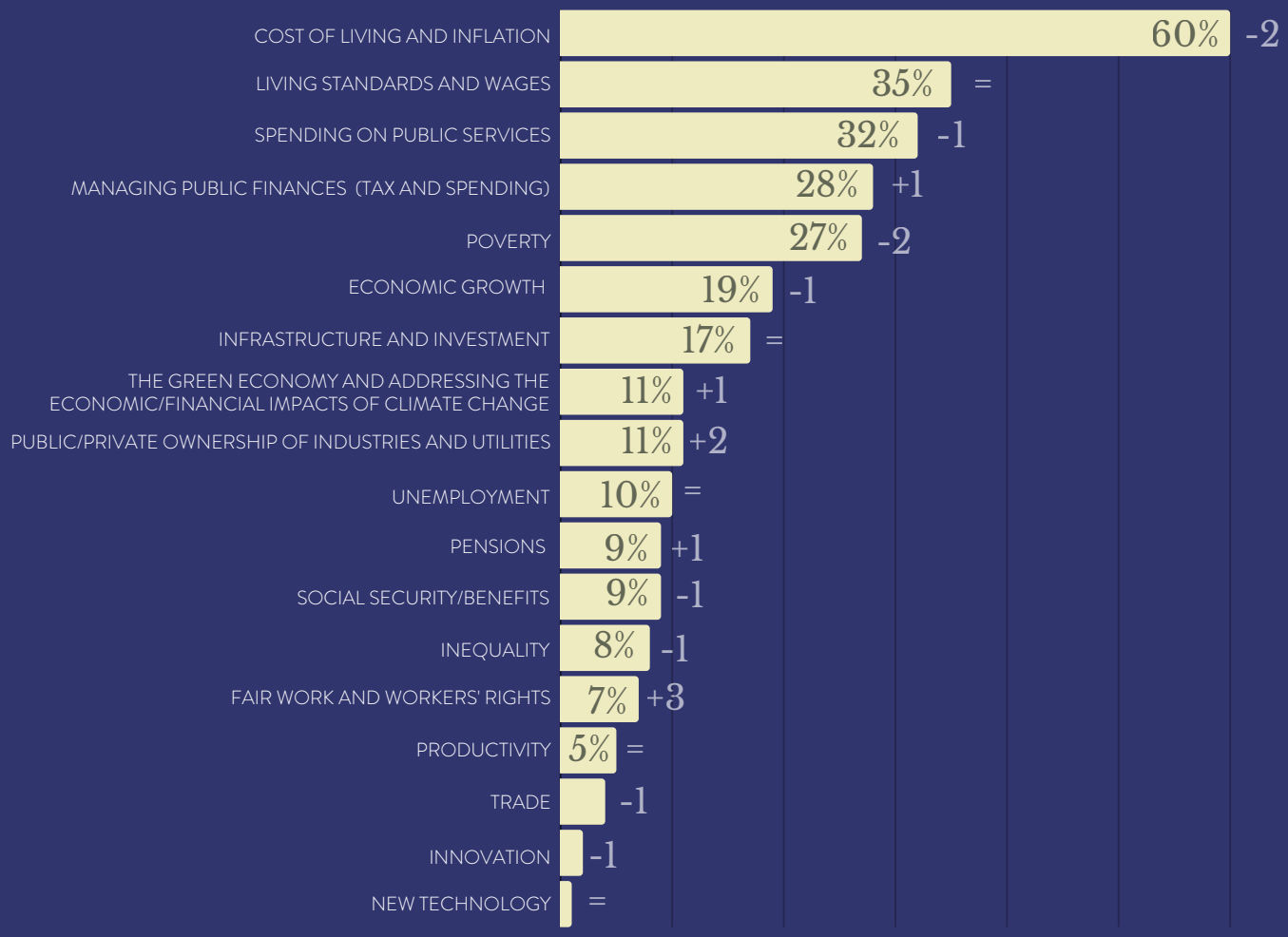
Three in five Scots (60%) believe the cost of living/inflation remains the top issue facing the Scottish economy, a decrease of two percentage points since the last wave. In line with last wave, living standards and wages (35%), spending on public services (32%), managing public finances (28%), and poverty (27%) follow far behind. There has been little movement in these priorities since the last wave indicating that this prioritisation is well established among Scots.

The general steadiness of the public's economic priorities conceals significant age-related differences. Although cost of living and inflation is a prominent issue, identification of this as a priority is highest among those aged 16 to 34, with nearly three in four (71%) identifying this as a top issue for the Scottish economy. In contrast, less than half (47%) of individuals aged 65 and older share this view. Older generations, however, are more inclined to prioritise spending on public services and managing public finances than younger Scots.

There are also notable differences in relation to priorities by gender which have been consistent throughout the *Understanding Scotland Economy Tracker* series. For example, men are more likely to cite economic growth as a top issue facing the economy (23%) than women (15%). Poverty is seen to be one of the top issues facing the Scottish economy by a third of females (33%) compared to around one in five men (22%).

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 February 2024

ECONOMIC OUTLOOK

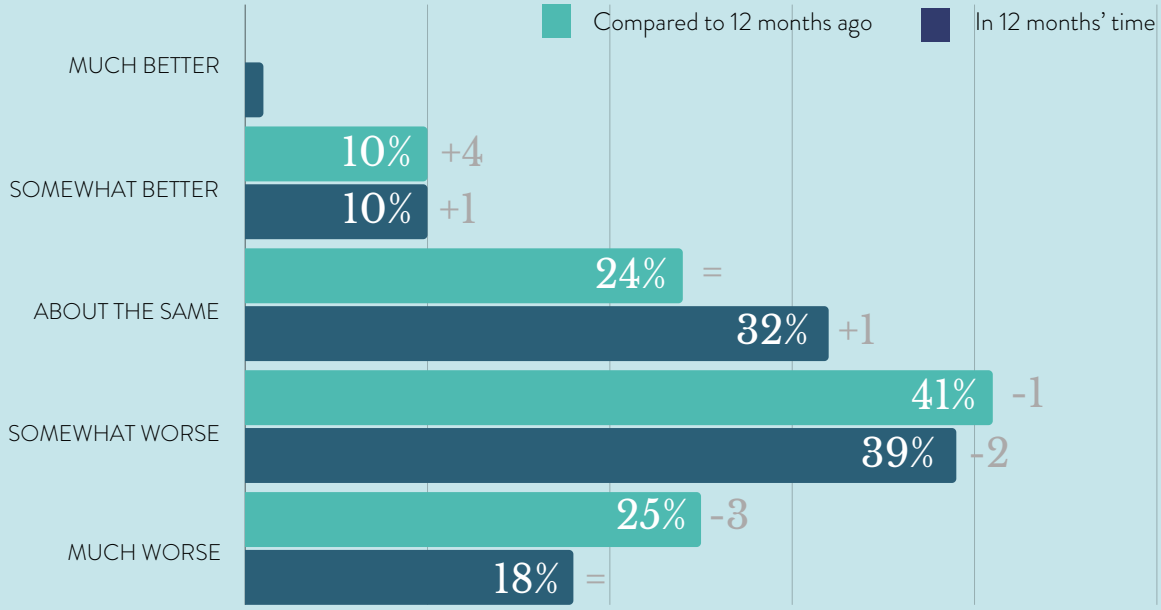
While the public's priorities suggest that cost of living concerns may be easing, Scots' economic outlook remains generally negative. When looking back on the past 12 months, two thirds (66%) of those that express an opinion report that general economic conditions are worse now and over two in five (45%) report that their own financial circumstances have worsened. Yet, negativity continues to decrease slightly and is edging closer toward optimism. In February, 12% believed that their personal financial circumstances had improved and only six percent believed general economic conditions had improved; this wave, the corresponding figures are up two and four percentage points respectively.

This shift is less pronounced when it comes to Scots' expectations for future conditions. Predictions that n general economic conditions and personal financials will worsen over the next 12 months have remained relatively stable (57%; 38%), down only one and two percentage points respectively from February. In addition, a sizable percentage of the population expect general (32%) and personal (45%) circumstances to be about the same. Such stability suggests that economic pessimism may prove hard to shake despite incremental improvements.

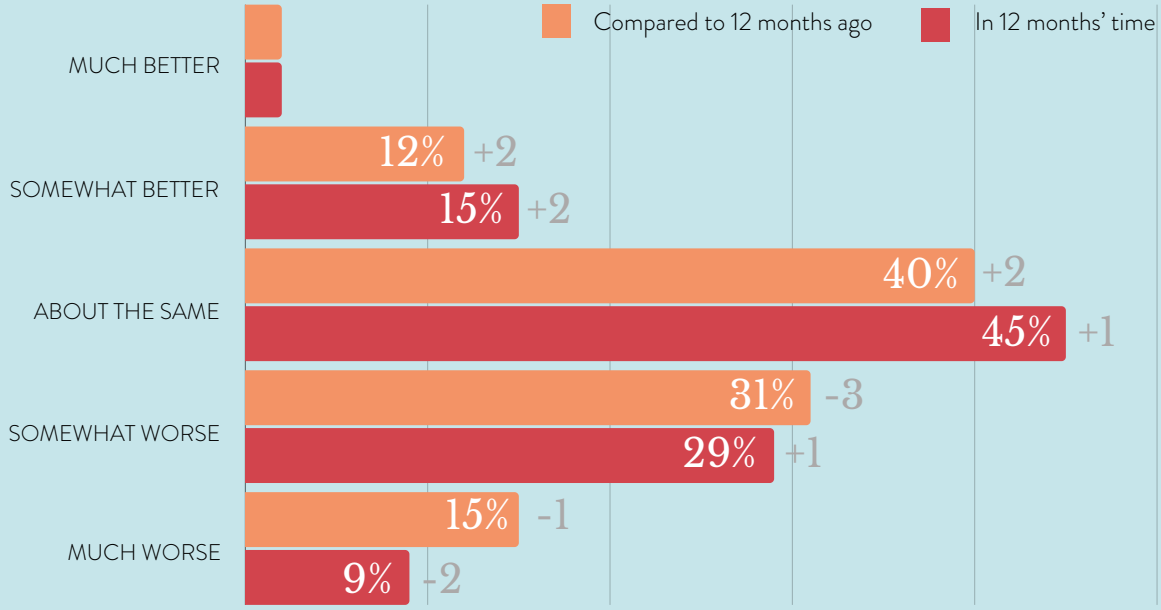
Looking back on the last year, households with children (54%) are more likely to report that their personal finances are worse now than a year ago than those without (43%). Women are also more likely than men to believe that general economic conditions (69%; 63%) and their own personal financial circumstances (48%; 42%) have worsened. In contrast, men are more likely than women to be positive about current and future economic conditions. For example, 22% of men believe their own financial circumstances will improve over the next 12 months, compared to 12% of women.

OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions



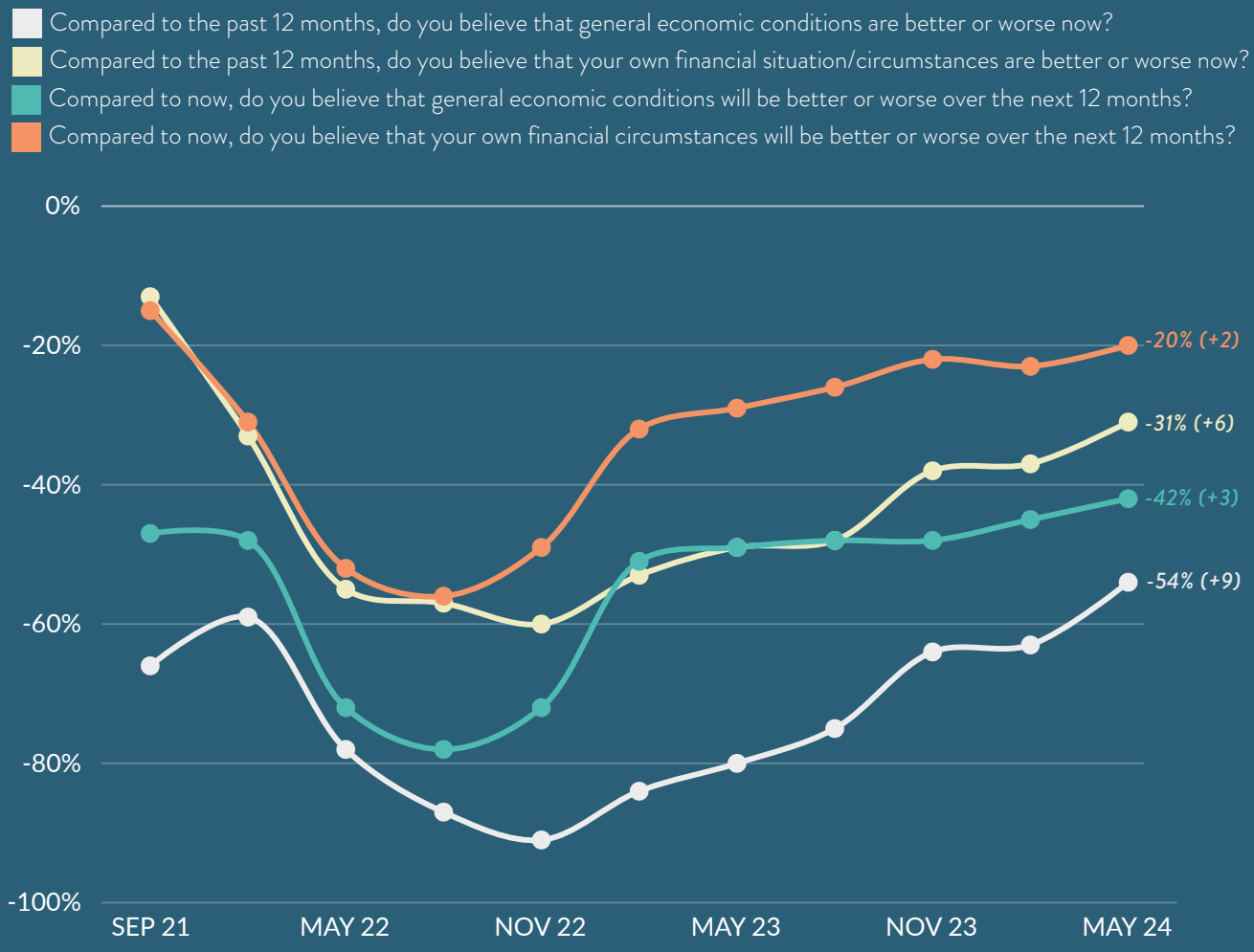
Own financial circumstances



'Don't know' answers excluded. Numbers outside charts represent change from February 2024

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.



Changes in brackets since February 2024

COST OF LIVING BEHAVIOURS

Since May 2022, Understanding Scotland has measured changes taken by Scots to cope with the rising costs of living. Two years on, a majority of Scots continue to engage in a range of behaviours to reduce and manage increasing expenses. Most commonly, about three in five Scots report cutting down on non-essential purchases (67%), energy use (63%), heating (62%), and leisure activities (58%).

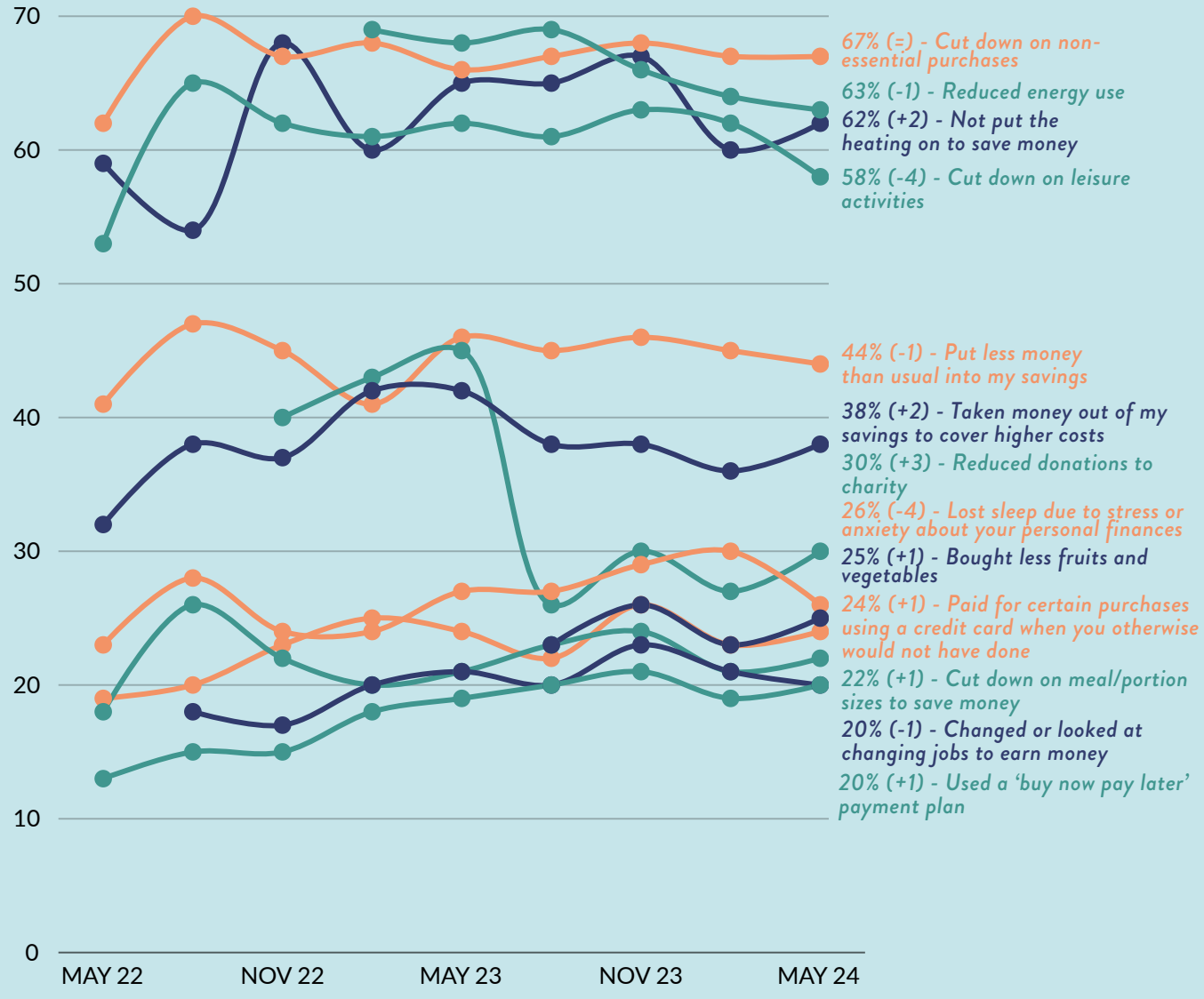
Between waves, these behaviours demonstrate stability, shifting only one or two percentage points at most over the last quarter. This may indicate that these behaviours have become a standard feature of life for most Scots and are now baked in to people's behaviours.

However, some behaviours have seen slight shifts since February. In particular, the percentage of Scots that have cut down on leisure activities (such as going out for a meal or going to the cinema) or that have lost sleep due to stress about their personal finances have both fallen by four percentage points. The percentage of Scots that have reduced their donations to charity or tried unsuccessfully to take on more work have both increased three percentage points respectively, and with one in five (20%) of respondents using buy now pay later schemes such suggesting that many are still struggling to increase their income amidst high prices.

Among top behaviours, women are more likely than men to report that they are cutting back, including on non-essential purchases (72%; 61%), energy use (67%; 58%), and leisure activities (62%; 54%). And across the board, younger generations are more likely to be using every avenue at their disposal to cope, especially when compared to those 65+, as are households with children.

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 February 2024

INCOMES & ADEQUACY

Satisfaction with income levels has shown a slight decrease from November 2023, with 34% expressing satisfaction compared to 37% previously. However, dissatisfaction is also slightly down from 45% in November 2023 to 41% in May 2024.

When specifically considering income covering the cost of living, the latest data shows a downturn in satisfaction at 27% compared to 31% in November 2023. More than half (53%) remain dissatisfied with income covering the cost of living, comparable to the levels measures in November 2023 (50%).

In terms of the ability to meet household bills, there has also been a decline from November 2023 where 43% expressed satisfaction, this now stands at 38% in May 2024.

The balance between paid and unpaid commitments has also declined in terms of satisfaction with 29% reporting satisfaction compared to 38% in November 2023. Dissatisfaction has increased from 30% to 33% since this was last measures in November 2023.

The satisfaction level regarding employment providing enough paid hours has remained high, with 61% in May 2024, though this is lower than the 68% reported in November 2023. Dissatisfaction remains relatively low at 17%, though this does represent an increase from the 14% recorded at the previous wave.

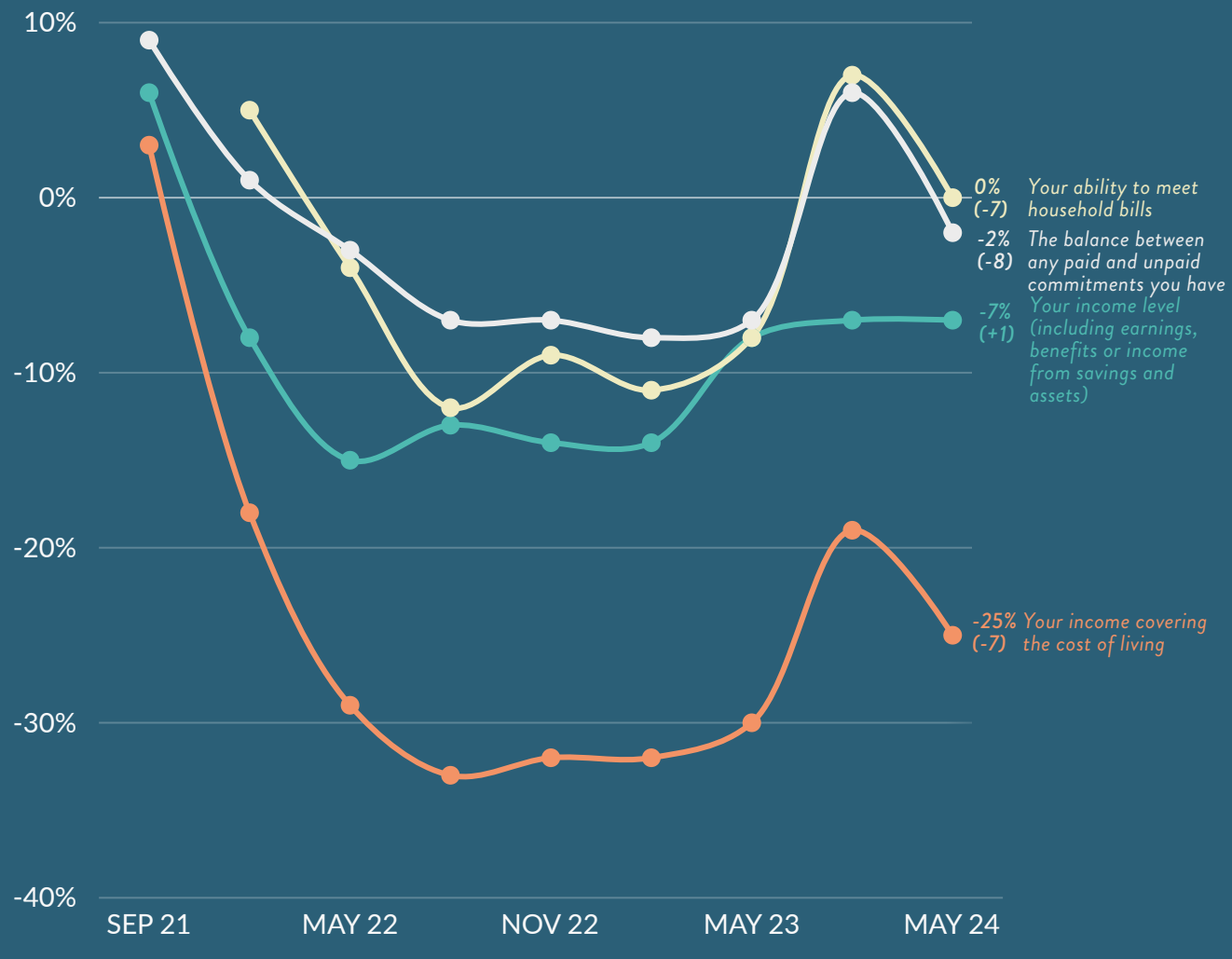
WORK AND INCOME SATISFACTION

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)



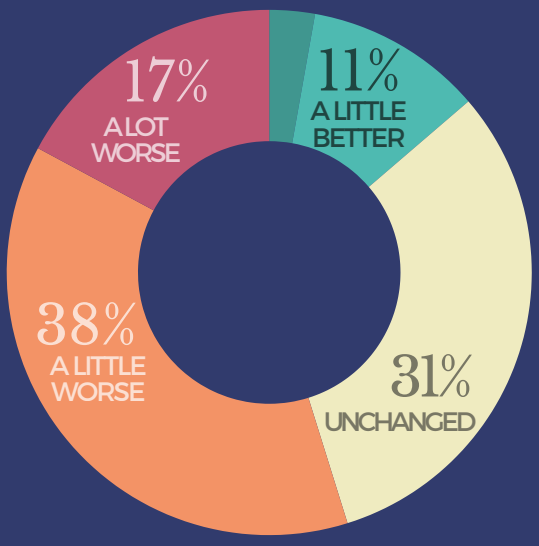
How satisfied are you with the following? Changes in brackets since November 2023

FINANCIAL WELLBEING

For the first time, Understanding Scotland asked about financial wellbeing. More than half (55%) of Scots reported that their financial wellbeing is worse than 12 months ago, this was higher among women (58%) than men (51%). Around a third (31%) said their financial wellbeing was unchanged while 14% reported it was better.

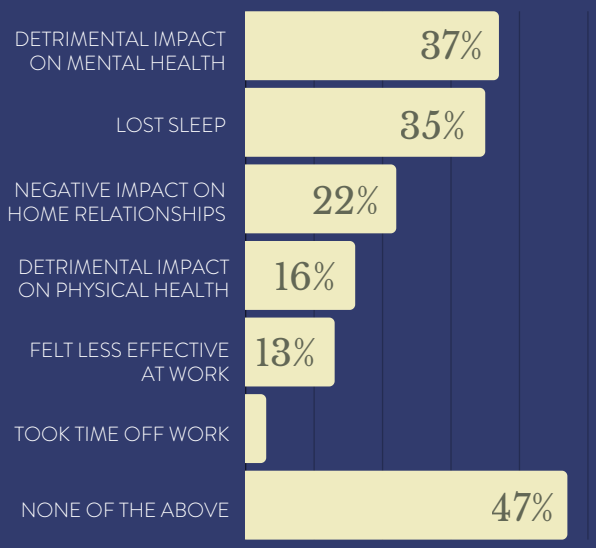
More than a third of respondents reported a detrimental impact on their mental health (37%) or losing sleep (35%) as a result of money matters. Those in SIMD1-3 were more likely to report an impact on their mental health than those in SIMD4 or SIMD5.

Significant proportions also reported a negative impact on home relationships (22%), a detrimental impact on physical health (16%) or feeling less effective at work (13%). Almost half (47%) reported that concerns over money matters had not affected them in any of the ways listed.



How does your financial wellbeing now compare with how it was 12 months ago?

In which of the following ways have concerns about money matters affected you in the last 12 months?



EMPLOYER BENEFITS

For the first time, Understanding Scotland asked respondents about which benefits Scots would like from their employers beyond increases in pay to improve their financial wellbeing. The most favoured option, chosen by 45% of respondents, is the introduction or improvement of staff benefits designed to protect employees and their families. This includes introducing or increasing employer pension contributions, enhancing sick pay, and providing private health, dental, or life insurance.

Additionally, 29% indicated a desire for benefits aimed at reducing fuel and energy costs, while 28% favoured benefits to help with travel expenses, such as public transport season ticket loans and train ticket discounts.

Furthermore, 23% of respondents expressed a preference for benefits to assist with purchasing essential items like food, clothing, and basic insurances such as car and home insurance. Only a fifth (20%) of respondents reported being satisfied with their current benefits package, highlighting potential areas for improvement in aligning benefits with employee needs.

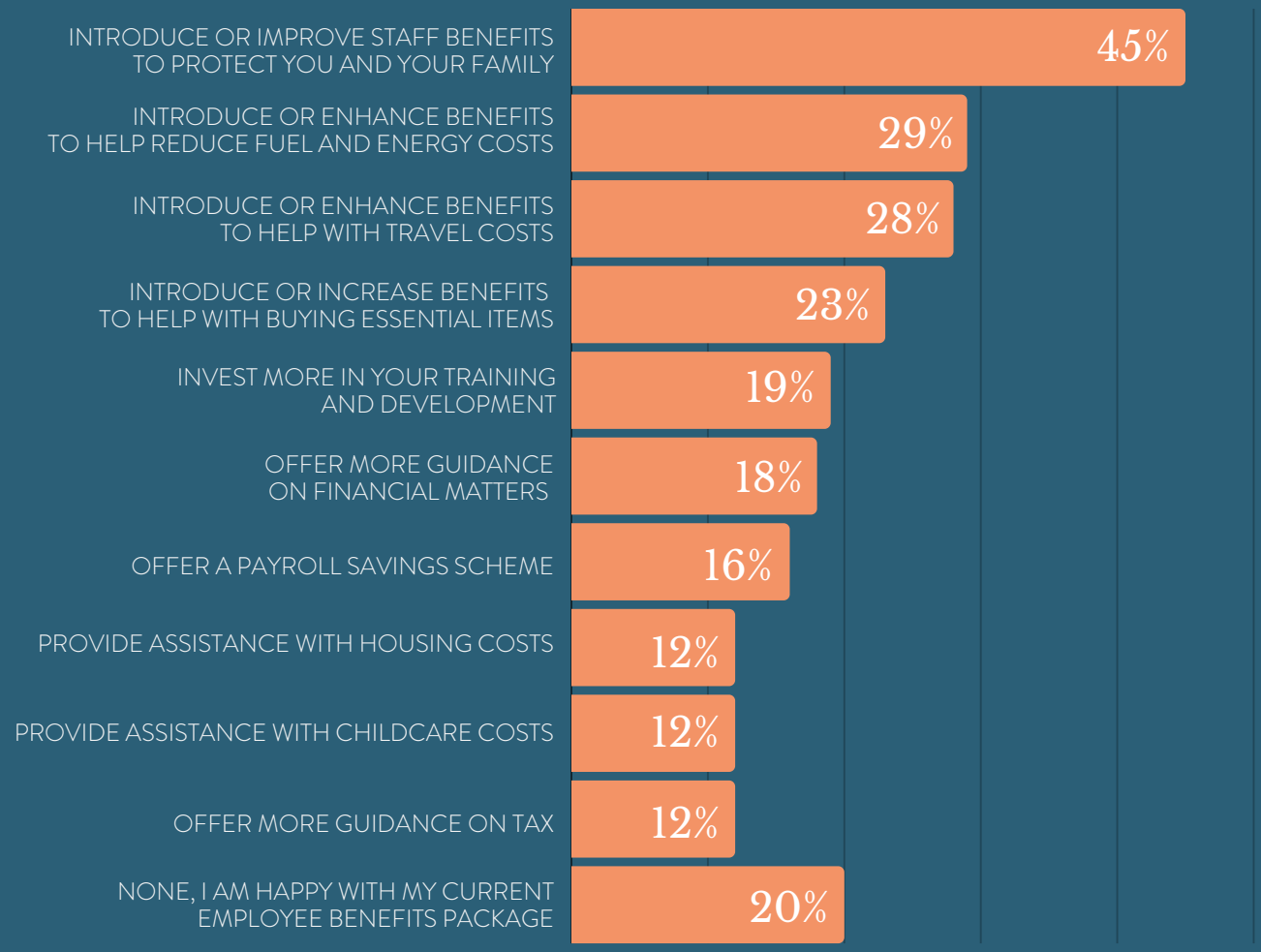
Around one in five (19%) expressed interest in increased investment in training and development opportunities, suggesting a desire for professional growth and skill enhancement. A similar proportion (18%) indicated a desire for more guidance on financial matters, including pensions, borrowing, and savings schemes, underscoring a demand for holistic financial support. A further 16% favoured the introduction of a payroll savings scheme, reflecting an interest in structured savings mechanisms facilitated by the employer.

Finally, 12% of respondents expressed interest in receiving assistance with housing costs, childcare expenses, and tax guidance, signalling a recognition of the broader financial challenges faced by employees beyond basic compensation.

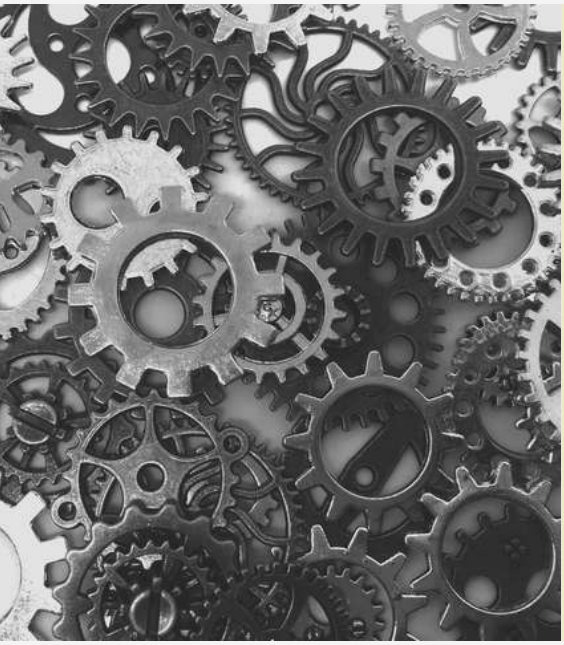
The findings underscore the potential of offering a diverse range of non-monetary benefits to support employees' financial wellbeing, alongside their salary in order attract and retain employees as well as support their productivity at work.

FINANCIAL WELLBEING AT WORK

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



Apart from increasing your pay, which of the following things would you like from your employer in order to improve your financial wellbeing?



TECHNICAL DETAILS

The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 2nd - 7th May 2024, and received 2,275 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population (2021 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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