

UNDERSTANDING SCOTLAND

ECONOMY TRACKER

May 2026





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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.

The *Understanding Scotland Economy Tracker* is produced in partnership with the David Hume Institute*.



*Registered Charity Number SC009579

INTRODUCTION

ECONOMY - MAY 2026

This wave of the Understanding Scotland Economy Tracker comes immediately after the 2026 Scottish Parliament election, capturing public attitudes at a moment of political reset and ongoing economic pressure.

While the SNP has been returned to government, the emergence of a more fragmented Parliament points to a period in which delivering on economic challenges may require greater coordination and deliberation across the chamber.

The findings present a clear and more downbeat picture of the public mood than in recent waves. After a period in which pessimism had begun to ease, economic sentiment has deteriorated sharply. Large majorities now say both the national economy and their own financial circumstances have worsened over the past year, and expectations for the year ahead have become more negative across all measures. This renewed pessimism is also likely to reflect a more uncertain global backdrop, including the conflict in the Middle East, which may be reinforcing concerns about economic stability and future costs.

This renewed pessimism is reflected in public priorities. For the first time since 2023, the cost of living has overtaken healthcare as the most important issue facing Scotland, both nationally and locally. This shift underlines the continued salience of household financial pressures, despite a changing political context.

At the same time, there are signs of growing financial strain beneath the headline trends. More Scots report cutting back on everyday spending and drawing on savings, while confidence in coping with financial shocks, particularly rising housing costs or potential job loss, has weakened. Although confidence in managing short-term emergency expenses has improved slightly, this appears to reflect increased reliance on existing resources rather than a sustained improvement in financial resilience.

Looking more broadly, the findings point to a public that remains concerned not only about their own financial situation, but about the wider social consequences of economic pressure. Large majorities continue to support the idea of a collective safety net, and place responsibility on both government and employers to mitigate the impact of economic hardship.

Taken together, the findings from this wave highlights a shift in direction. While political change has reshaped the landscape, public attitudes remain anchored in economic uncertainty. As the new Scottish Parliament takes shape, the challenge will be to respond to a public mood that is becoming more pessimistic, more financially constrained, and more focused on the costs of everyday life.

UNDERSTANDING SCOTLAND

THE ECONOMY IN 5 POINTS

This edition of Understanding Scotland brings you insights from a representative sample of over 2,000 adults (16+) across Scotland on the most important aspects of our society and economy.



01 COST OF LIVING IS ONCE AGAIN THE DEFINING ISSUE

For the first time in nearly three years, the cost of living and inflation has overtaken healthcare and the NHS as the most important issue facing Scotland. Nearly half (47%) select cost of living and inflation as one of their top three issues, up four percentage points since February and a substantial nine percentage points since November. A similar proportion (46%) select healthcare/the NHS as a top issue facing Scotland, down a minor two percentage points from last wave. Cost of living has also become the top local priority, selected by half (50%) this wave, compared to 43% in February.

02 ECONOMIC SENTIMENT HAS DETERIORATED SHARPLY

Assessments of both the economy and personal finances have worsened markedly this wave. Over three in four (77%) say the economy is worse than a year ago, up from 62% in February, while a similar proportion (73%) expect conditions to deteriorate further in the year ahead.

03 FINANCIAL PRESSURES CONTINUE TO SHAPE BEHAVIOUR

Over half of Scots have cut back on leisure activities (54%) and reduced non-essential spending (52%) as a result of concerns about money matters in the last year. Slightly more are reporting that they are cutting back on leisure activities (up four percentage points), saving less than usual (up two percentage points) and dipping into savings for higher costs (up two percentage points), as concerns with the cost of living are renewed.

04 MEASURES OF FINANCIAL FRAGILITY REVEAL A MIXED PICTURE

Indicators relating to housing costs and the job market have weakened slightly. Six in ten (61%) of those expressing an opinion say they are confident in their ability to meet higher housing costs over the next six months, down three percentage points on a year ago. Confidence in the job market is lower still, with just 43% believing they could find a new job within three months, a four-point decline over the same period. However, confidence in managing an unexpected £500 expense has increased, with 61% reporting that they are confident they could meet such an expense without taking a loan or borrowing, up five percentage points since May 2025 (excluding don't knows/NAs).

05 OPTIMISM ON SCOTLAND'S DIRECTION REMAINS LIMITED

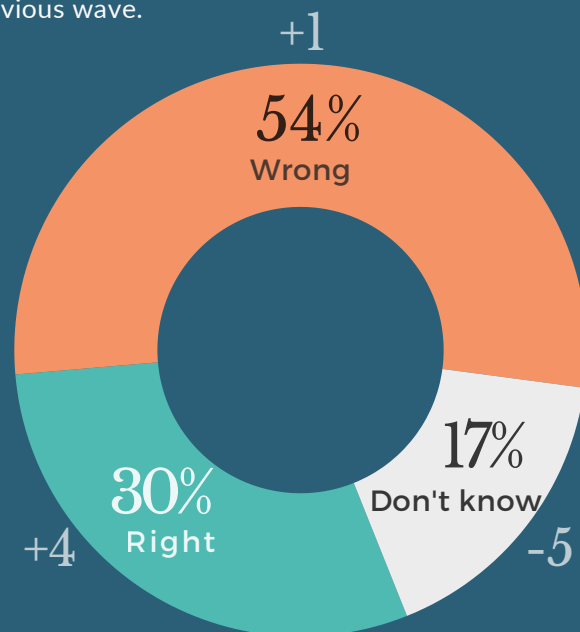
More Scots now say the country is heading in the right direction (30%, up four points), but a clear majority (54%) still believe it is on the wrong track, pointing to only modest improvement in underlying sentiment.

SCOTLAND'S DIRECTION OF TRAVEL

Public perceptions of Scotland's direction of travel have continued to improve modestly. Three in ten (30%) now say the country is heading in the right direction, up four percentage points from February and significantly higher than the 21% recorded in May 2025, reaching its highest level since November 2022.

However, a majority (54%) still believe Scotland is moving in the wrong direction, up one point since February but down from 59% in May 2025, pointing to a gradual easing in pessimism over the longer term. Just 17% of respondents 'don't know' their views on the country's direction of travel, down five percentage points from the previous wave.

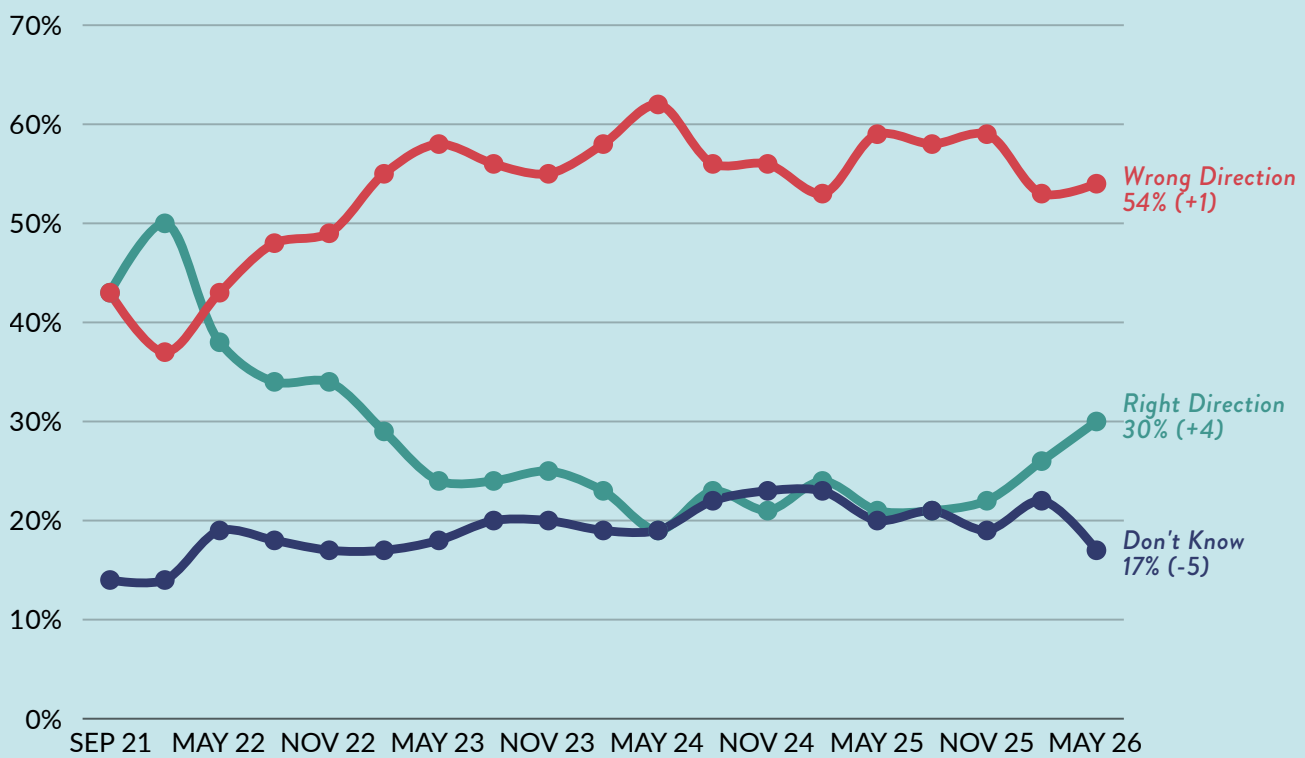
Male respondents are significantly more likely than females to say that things in Scotland are moving in the wrong direction (57%; 50%). In contrast, the youngest cohort of respondents are much less likely to say that things are moving in the wrong direction. Fewer than half (46%) of respondents aged 16-34 say that the country is moving in the wrong direction, compared to under six in ten (56%) of those aged 35+. In terms of geography, respondents in West Central Scotland are more likely than those in the North to say that the country is moving in the right direction (33%; 25%).



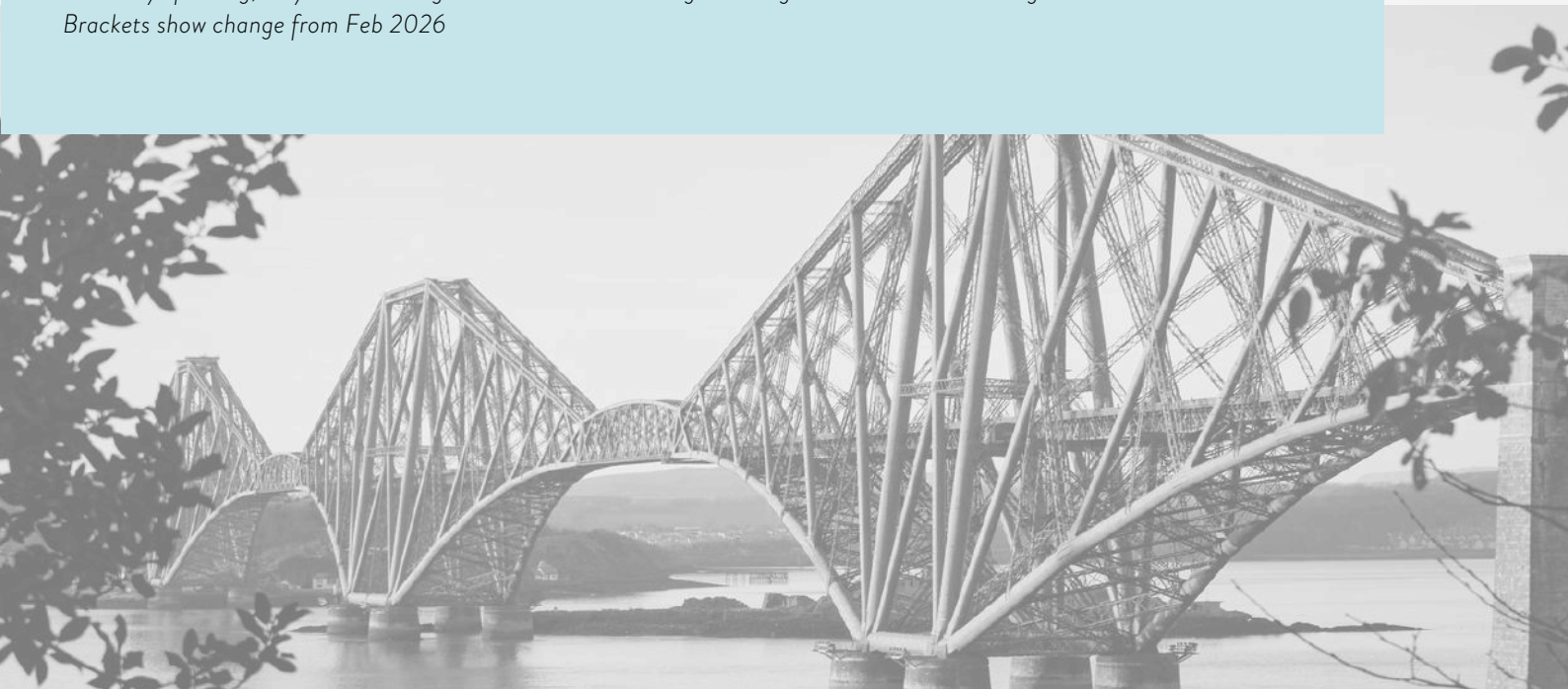
'Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?'

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 Feb 2026



NATIONAL PRIORITIES

The cost of living and inflation has overtaken healthcare and the NHS as the most frequently mentioned issue facing Scotland, rising four percentage points from the last wave to 47%. This is the first time since August 2023 that the health service has not been the most important issue among the public, having dropped two percentage points to 46%.

Immigration and the economy are ranked jointly third this wave, with one in five (20%) mentioning each issue. Concern with immigration has dipped slightly, by two percentage points, from the previous wave, while the proportion selecting the economy has risen by the same amount. Other salient issues include poverty and inequality, down two percentage points to 16%; trust in politics, down one percentage point to 14%; and housing, down one percentage point to 13%. Although the constitution/devolution is selected by only one in ten (11%), this is the highest value seen since November 2023.

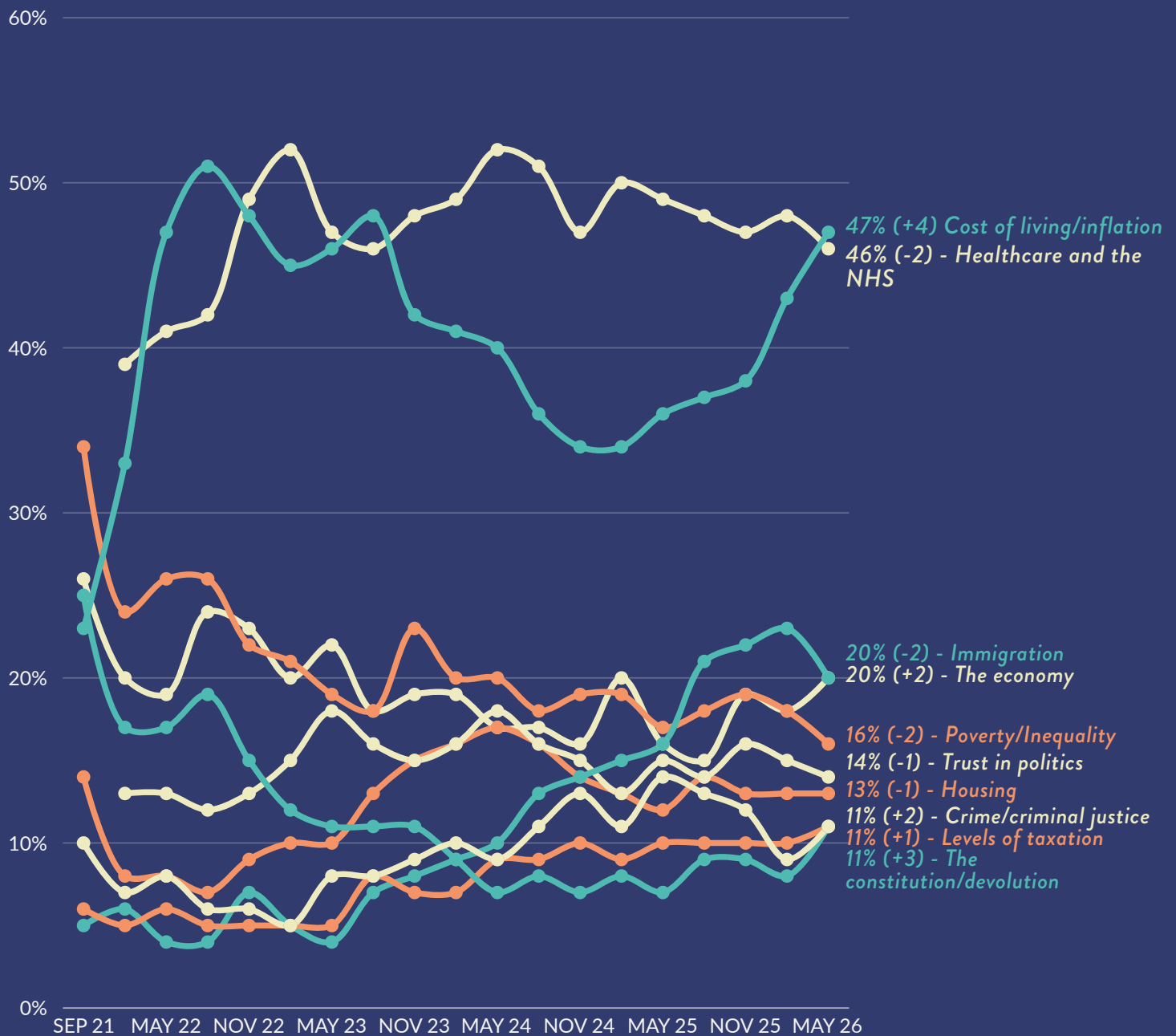
In terms of demographic differences, younger respondents are considerably more likely than the oldest cohort to say that the cost of living is a key issue facing Scotland. Six in ten (60%) respondents aged 16-34 select the issue, relative to under half (47%) of those aged 45-54 and just one third (32%) of those aged 65+, suggesting that younger age groups are particularly vulnerable to cost of living pressures. Households with children are also more likely to select the cost of living, compared to those without children (56%; 44%).

Female respondents are significantly more likely to prioritise healthcare and the NHS compared to males (53%; 39%). Contrastingly, Scots living in the most disadvantaged neighbourhoods (SIMD1) are considerably less likely to select healthcare and the NHS compared to respondents who live in the least disadvantaged areas (SIMD5) (37%; 52%).

Immigration is selected more frequently among respondents in the Central Scotland Scottish Parliament region (28%) than those in Mid Scotland & Fife (19%), the Highlands and Islands (18%), South Scotland (16%) and Glasgow (17%) Scottish Parliament regions.

NATIONAL 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 above 10% shown)
Changes in brackets since Feb 2026

LOCAL PRIORITIES

Local priorities closely mirror national priorities, with the cost of living again appearing as the most important issue facing local areas. It is selected as a top three issue by half (50%) of respondents, a rise of six percentage points from the previous wave. More than four in ten (44%) select healthcare and the NHS, down two percentage points from the last wave.

As for national priorities, immigration ranks third, selected by around one in six (17%) respondents - a decrease of two percentage points from the February wave of research. In local contexts, housing sees a boost in prioritisation, up to 16% from 13% nationally, and even with the previous wave.

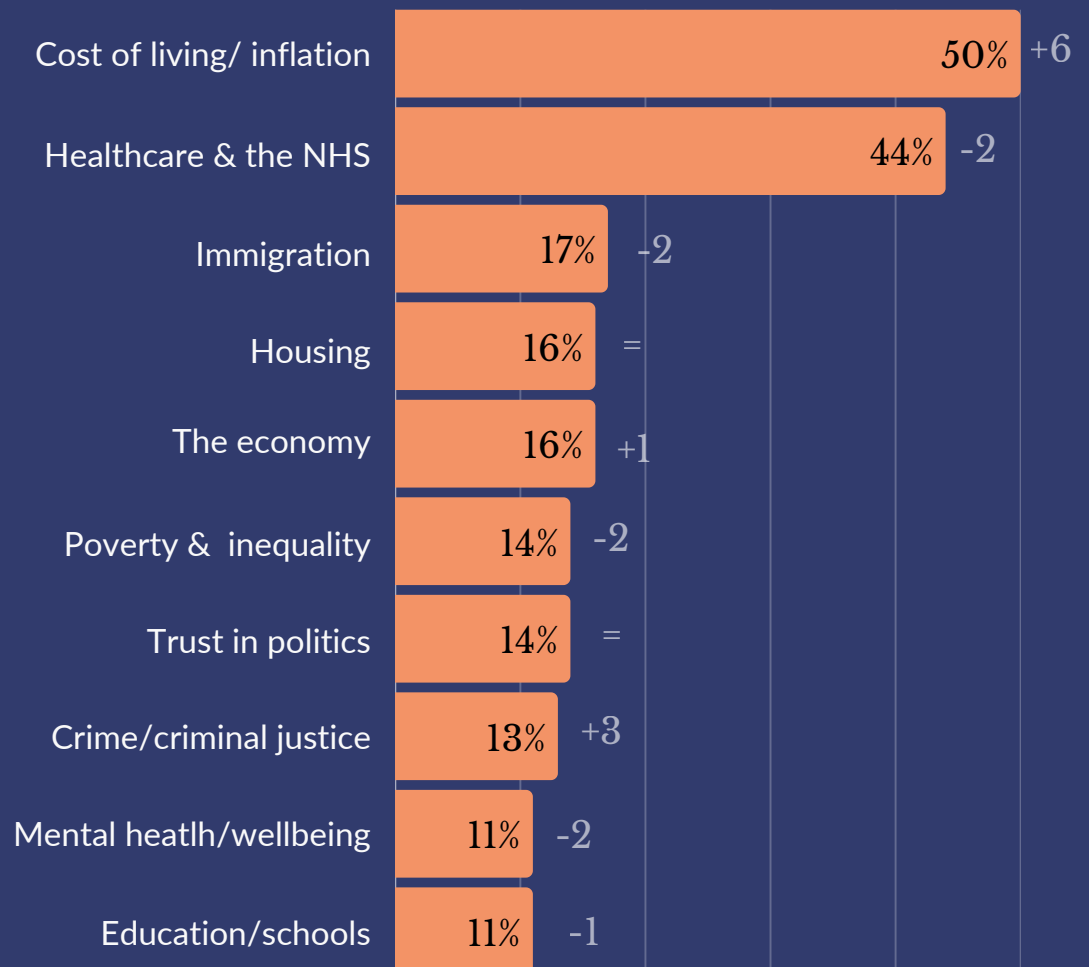
Turning to demographics, female respondents are more likely than male respondents to select the cost of living and inflation (52%; 47%). As seen in the national picture, the oldest respondents (aged 65+) are less likely relative to every other age group to select the cost of living as a top issue (36% compared to 48% of 45-54 year olds and 62% of 16-34 year olds).

Female respondents are once again more likely to select healthcare and the NHS, with nearly half (49%) of women choosing this as a key local issue, compared to fewer than four in ten (37%) of men. Similarly, half (52%) of respondents aged 65+ and 55-64 (46%) select healthcare and the NHS as a top issue in their local area, compared to four in ten (40%) of 16-34 year olds.

Housing is a particularly important local issue to respondents in the Highlands and Islands Scottish Parliament region, selected by more a quarter (26%). More respondents in the Highlands and Islands select housing as a top issue than in Mid Scotland & Fife (12%), West Scotland (13%), South Scotland (14%) and North East Scotland (10%). Similarly, nearly one in three (30%) respondents living in remote rural areas select housing as a key local issue.

LOCAL TOP PRIORITIES & ISSUES

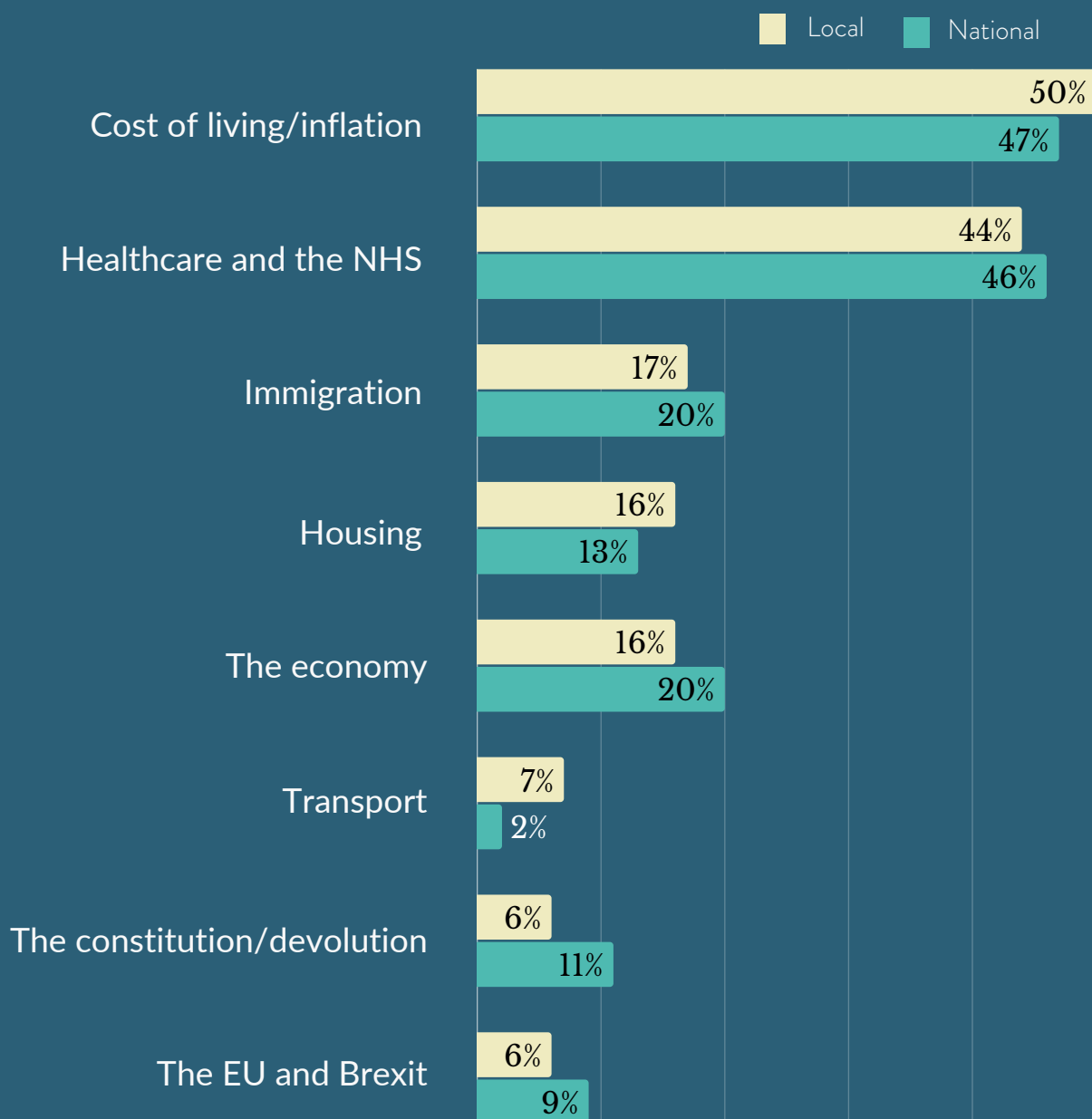
Proportion of respondents citing each matter as one of the top three issues facing their local areas



What do you think are the three most important issues facing your local area today? (Only answer options above 10% shown)
Numbers outside bars represent percentage point change from Feb 2026

DIFFERENCE BETWEEN LOCAL AND NATIONAL TOP PRIORITIES

Proportion of respondents citing each matter as one of the top three issues facing their local area and Scotland



What do you think are the three most important issues facing your local area today?
And what do you think are the three most important issues facing Scotland today? (Only answer options with a difference of three or more percentage points shown)

ECONOMIC PRIORITIES

When asked to think specifically about the most important economic and financial issues that are facing Scotland today, six in ten (62%) respondents select costs of living and inflation, making it far and away the most frequently selected economic priority. This figure holds steady with the proportion seen in February.

One in three (33%) respondents select living standards and wages, making it the second most frequently chosen economic issue, while three in ten (30%) select a lack of spending on public services. Both of these issues have remained stable since the previous wave, with the latter increasing in salience by just one percentage point.

However, there has been a four percentage point decrease in the proportion of respondents who select poverty and inequality as a top economic and financial issue facing Scotland, down to 23%. Conversely, concern with social security/benefits sees a four percentage point increase, bringing the proportion up to 15%.

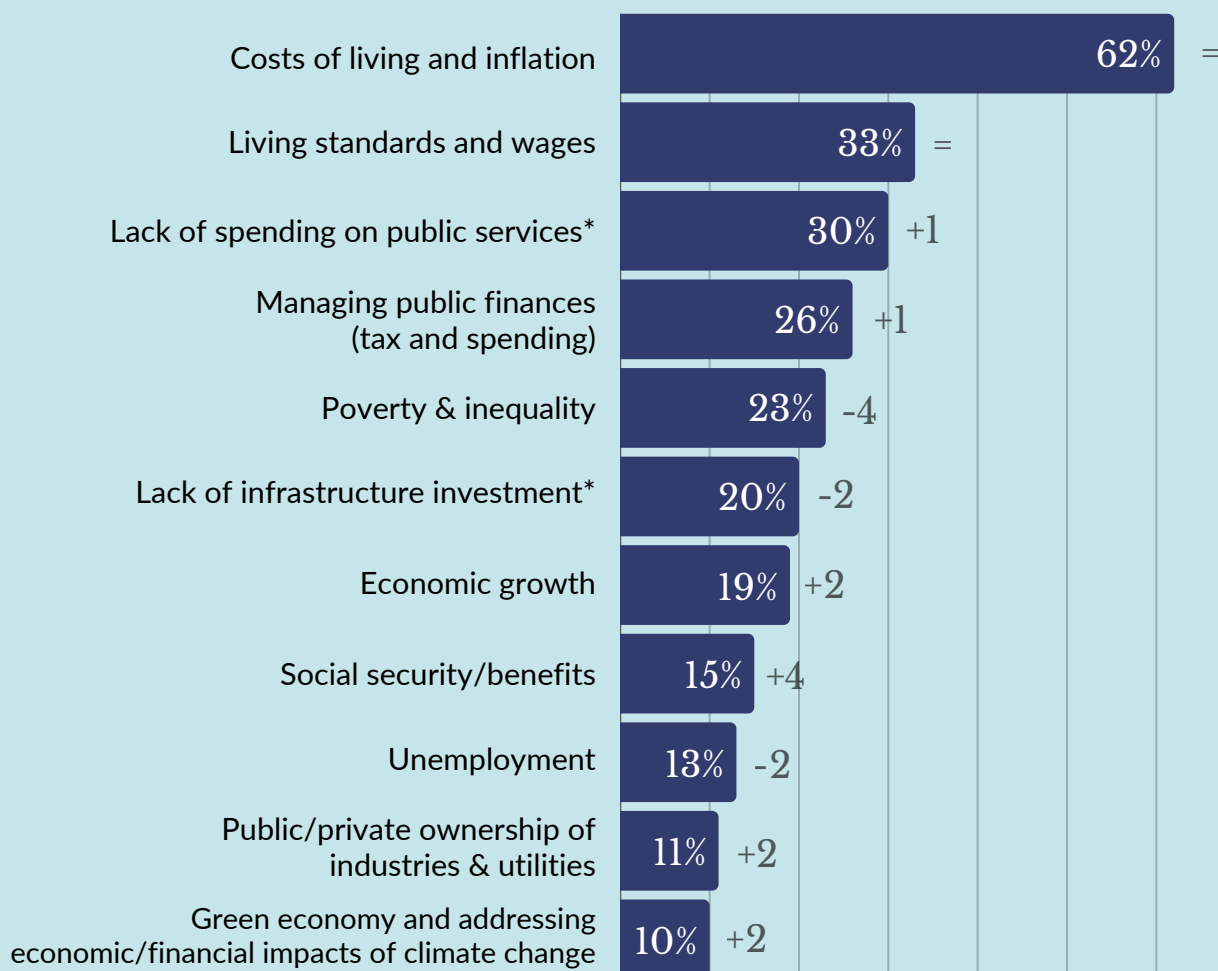
Female respondents are considerably more likely to select cost of living and inflation (68%; 57%), lack of spending on public services (33%; 27%) and poverty and inequality (26%; 21%) compared to male respondents. Conversely, male respondents are more likely than female peers to say that economic growth (24%; 14%) and lack of infrastructure investment (23%; 16%) are key issues facing the Scottish economy.

Younger respondents select living standards and wages at considerably higher rates than the oldest cohort of respondents. Four in ten 16-34 year olds (42%) and 35-44 year olds (39%) select this as a top economic issue, compared to just one in five (19%) of those aged 65+. On the other hand, these oldest respondents select other issues, such as lack of spending on public services (35%; 23%) and managing public finances (32%; 22%), at significantly higher rates than those aged 16-34.

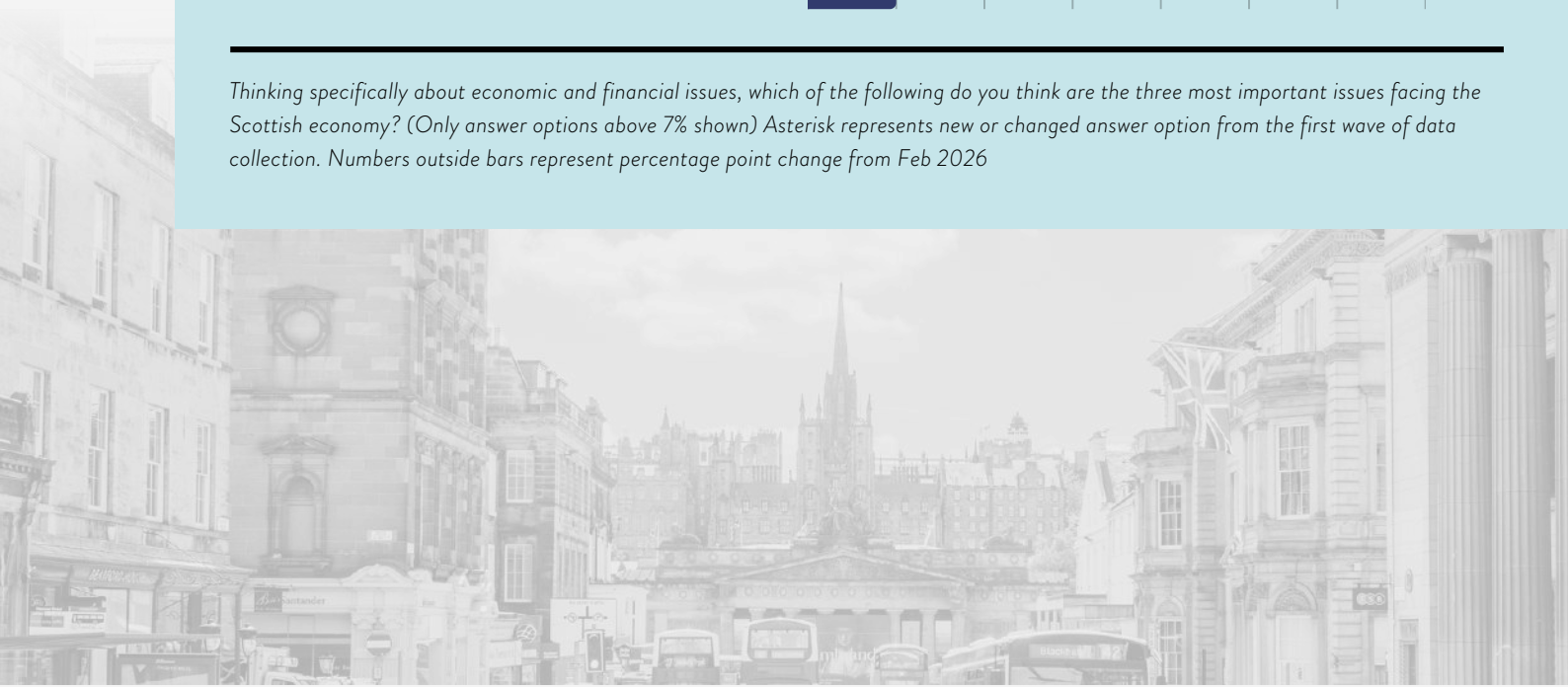
Turning to social grade, respondents in grades ABC1 are more likely than those in C2DE to select economic growth (22%; 16%) and lack of infrastructure investment (22%; 17%). Those in C2DE, however, more frequently select living standards and wages (38%; 29%) and social security and benefits (17%; 13%), suggesting a greater focus on individual-level economic outcomes amongst those in lower social grades, rather than broader economic and investment indicators.

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? (Only answer options above 7% shown) Asterisk represents new or changed answer option from the first wave of data collection. Numbers outside bars represent percentage point change from Feb 2026



ECONOMIC OUTLOOK

Public assessments of both current and future economic conditions have worsened significantly, with this wave showing the largest drops in public confidence towards the economy in nearly two years.

Three-quarters (77%) of Scots, excluding don't knows, believe that general economic conditions are worse now than they were 12 months ago, a rise of 15 percentage points. Just 2% say they are better, a drop of three percentage points and one in five (21%) report that they are about the same, a decline of 12 percentage points.

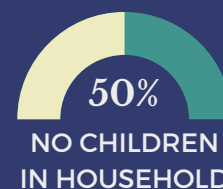
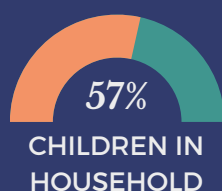
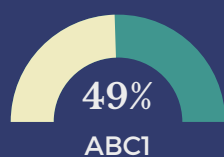
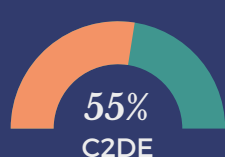
Similarly, half (51%) of Scots say that their personal finances are worse now than they were 12 months ago, a rise of 11 percentage points. Just one in ten (10%) respondents say their financial circumstances are better, down four percentage points from February, and one in four (38%) report that their personal finances are about the same, down six percentage points.

This negative outlook persists when respondents look forward to the coming year. Nearly three in four (73%) Scots believe that general economic conditions will be even worse in a year than they are now, a rise of eight percentage points. Only 5% expect the economy to improve, and one in five (21%) expect it will remain the same.

Nearly half (48%) of respondents expect their personal finances to erode over the coming year, up eight percentage points from February. One in ten (11%) expect an improvement in personal circumstances, a drop of three percentage points, while two in five (41%) predict they will remain in line with their current financial situation, a drop of five percentage points from February.

Those in social grades C2DE and with children in their household are more likely to report that their financial situation has deteriorated in the last year, compared to those in social grade ABC1 and without children.

At a glance - Compared to the past 12 months, my own financial situation is worse now

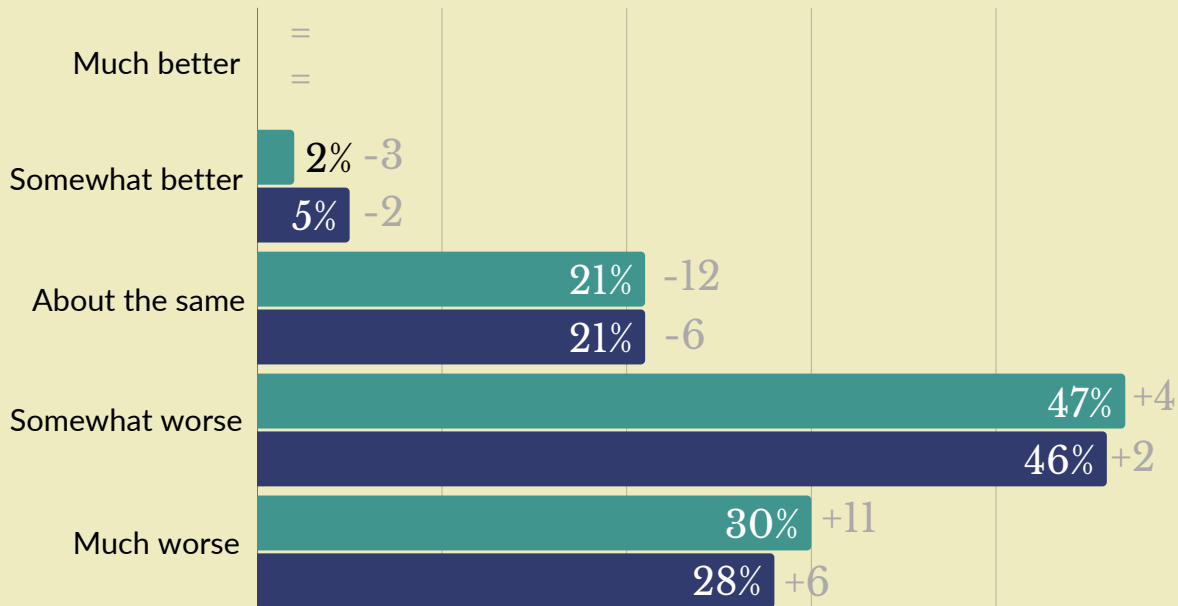


OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions

■ Compared to 12 months ago

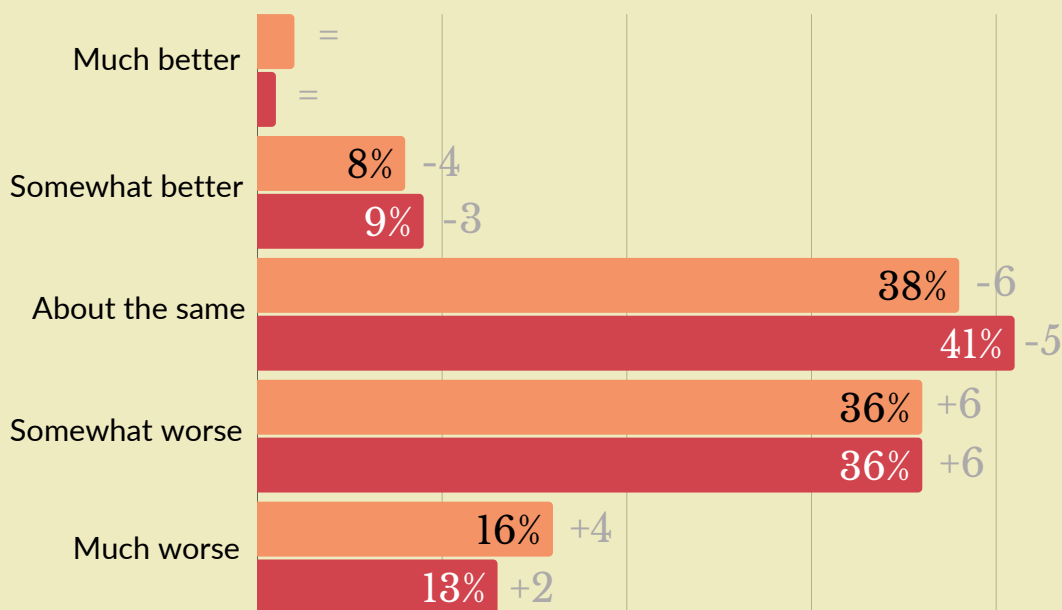
■ In 12 months' time



Own financial circumstances

■ Compared to 12 months ago

■ In 12 months' time

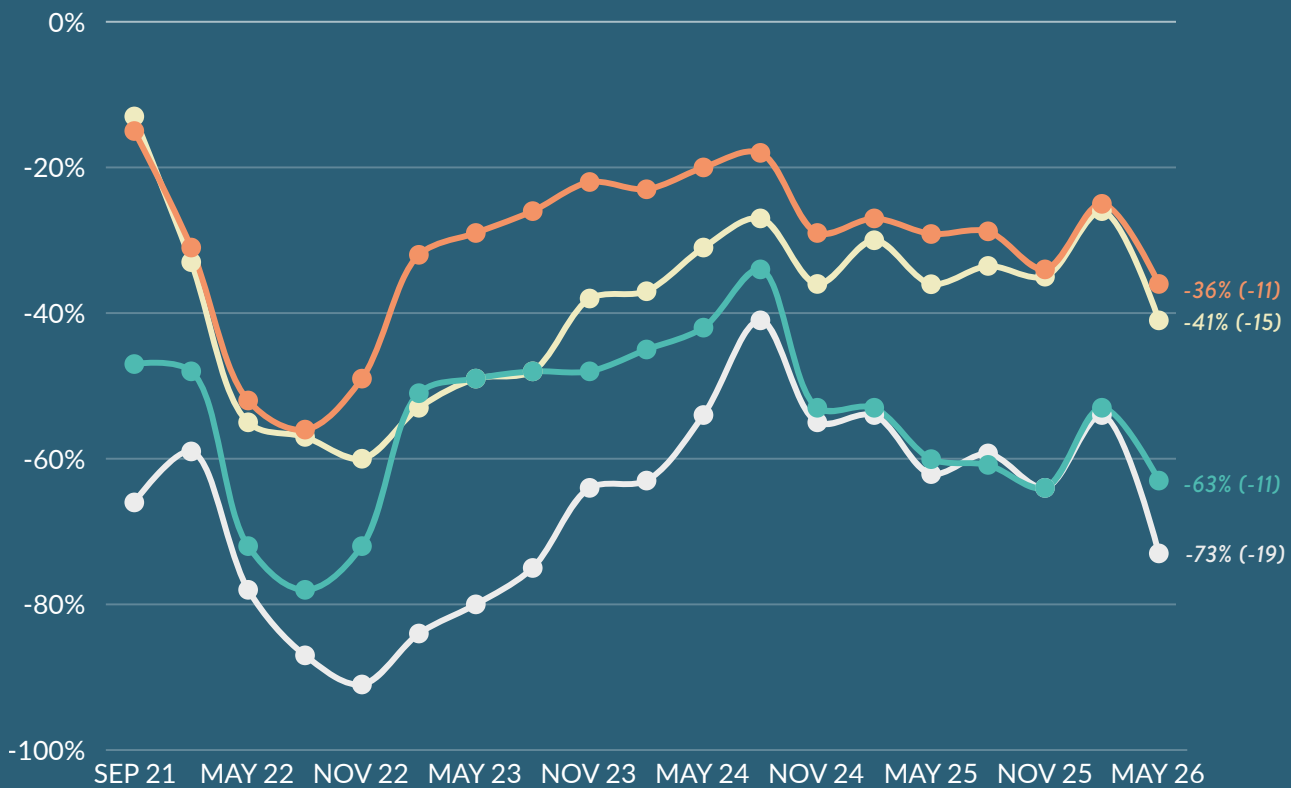


'Don't know' answers excluded. Numbers outside charts represent change from Feb 2026

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 Feb 2026



FINANCIAL FRAGILITY

Despite pessimism towards the economy when looking backwards and forwards, certain measures of financial fragility have improved modestly or remained static from a year ago. Other measures related to housing or the job market have worsened.

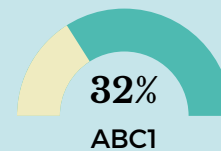
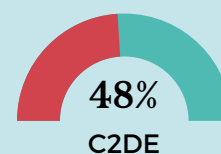
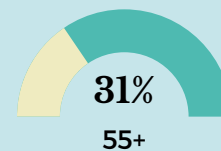
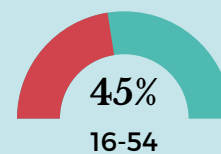
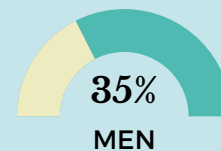
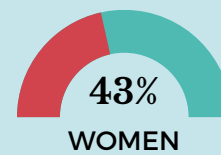
After removing 'not applicable' and 'don't know' responses, three-quarters (78%) of Scots are confident that they would be able to pay an emergency expense of £100 without having to take out a loan or borrowing. This is equivalent to the level seen the last time this question was asked in May 2025. One in five (22%) respondents are not confident they would be able to pay this expense.

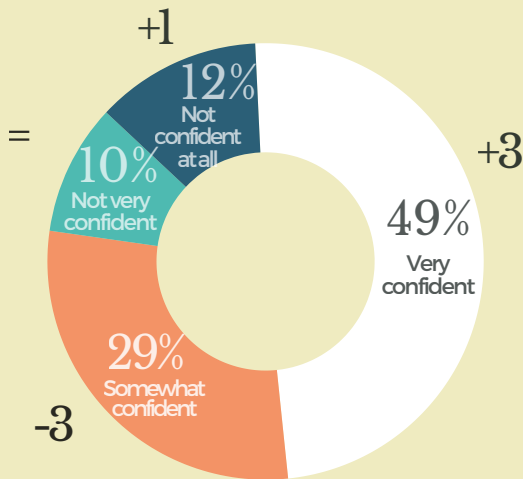
When the amount of this emergency expense increases to £500, six in ten (61%) of Scots are confident they would be able to meet this cost without having to take out a loan or borrowing. This represents an increase of five percentage points from May 2025. Four in ten (39%) are not confident they would be able to meet this cost, a drop of five percentage points.

Six in ten (61%) Scots are also confident that they would be able to pay their housing costs if they were to increase in the next six months, although this proportion is down three percentage points. Around four in ten (39%) are not confident they would be able to pay this, an increase of three percentage points.

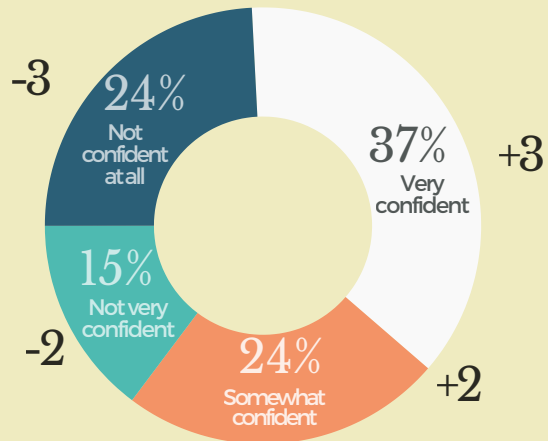
Job market sentiments appear to have fallen off even further; just four in ten (43%) are confident in their ability to get a new job within three months if necessary, a drop of four percentage points from a year ago. Nearly six in ten (57%) say they are not confident they could do this in three months.

*At a glance -
Not confident
paying 'for an
emergency
expense of
£500'*

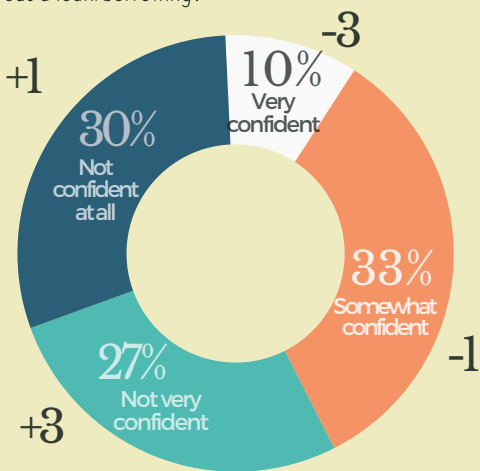




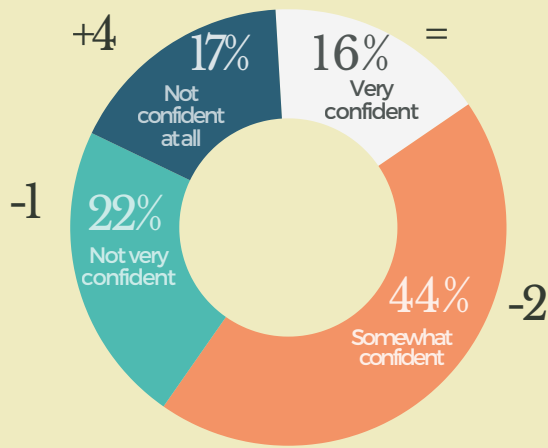
Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £100 without having to take out a loan/borrowing?



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?

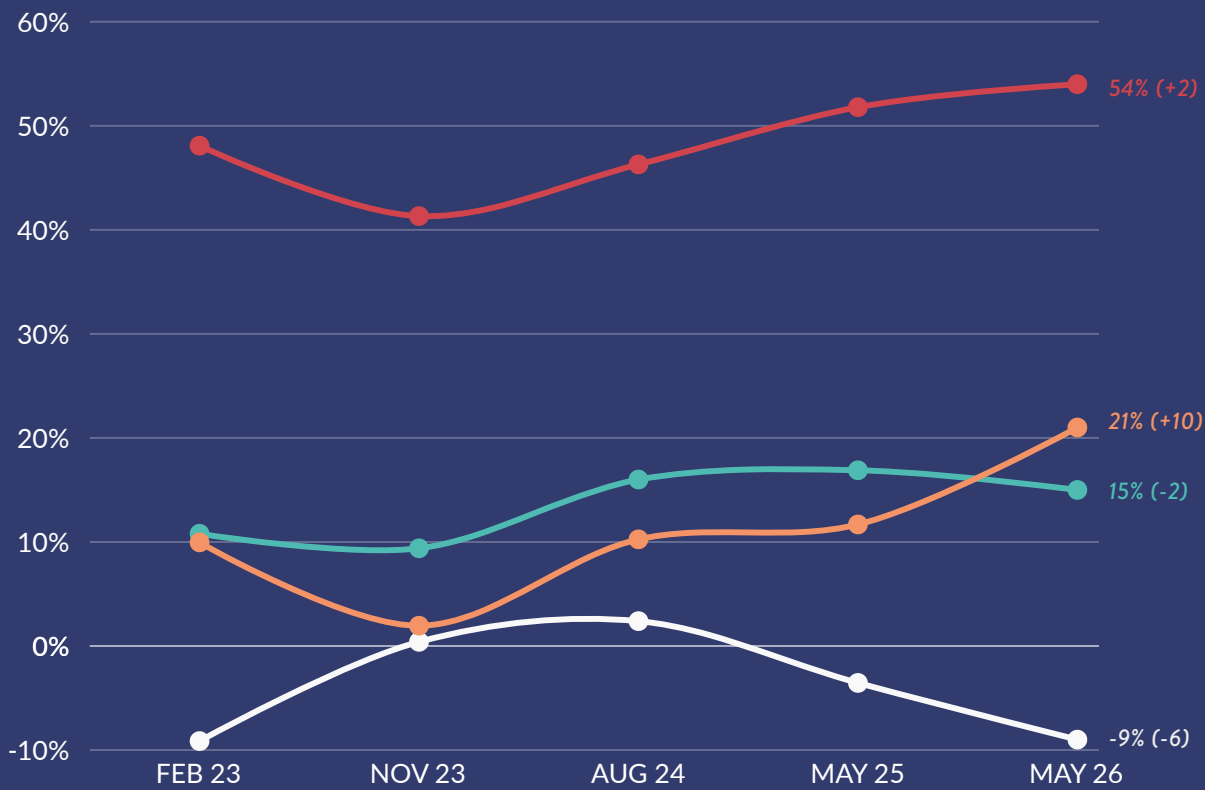
'Don't know' and not applicable answers excluded. Numbers outside donut charts represent change from May 2025



FINANCIAL FRAGILITY OVER TIME

'Net' proportion of people reporting confidence in financial fragility measures minus the proportion that are not confident

- Pay for an emergency expense of £100 without having to take out a loan/borrowing
- Pay for an emergency expense of £500 without having to take out a loan/borrowing
- Pay my housing costs (rent or mortgage) if they increase in the next 6 months
- Get another job/a new job within 3 months if necessary



Changes in brackets since May 2025

CONCERN WITH MONEY MATTERS

Concern with money matters continue to have an impact on the day-to-day lives of Scots. This wave, more than half (54%) cut back of leisure activities over the last twelve months, a rise of four percentage points from February. This is the most common impact reported across this wave of the Understanding Scotland Economy Tracker.

More than half (52%) of Scots report reducing non-essential spending over the last year, although this has dropped a modest one percentage point from the previous wave. Just under half (48%) are saving less than usual, a rise of two percentage points, while a similar proportion (47%) have reduced heating or energy use.

Most of the impacts remain roughly in line with where they were three months ago, indicating that personal finances are continuing to have impacts on people across Scotland.

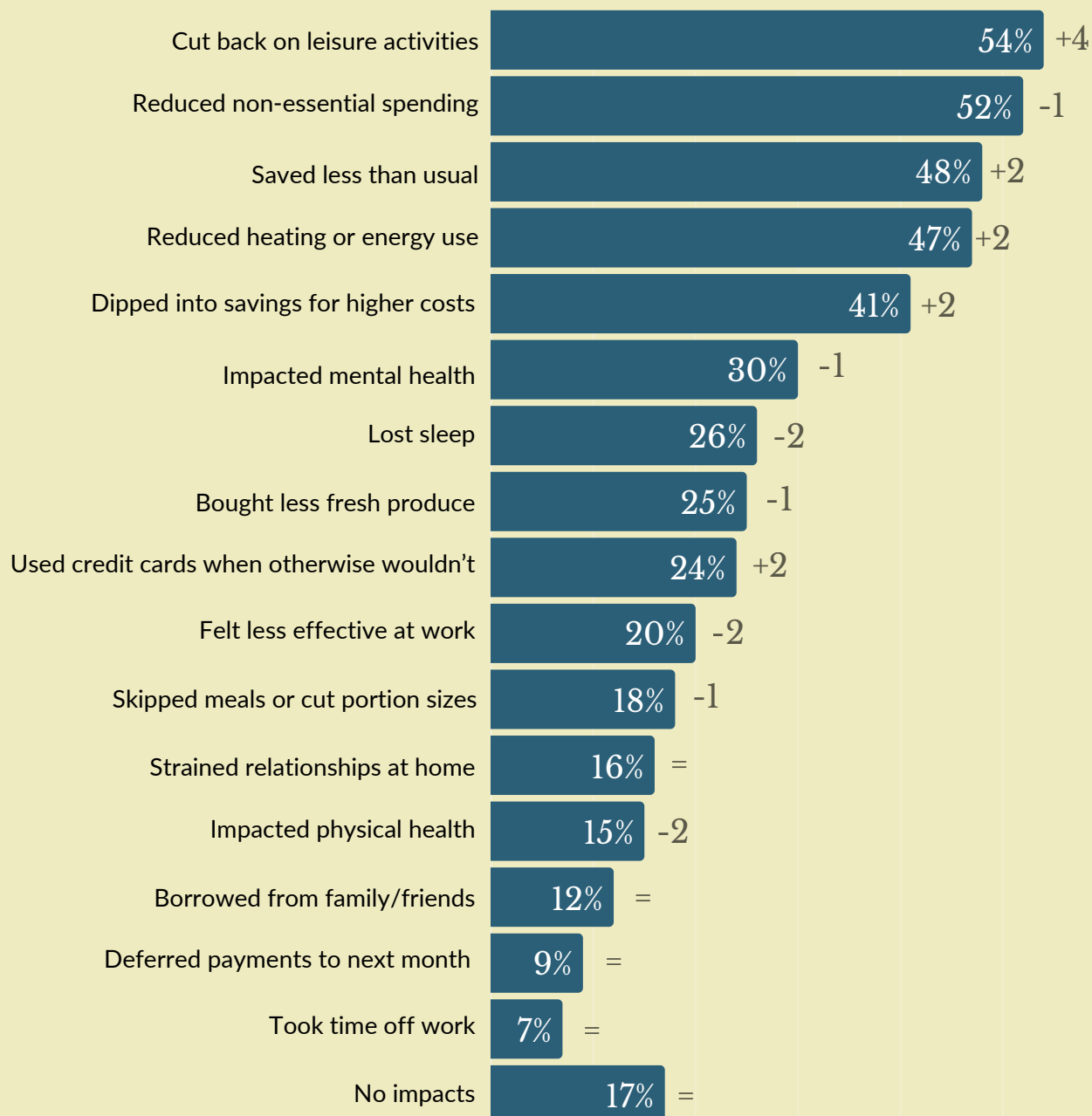
Zeroing in on specific demographic trends, female respondents are more likely than male respondents to have cut back on leisure activities (58%; 51%). Female respondents are also more likely to report that they have reduced non-essential spending (55%; 48%), reduced heating and energy usage (50%; 43%) and dipped into savings for higher costs (43%; 38%). Money matters appear to impact women more frequently in general, with male respondents more likely to say that 'concerns about money matters have not affected me in the last 12 months' (19%; 14%).

Mental health impacts of money matters are more frequent among younger respondents. Four in ten (40%) respondents aged 16-34 report that personal finances have impacted their mental health, compared to just one in eight (13%) of those aged 65+. Borrowing is also more common among this youngest age cohort; one in five (21%) have borrowed from family and friends due to rising costs in the last year, compared to 2% of Scots aged 65+.

Concerns about money matters do not appear to be geographically homogenous - one in five (19%) respondents in East Central Scotland say that concerns have not affected them in the last twelve months, compared to just one in eight (13%) in the North of Scotland.

CONCERN WITH MONEY MATTERS

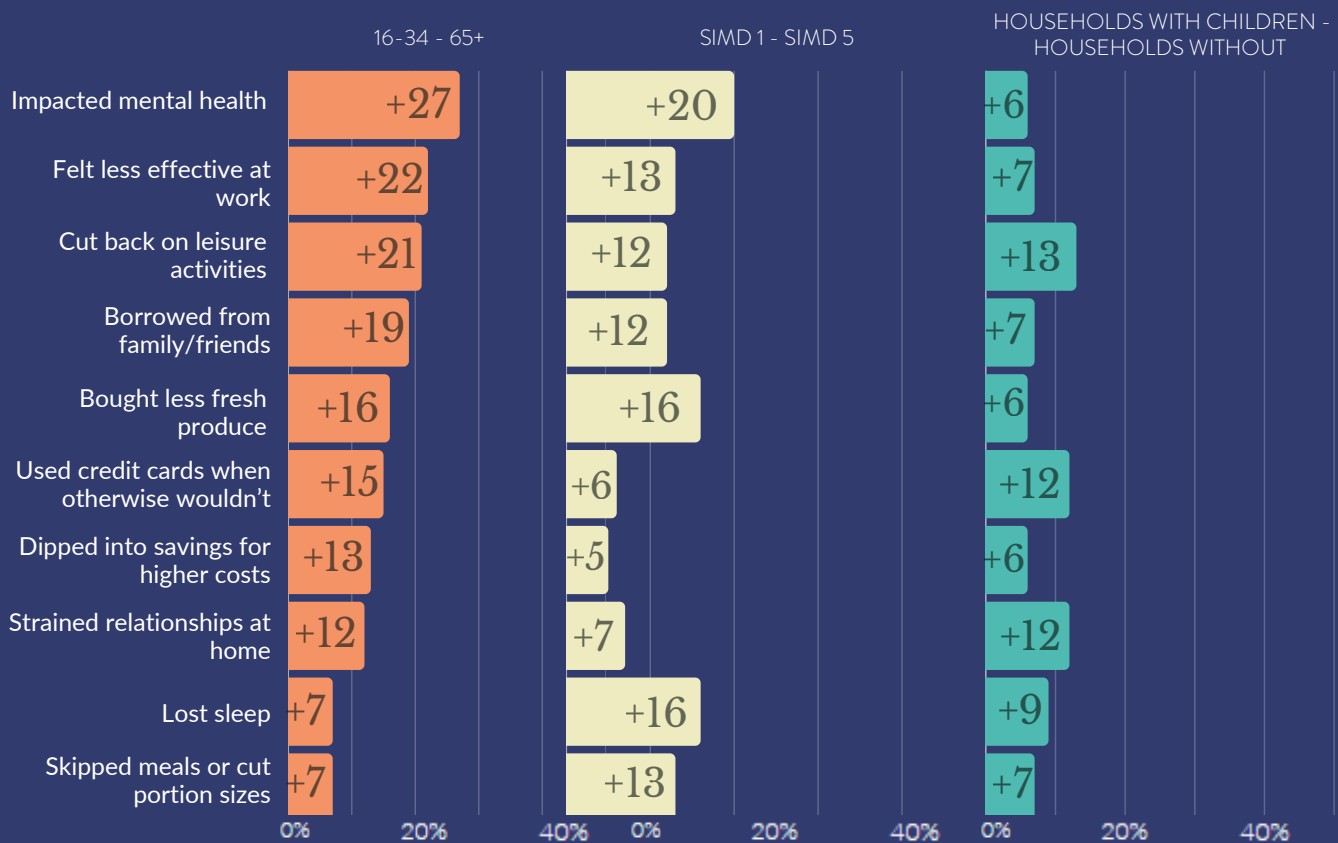
Proportion of respondents reporting the following impacts of concerns about money matters in the last 12 months



In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)
Numbers outside bars represent percentage point change from Feb 2026

CONCERNS WITH MONEY MATTERS, BY DEMOGRAPHIC

Difference between percentage of respondents in each demographic reporting the following impacts of concerns about money matters in the last 12 months



*In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)
Values represent percentage point difference between selected demographic groups*



ATTITUDES TO MANAGING SOCIETAL RISK

Considering attitudes to managing societal risk, nearly all (96%) Scots agree that people are less effective at work when they are not eating or sleeping well, unchanged from when this was last asked a year ago. However, the proportions who agree with the other statements about collective and employer responsibility have each decreased slightly over the last year, while the proportions of those who disagree have remained the same or increased.

This wave, nearly nine in ten (86%) agree that employers have a responsibility to pay wages that meet people's basic needs, a decrease of three percentage points from May 2025, while the proportion who disagree increased by one percentage point.

Similarly, just under four in five (78%) agree it costs the public purse more in the long run to deal with the consequences of people not being able to meet their basic needs today, a slight decrease of two percentage points from when this was last asked, accompanied by a one percentage point increase in the proportion who disagree.

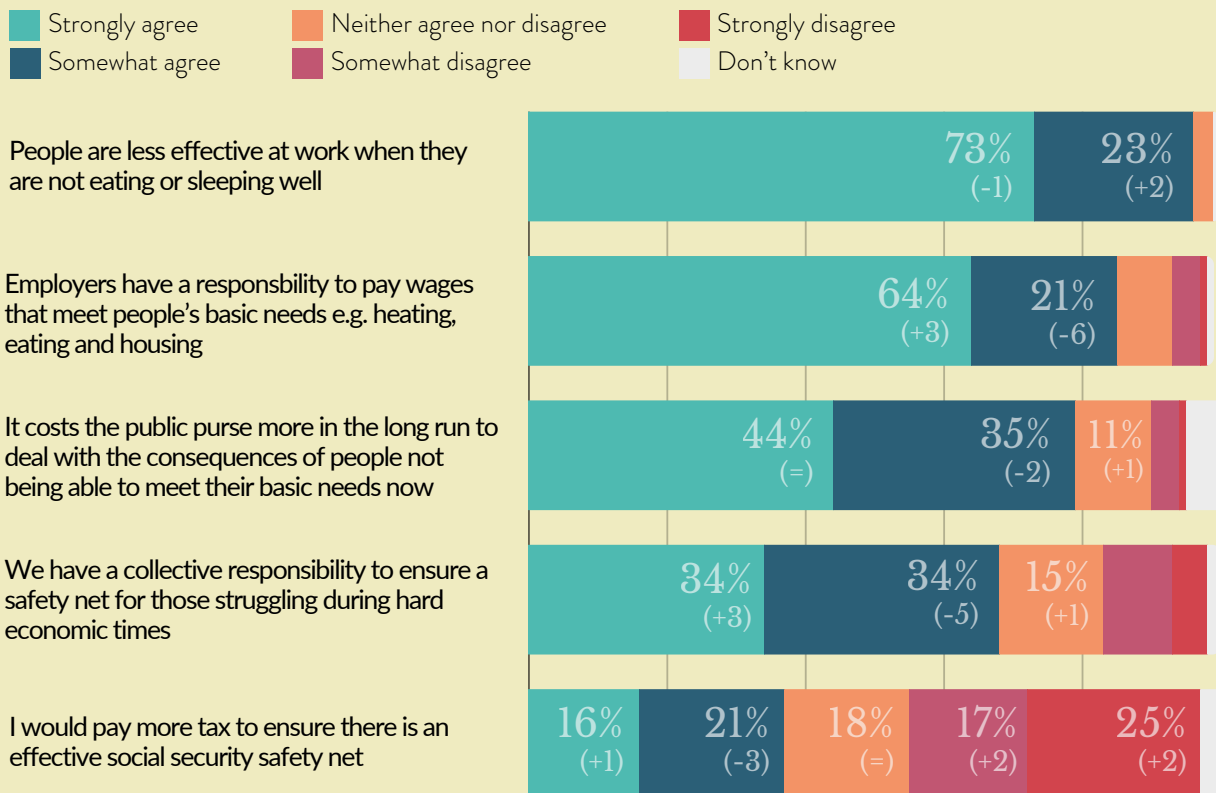
Around two-thirds (68%) agree that we have a collective responsibility to ensure a safety net for those struggling during hard economic times, a decrease of two percentage points from May 2025, while the proportion who disagree increased by an equivalent two percentage points.

Less than two in five (37%) agree they would pay more tax to ensure there is an effective social security net, a decrease of two percentage points from last May, while the proportion who disagree they would pay more tax for this increased by four percentage points.

Women are more likely than men to agree that employers have a responsibility to pay adequate wages to cover basic needs (89%; 82%), while the youngest respondents (aged 16 to 34) are more likely than those aged 55+ to agree with the statements about collective responsibility (74%; 65%), employers' responsibility (93%; 79%) and wellbeing impacts on productivity (98%; 94%). And respondents from the Glasgow Scottish Parliament region are more likely than those from most other regions to agree that there is a collective responsibility to ensure a safety net for those struggling (77%), as well as that they would be willing to pay more tax to enable this (47%).

ATTITUDES TO MANAGING SOCIETAL RISK

Proportions of respondents agreeing or disagreeing with statements about societal risk

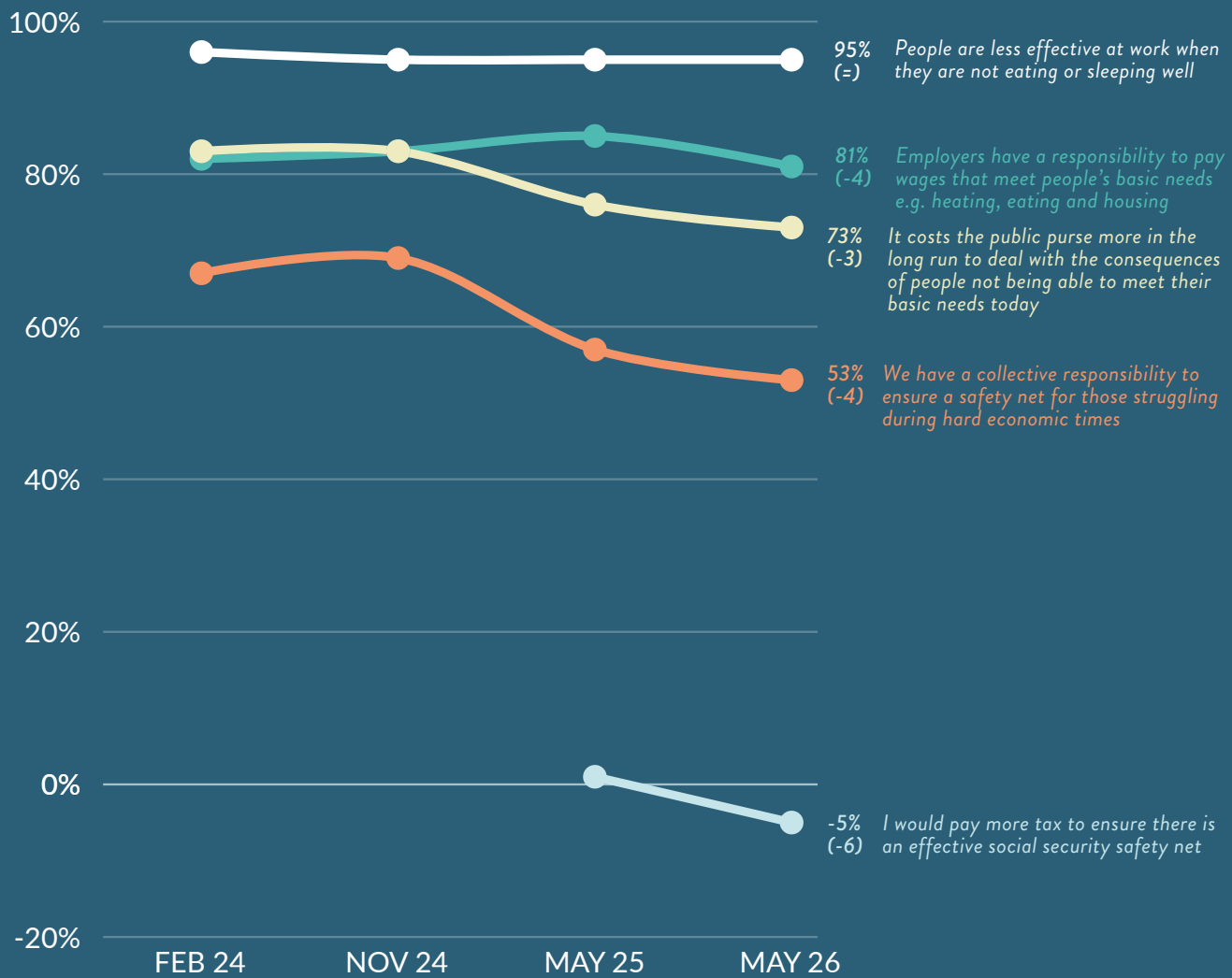


To what extent do you agree or disagree with the following statements? Changes in brackets since May 2025



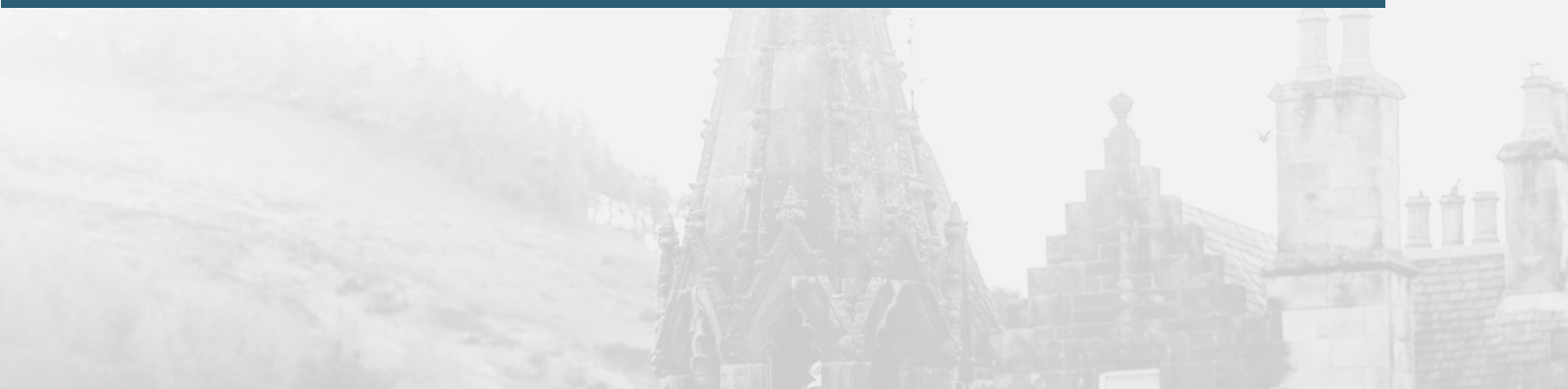
ATTITUDES TO MANAGING SOCIETAL RISK OVER TIME

'Net' proportion of people agreeing with statements about societal risk minus the proportion that disagree



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

Brackets show change since May 2025





TECHNICAL DETAILS

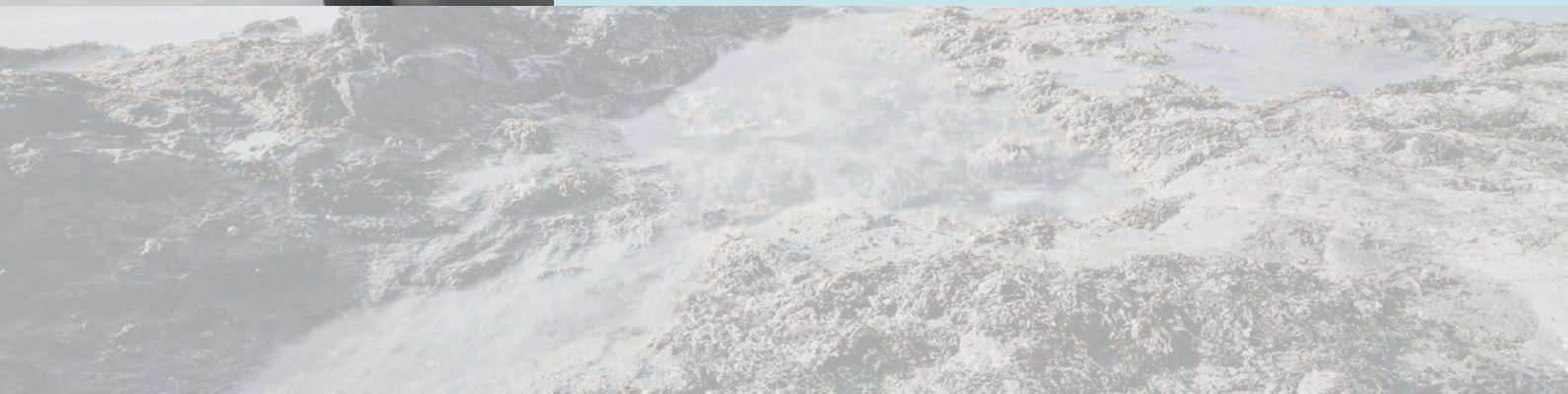
The survey was designed by Diffley Partnership and the David Hume Institute. Invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 11th - 15th May 2026, and received 2,170 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population (2024 estimates) by age and gender.



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