UNDERSTANDING SCOTLAND

ECONOMY TRACKER

August 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 - AUGUST 2026

This wave of the Understanding Scotland Economy Tracker comes at another important political moment. Scotland is now three months into a new parliamentary term following the 2026 Scottish Parliament election, while the UK has experienced significant political change with Andy Burnham becoming Prime Minister. Together, these developments have reshaped the political landscape. Yet the findings suggest that household finances remain the lens through which many Scots are judging economic conditions and political progress. With cost of living concerns continuing to dominate public priorities, expectations of both governments are likely to be closely tied to whether people experience tangible improvements in their financial wellbeing

While there are signs that economic sentiment has improved modestly since May, public attitudes remain characterised by caution. Fewer Scots now say that economic conditions and their own finances are worse than a year ago, while expectations for the year ahead have become moderately less negative. However, large majorities continue to hold pessimistic views of the general economy, indicating that confidence remains weak among Scots.

The cost of living remains the defining issue facing Scotland, continuing to rank as the most important concern nationally and locally. However, this wave also points to a changing set of public priorities. Concern about immigration has reached its highest level since the tracker began, while healthcare and the NHS has fallen back significantly compared with previous waves. At the same time, issues such as immigration, climate change and social care have become more prominent, suggesting a public agenda that is broadening beyond the immediate pressures of recent years and responding to recent events.

Findings on work and income satisfaction help to explain why concerns about living standards remain so pronounced. While respondents are generally positive about job security and the availability of paid work, attitudes towards income remain considerably less favourable. Fewer than four in ten Scots are satisfied with their income level, and around half are dissatisfied with how well their income covers the cost of living. The findings suggest that, for many households, employment alone is not providing a sufficient sense of financial security.

This pressure continues to shape day-to-day decisions. Large numbers of Scots report cutting back on non-essential spending, leisure activities and savings. The tracker also shows that rising prices continue to influence food choices, with many reducing takeaways and dining out, shopping based on price rather than health, or making other adjustments to manage household budgets.

Taken together, the findings suggest that Scotland remains in a holding pattern as public attitudes continue to be shaped by concerns about living standards, household finances and economic uncertainty. While some economic indicators have improved since May, there is little evidence of a broader shift in public mood. The challenge for policymakers now is to demonstrate that political change can deliver tangible improvements in people's everyday lives. Until that happens, confidence in both the economy and Scotland's future direction is likely to remain fragile.

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 REMAINS THE DEFINING ISSUE FOR SCOTS

For the second consecutive wave, cost of living and inflation remains the most important issue facing Scotland nationally and locally. Almost half (47%) of Scots identify it as one of the top issues facing the country, while the same proportion (47%) say it is among the most important issues affecting their local area. As Scotland settles into a new parliamentary term and the UK adjusts to a new Prime Minister, the findings suggest that public perceptions of both governments are likely to be shaped first and foremost by whether people see meaningful improvements in their household finances.

02 PUBLIC ATTENTION IS BEING SHAPED BY CURRENT EVENTS

While the cost of living remains the dominant concern, this wave points to a public agenda that is responding to developments beyond household finances. Concern about immigration has risen to a record high of 25%, while the proportion identifying social care as a key issue has increased to 13%, its highest level since the earliest wave of Understanding Scotland. Concern about the environment and climate change has also risen sharply to 13%, its highest level since late 2023. Together, these findings indicate that Scots are responding both to cross-border political debates, including renewed focus on social care under the new UK Prime Minister, and to major news events over the summer such as heatwaves, wildfires and stories relating to immigration.

03 ECONOMIC SENTIMENT HAS IMPROVED SLIGHTLY, BUT REMAINS DEEPLY NEGATIVE

Compared with the particularly pessimistic picture recorded in May, Scots are somewhat less negative about both current economic conditions and prospects for the year ahead. However, the overall picture remains challenging. More than two-thirds (68%) believe that economic conditions are worse than they were a year ago, while a similar proportion (67%) expect conditions to deteriorate further over the next twelve months, excluding don't know's. Expectations may have become less negative, but confidence in the economy remains weak.

04 MONEY WORRIES CONTINUE TO SHAPE EVERYDAY BEHAVIOUR

Financial pressures continue to affect the day-to-day lives of most Scots. More than half have reduced non-essential spending (52%) or cut back on leisure activities (51%), while almost half (47%) say they are saving less than usual. Four in ten (40%) report dipping into savings to meet higher costs, while almost a third say concerns about money have affected their mental health (30%) or caused them to lose sleep (29%).

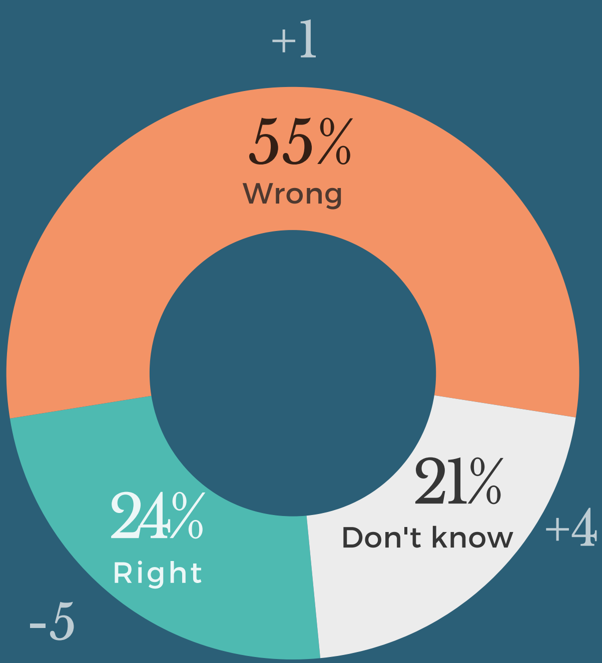
05 EMPLOYMENT PROVIDES SECURITY, BUT MANY STILL STRUGGLE WITH LIVING COSTS

Scots remain relatively positive about key aspects of work, with almost three-quarters (73%) of those that express an opinion satisfied that their employment provides enough paid hours and two-thirds (66%) satisfied with their job security. However, attitudes towards income are far less positive. Just 37% are satisfied with their income level, while almost half (49%) are dissatisfied with how well their income covers the cost of living. This disconnect is reflected in food choices and spending habits, with 57% reducing takeaways or dining out because of rising prices and 46% shopping for food based on price rather than health.

SCOTLAND'S DIRECTION OF TRAVEL

This wave of Understanding Scotland once again highlights a pessimistic view of Scotland's general direction of travel. When asked if respondents generally think things in Scotland are moving in the right direction or the wrong direction, just under a quarter (24%) of respondents say things are trending positively. Conversely, more than half (55%) respondents say things are moving in the wrong direction. A further one in five (21%) say they don't know one way or another.

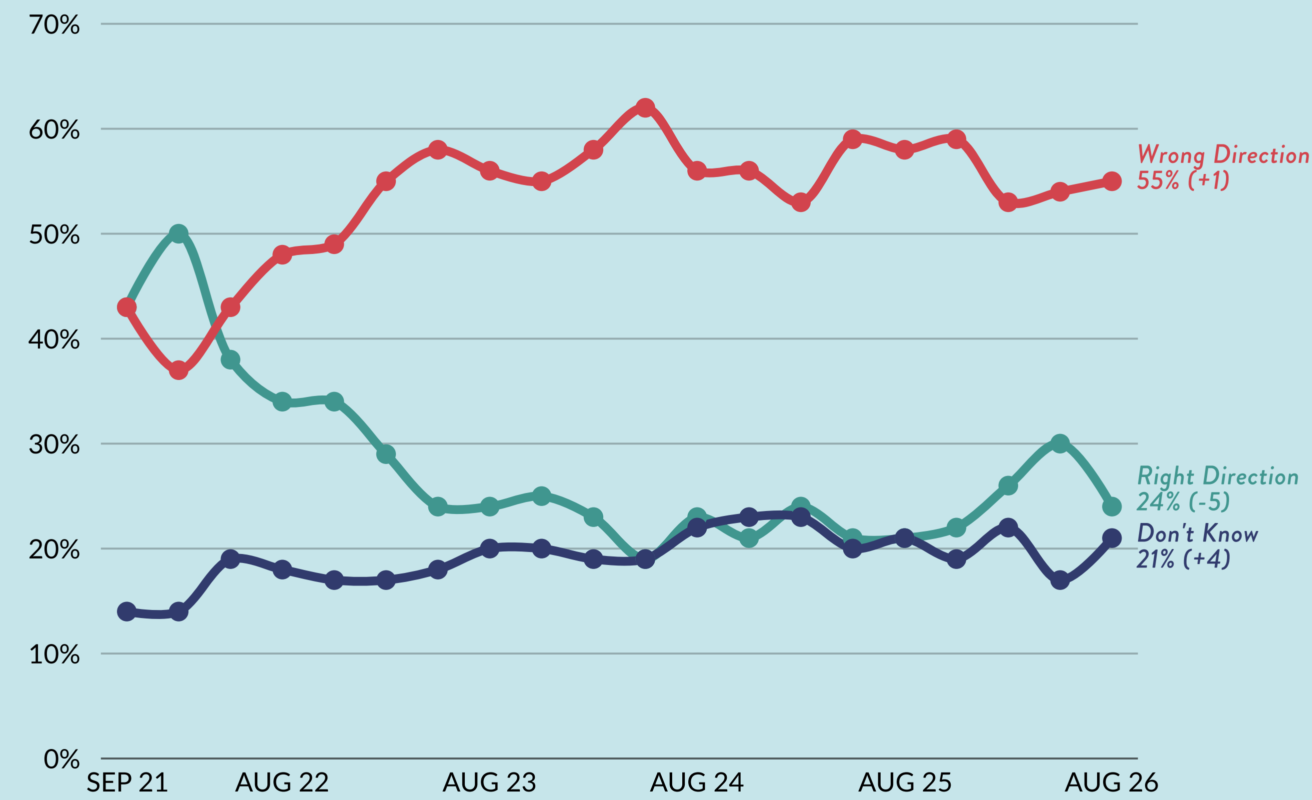
This represents a large erosion in optimism; the proportion of respondents who believe things are moving in the right direction has dropped by five percentage points since the May 2026 wave of research. This is the largest drop in optimism seen for this question in over three years - since May 2023. Interestingly, the proportion who say things are going in the wrong direction has only increased by a modest one percentage point from the last wave. Instead, it seems that drops in optimism are translating to uncertainty; the proportion who selected 'don't know' has risen by four percentage points in the last three months, perhaps reflecting recent domestic political change and rising global unpredictability.



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

SCOTLAND'S DIRECTION OF TRAVEL

Proportion of people saying that things in Scotland are going in the right and wrong direction



Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?
Brackets show change from May 2026

NATIONAL PRIORITIES

This wave of Understanding Scotland shows a broadly dynamic picture of national priorities in line with shifting conversations. Despite strong movement across the board, the cost of living has remained stable this wave, with nearly half of Scots (47%) selecting it as one of their top three priorities. This is the second consecutive wave where the cost of living is the top priority of Scotland, while healthcare and the NHS has dropped by seven percentage points to 40%, the lowest level since January 2022.

Immigration has continued its rise this wave, with one in four (25%) respondents selecting it as a key priority - the greatest proportion of respondents across all waves of Understanding Scotland. Roughly one in six (16%) respondents select the economy, poverty and inequality or trust in politics, while roughly one in eight (13%) select crime and criminal justice, housing, the environment and climate change, or social care.

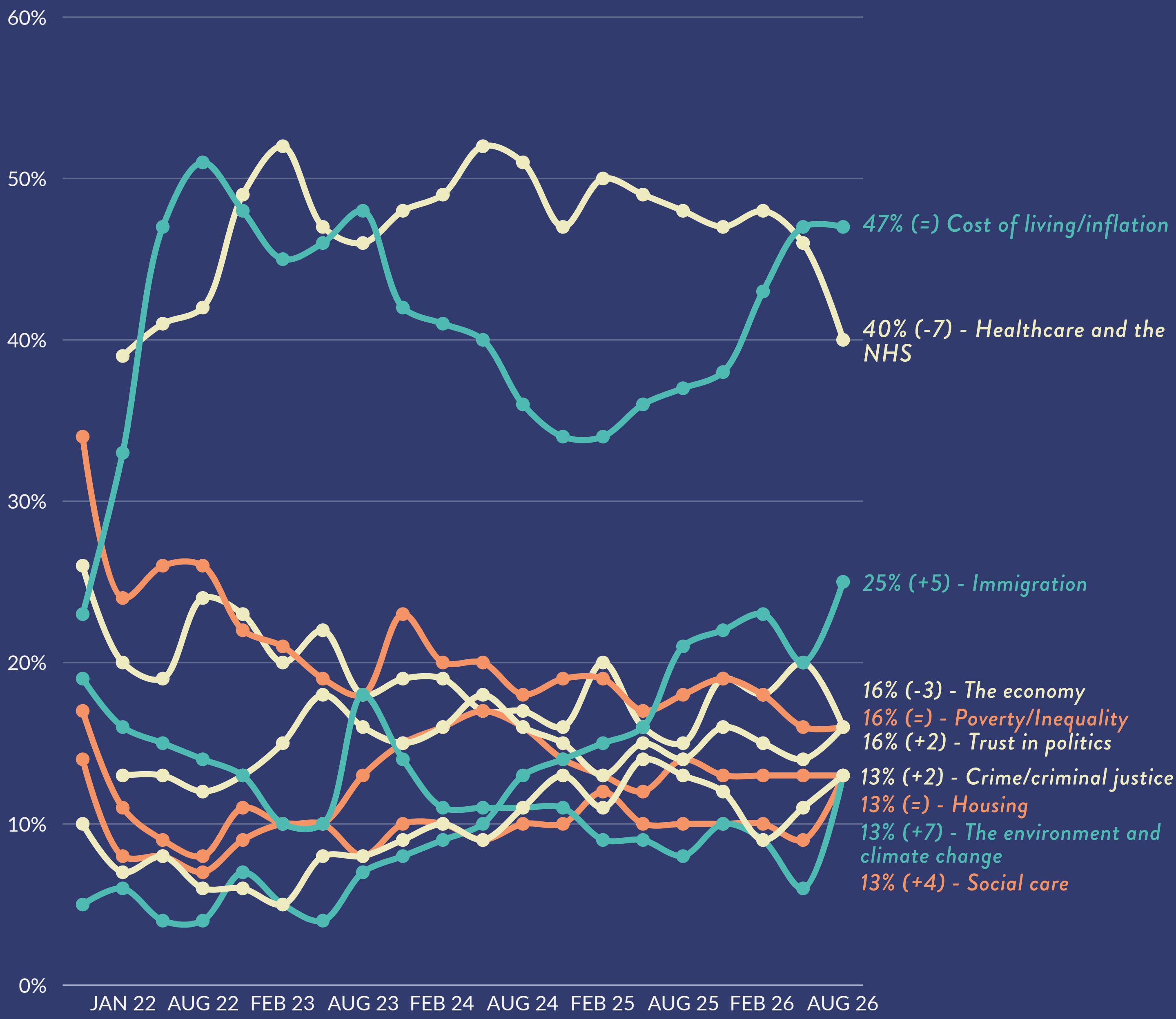
The proportion of respondents selecting the environment and climate change has risen by seven percentage points, bringing the issue back into the top ten national priorities and to its highest level since November 2023. Seasonality could be a key factor in this rise, particularly with heatwaves and wildfire threats across Scotland prompting debates over climate change.

Additionally, social care is also back in the top ten priorities, coinciding with new Prime Minister Andy Burnham's push to tackle the issue in England. The issue has risen by four percentage points since May, taking it to its highest level since the first wave of Understanding Scotland in October 2021.

Respondents in the most deprived neighbourhoods (SIMD 1) are significantly more likely than those in less deprived areas (SIMD 2-5) to select immigration as a top issue (35%; 23%), as are those in social grades C2DE compared to those in higher grades ABC1 (29%; 22%) and men compared to women (28%; 23%). Women (16%; 9%) and respondents aged 45+ (17%; 7%) are more likely to prioritise social care compared to men and those aged under 45.

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 optionsin top ten shown)
Changes in brackets since May 2026

LOCAL PRIORITIES

The local area priorities of Scots closely mirror the national picture in this wave of Understanding Scotland. The cost of living and inflation remains the top issue locally this wave, despite falling by three percentage points to just under half (47%) of respondents. Healthcare and the NHS has also significantly decreased in salience as a local issue, falling by seven percentage points to just around one in three (36%) respondents.

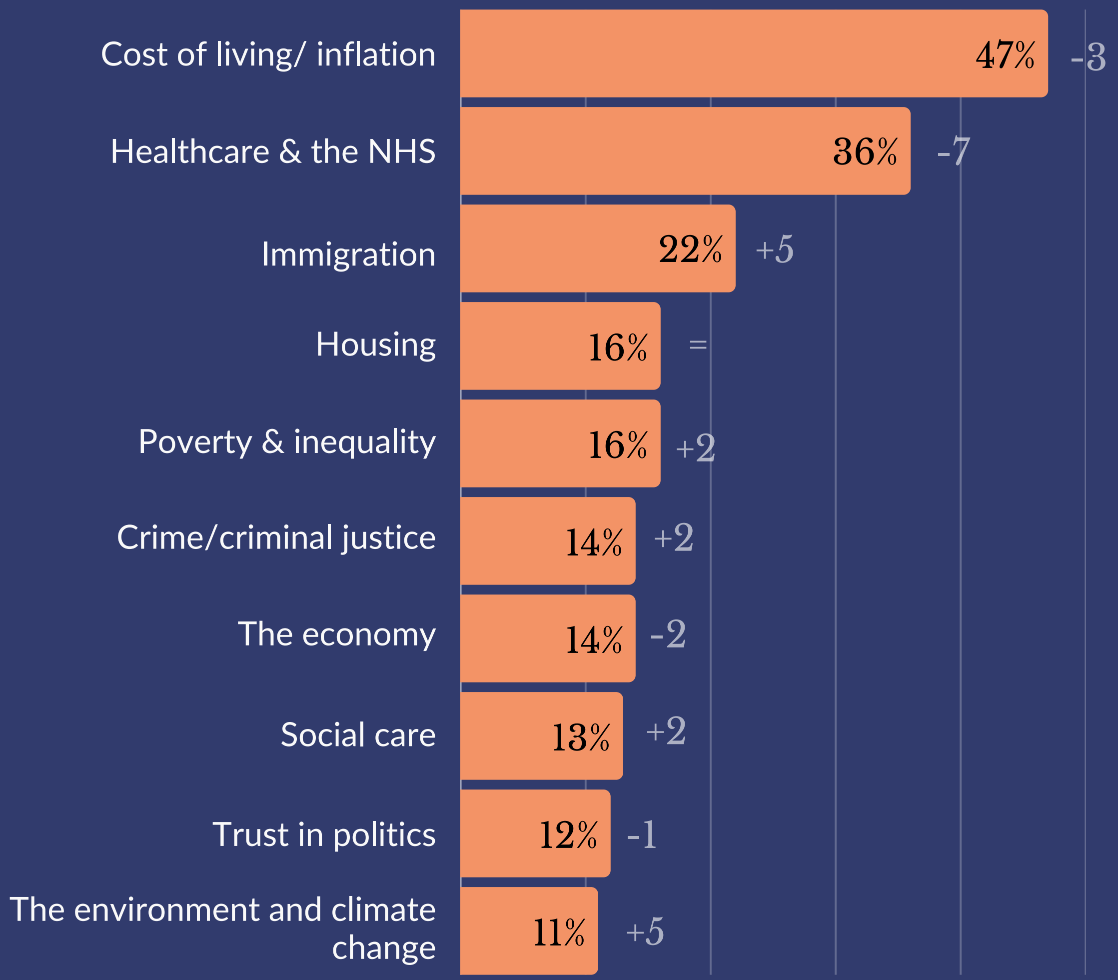
In line with the national picture, immigration has risen by five percentage points this wave to reach more than one in five (22%) respondents. Housing remains level at around one in six (16%) respondents, while poverty and inequality has risen by two percentage points, also to 16% this wave. Local concern around crime and criminal justice has increased modestly, up two percentage points to one in seven (14%). Conversely, the proportion selecting the economy has fallen by two percentage points, also sitting at one in seven (14%) of respondents.

As with the national picture, the proportion selecting social care has increased, albeit by a smaller two percentage points compared with the shift in national priorities - the issue is now a local priority of roughly one in eight (13%) Scots. Trust in politics has fallen by one percentage point to reach 12%, while the environment and climate change has risen by five percentage points and is selected by one in nine (11%) respondents.

There are slight differences in whether Scots tend to prioritise certain issues locally or nationally. For instance, four in ten (40%) say healthcare and the NHS is a key national priority, compared to around a third (36%) who say it is a local priority. Similarly, the economy, immigration and trust in politics appear to be prioritised nationally, whilst housing, illegal drugs and transport are somewhat more widely seen as local area priorities than national priorities.

LOCAL TOP PRIORITIES & ISSUES

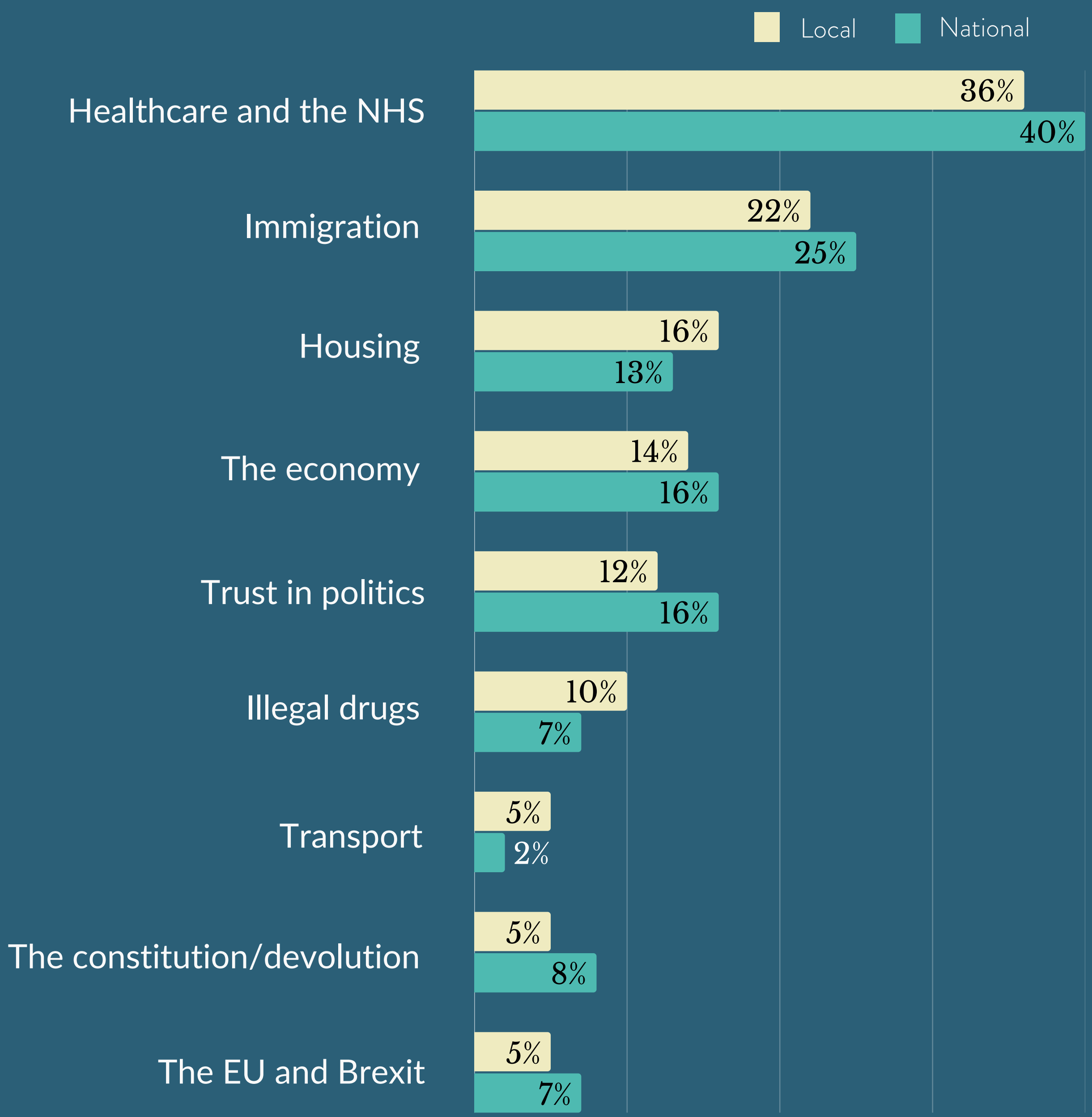
Proportion of respondents citing each matter as one of the top three issues facing their local areas



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

As with all previous wave of Understanding Scotland, the cost of living and inflation remains the most salient economic priority in August 2026, with more than six in ten (61%) Scots selecting this answer choice. The proportion selecting the cost of living fell by just one percentage point since the May wave of research.

The proportion of respondents that select a lack of spending on public services has risen by two percentage points to around three in ten respondents (31%), making it the second most frequently selected economic priority this wave. Living standards and wages has fallen by four percentage points to fewer than three in ten (29%) respondents, the lowest recorded for the answer option across all waves of Understanding Scotland.

The proportion selecting managing public finances has increased modestly by one percentage point to around a quarter (27%) of respondents, while poverty and inequality has fallen by one percentage point and is selected by roughly one in five (22%) respondents.

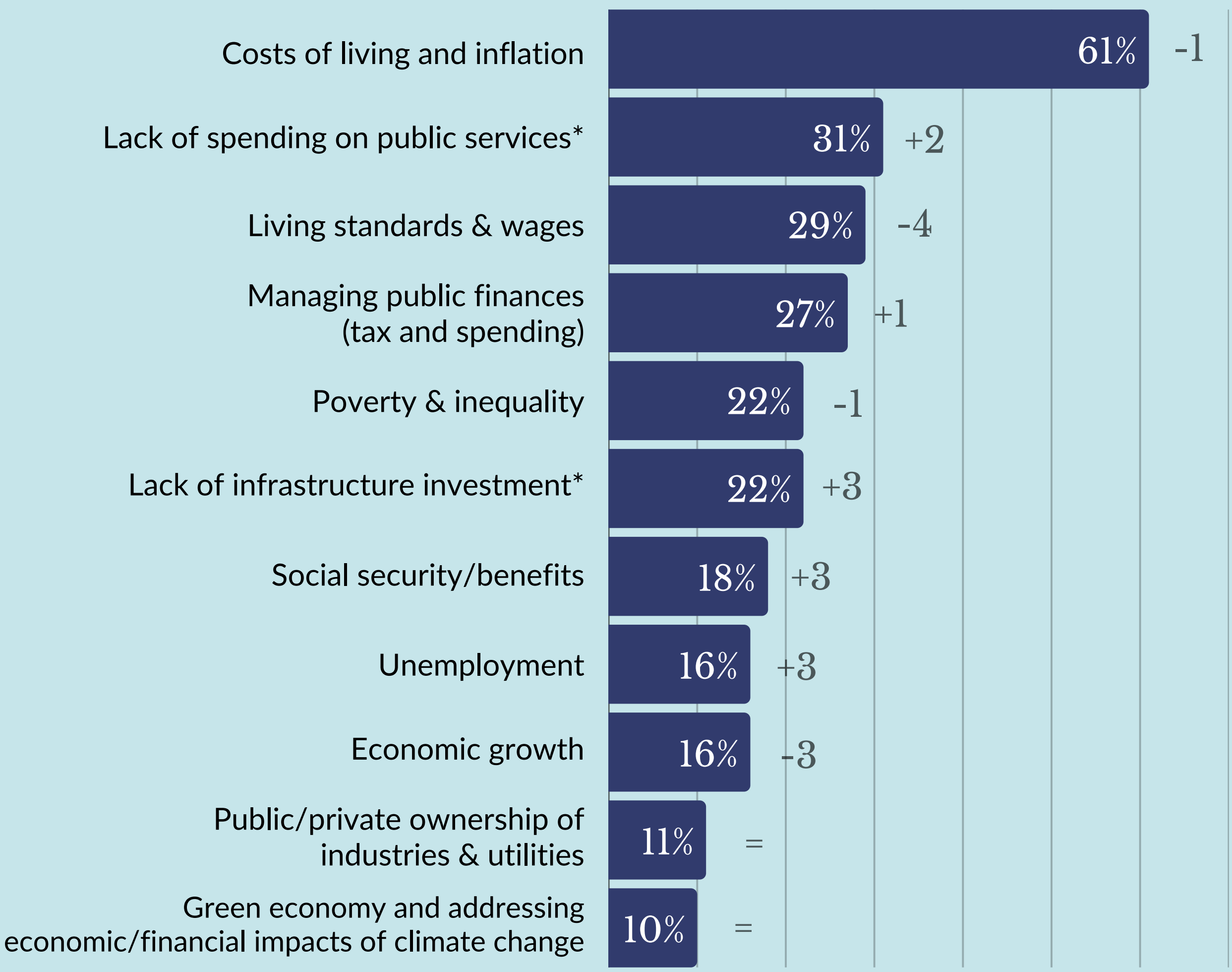
Lack of infrastructure investment has increased in salience since the last wave, up three percentage points to around one in five (22%) respondents - this is the highest proportion recorded for the answer choice across all waves, jointly with the February 2026 wave of research.

Social security and benefits has continued its upward trajectory, rising this wave by three percentage points to 18% - the highest recorded across all waves of Understanding Scotland. The proportion of respondents selecting unemployment has also risen by three percentage points each this wave, up to 16%, also recording its highest ever figure. Economic growth has declined by three percentage points since May, dropping to 16% of respondents.

Public/private ownership of industries and utilities remains level at around one in nine (11%) respondents, as does the green economy and addressing economic/financial impacts of climate change, selected by one in ten (10%) respondents.

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 10% shown) Asterisk represents new or changed answer option from the first wave of data collection. Numbers outside bars represent percentage point change from May 2026

ECONOMIC OUTLOOK

This wave depicts a widespread, but somewhat softening, sense of pessimism towards general economic conditions as well as personal finances. When comparing current economic conditions to those of 12 months ago, two-thirds (68%) of Scots say that things have gotten either somewhat worse or much worse, excluding 'don't know'. responses While this still represents a strong majority, the proportion reporting that general economic conditions are worse now has fallen by nine percentage points from the last wave. Despite this, just four percent say that conditions have improved, up a modest one percentage point, and one in four (28%) say things are about the same, up seven percentage points.

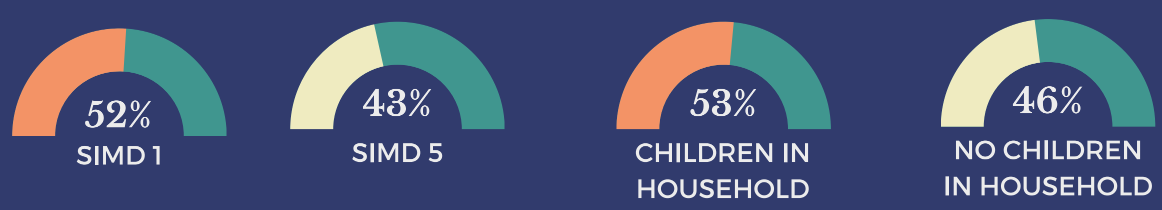
When considering their own personal finances, just under half (47%) say they are worse off now than they were a year ago, a drop of four percentage points. One in ten (10%) say their personal finances are better than this time last year - level with last wave - while four in ten (42%) say they are about the same, an increase of four percentage points.

Taking a look forward, around two-thirds (67%) of respondents anticipate that general economic conditions will be worse in a year than they are now; however, this has dropped by seven percentage points since last wave. Just six percent say that things will be better generally, a rise of one percentage point, and around a quarter (27%) say that things will be about the same.

In terms of respondents' own personal finances, just under half (45%) expect that things will be worse in a year's time, although this is down by four percentage points since May. More than four in ten (43%) say that their own financial situation will be about the same in a year, up three percentage points from last wave, while just one in eight (12%) expect an improvement in their personal finances, up one percentage point from last wave.

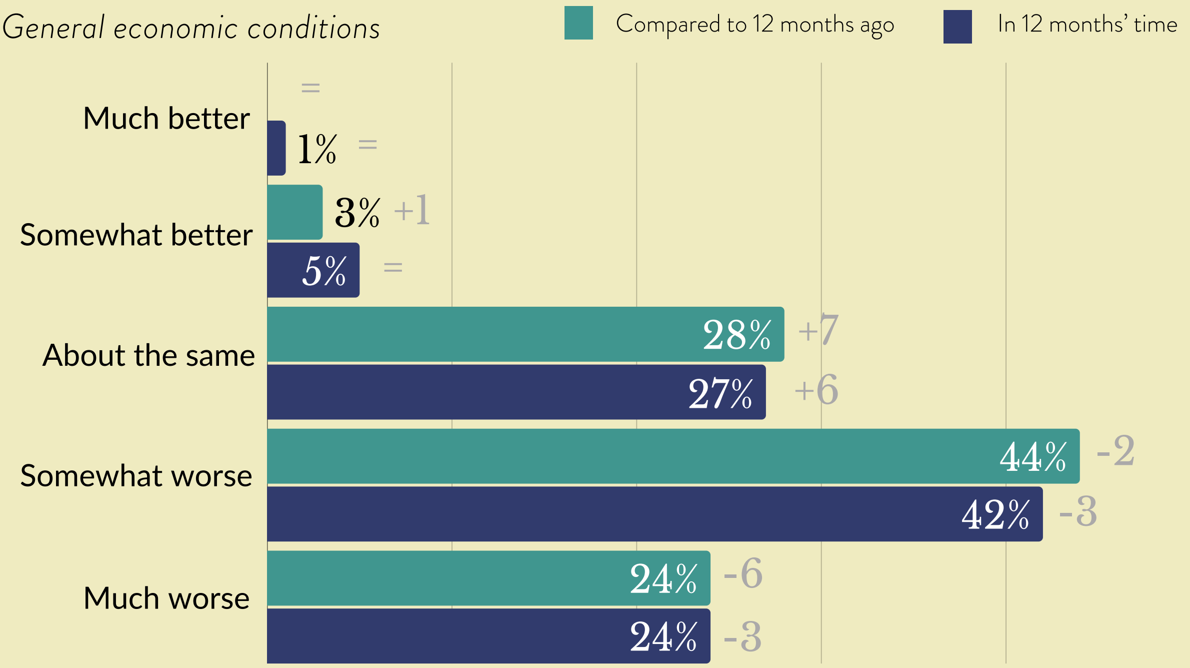
As seen last wave, there are numerous demographic differences in reports of worsening personal financial circumstances, particularly by neighbourhood deprivation and by presence of children in household.

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

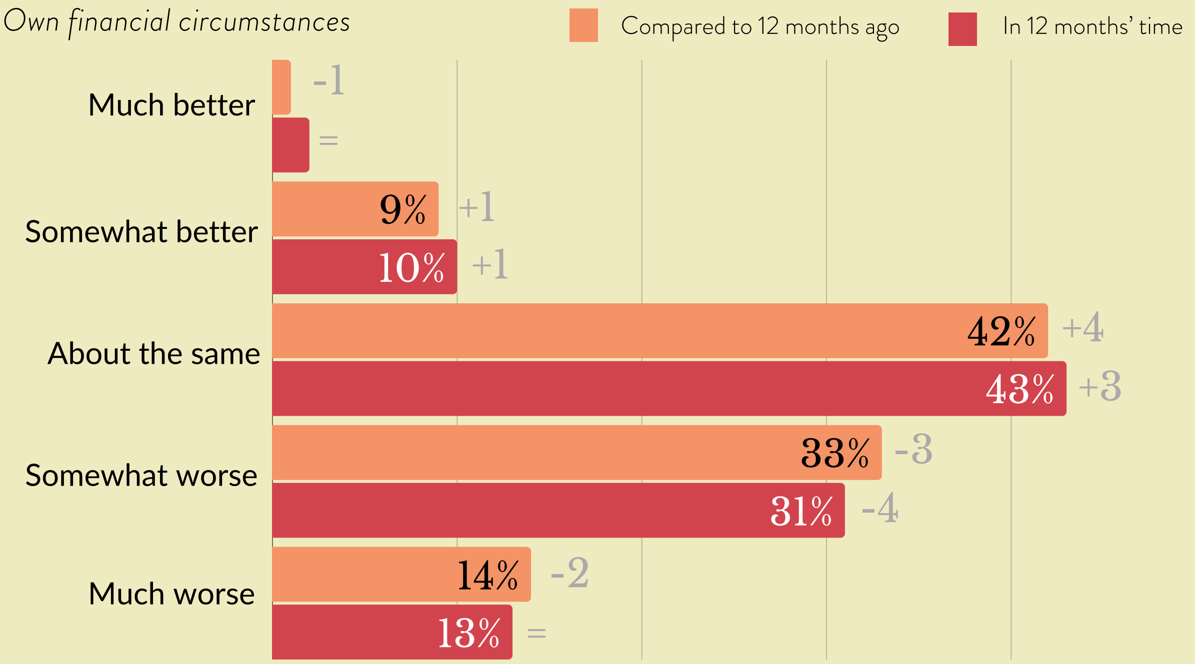


OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions



Own financial circumstances

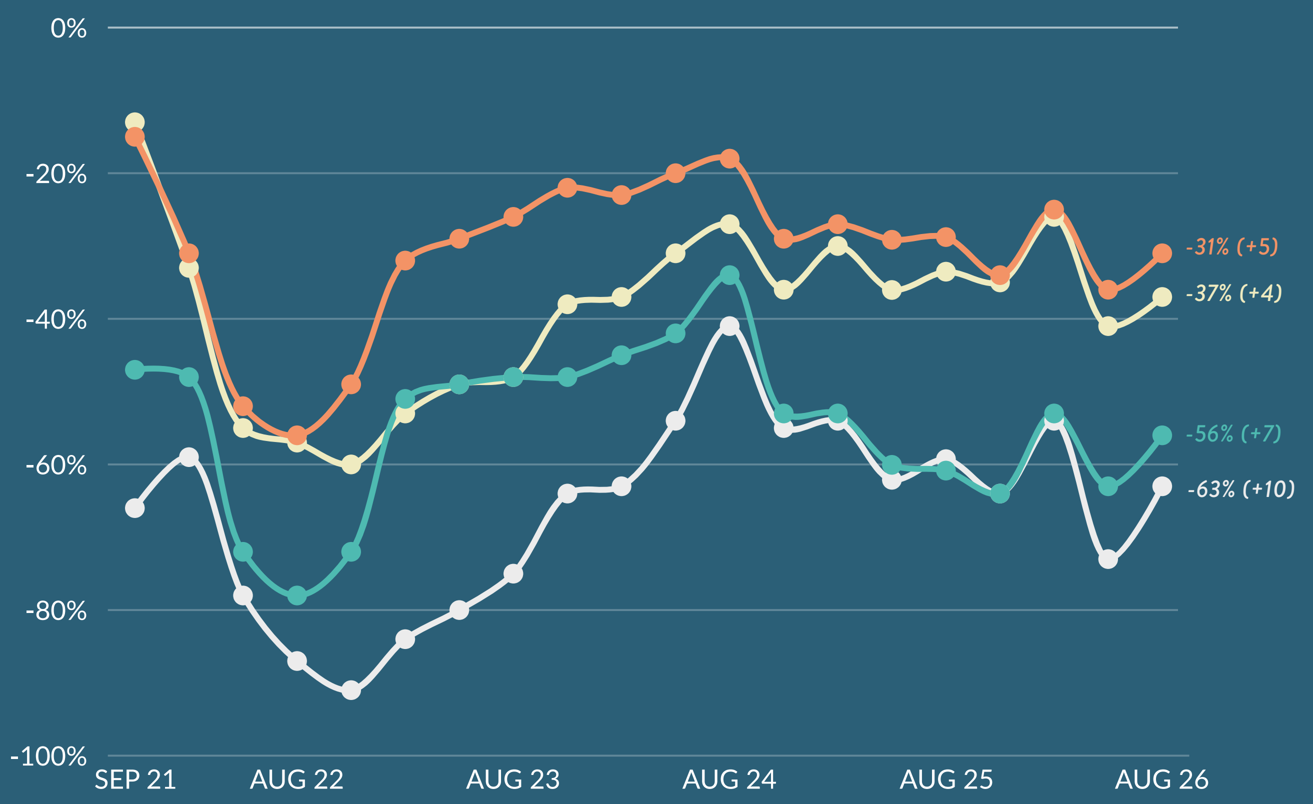


'Don't know' answers excluded. Numbers outside charts represent change from May 2026

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 May 2026

WORK AND INCOME SATISFACTION

This wave of Understanding Scotland paints a mixed picture of satisfaction with factors related to work and income.

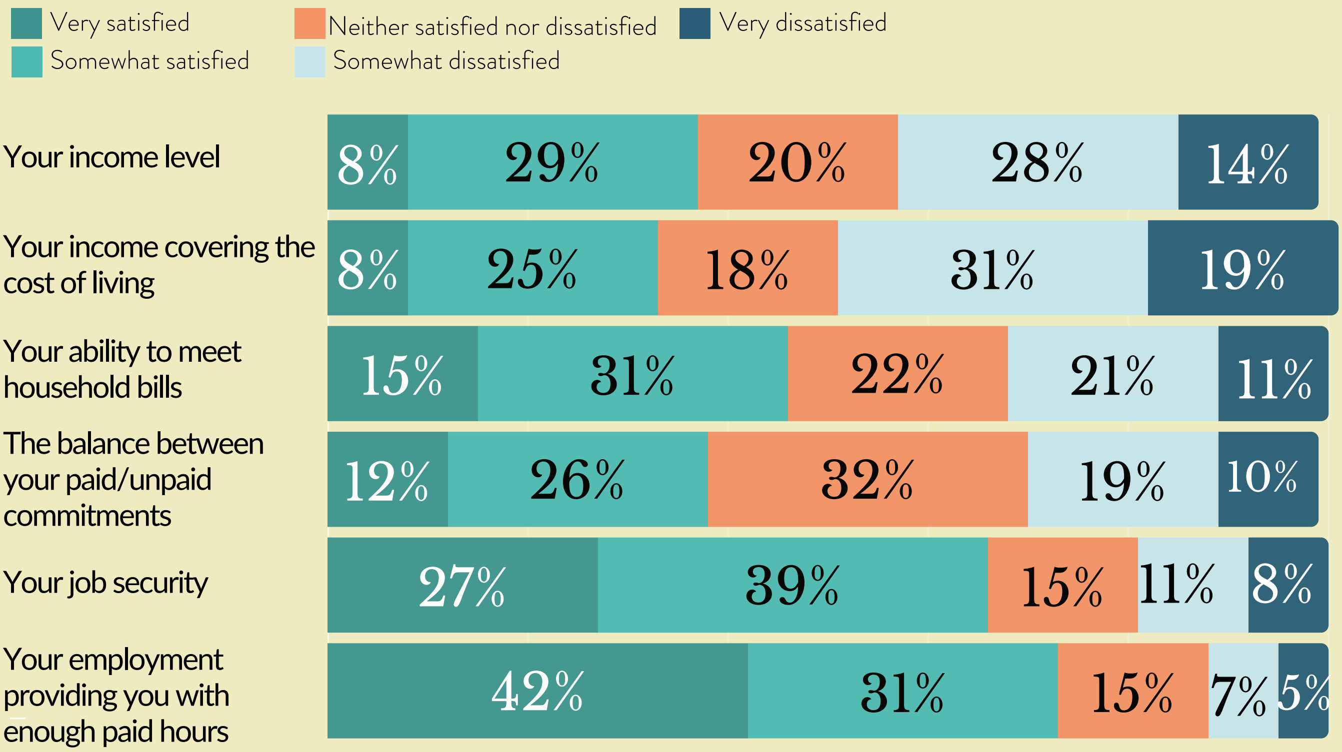
Just a third of Scots (37%) that express an opinion are very or somewhat satisfied with their income level, while around one in five (20%) are neither satisfied nor dissatisfied. This contrasts with four in ten (43%) respondents being generally dissatisfied with their income level. One third (33%) of respondents are satisfied with their income covering the cost of living, while over one in six (18%) are neither satisfied nor dissatisfied, and nearly half (49%) are dissatisfied, rising by three percentage points since the last time these questions were asked in November 2025. Despite this, around half (46%) are satisfied in their ability to meet household bills, a rise of two percentage points since November 2025. One in five (22%) are neither satisfied nor dissatisfied, while a third (32%) of respondents are dissatisfied.

Respondents are slightly less pessimistic about their employment than they are about their income. For instance, a plurality of respondents (38%) are satisfied with the balance of any paid and unpaid commitments they have. Around a third (32%) are neither satisfied nor dissatisfied, while three in ten (30%) are dissatisfied. Furthermore, three-quarters (73%) of Scots are satisfied with their employment providing them with enough paid hours, while around one in seven (15%) are neither satisfied nor dissatisfied, and one in eight (12%) are dissatisfied. Similarly, two-thirds (66%) are satisfied with their job security, one in seven (15%) are neither satisfied nor dissatisfied, and one in five (19%) are dissatisfied.

Those in lower social grades C2DE and living in the most deprived neighbourhoods (SIMD 1) are more likely than those in higher grades ABC1 and the least deprived (SIMD 5) to be dissatisfied with their income, its ability to cover the cost of living and their ability to meet household bills. For example, over half of those in SIMD 1 (56%) and grades C2DE (56%) are dissatisfied with their income covering the cost of living, compared to just over two in five (43%) of those in SIMD 5 and ABC1 (44%).

WORK AND INCOME SATISFACTION

Proportions of respondents reporting satisfaction and dissatisfaction with their income levels and adequacy, and their work-life balance



How satisfied are you with the following:
Don't know' and 'Not applicable' answers excluded.

CONCERN WITH MONEY MATTERS

The August 2026 wave of Understanding Scotland shows a relatively stable picture of the impacts that money matters have on the routine lives of Scots. More than eight in ten (83%) respondents reported some sort of concern over money matters this wave.

More than half (52%) of respondents say they have reduced their non-essential spending, level with the proportion who reported doing this last wave. A similar proportion (51%) have cut back on leisure activities - this figure has decreased by three percentage points since May.

Just under half (47%) of respondents have saved less than usual, while four in ten have reduced their heating or energy use (41%) or dipped into savings for higher costs (40%). The proportion of respondents who say they reduced energy use dropped by five percentage points, although this is often seen in the August wave of Understanding Scotland due to seasonally driven energy consumption patterns.

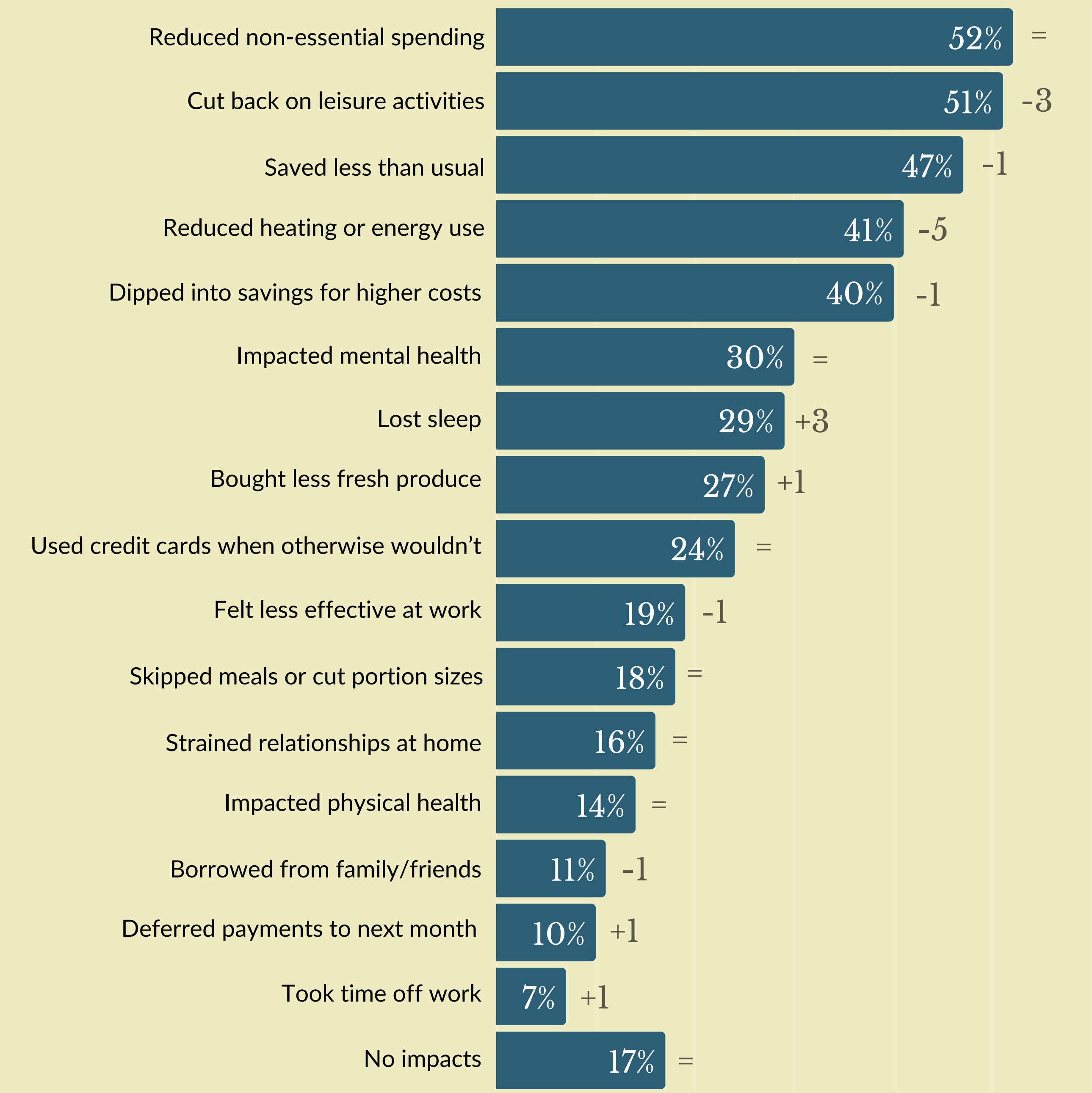
Three in ten respondents have either felt impacts to their mental health (30%) or lost sleep (29%) as a result of money matters, with the latter rising by three percentage points since last wave. Just over a quarter (27%) bought less fresh produce and just under a quarter (24%) used credit cards when they otherwise would not have.

Around one in five respondents either felt less effective at work (19%) or skipped meals or cut portion sizes (18%). For one in six (16%) Scots, money matters strained their relationships at home, and for one in seven (14%), these matters led to impacts on physical health. One in nine (11%) borrowed from family or friends and one in ten (10%) deferred payments to next month. Seven percent of Scots have taken time off of work in the last twelve months due to concerns over money.

Impacts of concerns about money matters continue to vary strongly by demographic, with the youngest age group, the most deprived neighbourhoods and those with children more likely to report a range of impacts than peers in the oldest age group, the least deprived neighbourhoods and those without children in their household.

CONCERN WITH MONEY MATTERS

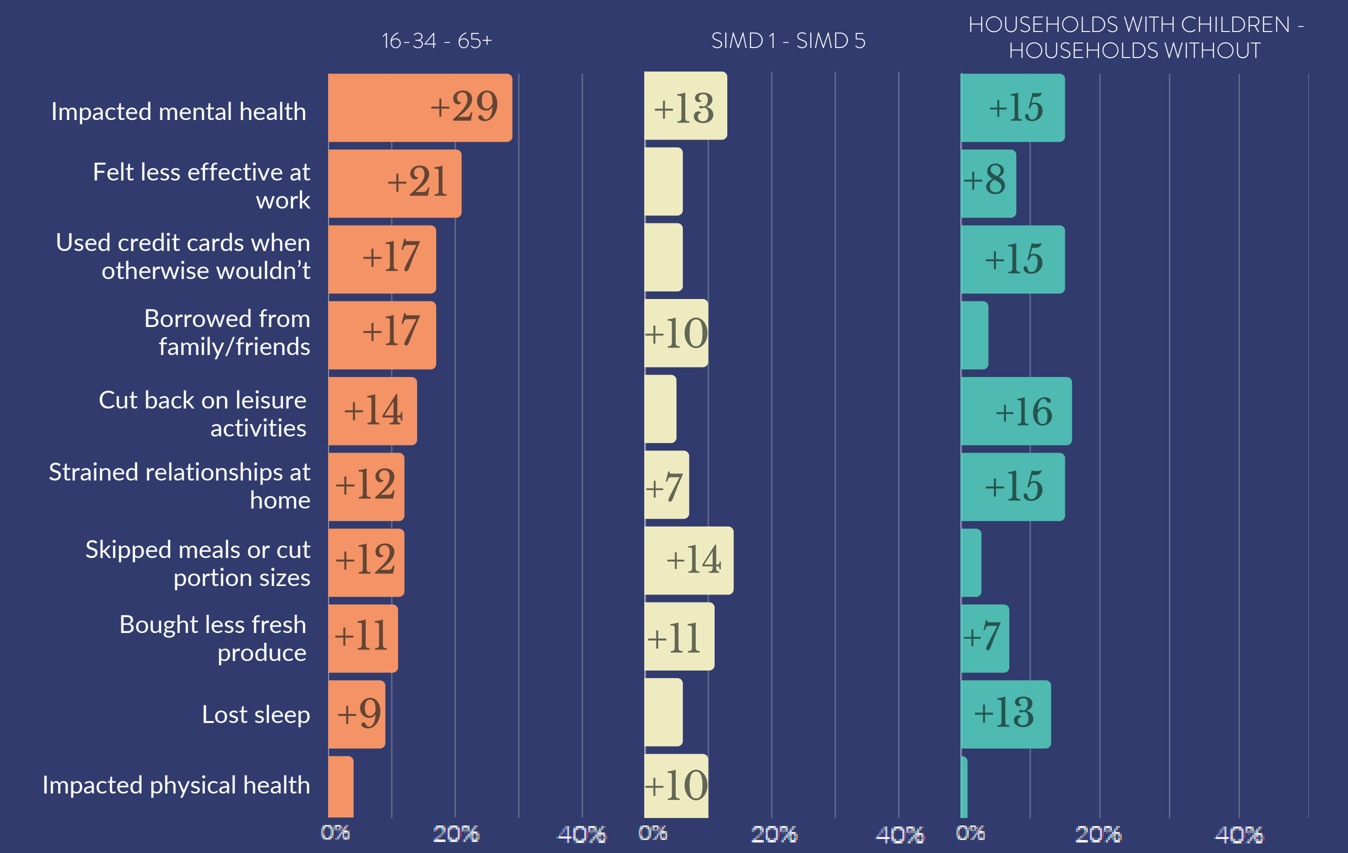
Proportion of respondents reporting the following impacts of concerns about money matters in the last 12 months



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 May 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

IMPACTS ON FOOD

This wave of the Understanding Scotland Economy Tracker also asked a series of questions to gauge the extent to which Scots have altered their eating or dining behaviours in the last six months in order to save money.

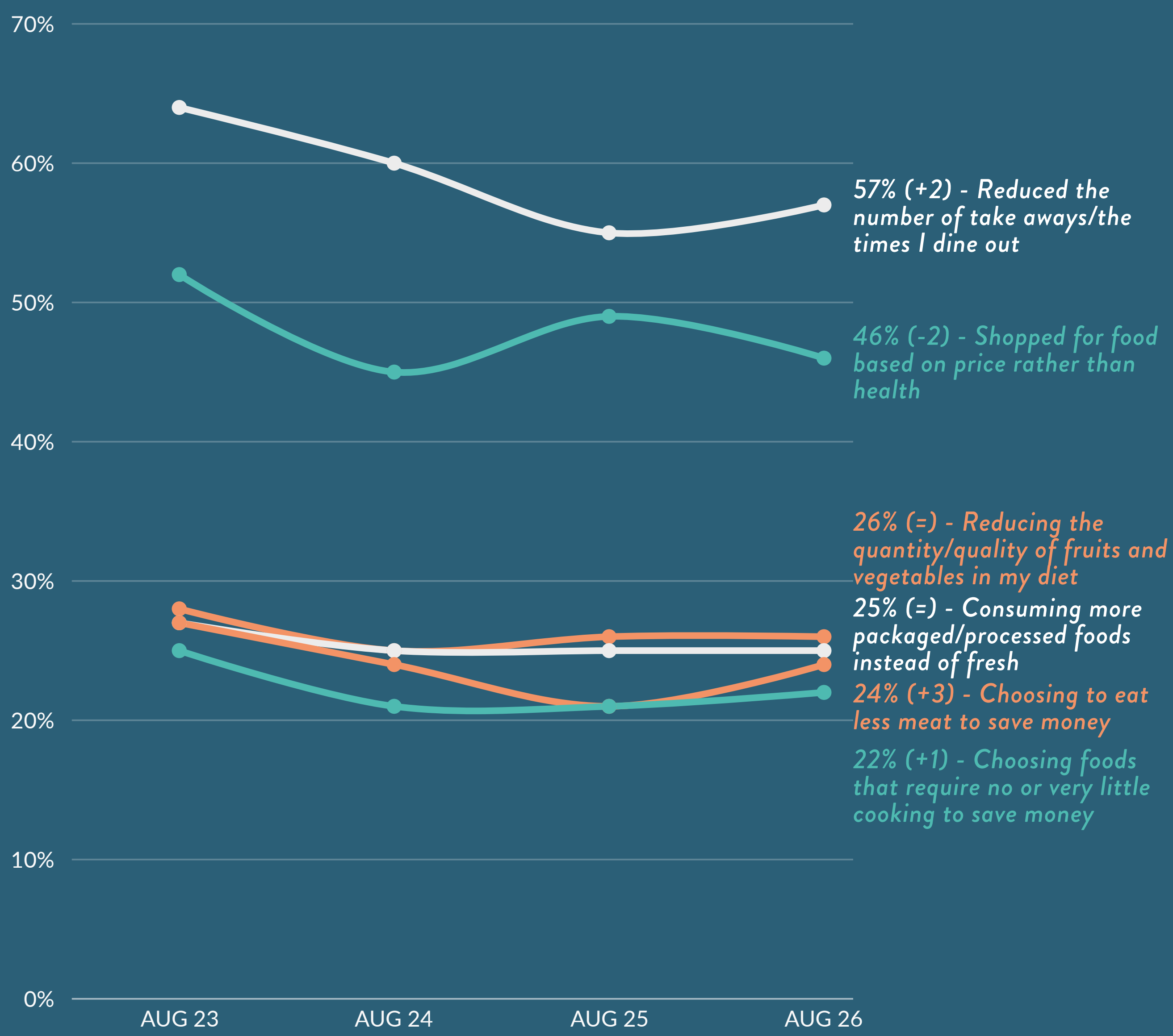
Nearly six in ten Scots (57%) report that they have reduced their frequency of takeaways or dining out due to rising prices. This proportion has risen by two percentage points since last August, but remains lower than the figures seen in August 2023 and 2024. It has been the most frequently selected answer option all four waves that this question was asked. Nearly half (46%) of respondents have shopped for food based on price rather than health, a drop of two percentage points since August 2025.

Around a quarter of respondents report that they have engaged in the remaining behaviours, including reducing the quantity or quality of fresh fruits and vegetables in their diet (26%), consuming more processed or packaged foods rather than fresh foods (25%), choosing to eat less meat to save money (24%) and choosing foods that require no or very little cooking to save money (22%). Most of these were fairly stable wave-on-wave, with the exception of choosing to eat less meat; there was a three percentage point increase in the proportion eating less meat compared to the August 2025 wave of Understanding Scotland.

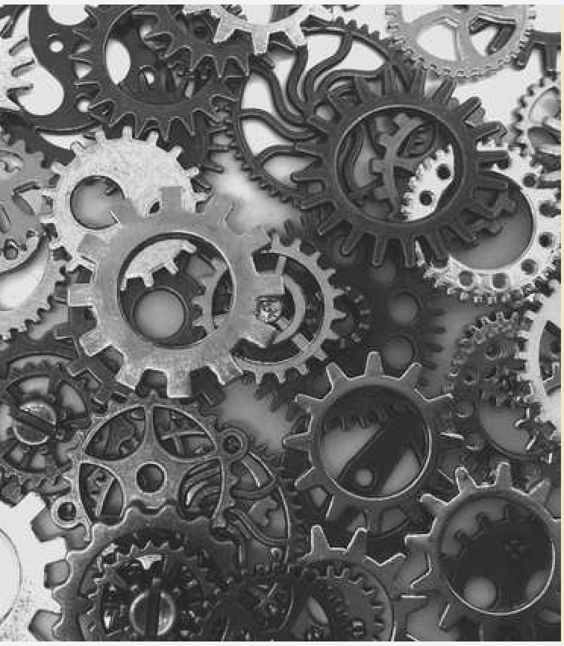
Households with children are more likely to report reducing quantity or quality of fruits and vegetables (31%; 25%), consuming more packaged/processed foods (33%; 23%), shopping based on price rather than health (57%; 43%) and reducing the frequency of takeaways or dining out (68%; 54%). Respondents in SIMD 1 are more likely to select nearly every behaviour compared to SIMD 4 and SIMD 5.

IMPACTS ON FOOD

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



Which of the following ways have rising prices impacted your food choices in the last six months? Numbers in parentheses represent change since August 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 2nd - 5th August 2026, and received 2,186 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population (2024 estimates) by age and gender.

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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ECONOMY TRACKER

Diffley Partnership

CHARLOTTE STREET PARTNERS

The David Hume Institute