



UNDERSTANDING SCOTLAND

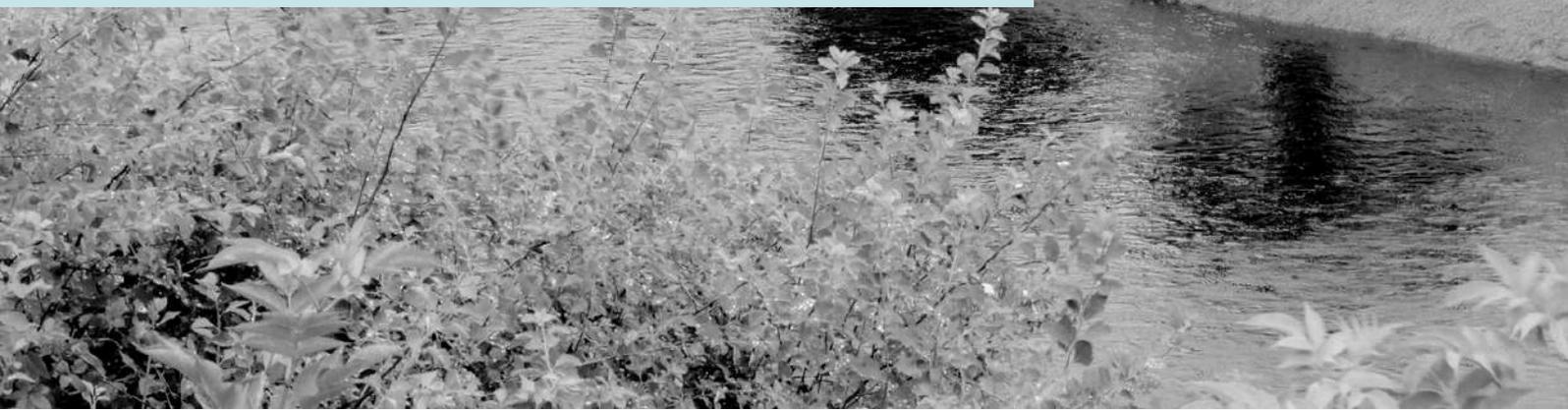
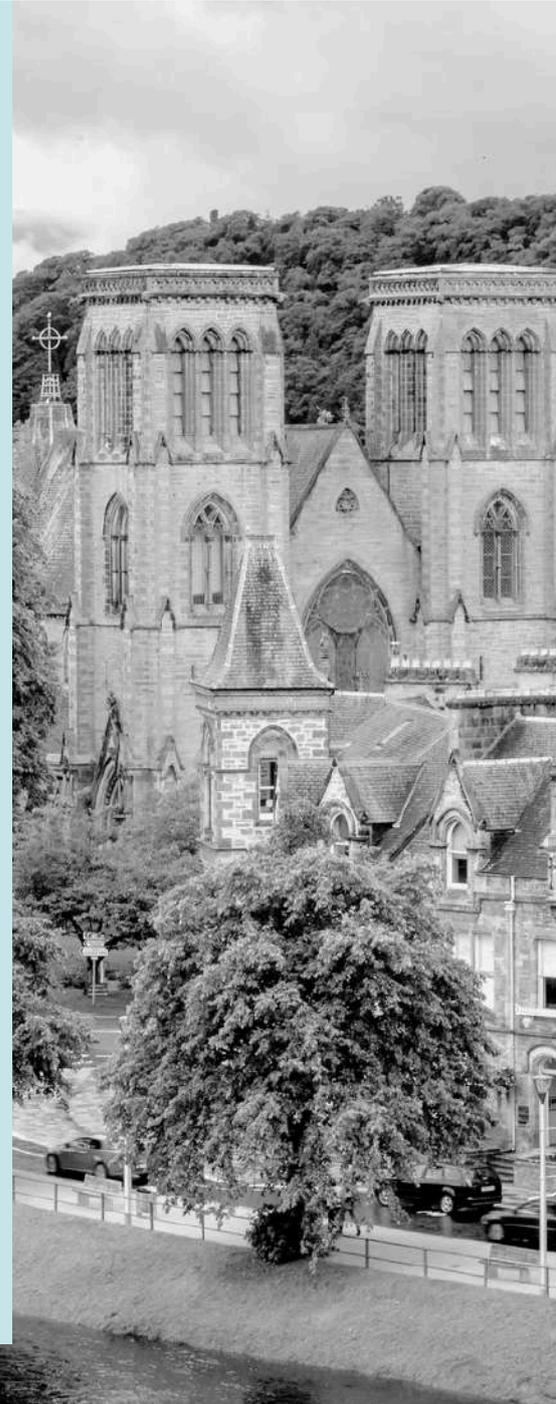
A SURVEY FOR SCOTLAND

ECONOMY

August 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 - AUGUST 2024

This report is the first in the Understanding Scotland series since the UK General Election on July 4th, which ushered in a Labour government. Since then, the UK and its new government have seen significant challenges, including a wave of riots following the Southport attack, averted planned train strikes, and mounting fiscal concern around the upcoming budget. As Scotland grapples with these shocks, the findings presented here offer a timely snapshot of public sentiment, priorities, and challenges.

The report presents shifting perceptions of Scotland's direction, reflecting both lingering concerns and emerging uncertainties. While there has been a decrease in the proportion of Scots who believe the country is headed in the wrong direction, over half continue to believe that Scotland is heading in the wrong direction, and a growing proportion are unsure about the country's direction, suggesting a populace still searching for clarity in uncertain times.

Healthcare remains at the forefront of public concern, though the decline in emphasis on the cost of living signals a subtle shift in priorities. The increasing prominence of issues like immigration and crime indicates that Scots are becoming more concerned with a wider range of issues. Future reports in this series will closely monitor this broadening of focus, as it reflects not only changing public sentiment but also the potential for emerging issues to shape the social and political landscape.

Economically, while there is an easing of the deep pessimism that has characterised the past two years, the data reveals that many Scots remain cautious. The ongoing struggle with financial fragility, particularly among households with children, underscores the uneven distribution of economic resilience across the country.

As rising costs continue to shape the daily lives of Scots, the adjustments in food choices highlight the practical realities faced by many. The shift towards more affordable, yet often less nutritious options is a sobering reminder of the pressures that persist despite improving economic indicators.

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

NEGATIVITY ABOUT COUNTRY'S DIRECTION FALLS; UNCERTAINTY REMAINS

While a majority of Scots (56%) believe the nation is headed in the wrong direction, this figure marks a seven percentage point improvement from a peak of 62% in May. However, there has also been a four percentage point increase, to 23%, of Scots believing things are heading in the right direction and a rise of three percentage points, to 22%, of Scots now unsure about Scotland's direction.

02

HEALTHCARE HOLDS STEADY, BUT COST OF LIVING CONCERNS DECLINE

Healthcare continues to dominate as the most pressing issue for Scots, with just over half (51%) citing it as a top concern. In contrast, worries about the cost of living have notably eased, with only 36% of Scots now identifying it as a top issue - a significant drop from 48% in August 2023. Meanwhile, other issues such as immigration and crime have gained traction, perhaps responding to recent events and reflecting a broader diversification of public priorities.

03

ECONOMIC PESSIMISM EASES, BUT CHALLENGES PERSIST

After years of economic pessimism, there are glimmers of hope on the horizon. The proportion of Scots who believe that the general economic situation has worsened over the past year has dropped dramatically by 12 percentage points to 54%. Despite this improvement, many still perceive economic conditions as stagnating, with the percentage of those that think general economic conditions are about the same now as they were 12 months ago up 11 percentage points to 35% of Scots, underscoring ongoing economic challenges.

04

FINANCIAL FRAGILITY REMAINS DESPITE GROWING CONFIDENCE

There are signs of increasing confidence among Scots in their ability to handle unexpected expenses. Three in four Scots (75%) that express an opinion now feel confident they could cover a £100 emergency expense without borrowing, a slight improvement since November 2023. However, deep financial fragility persists, particularly among households with children. One in three (33%) households with children are not confident they could meet an emergency expense of £100 without borrowing and six in ten (58%) are not confident they could meet an emergency expense of £500, highlighting the uneven distribution of economic resilience.

05

RISING COSTS RESHAPE DIETARY CHOICES FOR MANY SCOTS

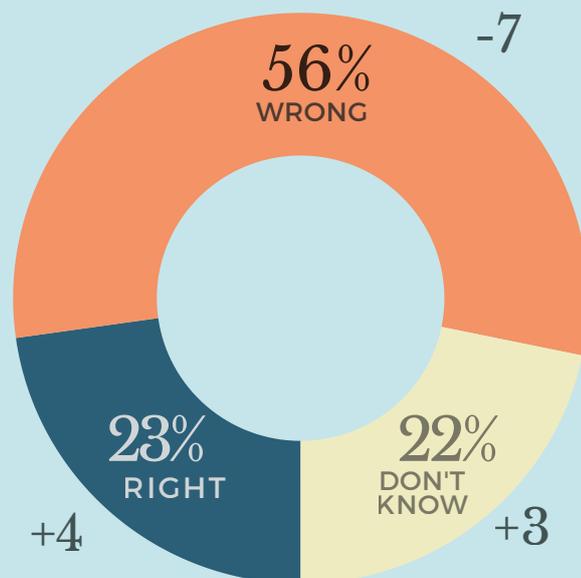
The rising cost of living is leaving a marked impact on how Scots feed themselves, with many forced to make difficult choices about their diet. A significant number are cutting back on takeaways (60%) and opting for cheaper food options (45%) to save money. These two behaviours are particularly high among households with children, at 67% and 55% respectively. Those in deprived areas are amongst the hardest hit, with higher rates of almost all food-related behaviours. Only one in five people (22%) report that rising prices have not affected their food choices.

SCOTLAND'S DIRECTION OF TRAVEL

For the past two years, perceptions of Scotland's direction have been largely negative. This wave, 56% of Scots think that things in Scotland are headed in the wrong direction. Despite general negativity, this is down sizably from the record high of 62% that said the same in May. Correspondingly, the percentage of Scots that believe Scotland is headed in the right direction is up four percentage points to 23%, while the percentage of Scots that don't know what direction Scotland is headed in is up three percentage points, to a record high of 22%.

Perception of Scotland's direction is tied to key demographics. Men (59%) are more likely than women (52%) to believe that things in Scotland are headed in the wrong direction, as are those 35 and older (60%) compared to those 16 to 34 (45%). Those living in South Scotland (45%) are least likely to think that things in Scotland are heading in the wrong direction compared to other regions, for example North East Scotland (60%) and Mid Scotland and Fife (60%).

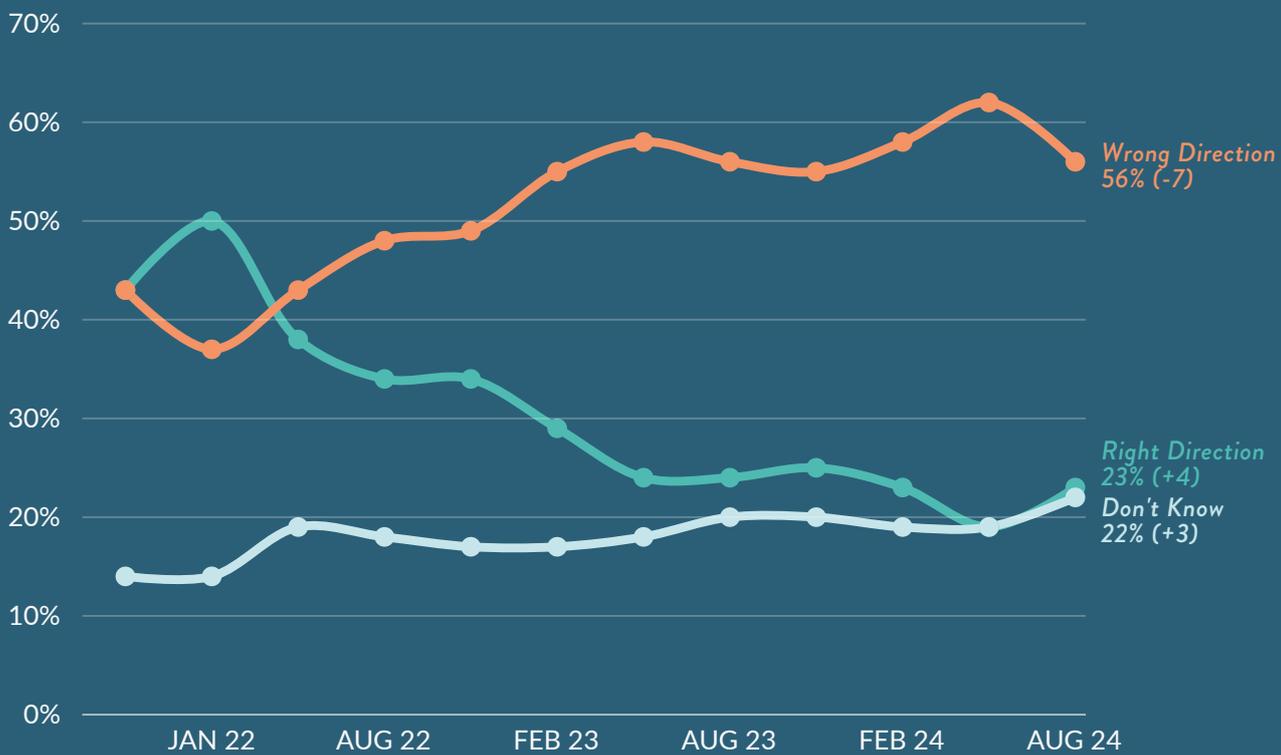
As seen in previous waves, perception of Scotland's direction is linked to economic optimism. Those that think general and personal economic conditions are or will be worse are more likely to think Scotland is heading in the wrong direction, while those that think conditions are or will be better are more likely to think things are heading in the right direction.



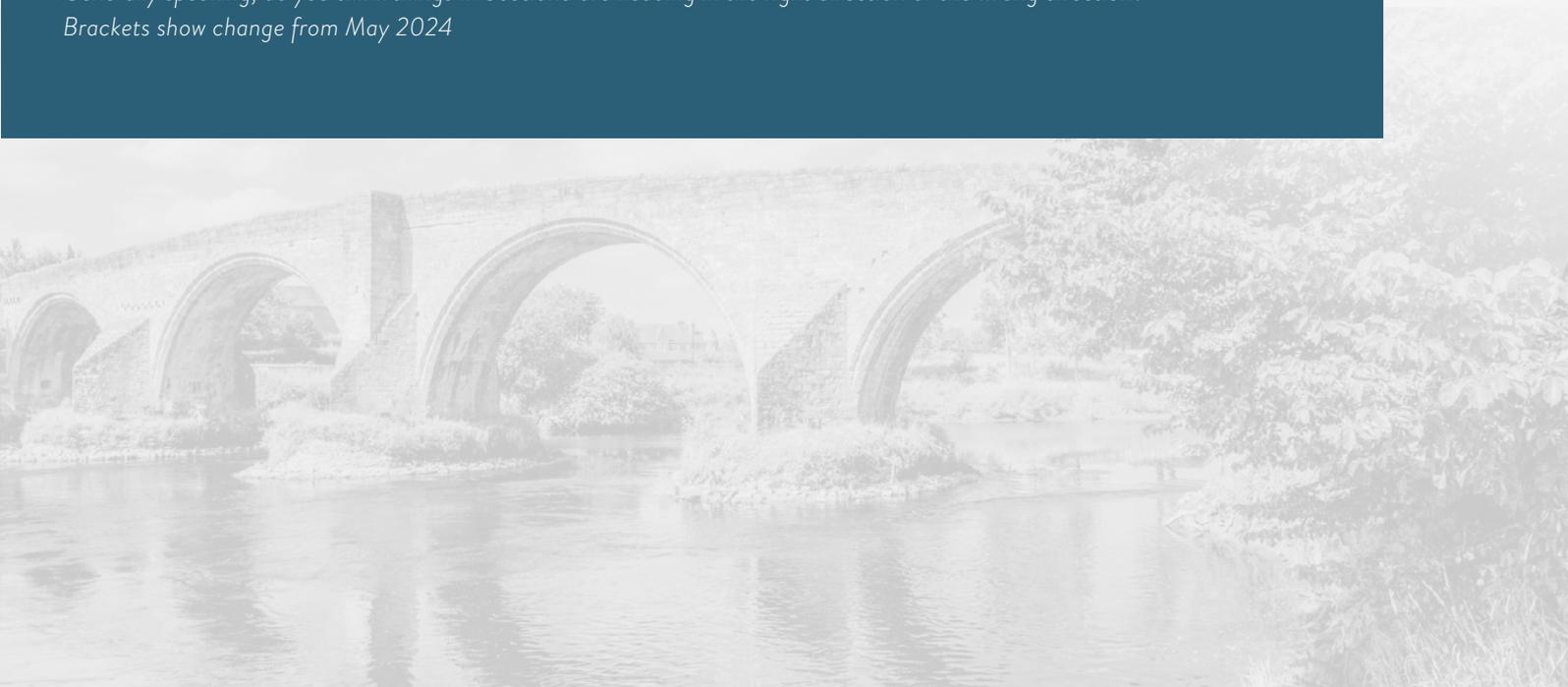
Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?

SCOTLAND'S DIRECTION OF TRAVEL

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



Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?
 Brackets show change from May 2024



PUBLIC PRIORITIES

Healthcare and the cost of living remain the public's top priorities. Stable since last wave, just over half (51%) of Scots cite healthcare and the NHS as one of the top three issues facing Scotland, down one percentage point since May. In contrast, emphasis on the cost of living/inflation has fallen four percentage points this wave, with just over one third (36%) of Scots selecting this as a top issue. Overall, prioritisation of cost of living/inflation as a public priority has seen a consistent decline over the last year. In August 2023, almost half (48%) of Scots identified this as a top issue, 12 percentage points higher than in the latest wave.

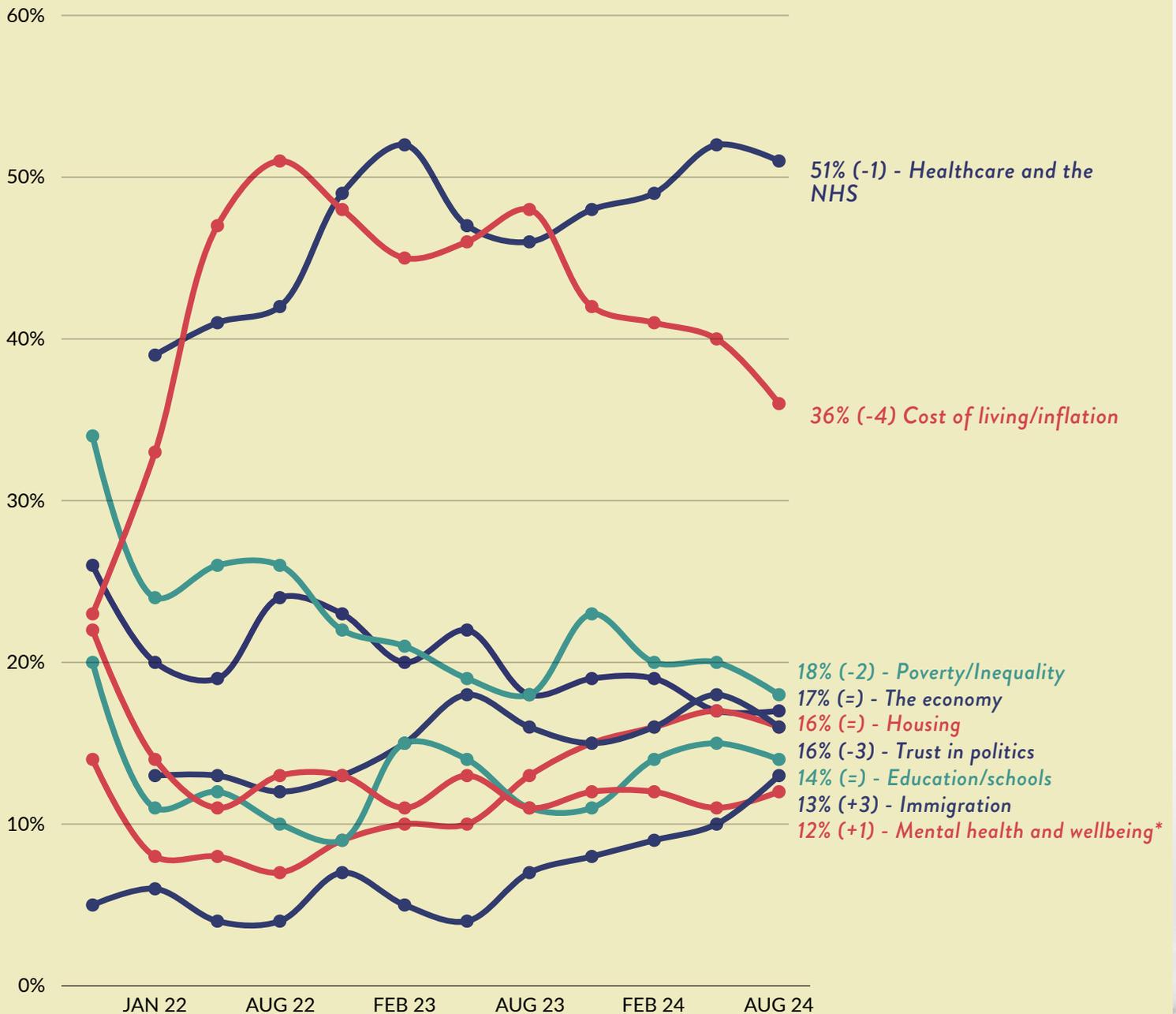
Beyond healthcare and cost of living, a myriad of issues vie for prominence amongst the public. As before, poverty/inequality, the economy, housing, and trust in politics are selected as top issues facing Scotland by upwards of 15% or more of Scots. However, emphasis on poverty/inequality has fallen two percentage points since May and emphasis on trust in politics has fallen three percentage points, while concern with the economy and housing remains stable.

Two issues have seen slight increases - immigration (13%) and crime/criminal justice (11%). These figures are up three and two percentage points respectively since May, but neither issue ranks among the top seven priorities for Scots.

When looking at the demographics of those more likely to identify immigration as among the top three issues facing Scotland, a higher proportion of those aged 55 to 64 (17%) select this than those aged 35 to 44 (10%) or those aged 65+ (12%). In addition, those in SIMD1 neighbourhoods are more likely to view immigration as a key issue (17%) than those in SIMD4 (11%) or SIMD5 (9%).

TOP PRIORITIES & ISSUES

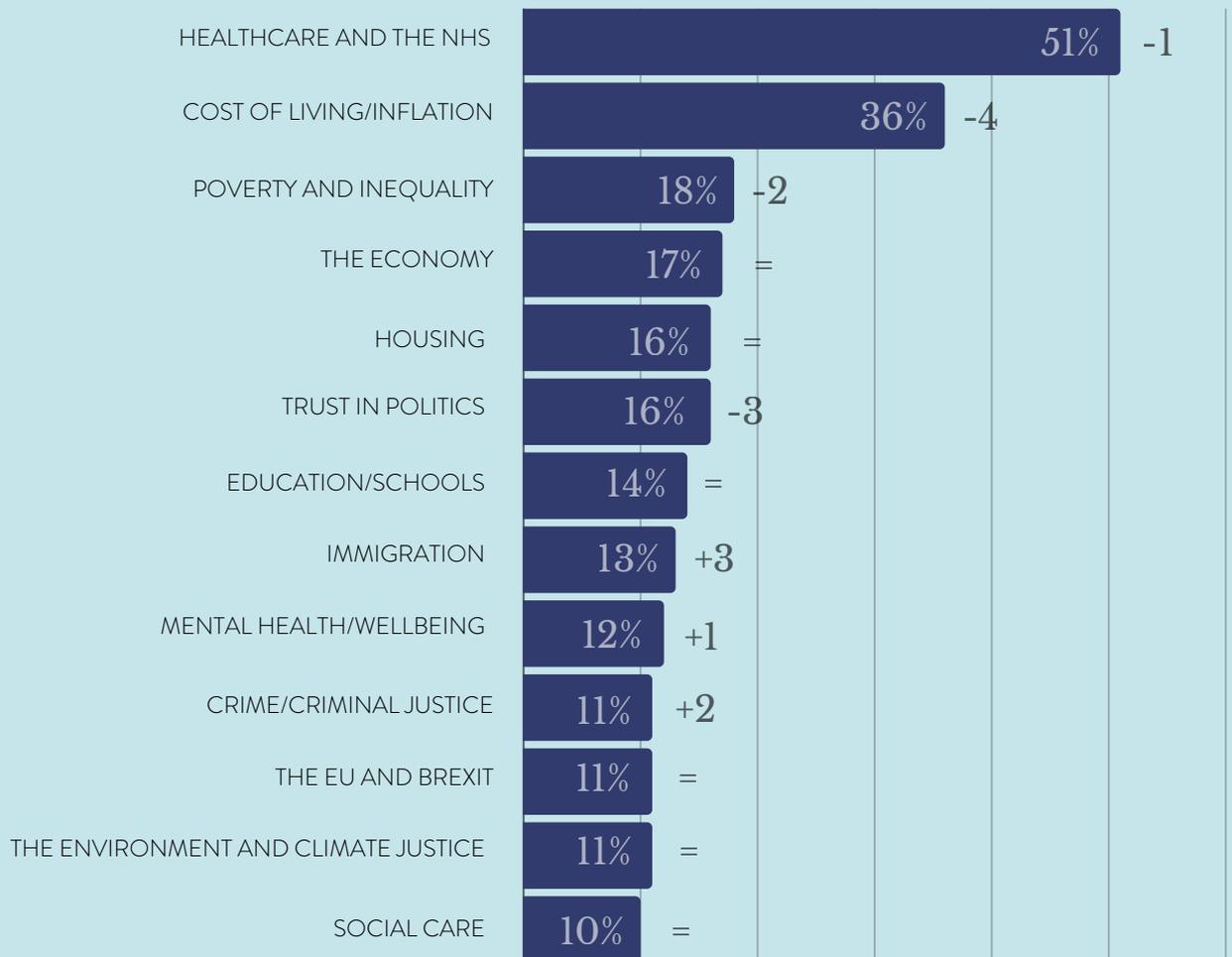
Proportion of respondents citing each matter as one of the top three issues facing Scotland



And what do you think are the three most important issues facing Scotland today? (Only answer options above 12% shown)
 N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since May 2024

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). Numbers outside bars represent percentage point change from May 2024



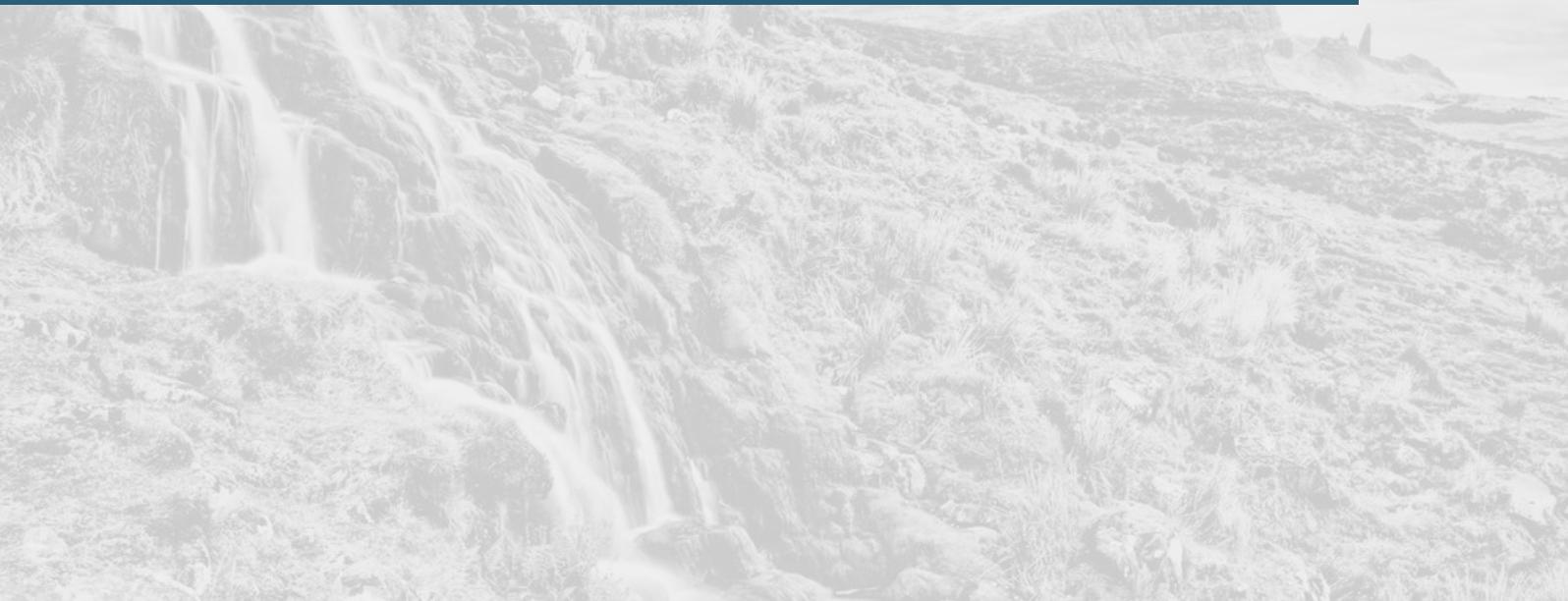
ECONOMIC PRIORITIES

When thinking specifically about Scottish economic and financial issues, the cost of living/inflation dominates public concerns. Just under three in five Scots (58%) think cost of living/inflation is one of the top three issues facing the Scottish economy, down two percentage points since May.

A range of priorities follow at a distance, in line with last wave, including living standards and wages (35%), spending on public services (32%), managing public finances (29%), and poverty (27%).

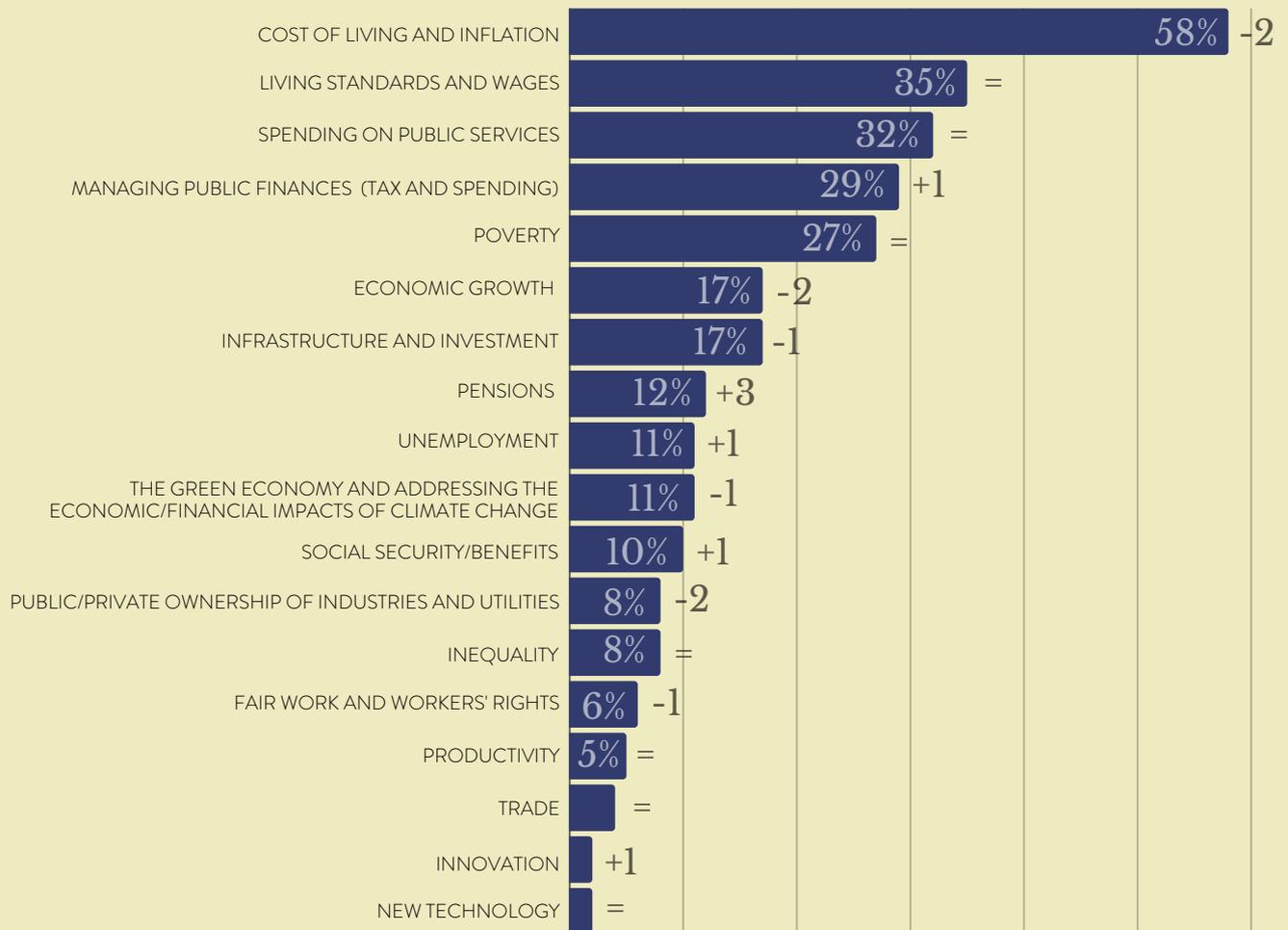
While most economic priorities have seen little change since May, more Scots have selected pensions as a top issue for the Scottish economy. In May, 9% selected this as a top issue for the Scottish economy, while 12% do now. Taken with the emphasis on spending on public services, this may signify concern with the current and future state of pensions.

When looking at the demographics most likely to select pensions as a top issue facing the Scottish economy, those aged 55 to 64 (16%) and 65+ (20%) are more likely to identify this as a top issue than those aged 16 to 34 (5%).



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 May 2024



ECONOMIC OUTLOOK

Throughout the last two years, Scots' economic outlook has been characterised by negativity. Previously, when asked if they believe that general economic conditions are better or worse than a year ago, upwards of two in three Scots who expressed an opinion thought conditions had deteriorated. In the last quarter, this has fallen a sizable 12 percentage points to just over half (54%) believing that economic conditions have got worse over the last 12 months.

Correspondingly, this has largely shifted to a sense that conditions are about the same now as a year ago; the percentage of people that believe that general economic conditions are about the same has increased 11 percentage points to about one in three (35%), while the percentage of Scots that believe general economic conditions have improved is up only two percentage points to one in ten (11%).

A smaller shift is seen when considering their current financial situation; two in five (42%) report that their situation has worsened over the last year, down three percentage points, and a similar proportion (43%) report that their situation is about the same, up three percentage points.

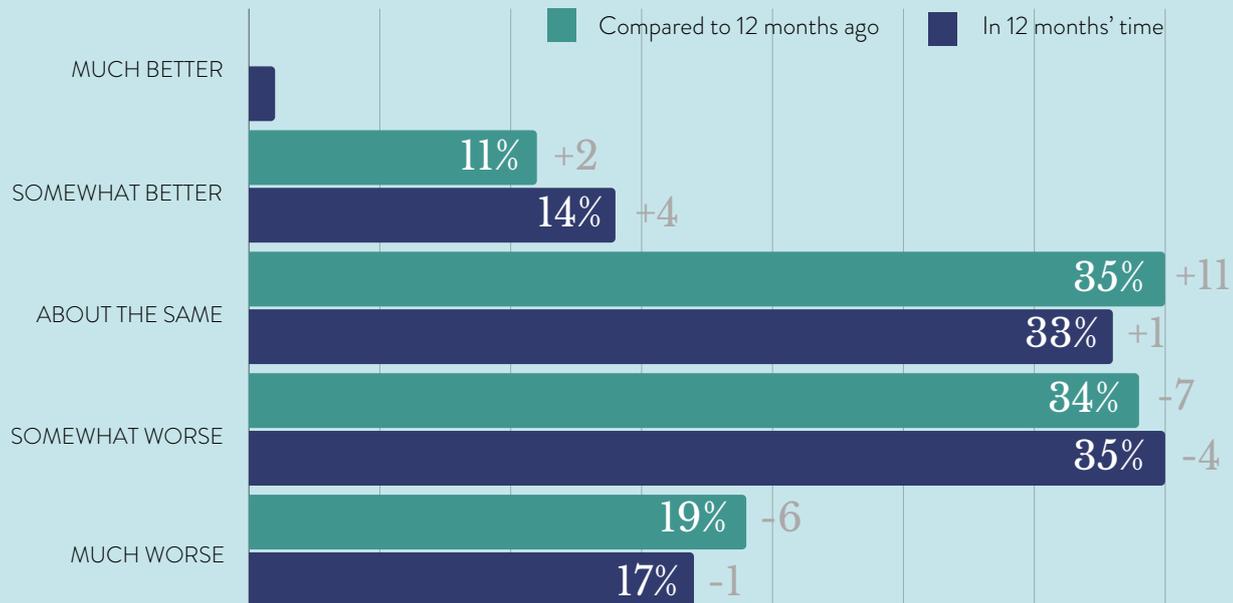
Looking forward, the percentage of Scots that believe general economic conditions will worsen over the next 12 months is down five percentage points to half (52%), with a four percentage point increase in those saying that conditions will be better and a one percentage point increase in those saying things will be about the same. About one in three (37%) believe their financial circumstances will be worse in 12 months' time, down two percentage points.

Interesting, those aged 16 to 34 are far more likely to think that their own financial circumstances will be better in 12 months' time (33%) than those aged 45 to 54 (14%), 55 to 64 (11%) and 65+ (6%).

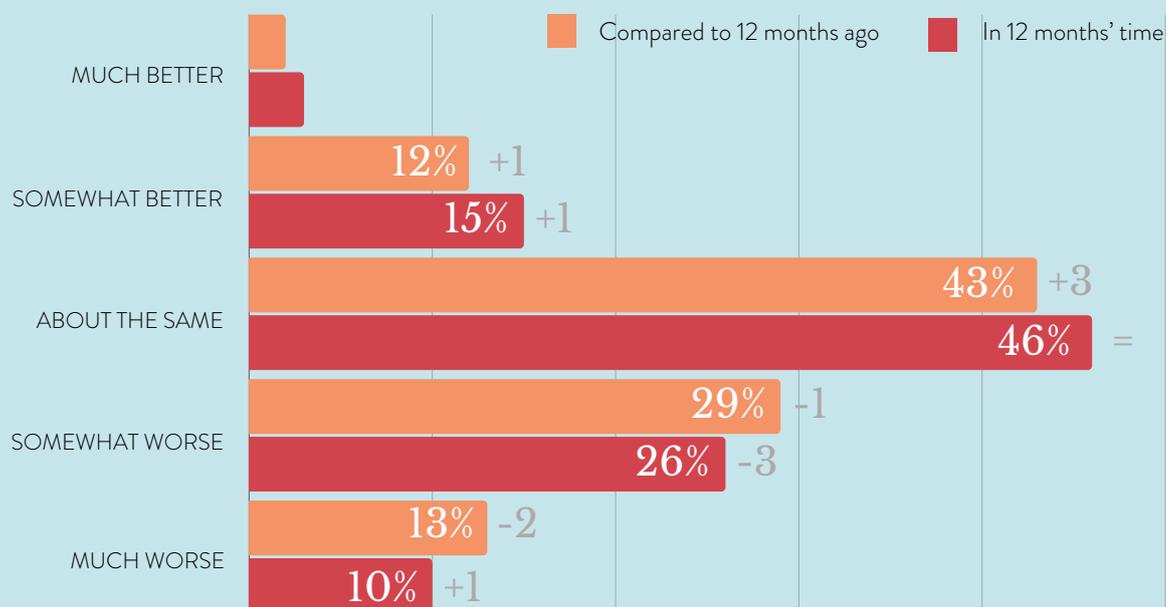


OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions



Own financial circumstances

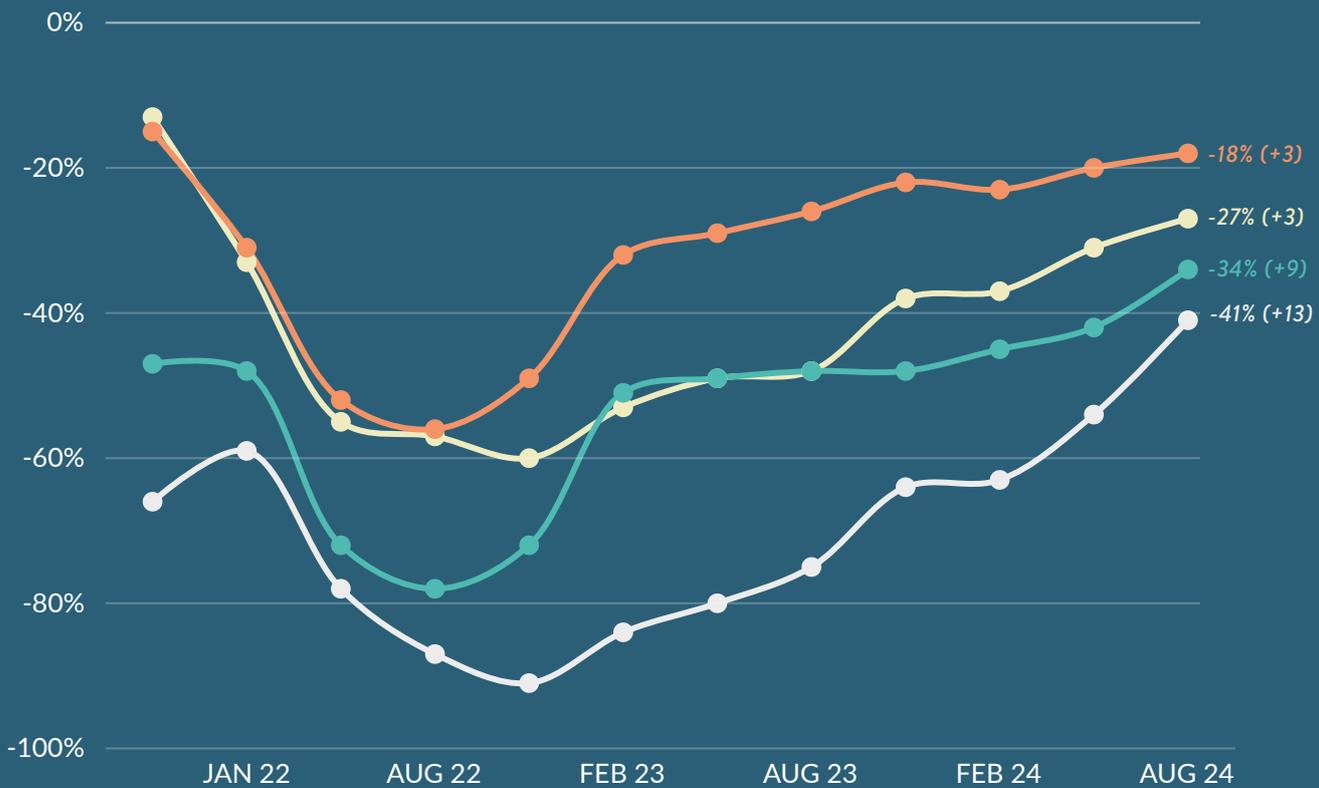


'Don't know' answers excluded. Numbers outside charts represent change from May 2024

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.

- 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 2024



FINANCIAL FRAGILITY

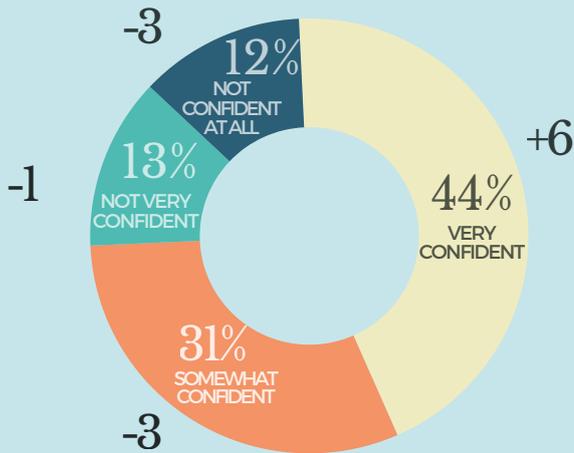
Likewise, confidence levels in measures of financial resilience and emergency preparedness have shifted towards increased confidence amongst those that express an opinion. Three in four (75%) feel confident that they could pay for an emergency expense of £100 without borrowing, up three percentage points since November 2023, and over half (56%) feel confident they could pay an emergency expense of £500 without borrowing, up four percentage points.

However, a notable one in four (25%) report experiencing extreme precarity, unable to pay for an emergency expense of £100 without borrowing, and just under half (44%) could not pay for an emergency expense of £500 without borrowing.

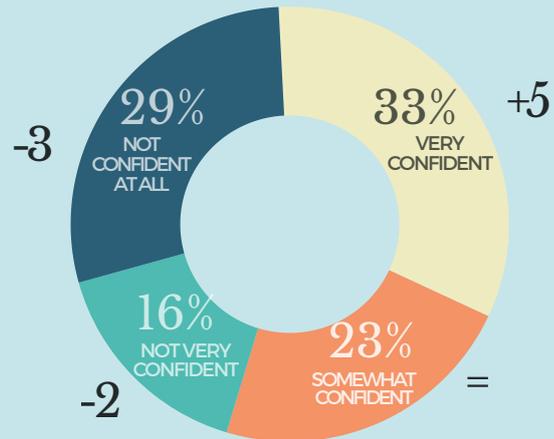
One of the stark differences in demographics observed in financial fragility is among households with children. Households with children are less likely to report that they are confident that they could meet an emergency expense of £100 (67%) compared to households without children (77%). This means that one in three (33%) households with children are not confident they could meet an emergency expense of £100 without borrowing and six in ten (58%) are not confident they could meet an emergency expense of £500 without borrowing.

Turning to housing costs, three in five (62%) are confident that they could pay their rent or mortgage if they increase in the next six months. This is up six percentage points from over half (56%) who said the same in November, the largest increase in confidence witnessed across the four indicators.

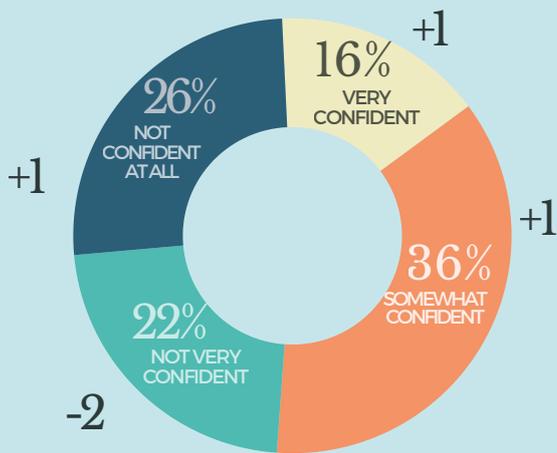
In contrast, confidence in securing another job or a new job within three months if necessary has remained relatively stable since November. About half (52%) of those that express an opinion feel confident they could do get another job or a new job within three months, while half (48%) do not.



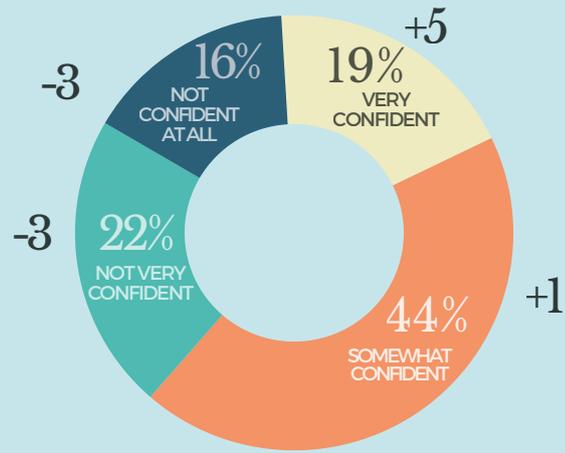
Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £100 without having to take out a loan/borrowing?



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 November 2023

COST OF LIVING BEHAVIOURS

Scots have taken a variety of measures to cope with rising costs of living over the course of the Understanding Scotland series. The most common behaviours highlight ways to reduce expenditure, including cutting down on non-essential purchases (62%), leisure activities (58%), energy use (57%), and heating (56%).

While rates of these behaviours were relatively stable from February to May, they have witnessed a sizable change since May, with the percentage cutting down on non-essential purchases falling five percentage points, on energy use falling six percentage points, and on heating falling seven percentage points.

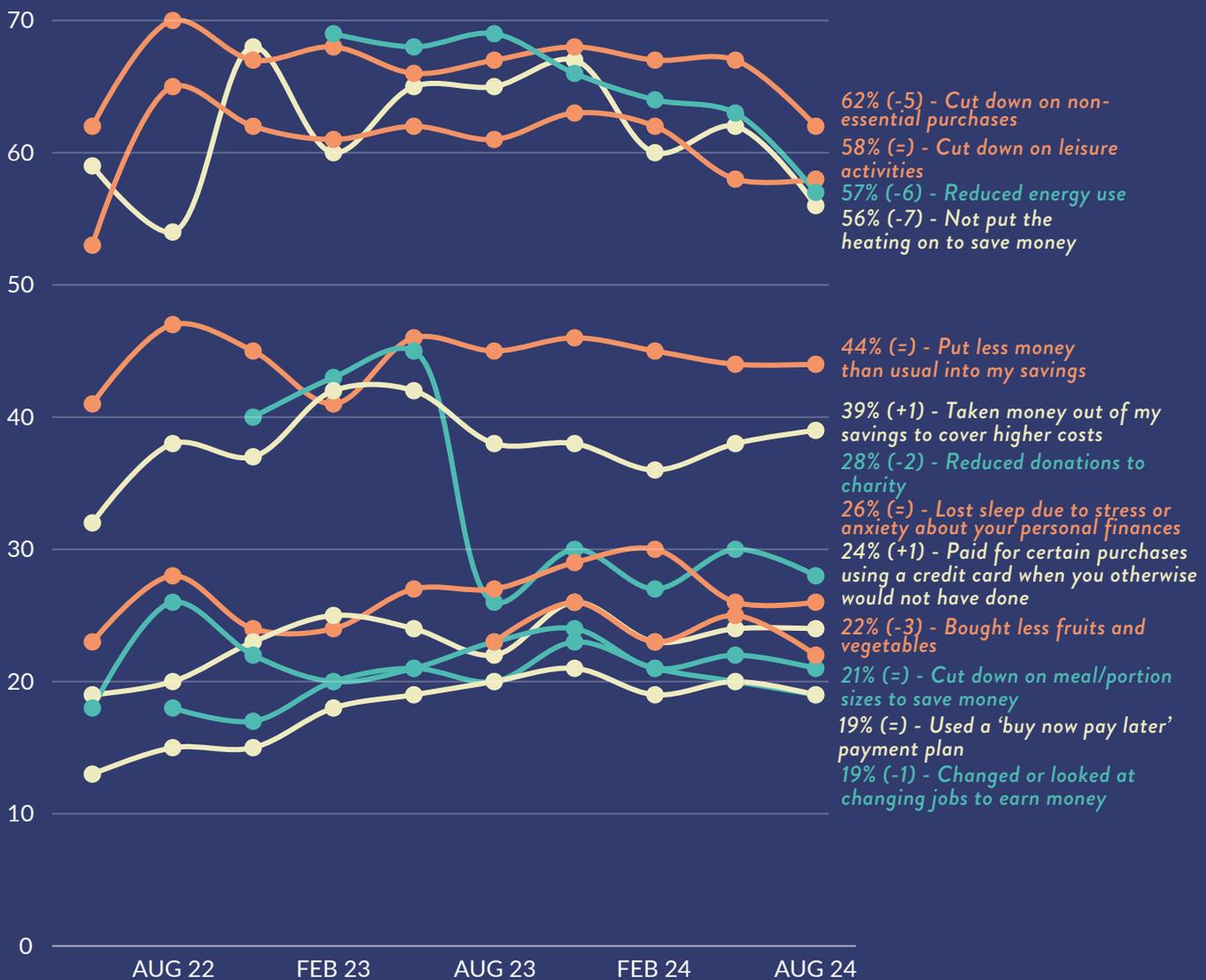
Such changes may result from seasonal effects, with individuals preparing to spend more on non-essentials like clothing during summer and a new school year.

Other indicators have remained relatively stable, shifting just one or two percentage points from May. However, three indicators have seen larger changes. 22% of Scots bought less fruit and vegetables to reduce food bills, while 9% have deferred certain payments until next month due to higher prices, and 8% tried unsuccessfully to take on more work. Each of these measures is down three percentage points respectively, suggesting that Scots may be leaning into long-term solutions to deal with higher costs, rather than quick fixes.



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 May 2024



IMPACTS ON FOOD

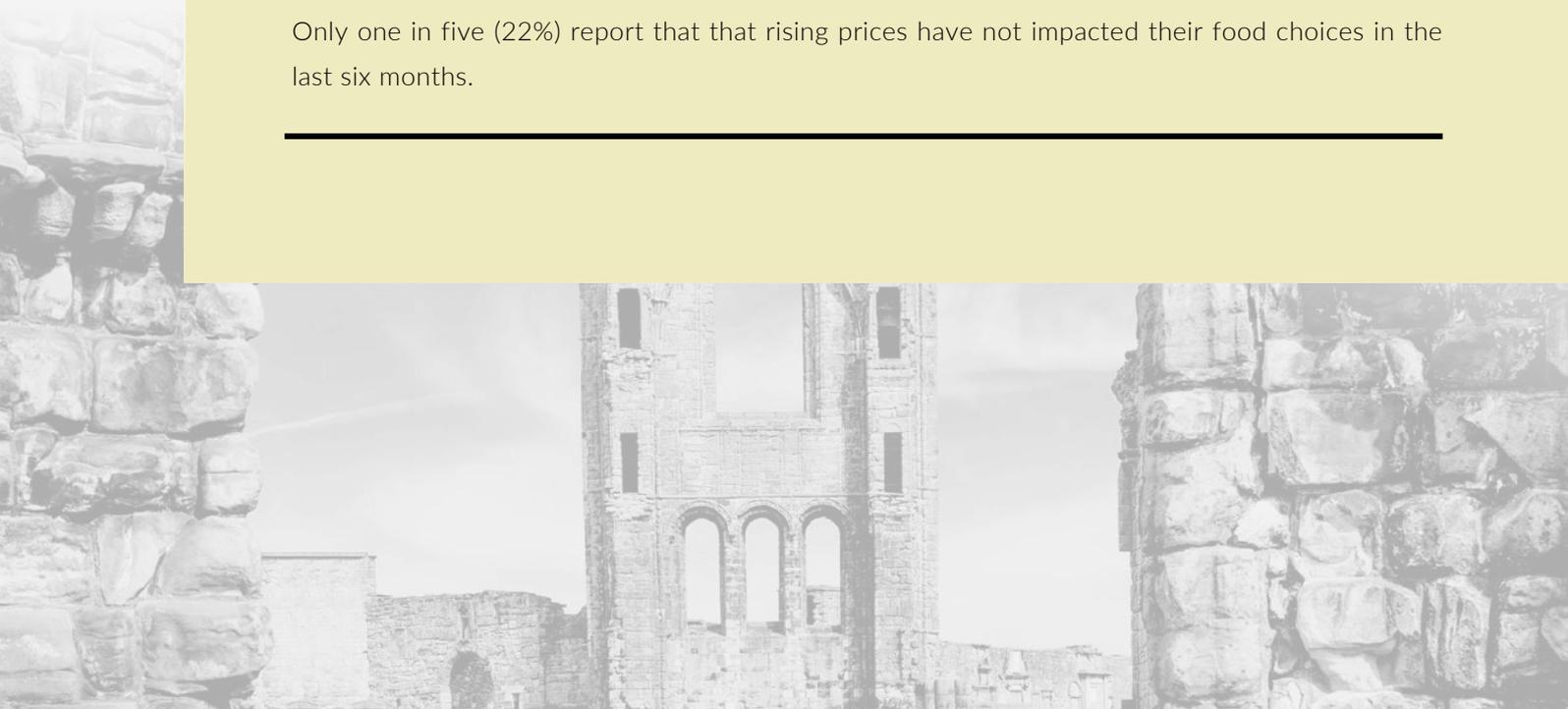
When asked about the impact of rising prices on food choices in the last six months, many Scots report that they are continuing to cut costs by reducing the number of takeaways or times they dine out (60%) or by shopping for food based primarily on price (45%).

A sizable minority are reducing the quantity or quality of fruits and vegetables in their diet (25%), consuming more packaged or processed foods instead of fresh alternatives (25%), choosing to eat less meat to save money (24%), and choosing foods that require no or very little cooking to save money (24%).

There are notable differences in behaviours based on demographics. For example, households with children are more likely to report behaviours such as reducing the number of takeaways or times dining out (67%), shopping for food based on price rather than health (55%), and consuming more packaged or processed foods rather than fresh alternatives (34%) than households with no children.

Those in Scotland's most deprived neighbourhoods are also more likely to report engaging in all these behaviours with the exception of reducing the number of takeaways/dining out than those in Scotland's most affluent neighbourhoods.

Only one in five (22%) report that that rising prices have not impacted their food choices in the last six months.

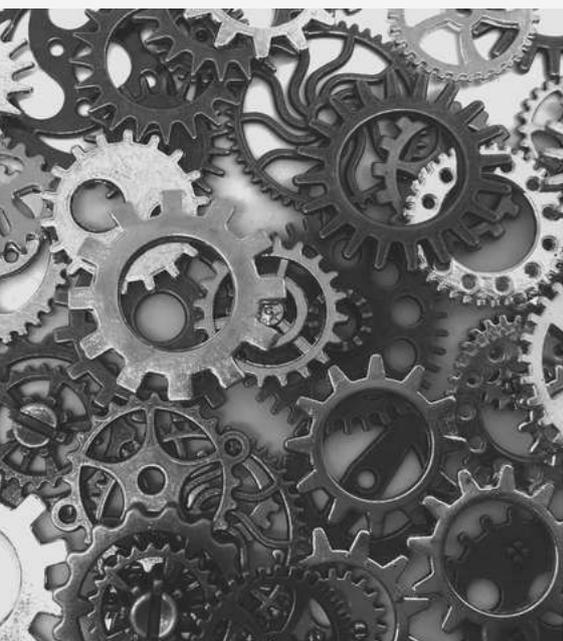


IMPACTS ON FOOD

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 outside bars represent change since August 2023



TECHNICAL DETAILS

The survey was designed by Diffley Partnership and invitations were issued online using the ScotPulse panel. Fieldwork was conducted between the 1st - 5th August 2024, and received 2,227 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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