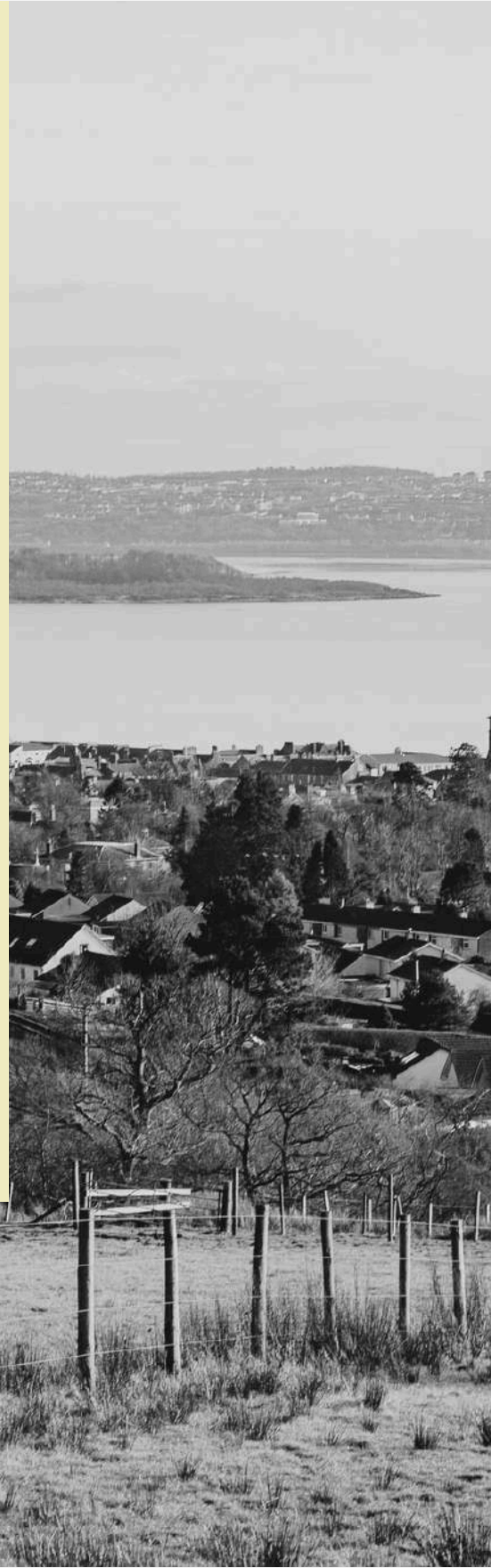




CONTENTS

INFORMATION	1
INTRODUCTION	2
5 KEY POINTS	3
SCOTLAND'S DIRECTION OF TRAVEL	4
PUBLIC PRIORITIES	6
ECONOMIC PRIORITIES	8
ECONOMIC OUTLOOK	10
CONCERN WITH MONEY MATTERS	13
INCOMES & ADEQUACY	17
BUYING INTENTIONS	19
TECHNICAL DETAILS	21
FIND OUT MORE	21



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 - FEBRUARY 2025

The Understanding Scotland Economy Tracker provides a timely snapshot of public sentiment on key economic and financial issues affecting Scotland. As we enter 2025, the first edition of the year reveals a population still grappling with economic uncertainty, persistent cost-of-living pressures, and deep-seated financial anxieties. While healthcare and affordability remain top concerns, this wave highlights a renewed focus on the broader economy as Scots look to the year ahead.

Healthcare continues to be the dominant issue, with concern increasing, while cost-of-living pressures remain a major priority. At the same time, the economy is emerging as a top issue among Scots, with a notable increase in the proportion who state this as among their priorities. This renewed focus aligns with a bleak economic outlook, with most Scots believing conditions have worsened and expecting further decline. While there are small signs of easing pessimism, optimism remains scarce, with few anticipating improvement.

Against this backdrop, cost-cutting behaviours have become deeply ingrained. Many Scots continue to reduce leisure activities, cut back on non-essential spending, and save less than usual. However, these financial strains are not felt equally - young people, lower-income households, families with children and ethnic minorities are disproportionately affected, with greater impacts on mental health, physical wellbeing, and sleep.

Despite widespread caution, there are tentative signs of recovery in certain sectors. While significant cutbacks in non-essential spending persist, particularly on dining out, some categories show modest signs of improvement. More Scots are beginning to anticipate increased spending on clothing, leisure and travel, suggesting a small but noteworthy shift in consumer confidence.

Finally, while public sentiment remains largely negative, this wave offers early signs of shifting perceptions. Fewer people now believe Scotland is heading in the wrong direction, while a growing proportion feel the country is moving onto a better path. Although uncertainty remains, optimism is gradually emerging as Scots look ahead to the rest of 2025.

As the year unfolds, the Understanding Scotland Economy Tracker will continue to monitor these evolving trends, providing valuable insights into the financial realities and economic outlook of people across Scotland.

UNDERSTANDING SCOTLAND

THE ECONOMY IN 5 POINTS

This edition of Understanding Scotland brings you insights from over 2,000 members of the adult (16+) Scottish public on the most important aspects of our society and economy.



01 HEALTHCARE AND COST OF LIVING REMAIN TOP PRIORITIES, WITH THE ECONOMY EMERGING AS A HIGHER PRIORITY FOR SCOTS

Healthcare continues to dominate as the most pressing issue for Scots, increasing by four percentage points to 50% naming it as a priority. Cost of living remains stable at 34%. Meanwhile, the proportion identifying the economy as a priority has risen by four percentage points to 20% after hitting a low of 16% in November 2024.

02 ECONOMIC OUTLOOK REMAINS BLEAK

A majority of Scots (62%) say economic conditions have worsened over the past year, and 64% believe they will deteriorate further in the next year. While this marks a slight decline of one to two percentage points in pessimism since the last wave, optimism has not grown, with fewer than one in ten reporting an improvement in the last year or predicting an improvement over the next year.

03 COST-CUTTING BECOMES ROUTINE, BUT FINANCIAL STRAIN HITS SOME HARDER

Spending cutbacks remain widespread, with 53% of Scots reducing leisure activities, 52% cutting non-essential spending, and 45% saving less than usual—figures that have changed little since November 2024. However, financial strain is more pronounced among Scots aged 16-34, those in lower social grades, households with children, and ethnic minorities, particularly affecting their mental health, physical well-being, and sleep.

04 SIGNS OF RECOVERY FOR SOME SECTORS, BUT NON-ESSENTIAL SPENDING CUTS PERSIST

Spending reductions are expected to continue this year, particularly in dining out, with 45% cutting back on takeaways and deliveries and 43% on restaurants. However, there are small signs of recovery in certain areas: the proportion expecting to spend more on clothing and footwear is up five percentage points, while leisure and culture and holidays outside the UK have seen increases of three percentage points each.

05 GLIMMERS OF OPTIMISM AS MORE SCOTS SEE THE COUNTRY HEADING IN THE RIGHT DIRECTION

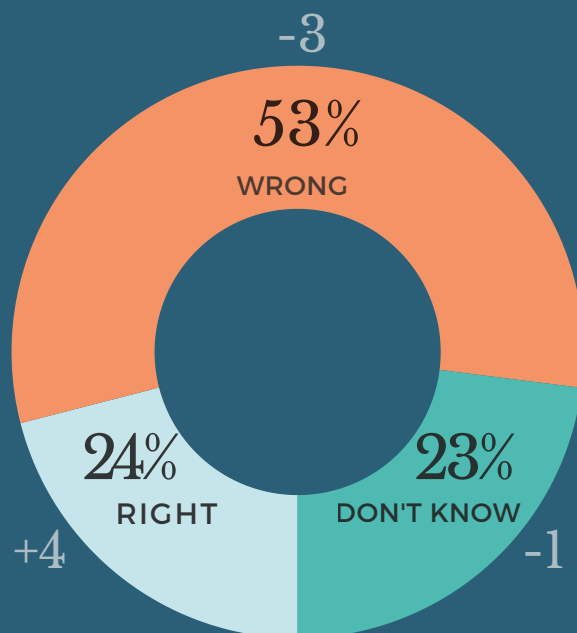
While 53% of Scots still believe the country is heading in the wrong direction, this is down three percentage points from the last wave. At the same time, optimism is growing, with 24% now saying Scotland is on the right path - an increase of four percentage points. Meanwhile, 23% remain uncertain, with optimism narrowly overtaking uncertainty for the first time in recent waves.

SCOTLAND'S DIRECTION OF TRAVEL

Since May 2022, negativity about Scotland's direction of travel has surpassed positivity. True to form, this wave, 53% of Scots think that things in Scotland are heading in the wrong direction, while 24% think that things are heading in the right direction. Despite this overall negativity, the proportion of Scots who think things are heading in the wrong direction has decreased three percentage points since November, to the lowest value observed in two years, while the proportion of those who believe Scotland is heading in the right direction has increased four percentage points, to the highest value recorded in over a year. The proportion who don't know what direction Scotland is heading in has decreased by a mere one percentage point.

Views on Scotland's direction vary significantly by demographic. In line with previous findings, older age groups, including those 65 and older (57%), are more likely to think that things are heading in the wrong direction than those aged 16-34 (43%). In addition, those in social grades C2DE (57%) are more likely to believe that things are headed in the wrong direction than those in grades ABC1 (49%).

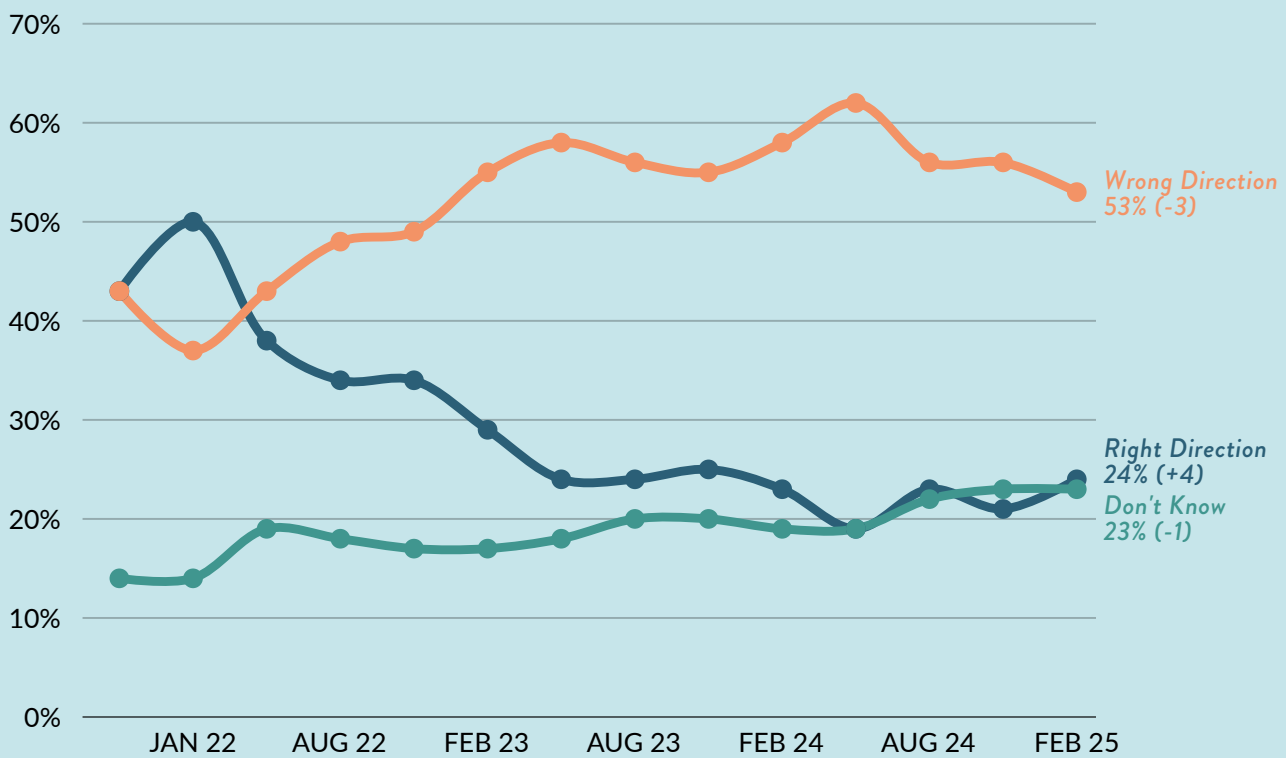
Some demographics are more likely to believe things are heading in the right direction or be uncertain. Those in the Lothian Scottish Parliamentary region are more likely to believe Scotland is heading in the right direction (31%) compared to other regions. And in line with prior findings, more women than men are undecided about Scotland's direction, with 30% of women selecting don't know compared to 15% of men.



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

SCOTLAND'S DIRECTION OF TRAVEL

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



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



PUBLIC PRIORITIES

Throughout the Understanding Scotland series, healthcare and the cost of living have consistently been the public's top priorities, holding true this wave. Half (50%) of Scots report that healthcare and the NHS is one of the top three issues facing Scotland, a sizable four percentage point increase since November, although broadly in line with findings from the past two years. The percentage of Scots selecting the cost of living/inflation as a top issue has remained the same since the last wave, at just over one third (34%), although down seven percentage points from this time last year.

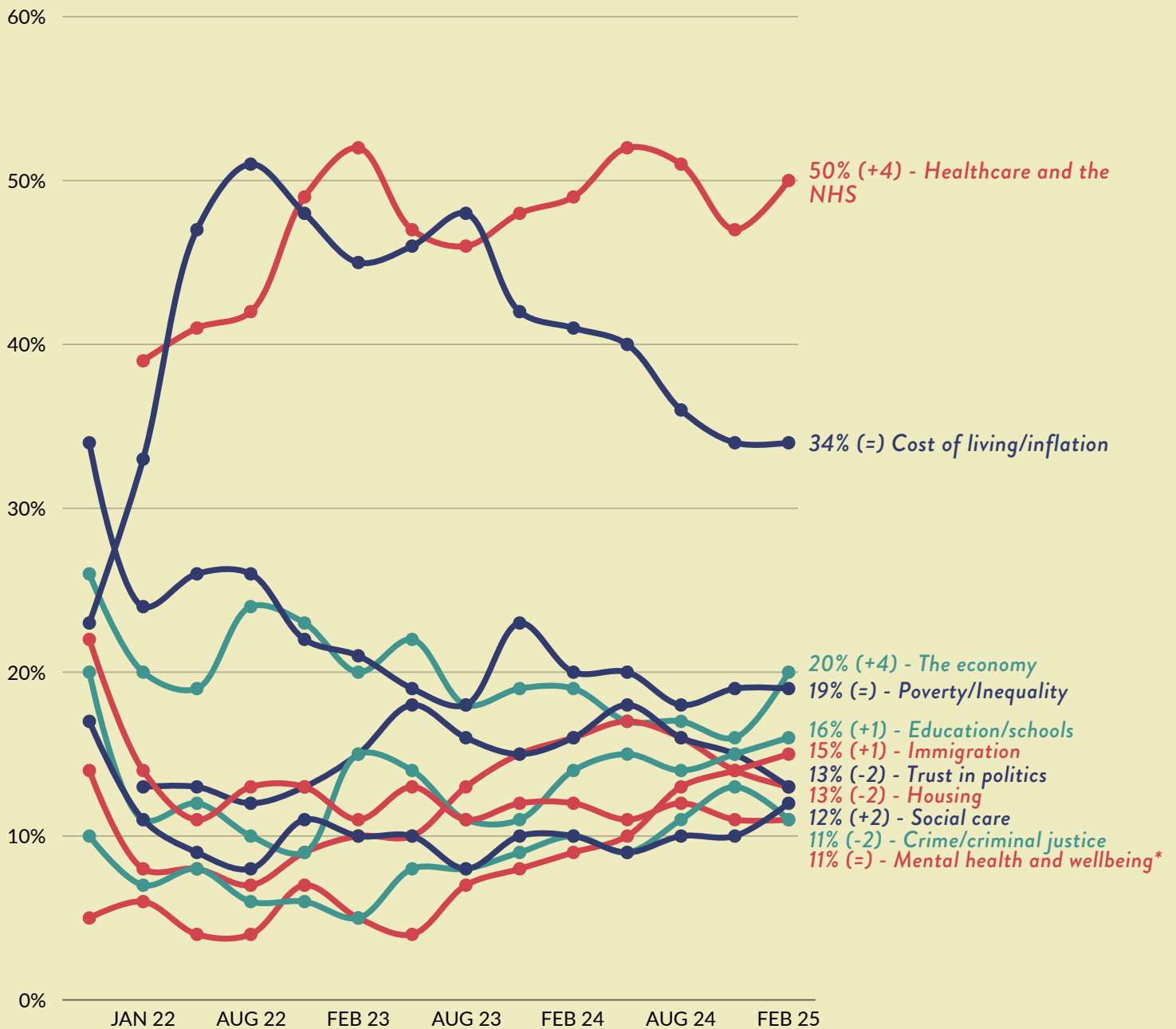
There are notable differences in the demographics of those most concerned with these top issues, with nearly three-fifths (57%) of women selecting healthcare as a top issue compared to a little over two-fifths (43%) of men. Older age groups are also more likely to be concerned with healthcare/NHS, while younger people are more likely to be concerned with cost of living; 55% of those 65+ identify healthcare as a top priority, compared to 45% of those 16-34, while 43% of those aged 16-34 select cost of living as a top issue compared to about a quarter of those 55+ (26%). Moreover, two-fifths (40%) of those who live in a household with children identify cost of living as a top issue compared to one-third (33%) of those in a household without children.

A number of other issues remain prominent in the public's concern; 15% or more of Scots select the economy (20%), poverty and inequality (19%), education/schools (16%), and immigration (15%) as top issues facing Scotland. Additionally, emphasis on trust in politics has declined by two percentage points, falling to 13% and narrowly out of the top six priorities amongst the public. While most of these priorities have remained stable since last wave, the proportion identifying the economy as a top issue facing Scotland has increased four percentage points.

Some crucial differences in priorities emerge by gender. Men are more likely than women to be concerned with immigration (18%; 11%) and the economy (27%; 14%), while women are more likely than men to identify education (18%; 13%), social care (15%; 9%) and mental health and wellbeing (13%; 8%) as top issues facing Scotland.

TOP PRIORITIES & ISSUES

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



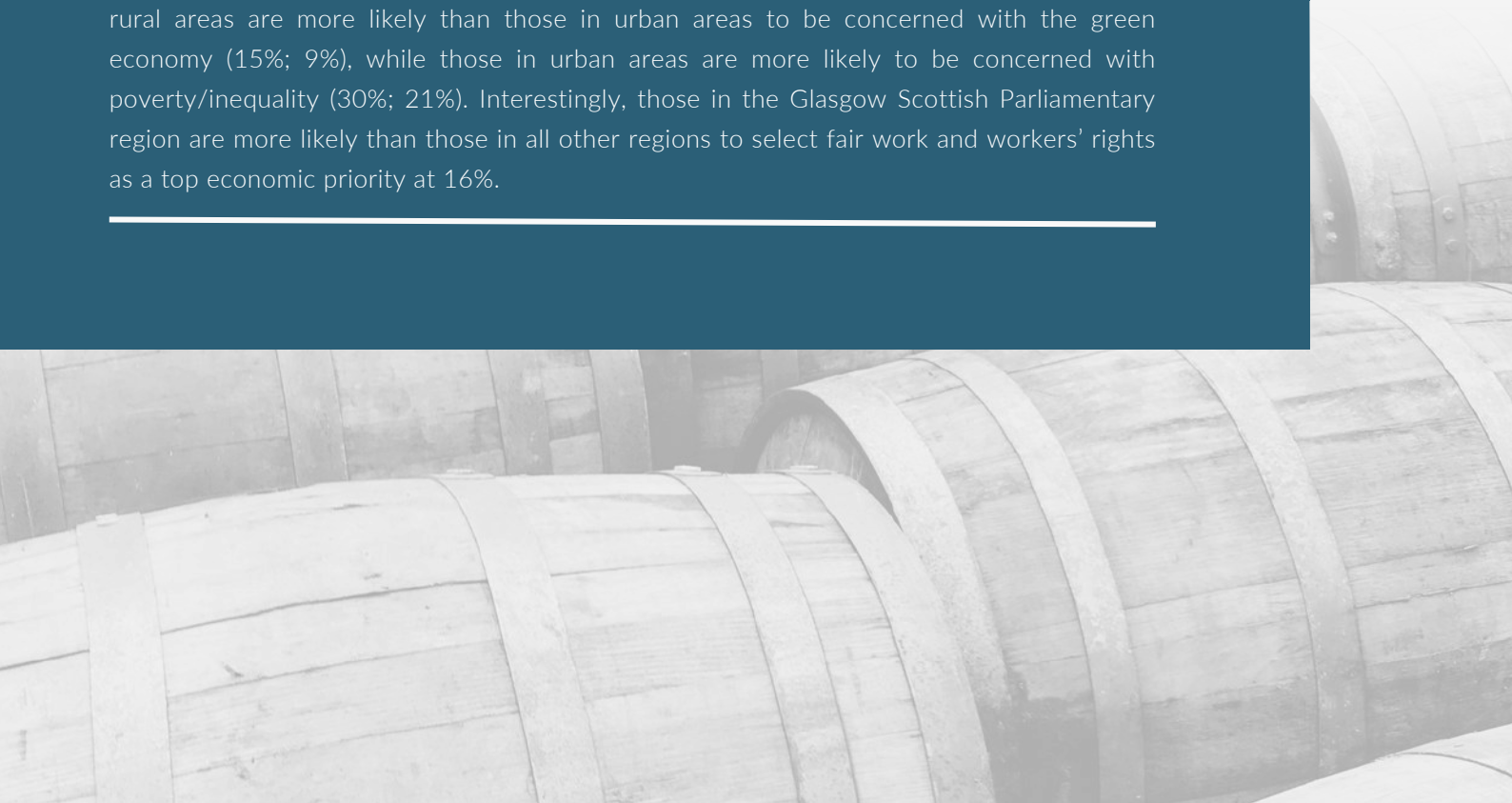
And what do you think are the three most important issues facing Scotland today? (Only answer options above 10% shown)
 N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021. Changes in brackets since November 2024

ECONOMIC PRIORITIES

While emphasis on cost of living as a public priority has fallen throughout the series, cost of living/inflation remains the most selected concern when considering economic and financial issues specifically. Almost three in five Scots (57%) consider cost of living/inflation to be one of the top three issues facing the Scottish economy, up one percentage point since November.

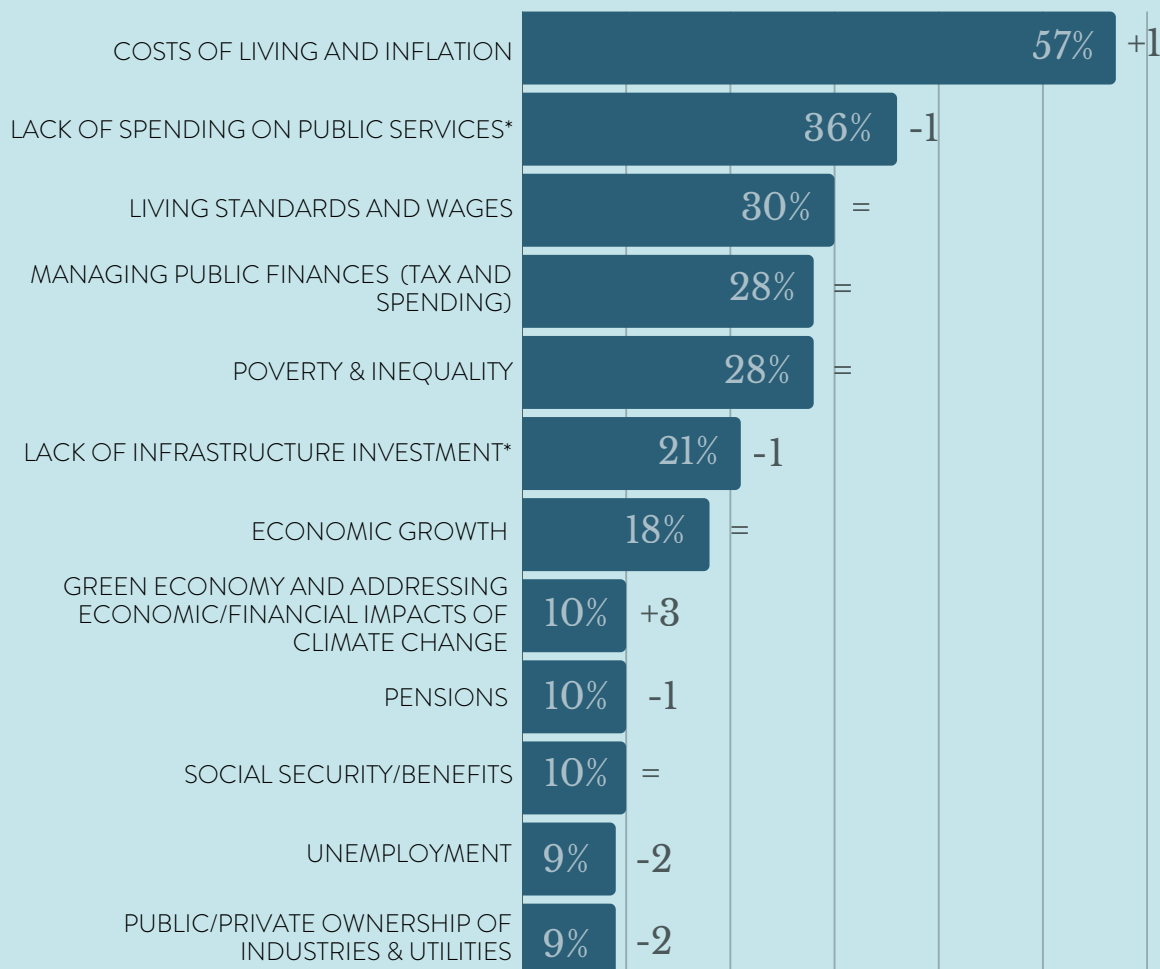
The subsequent top six economic and financial issues have also remained stable since the last wave, changing at most one percentage point. These include lack of spending on public services (36%), living standards and wages (30%), managing public finances (28%), poverty and inequality (28%), lack of infrastructure investment (21%), and economic growth (18%). The most significant change in economic priorities is seen for the green economy and the economic/financial impacts of climate change, which is up three percentage points from last wave, selected as a top priority for one in ten (10%) Scots.

Importantly, economic priorities vary by gender and geography. Men are more likely than women to be concerned with economic growth (24%; 13%) and lack of infrastructure investment (24%; 17%), while women are more likely to identify cost of living/inflation (60%; 53%) and living standards/wages (34%; 25%) as top economic priorities. Those in rural areas are more likely than those in urban areas to be concerned with the green economy (15%; 9%), while those in urban areas are more likely to be concerned with poverty/inequality (30%; 21%). Interestingly, those in the Glasgow Scottish Parliamentary region are more likely than those in all other regions to select fair work and workers' rights as a top economic priority at 16%.



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. Numbers outside bars represent percentage point change from November 2024



ECONOMIC OUTLOOK

Throughout the last few years, Scots' economic outlook has been predominantly negative. In November 2024, when asked if they believe that general economic conditions are better or worse than a year ago, almost two-thirds (63%) of Scots who expressed an opinion thought conditions had worsened. Over the last quarter, this has remained steady, decreasing only one percentage point, to 62%. Similarly, the proportions of those who believe economic conditions are about the same or better than they were a year ago has not changed, with about three in ten (32%) believing economic conditions are about the same, and only 6% believing they have improved. Notably, this is significantly lower than results from August 2024, when 11% of those that expressed an opinion believed economic conditions had improved, and just over half (54%) believed they had worsened.

Despite perceptions of worsening economic conditions, the proportion of those who believe their individual financial situation has worsened has decreased by four percentage points since November, although still over two-fifths (44%) of respondents. A similar proportion (42%) believe their financial situation is the same as it was a year ago, leaving 14% who believe their financial situation has improved, an increase of two percentage points each over the last wave.

Future forecasts indicate little change from previous, largely negative, expectations. The proportion of Scots who believe general economic conditions will worsen over the next 12 months is down one percentage point, with nearly two-thirds (64%) still predicting this. The proportion who believe conditions will improve has also decreased by two percentage points, to 7% of respondents.

The proportion of respondents who believe their financial situation will be worse in one year has decreased two percentage points over the last three months, remaining steady at about two-fifths (41%) of Scots, although this has not been reflected in an increase in those who believe their financial situation will improve, unchanged at 13% of respondents.

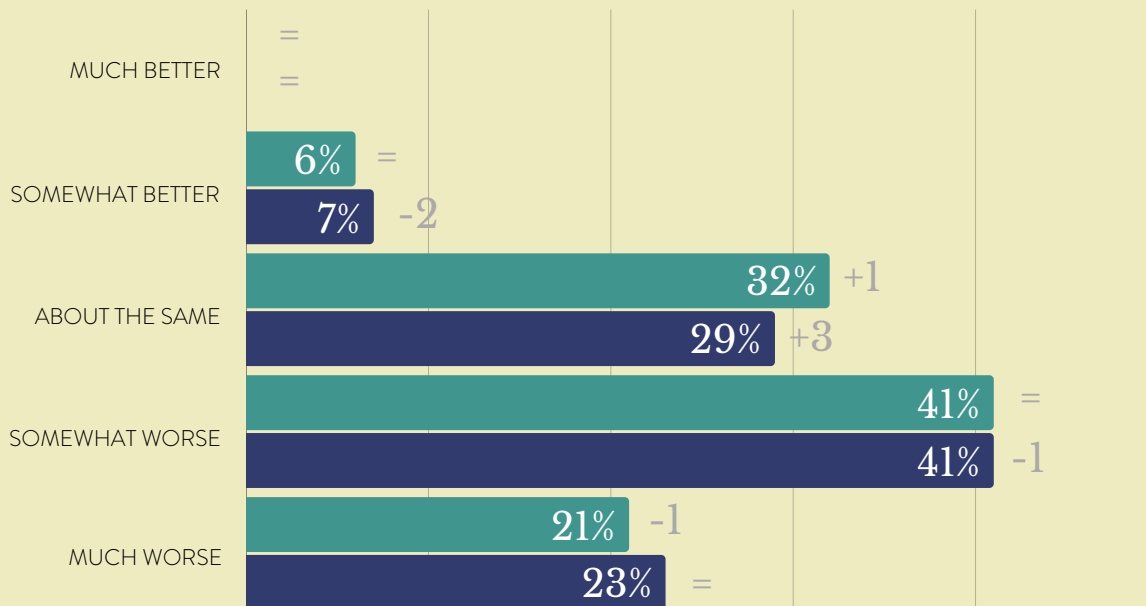
Turning to demographics, the youngest age group is more optimistic across all metrics than those in other age groups. Those 16-34 are most likely to think that general and individual conditions have improved over the last year, and that they will continue to improve in the future.

OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions

■ Compared to 12 months ago

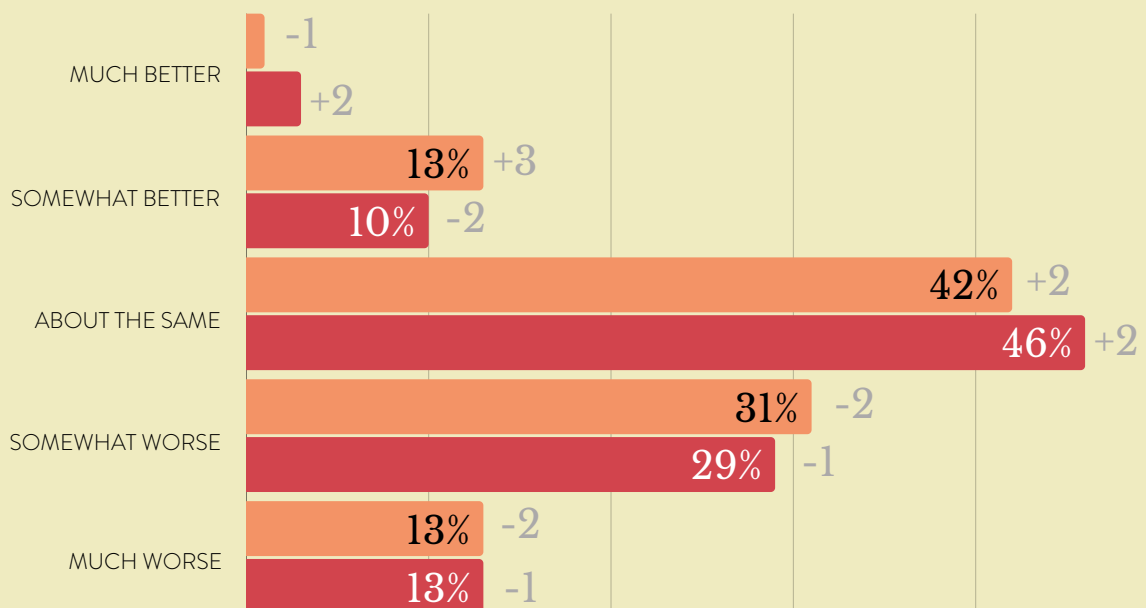
■ In 12 months' time



Own financial circumstances

■ Compared to 12 months ago

■ In 12 months' time

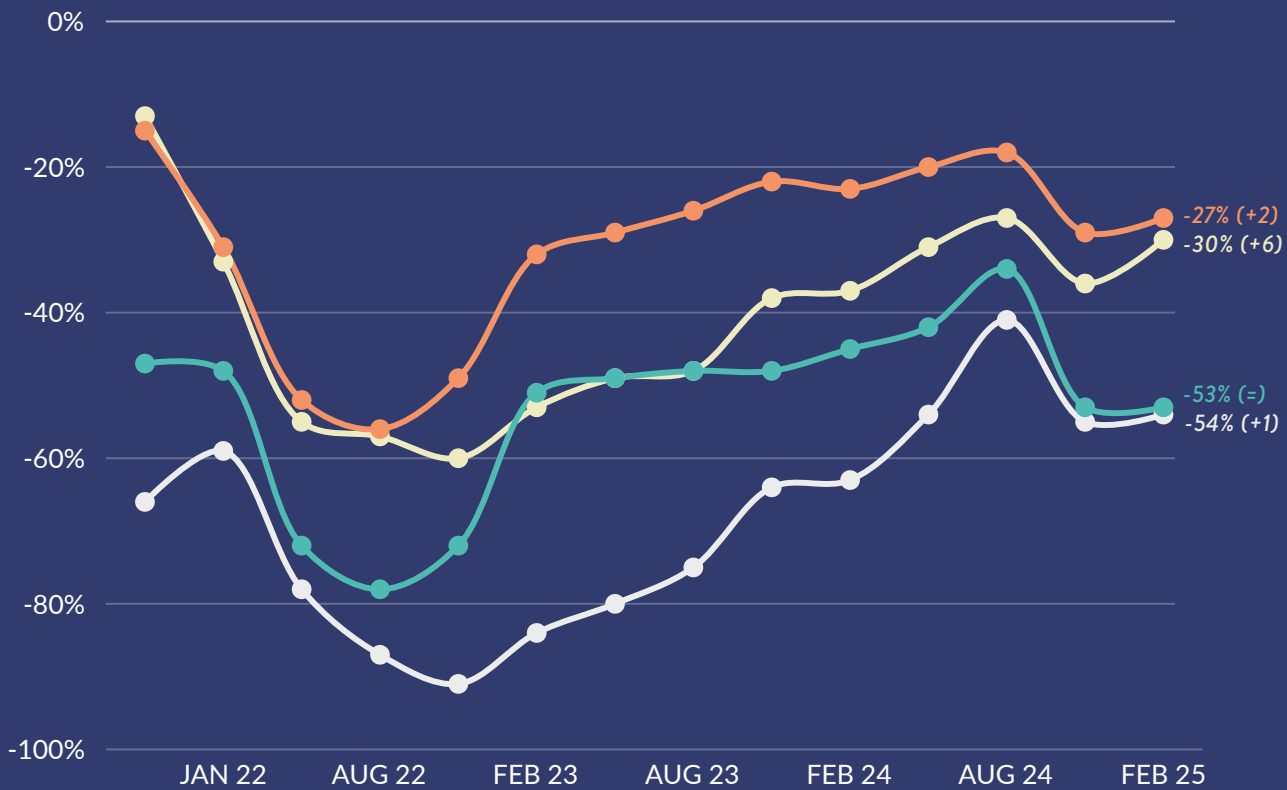


'Don't know' answers excluded. Numbers outside charts represent change from November 2024

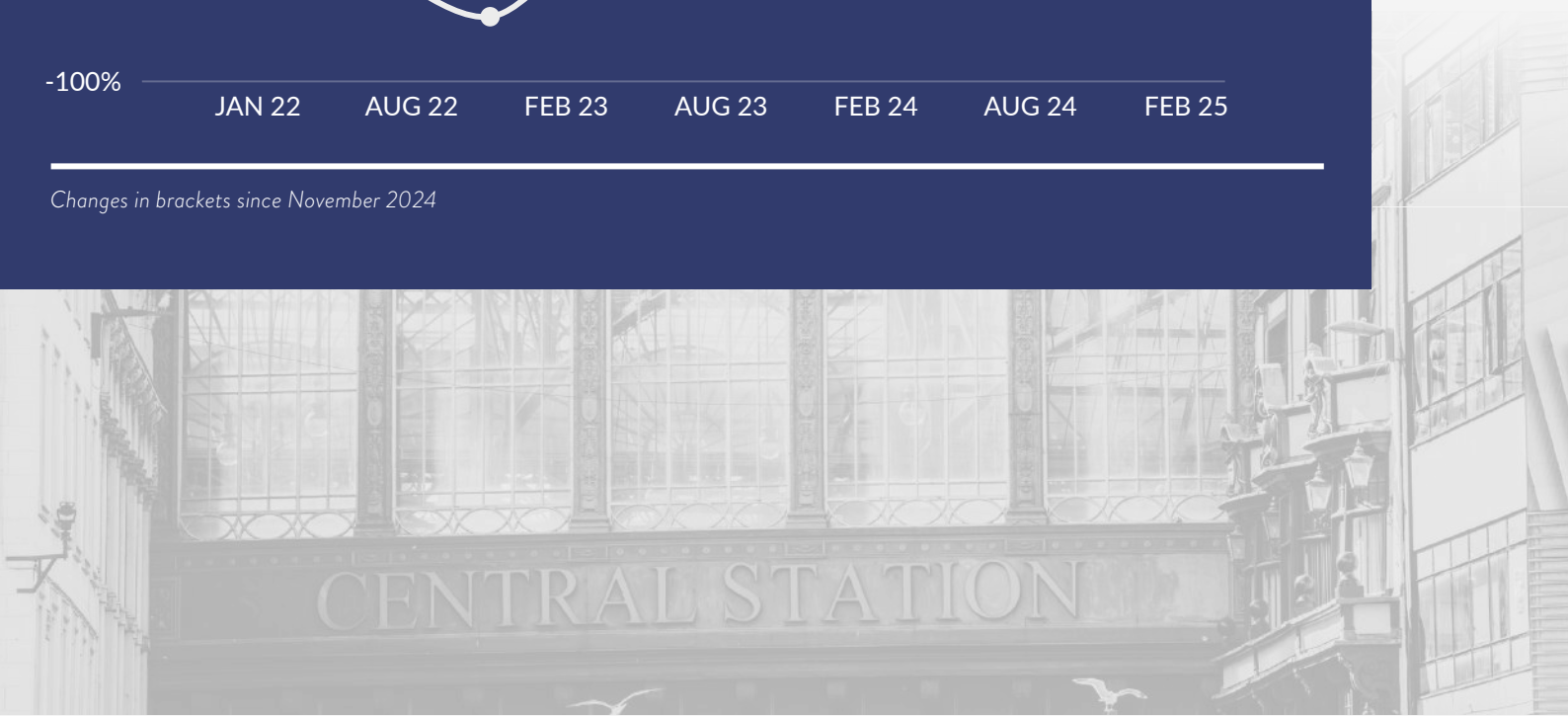
ECONOMIC & FINANCIAL OPTIMISM OVER TIME

'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 November 2024



CONCERN WITH MONEY MATTERS

Reflective of respondents' perspectives on their individual financial circumstances, reported impacts of concerns over money matters have largely remained steady or slightly declined since November 2024. However, still selected by over half of Scots, the most prominent impacts are cutting back on leisure activities (53%), down two percentage points from the last wave, and reducing non-essential spending (52%), unchanged from the last wave. Interestingly, the proportion of those who report reducing their heating or energy use has decreased by five percentage points to just under half (48%) of respondents. This may be reflective of seasonal trends and recent weather events. The proportion of those that have experienced no impacts from concerns over money matters is up one percentage point, to 16%.

Impacts from concerns about money matters vary by age. Younger age groups, specifically those aged 16-34, are much more likely than those aged 65+ to report a range of impacts on their health, employment and more.

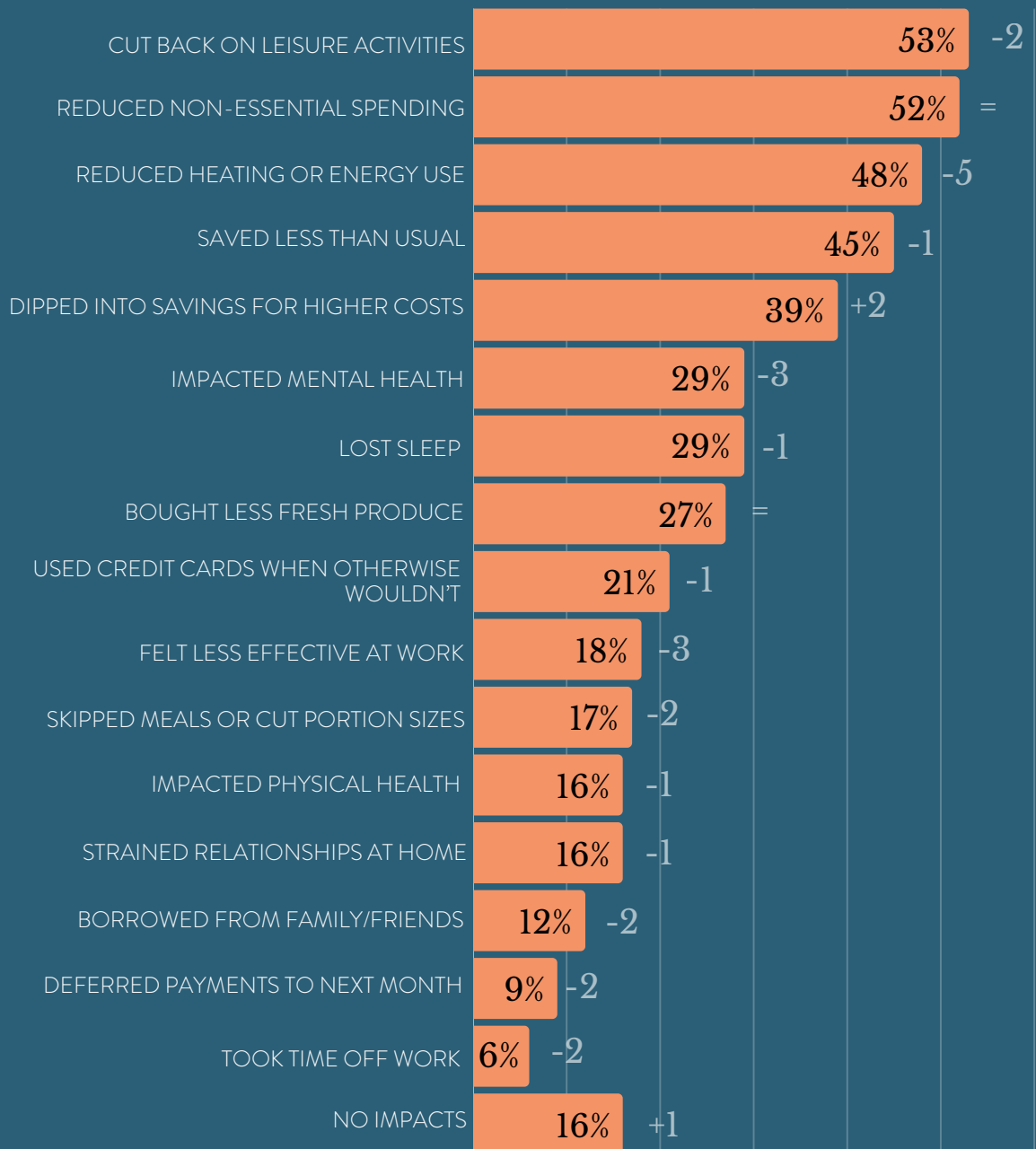
As in the last wave, social grade is a strong indicator of concern over money matters, with those in grades C2DE more likely to report experiencing many impacts due to financial concerns than those in grades ABC1. Importantly, some of the most salient differences between lower and higher social grades are seen for impacts on health, including impacting mental health (35%; 25%), losing sleep (34%; 24%), skipping meals or cutting portion sizes (23%; 12%) and impacting physical health (19%; 13%) in the last year.

In line with previous findings, household composition also influences financial distress; generally, those belonging to households with children are significantly more likely to report most impacts compared to those in households without children. The most notable differences by household composition are strained relationships at home (28%; 12%), bought less fresh produce (32%; 26%), cut back on leisure activities (62%; 50%), lost sleep (33%; 27%), and impacted mental health (36%; 27%). Similarly, households without children are much more likely to report not being affected by concerns over money matters in the last year (18%; 10%).

Impacts from concerns over money matters are also more likely to affect ethnic minorities than white Scottish residents. This is particularly prominent for physical health impacts and feeling less effective at work, where ethnic minority respondents are about twice as likely to report these impacts than their white counterparts.

CONCERN WITH MONEY MATTERS

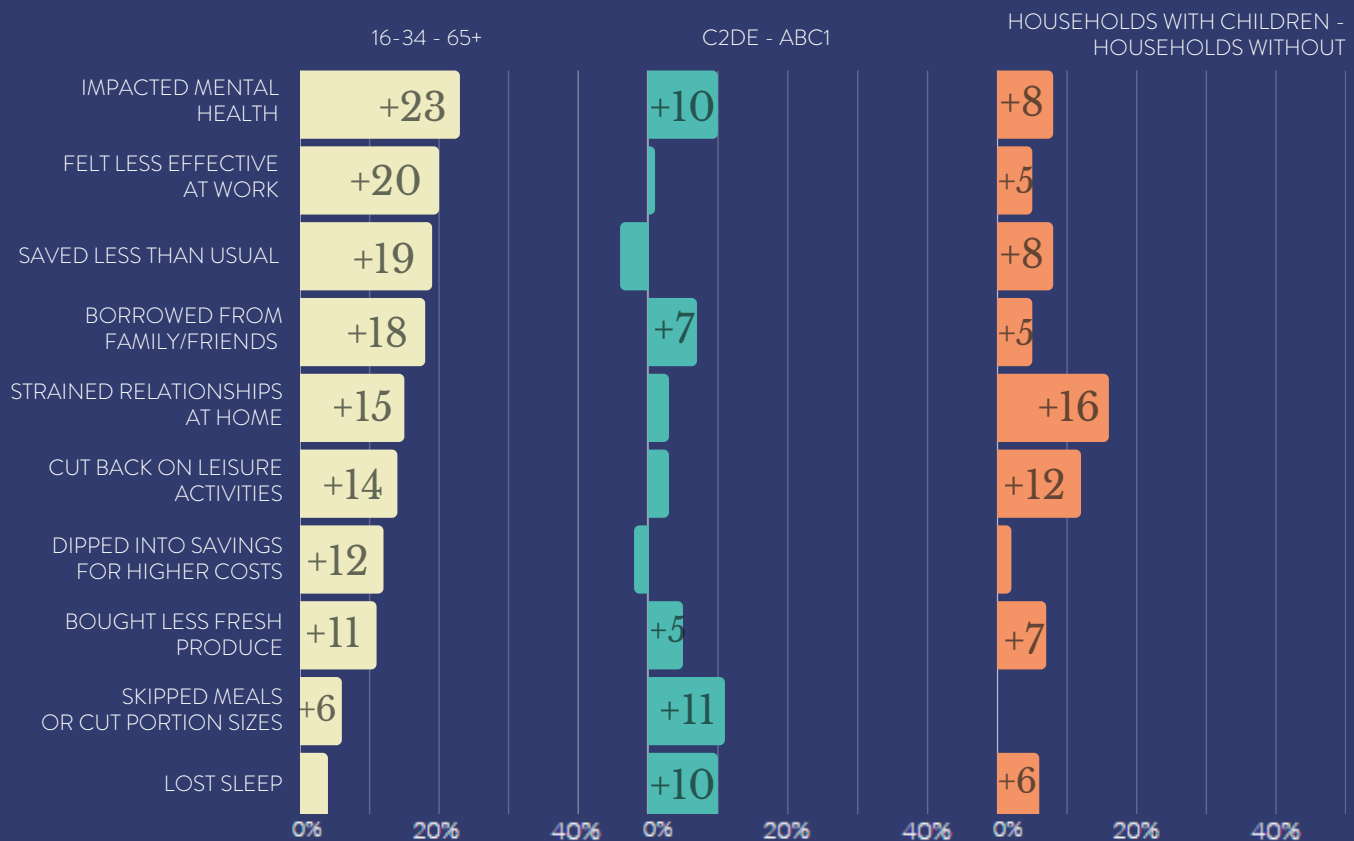
Proportion of respondents reporting the following impacts of concerns about money matters in the last 12 months



In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)

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

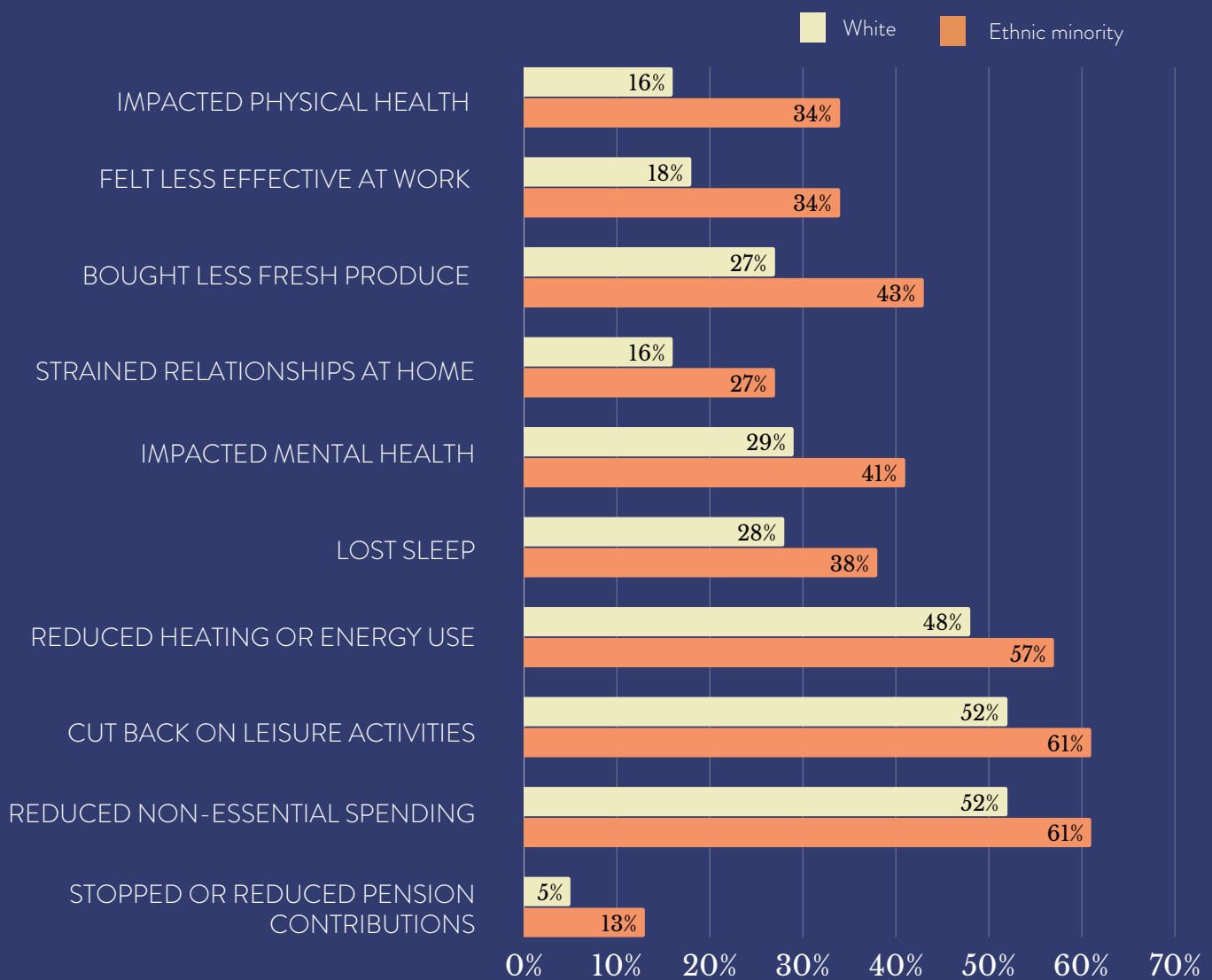


*In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)
Values represent percentage point difference between selected demographic groups*



CONCERNS WITH MONEY MATTERS, BY ETHNICITY

Proportion 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)



INCOMES & ADEQUACY

Satisfaction with income levels has remained steady since May 2024, with 35% of those with an opinion expressing satisfaction. Similarly, dissatisfaction is also down only one percentage point, from 41% in May 2024, to 40% in February 2025.

When looking specifically at one's income in relation to covering the cost of living, the latest data shows no significant change in satisfaction, with 27% reporting being satisfied in May 2024, compared to 28% in February 2025. This is down slightly from November 2023, where 31% of respondents reported being satisfied. In contrast, satisfaction with regards to one's ability to meet their household bills has also increased two percentage points, from 38% in May 2024.

The balance between paid and unpaid commitments has seen a slight decline in recent satisfaction, with 27% reporting satisfaction compared to 29% in May 2024, although this is down from 38% in November 2023. While the proportion of those satisfied with their paid/unpaid commitment balance has remained relatively steady over the past two waves, the proportion reporting dissatisfaction has increased five percentage points, from 33% in May 2024 to 38%.

This wave, respondents were also asked about their level of satisfaction with regards to their job security. Three-fifths (61%) of Scots are satisfied with their job security, while one-fifth (21%) are dissatisfied.

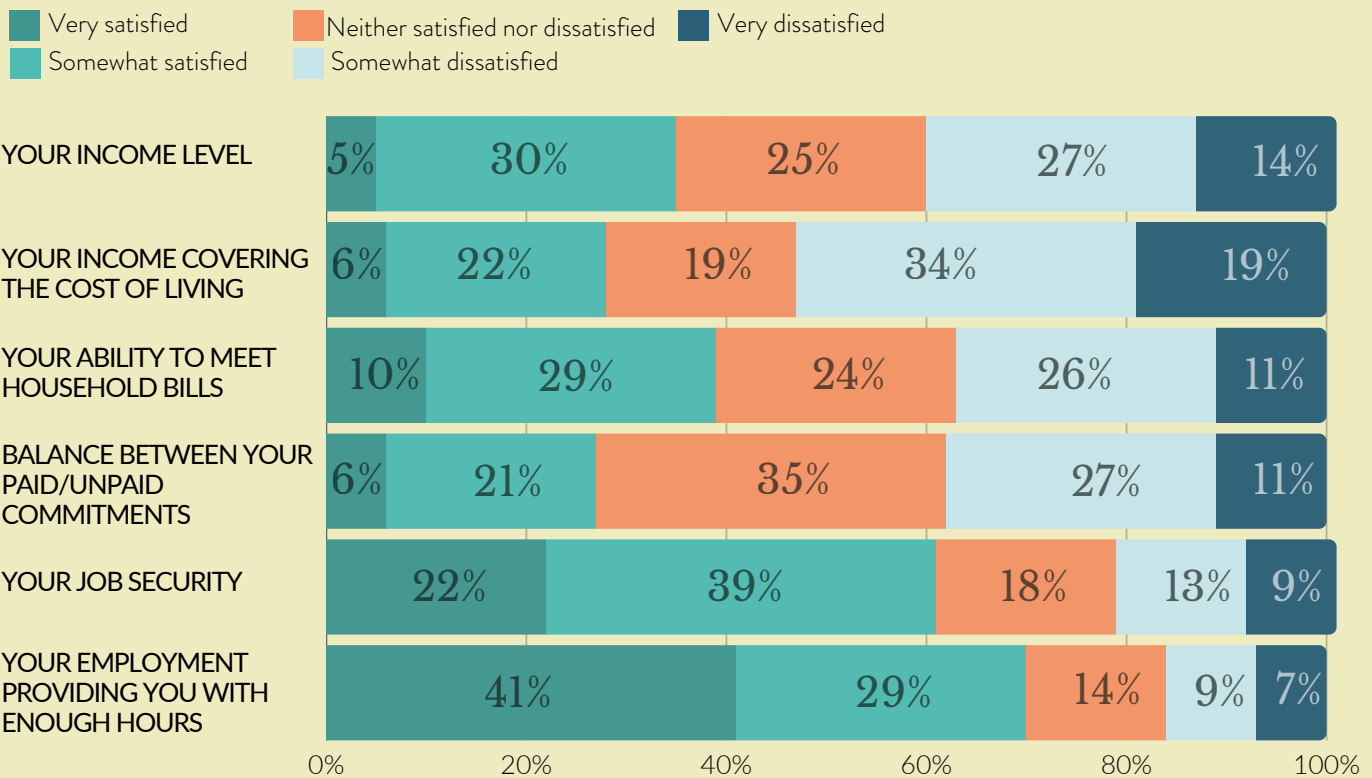
Satisfaction with getting enough paid hours at work is high compared to the other aspects of work and income surveyed; 70% of respondents this wave feel satisfied with this, up nine percentage points from May 2024 and even slightly higher than the 68% reported in November 2023. Dissatisfaction remains relatively low at 16%, a decrease of only one percentage point from the 17% dissatisfied in May 2024.

A few demographic characteristics influence respondents' satisfaction with these aspects of their occupations and incomes. Women are more likely than men to report being dissatisfied with their income (43%; 35%), and those in social grades ABC1 are significantly more likely than those in C2DE to be satisfied with all of the aspects surveyed, most notably, their ability to cover household bills (45%; 27%), their income covering cost of living (35%; 17%), and their balance between paid and unpaid commitments (25%; 14%).



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:



BUYING INTENTIONS

This wave also included a question on respondents' buying intentions, querying how much they anticipated spending on a series of goods and services over the coming year relative to their spending over the past year. For many goods and services, spending intentions in February 2025 did not differ substantially from February 2024, when this question was last asked. This includes for essential goods, like housing costs, utility bills, food and drink, and for some non-essential goods, like holidays within the UK, where the proportions of those who expect to spend more, less, or the same have changed no more than one to two percentage points in either direction.

However, for select sectors, there is a notable increase in the proportion that intend to spend more over the next year. One in five (20%) respondents expect to spend more on holidays outside the UK and on clothing and footwear, which have increased by three and five percentage points since last year. In addition, the proportion of consumers who intend to spend more on leisure and culture activities has increased three percentage points to 17%.

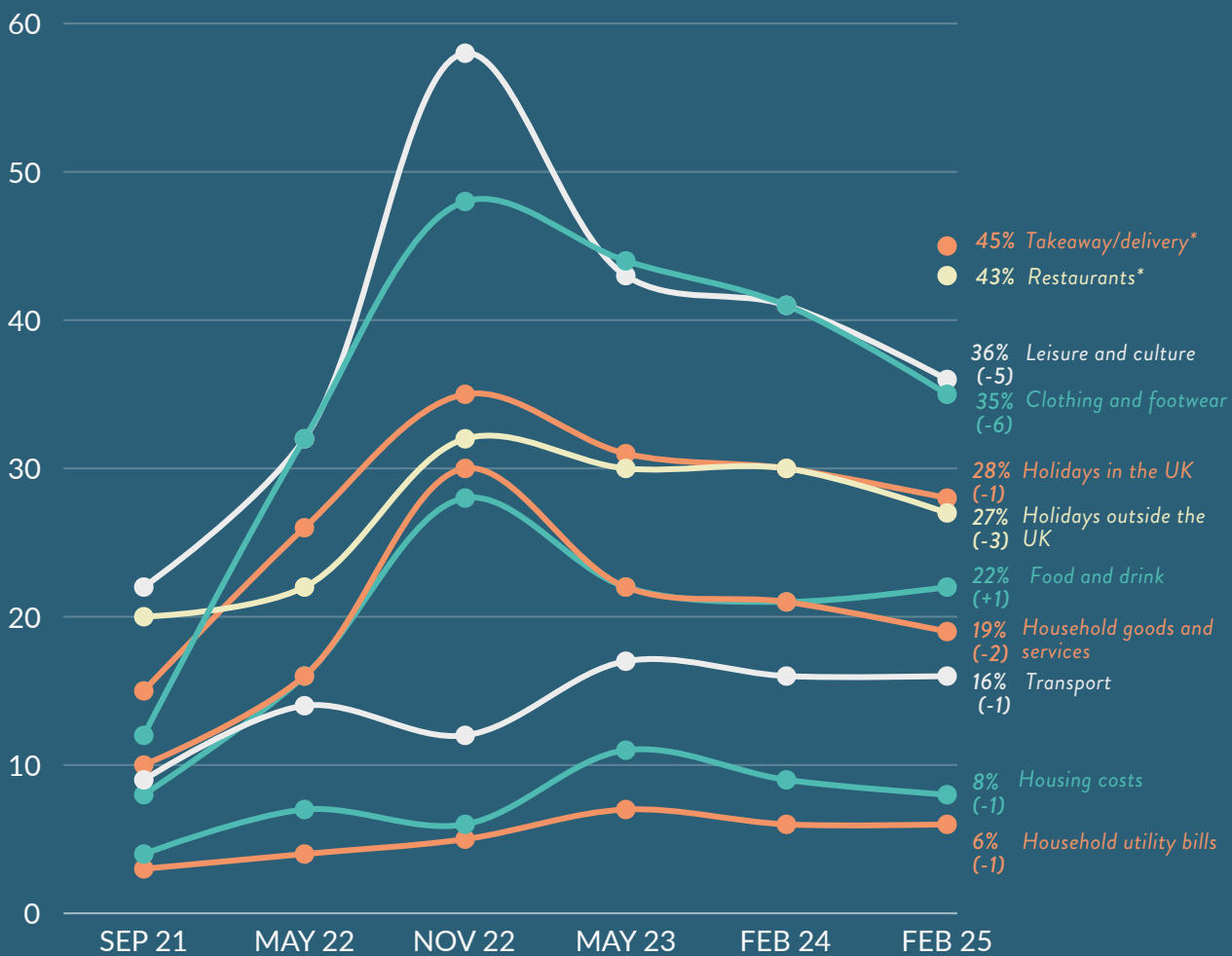
Three-fifths (61%) of Scots anticipate their spending on household utility bills will increase over the next year, similar to the 60% who said the same in February 2024 and nearly half (45%) say the same about their housing costs over the coming 12 months. The largest proportions of consumers anticipate decreasing their spending on eating out, with over two-fifths reporting they will spend less on restaurants (43%) and on takeaways/deliveries (45%).

Age has a significant influence on Scots' spending intentions. In particular, the youngest age group is more likely than older age groups to say they expect to spend more money on clothing and footwear, holidays outside the UK, and leisure and culture. About a quarter of those aged 16-34 expect to spend more on clothing and footwear (25%) and holidays outside the UK (28%), compared to 17% and 16% respectively of those 45+. When considering leisure and culture, this trend strengthens, with 24% of those 16-34 reporting they intend to spend more money on this over the year, compared to 13% of those 35+.

Although the proportions of those expecting to spend less on many of these goods and services are down from their peaks in November 2022, these findings signal the majority of the public still does not predict increasing their expenditure.

BUYING INTENTIONS OVER TIME

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



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

N.B. An asterisk denotes a new or changed answer item since the first wave in September 2021.

*Brackets show change from last data point



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 4th - 10th February 2025, and received 2,194 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

© 2025- The Diffley Partnership



Diffley
Partnership

**CHARLOTTE
STREET
PARTNERS**



 **The
David
Hume
Institute**

David Hume Institute Registered Charity Number SC009579