

UNDERSTANDING SCOTLAND

ECONOMY TRACKER

May 2025

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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 2025

The Understanding Scotland Economy Tracker offers a vital window into how people across Scotland are experiencing and interpreting the country's economic climate. As we move through 2025, this latest wave paints a picture of deepening public pessimism, with rising concern about the direction Scotland is heading in and mounting anxiety about personal and national economic prospects.

Healthcare and the cost of living continue to dominate public concern, maintaining their place as the most pressing priorities for Scots. However, this wave brings a significant development: immigration has entered the top five issues for the first time, following a period of gradually increasing salience over the last year. At the same time, concern about the broader economy has fallen this wave, perhaps due to fatigue or reprioritisation in the face of more immediate challenges rather than improving conditions.

Economic sentiment has deteriorated further. More people now believe both the general economy and their own financial situation have worsened compared to a year ago, and expectations for the year ahead remain bleak. While cost-cutting behaviours have slightly stabilised, they remain widespread, with half of Scots continuing to cut back on leisure and non-essential spending, and nearly half reducing energy use.

Crucially, these pressures are not borne equally. Women, younger people, low-income households, ethnic minorities and households with children are consistently more likely to report serious impacts, from deteriorating mental and physical health to food insecurity and strained relationships. The data continues to show a strong connection between vulnerable groups and impact of financial shocks.

While confidence in short-term financial resilience has improved marginally for some, significant fragilities remain. Many households remain unprepared for even modest financial emergencies, and concerns about job security persist amid a weakening sense of opportunity in the labour market.

In all, this wave confirms that economic precarity and unease is entrenched and evolving. The Scottish public's priorities are shifting subtly, shaped by lived experience and rising social pressures. As these dynamics continue to unfold, the Understanding Scotland Economy Tracker will remain a crucial resource for understanding how Scots are navigating a persistently challenging economic landscape.

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 INCREASING PESSIMISM ABOUT SCOTLAND'S DIRECTION AND ECONOMIC OUTLOOK

Economic confidence has declined sharply: 70% of Scots say the general economic conditions are worse than a year ago (up from 62% in February), and nearly half (49%) report that their personal financial situation has deteriorated. Expectations for the year ahead are bleak, with 70% anticipating a worsening economy and 45% expecting their finances to decline further, up six and three percentage points respectively.

02 HEALTHCARE AND COST OF LIVING STILL DOMINATE, BUT IMMIGRATION RISES AS A GROWING PRIORITY

Healthcare (49%) and the cost of living (36%) remain the public's top priorities, consistent with long-term trends. However, immigration has entered the top five issues for the first time, cited by 16% of respondents—up six points since last year. Meanwhile, concern about the economy has dropped five points. This reflects a subtle but significant shift in public priorities.

03 COST OF LIVING CONTINUES TO DOMINATE ECONOMIC CONCERNS

Cost of living remains the top economic concern for 57% of Scots, followed by living standards and wages (33%), poverty and inequality (31%) and public service funding (31%). Women are more likely than men to cite cost of living (60%; 54%) and lack of public spending (35%; 27%), while men are more likely to focus on economic growth (23%; 14%). In more rural regions like the Highlands and Islands, infrastructure investment is a major concern, highlighting the importance of local economic conditions in shaping national sentiment.

04 FINANCIAL STRESS IS AFFECTING DAY-TO-DAY LIFE AND PERSONAL WELLBEING

Despite steady levels of reported impact since November 2024, half of Scots (50%) say they are continuing to cut back on leisure and non-essential spending. Almost half (48%) are reducing energy use. Financial worries are linked to a range of negative health and lifestyle outcomes, including lost sleep, reduced mental wellbeing and diet-related health conditions. These impacts are disproportionately experienced by women, ethnic minorities, households with children, and lower-income groups, underscoring the unequal burden of the cost of living crisis.

05 FINANCIAL RESILIENCE REMAINS FRAGILE FOR MANY SCOTS

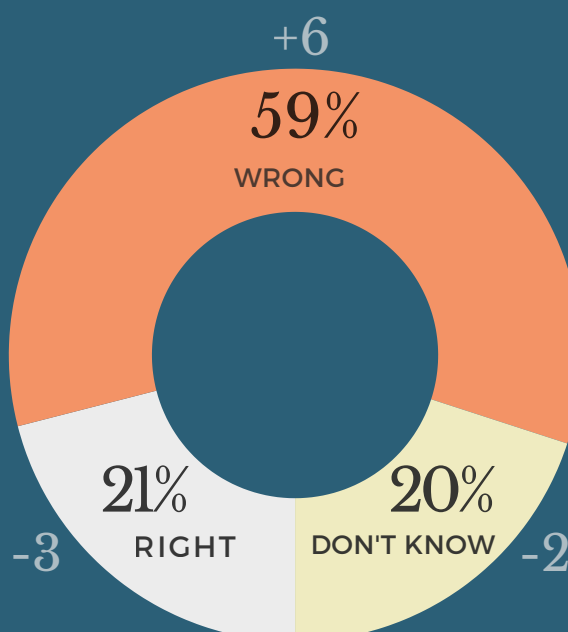
While some modest gains have been made in short-term financial confidence, vulnerability remains widespread. Over one in five (22%) say they could not cover a £100 emergency without borrowing, and 44% would struggle with a £500 expense. Households with children are particularly vulnerable: only 41% feel confident they could meet a £500 emergency, compared to 61% of households without children. Meanwhile, confidence in the labour market remains mixed, with just over half (53%) of Scots not confident they would find a new job within three months if needed.

SCOTLAND'S DIRECTION OF TRAVEL

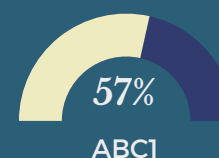
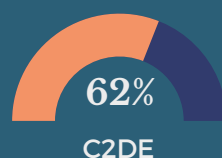
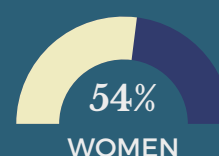
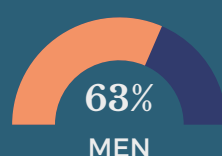
In the past two years, Scots have felt predominantly negative about Scotland's direction of travel, represented by the three in five (59%) Scots that think things in Scotland are heading in the wrong direction this wave. This percentage has increased six percentage points since February, although it remains broadly in line with previous waves. In contrast, one in five (21%) say things are heading in the right direction, down three percentage points since February, while the proportion who don't know what direction Scotland is heading in has decreased by two percentage points.

Negativity about Scotland's direction varies significantly by demographic. In line with previous findings, men (63%) are more likely than women (54%) to believe things are heading in the wrong direction, while women are more likely to say they don't know (25%; 15%). In addition, those in social grades C2DE (62%) are more likely to believe that things are headed in the wrong direction than those in grades ABC1 (57%). White Scots are also more likely to think things in Scotland are heading in the wrong direction than minority ethnic Scots (59%; 20%).

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

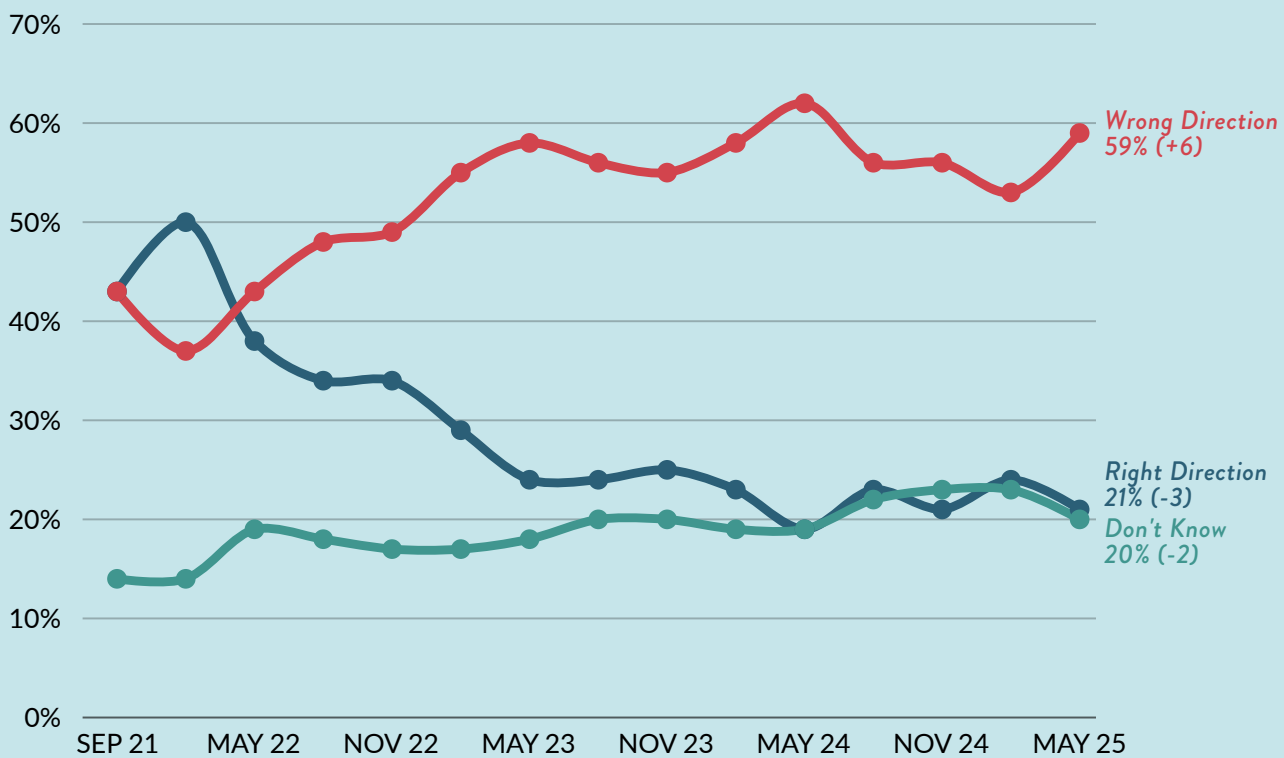


At a glance - 'Wrong direction'



SCOTLAND'S DIRECTION OF TRAVEL

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



Generally speaking, do you think things in Scotland are heading in the right direction or the wrong direction?
Brackets show change from February 2025



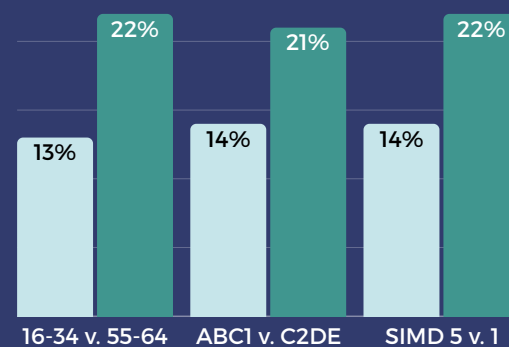
PUBLIC PRIORITIES

Since January 2022, healthcare and the cost of living have been the public's top priorities. This wave, half (49%) of Scots report healthcare/NHS as one of the top three issues facing Scotland, a two percentage point decrease since February. The percentage selecting the cost of living/inflation as a top issue has increased two percentage points to 36% - the first slight increase observed since late 2023.

A number of other issues remain prominent; 15% or more of Scots select poverty/inequality (17%), immigration (16%), the economy (16%) and trust in politics (15%) as top issues facing Scotland. Notably, the proportion who select the economy has decreased five percentage points since February, falling from the third most prominent priority to the fifth, while immigration has entered the top five issues for the first time in the Understanding Scotland series. Having steadily increased over the last two years, the proportion who select immigration as one of the top three issues is six percentage points higher than a year ago and 12 percentage points higher than two years ago.

Priorities vary by age and gender. About one in eight (13%) of those aged 16-34 say the environment/climate change is one of the three most important issues facing Scotland today, compared with only 7% of those aged 45+, while 15% of those aged 55+ say the same about social care, compared with only 5% of those aged 16-44. Similarly, men are more likely than women to be concerned with the economy (19%; 12%), trust in politics (19%; 12%) and levels of taxation (13%; 7%), while women are more likely than men to be concerned with healthcare and the NHS (54%; 43%), housing (14%; 9%) and mental health/wellbeing (14%; 6%).

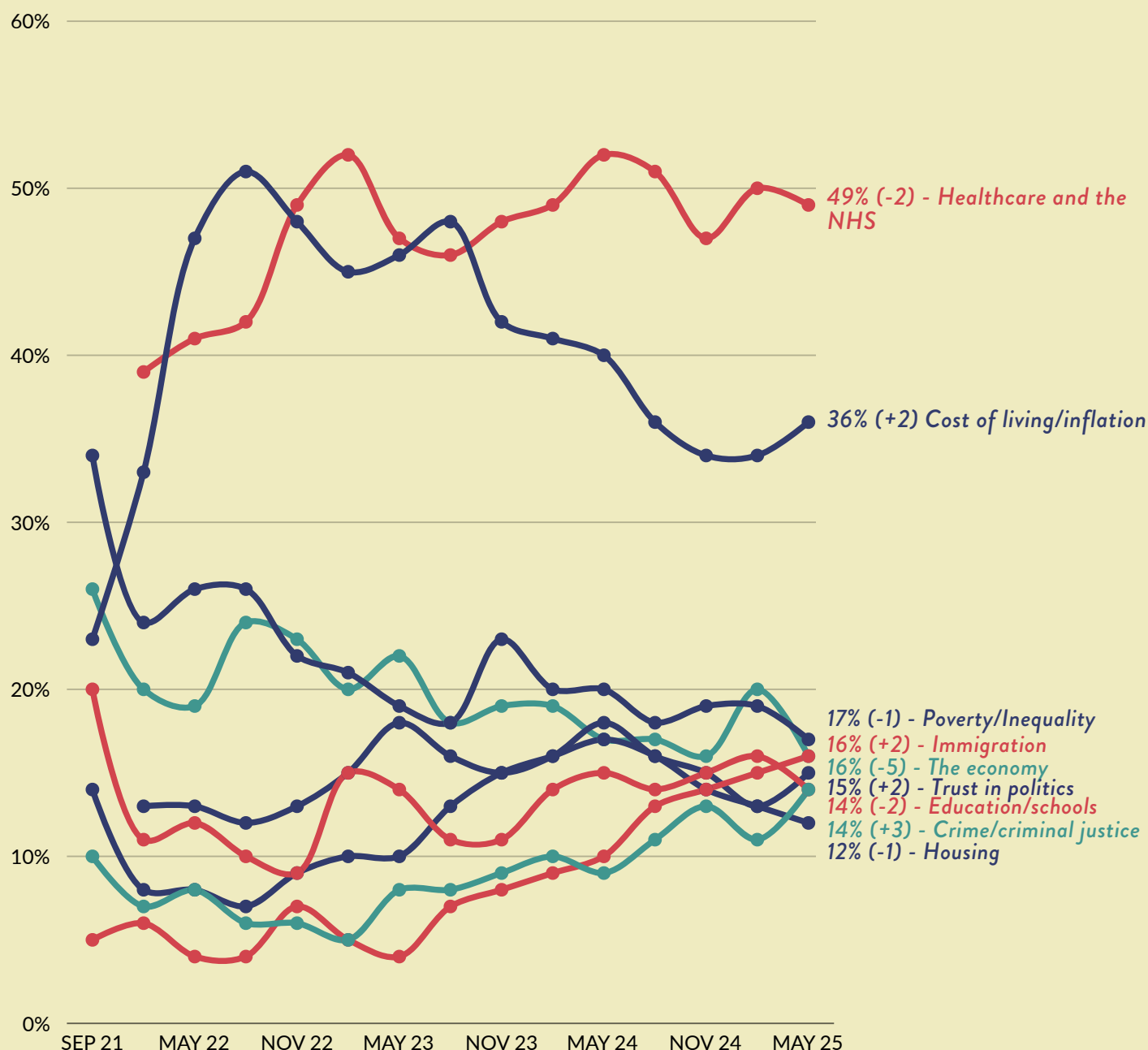
Last wave, men were more likely than women to be concerned with immigration; however this difference is not observed this wave. Immigration is of more concern, however, to those aged 55-64 relative to the oldest (65+) and youngest (16-34) age groups, those in social grades C2DE and those in the most deprived areas.



At a glance - 'Immigration'

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 February 2025

ECONOMIC PRIORITIES

Cost of living/inflation remains the top economic and financial priority, with nearly six in ten (57%) Scots selecting it as a top concern. This is equivalent to the proportion who mentioned this as an issue in February, although notably less than those that saw this as a top issue throughout much of the last three years.

Other priorities follow at a distance. Living standards and wages is cited as a priority by one in three (33%). Lack of spending on public services and poverty/inequality are selected by just over three in ten (31%), although the proportion selecting lack of spending on public services has fallen five percentage points and the proportion selecting poverty/inequality has increased three percentage points since February. A similar proportion (29%) mentioned managing public finances as a key issue facing Scotland.

Economic priorities differ by key demographics, including gender and age. Women are more concerned about costs of living and inflation (60%; 54%) and lack of spending on public services (35%; 27%) than men. Conversely, men are more likely to be concerned about economic growth (23%; 14%). The youngest generation, those 16-34, are more concerned with poverty and inequality (38%; 26%), living standards and wages (48%; 24%) and costs of living/inflation (67%; 51%) than those 45+.

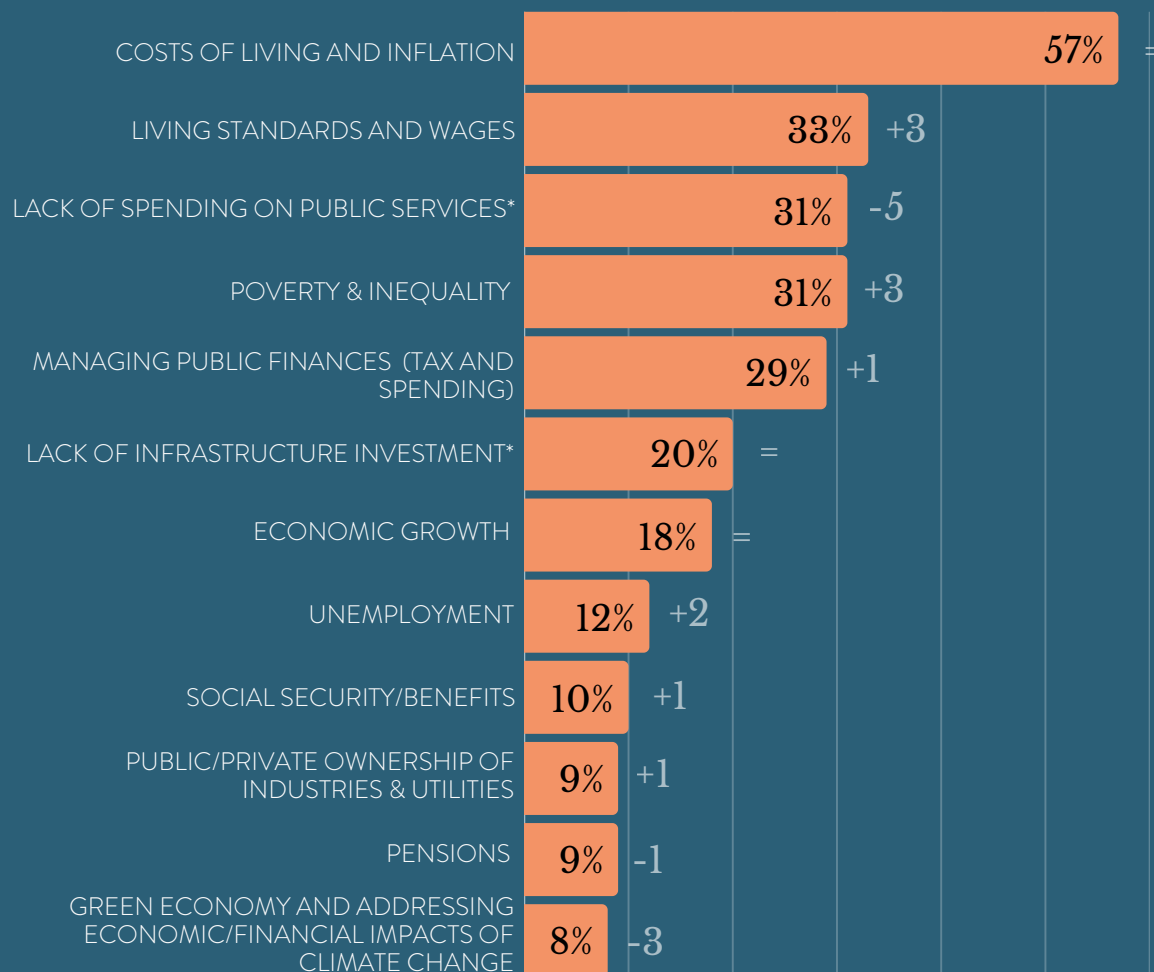
Notable trends emerge by geography. Those that live in urban areas are more likely to prioritise poverty/inequality as a top issue than those that live in rural areas (33%; 23%). In addition, those in the most deprived neighbourhoods (SIMD 1) are more likely to select costs of living (62%; 51%), living standards (41%; 30%) and social security (14%; 8%) as priorities compared to the least deprived (SIMD 5).

Three in ten (30%) of those in the Highlands and Islands cite lack of infrastructure investment as a top priority, higher than many other Scottish Parliamentary regions. This suggests that overall economic priorities are dependent on local issues.



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 February 2025

ECONOMIC OUTLOOK

Throughout the Understanding Scotland Economy Tracker series, Scots have viewed the economy with general pessimism. This pattern holds true for this wave; seven in ten (70%) Scots report that general economic conditions are worse now than a year ago, excluding don't knows. This represents a sizable increase in pessimism since February, when 62% reported deteriorating conditions. Correspondingly, the proportion of respondents who believe general economic conditions are about the same as a year ago has declined by eight percentage points to 24%.

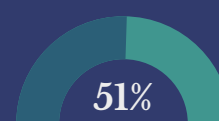
Additionally, the proportion of respondents who report a deterioration of their own personal finances over the last year has also risen since February, by five percentage points to nearly half (49%) of Scots, excluding don't knows. This is supported by a fall in the proportion of Scots who say their finances are the about the same as a year ago, down three percentage points to 39%, or better, down two percentage points to 12%.

Projections of future general and personal financial conditions are also generally negative. Seven in ten respondents (70%) believe that economic conditions in Scotland will be worse in twelve months' time than they are now excluding don't knows, signalling a lack of faith in the direction of the economy. This figure represents a six percentage point increase from the previous wave. Additionally, nearly half (45%) of respondents believe that their own personal finances will be worse in the next twelve months than they are now, up three percentage points from February.

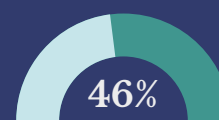
Reports of worsening personal financial circumstances are related to gender, social grade and neighbourhood deprivation. Women, those in lower social grades and those in more deprived neighbourhoods are more likely to report a deterioration of their personal finances in the last year than their counterparts.

As seen throughout the Understanding Scotland series, younger Scots are generally more optimistic about current and future economic conditions, including both general conditions as well as their own personal finances.

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



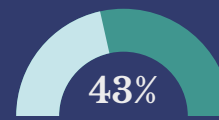
WOMEN



MEN



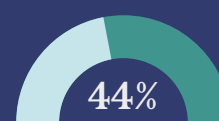
C2DE



ABC1



SIMD 1&2



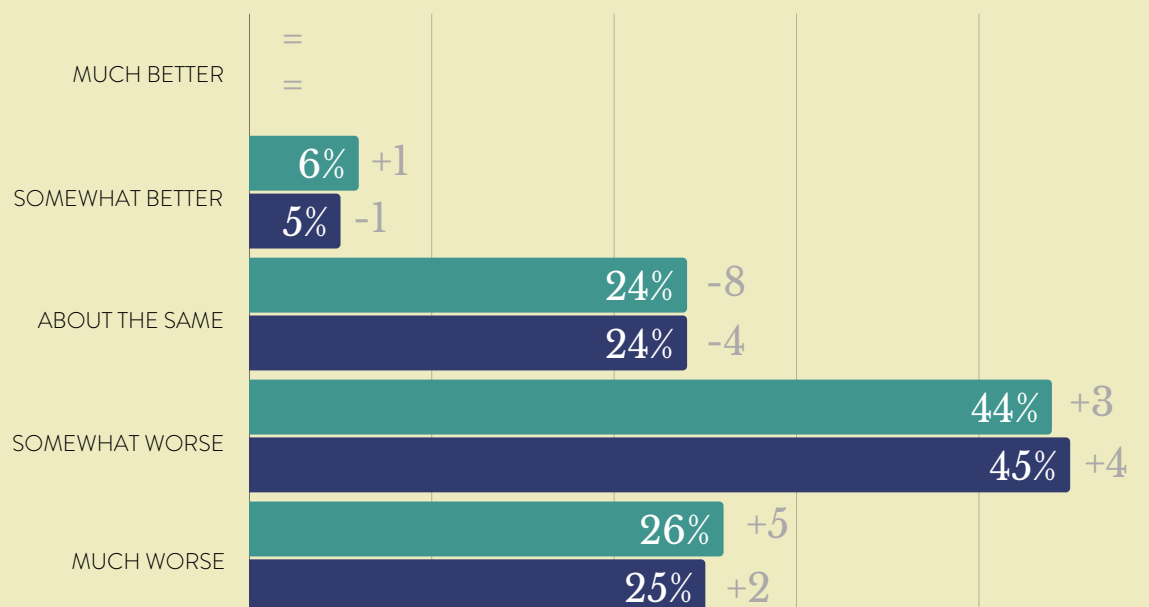
SIMD 5

OVERVIEW OF ECONOMIC OUTLOOK

General economic conditions

■ Compared to 12 months ago

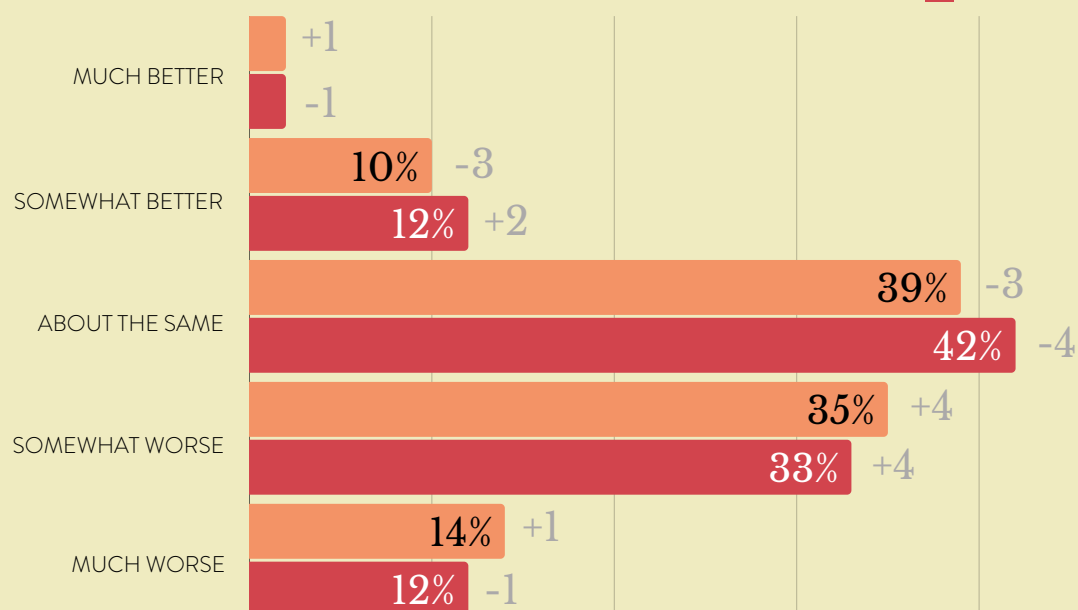
■ In 12 months' time



Own financial circumstances

■ Compared to 12 months ago

■ In 12 months' time

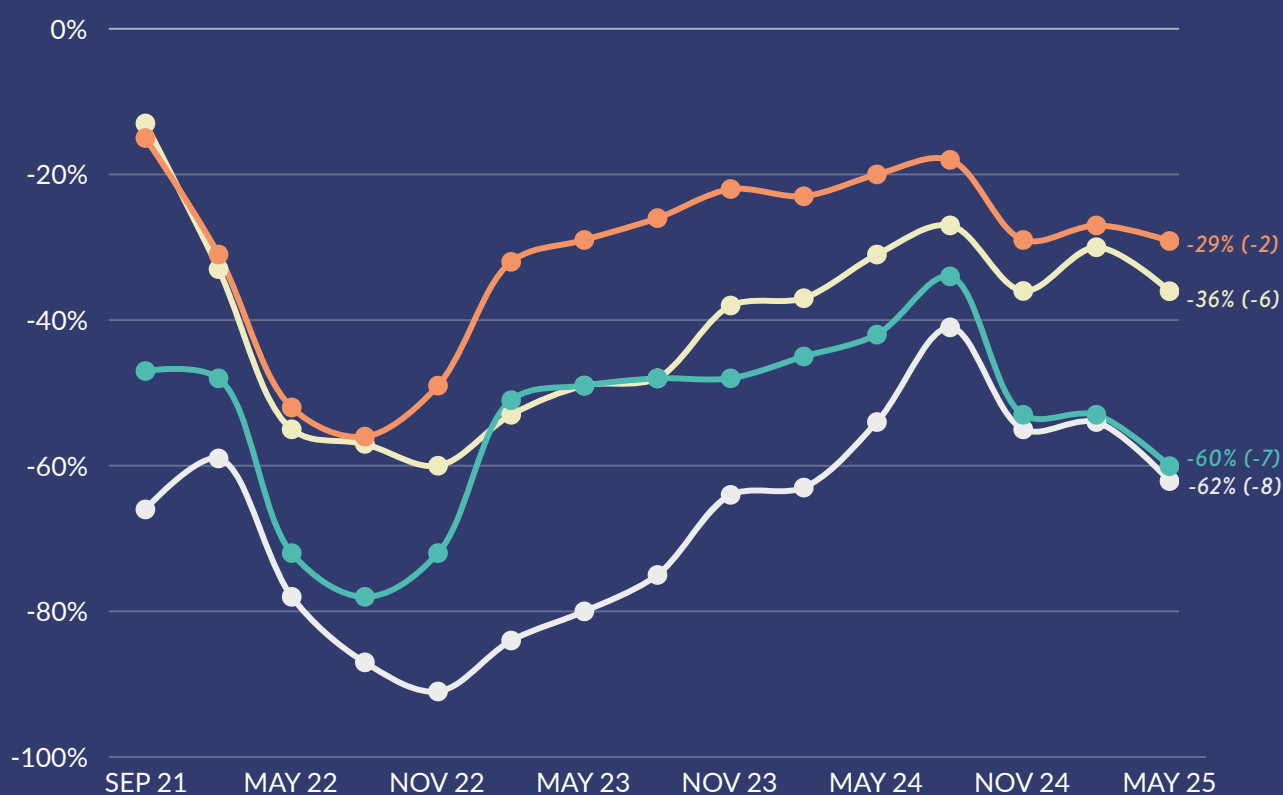


'Don't know' answers excluded. Numbers outside charts represent change from February 2025

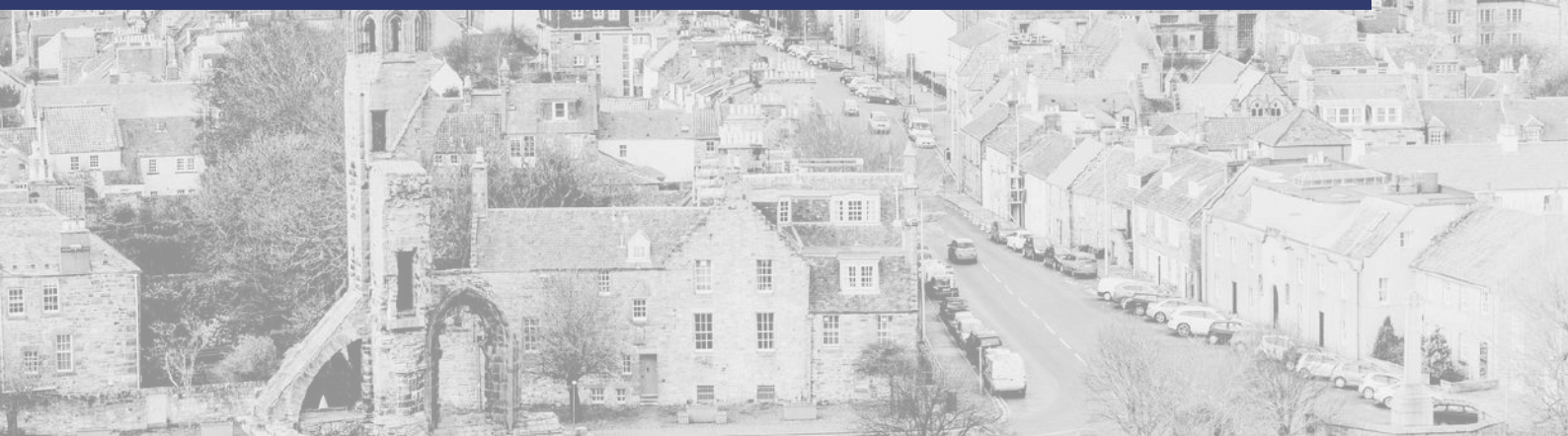
ECONOMIC & FINANCIAL OPTIMISM OVER TIME

'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 February 2025



CONCERN WITH MONEY MATTERS

Despite respondents' pessimism on their financial circumstances, reported impacts of concerns over money matters have largely remained steady or slightly declined since November 2024. However, the most prominent impacts, reducing non-essential spending (50%) and cutting back on leisure activities (50%), are still selected by half of Scots. These indicators are down two and three percentage points respectively from February. The proportion of those who report reducing their heating or energy use has remained steady since February at just under half (48%) of respondents. The proportion of those who have experienced no impacts from concerns over money matters is up two percentage points, to 18%.

Following previous waves, impacts from concerns about money matters vary by age. Younger age groups are much more likely than those aged 65+ to report a range of impacts on their health, employment and more. There are also a few differences in impacts by gender. Women are more likely than men to have cut back on leisure activities (53%; 47%) or bought less fresh produce (28%; 21%) while men are more likely than women to have not been affected by concerns over money matters (21%; 15%).

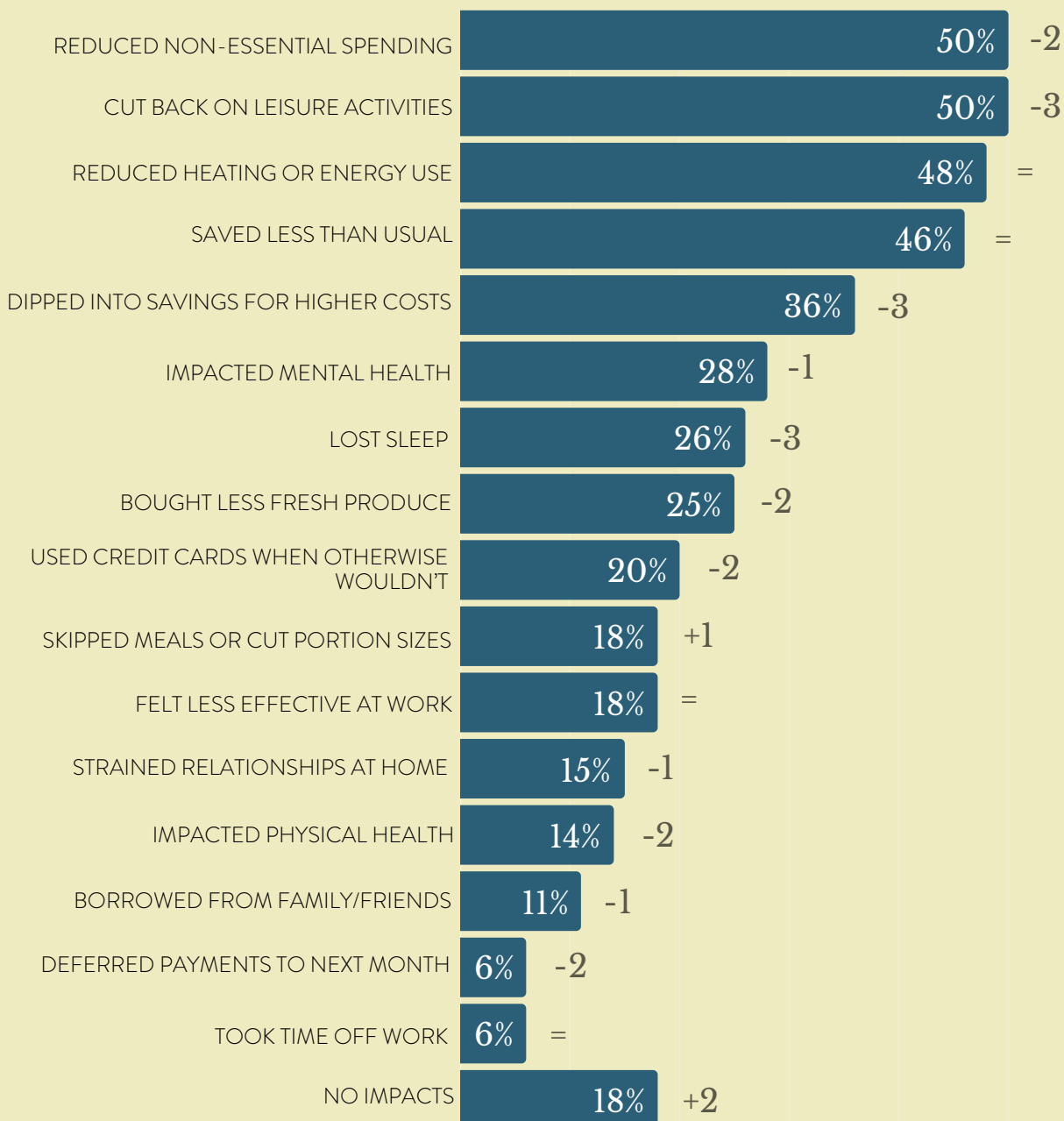
Social grade is another strong indicator of concern over money matters; those in grades C2DE are more likely than those in grades ABC1 to report experiencing many of these impacts. Importantly, some of the most salient differences between lower and higher social grades include impacts on health, including mental health (35%; 23%), losing sleep (32%; 22%), skipping meals or cutting portion sizes (25%; 14%) and physical health (19%; 11%) in the last year.

In line with previous waves, those in households with children are more likely to report many impacts compared to those in households without children. The most notable differences by household composition are strained relationships at home (30%; 11%), bought less fresh produce (30%; 23%), cut back on leisure activities (59%; 47%), lost sleep (33%; 24%) and impacted mental health (33%; 26%). Similarly, households without children are much more likely to report not being affected by concerns over money matters in the last year (20%; 12%).

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

CONCERN WITH MONEY MATTERS

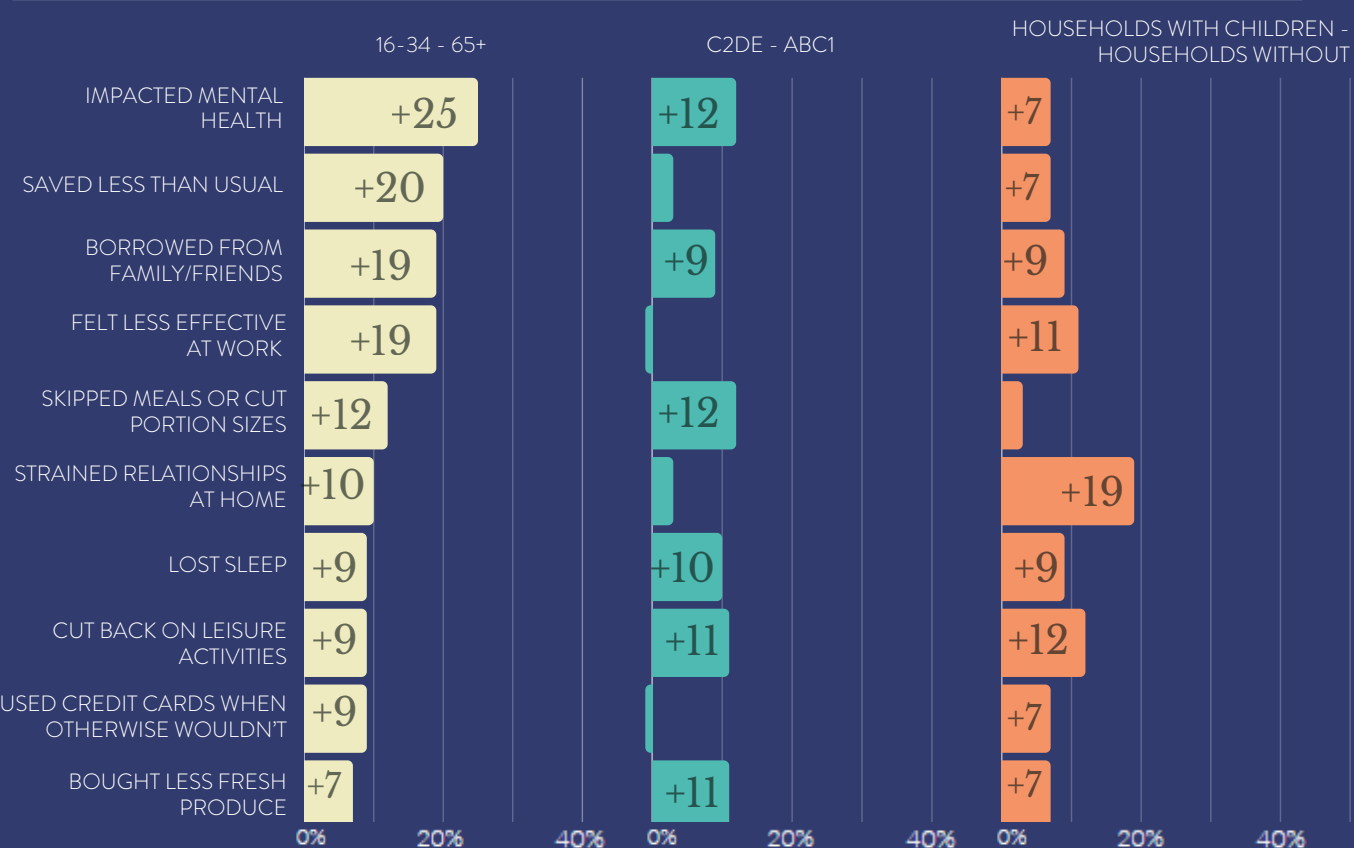
Proportion of respondents reporting the following impacts of concerns about money matters in the last 12 months



In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)
Numbers outside bars represent percentage point change from February 2025

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

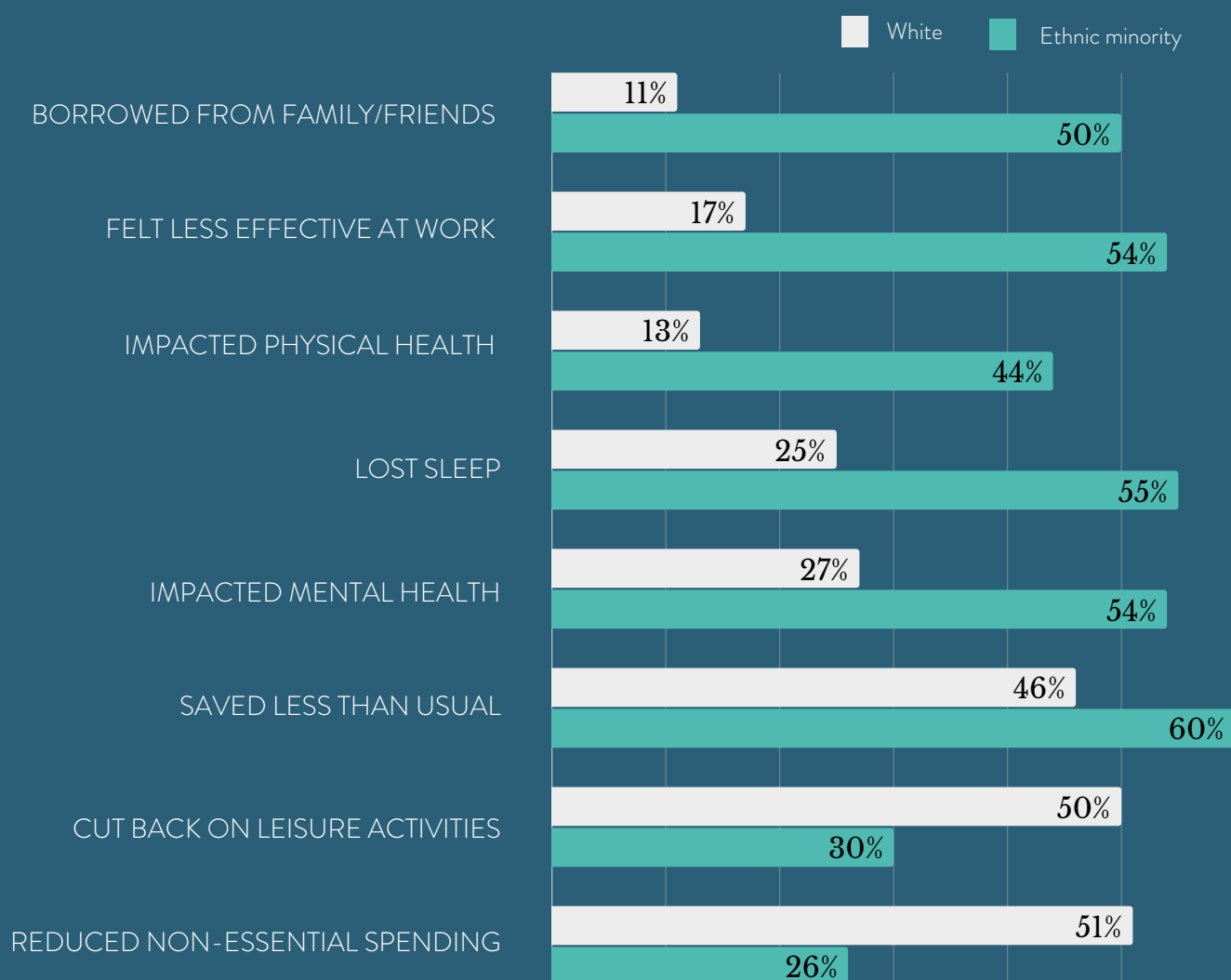


*In which of the following ways have concerns about money matters affected you in the last 12 months? (Selected answer options shown)
Values represent percentage point difference between selected demographic groups*



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)

FINANCIAL FRAGILITY

Confidence levels in measures of financial resilience have shifted towards slightly increased confidence, with a three percentage point increase in the proportion who feel confident they could pay an emergency expense of £100 (78%) since August 2024, excluding don't know and not applicable responses.

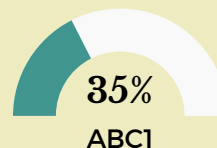
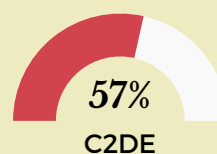
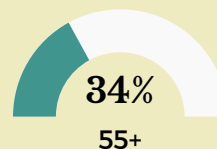
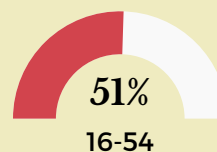
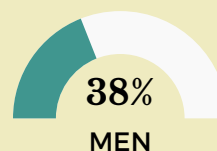
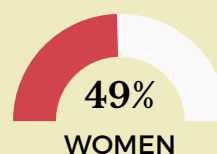
However, a notable one in five (22%) report being unable to pay for an emergency expense of £100 without borrowing, and just under half (44%) could not pay for an emergency expense of £500 without borrowing. Women, those 16-54 and those in grades C2DE are significantly less confident in their ability to pay for a sudden £500 expense.

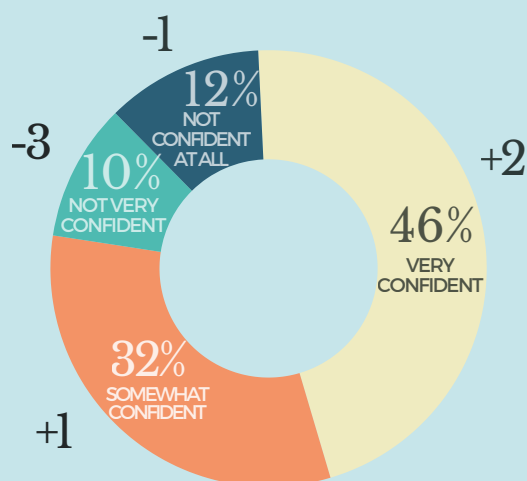
Turning to housing costs, three in five (63%) are confident that they could pay their rent or mortgage if they increase in the next six months. This is up one percentage point from the proportion who said the same in August 2024.

Once again, one of the most notable differences observed in financial fragility is between households with or without children. Households with children are more likely than those without to report that they are not confident that they could pay their housing costs if they increase in the next six months (46%; 34%). And while three in five (61%) of households without children are confident they could pay for a £500 emergency expense without borrowing, only two in five (41%) of households with children say the same.

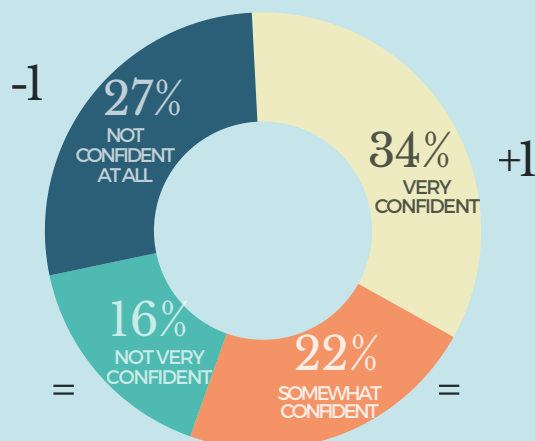
Scots' confidence in securing another job or a new job within three months has shifted sizably, reflecting perceptions of a weak job market. About half (47%) of those who express an opinion feel confident they could get another job or a new job within three months, while half (53%) do not, a five percentage point increase in lack of confidence from August 2024.

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

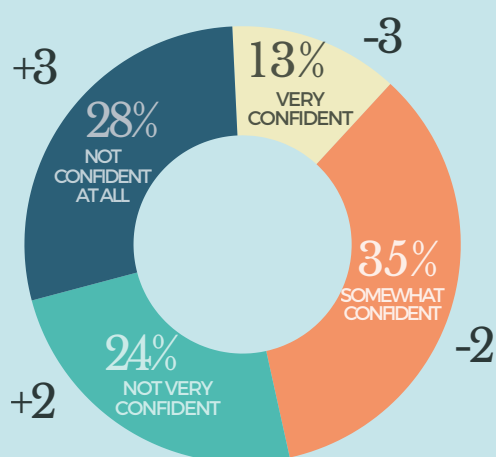




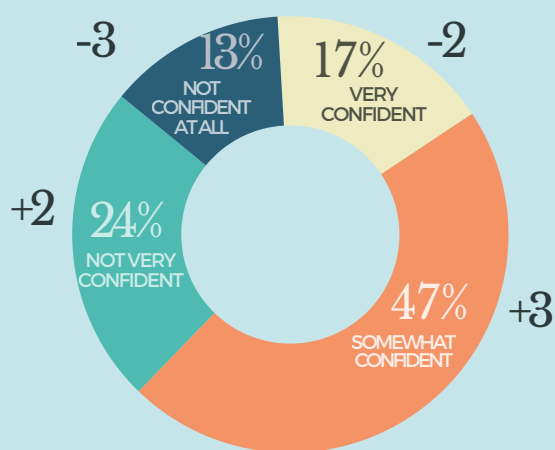
Thinking about your own financial circumstances, how confident are you that you could pay for an emergency expense of £100 without having to take out a loan/borrowing?



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?



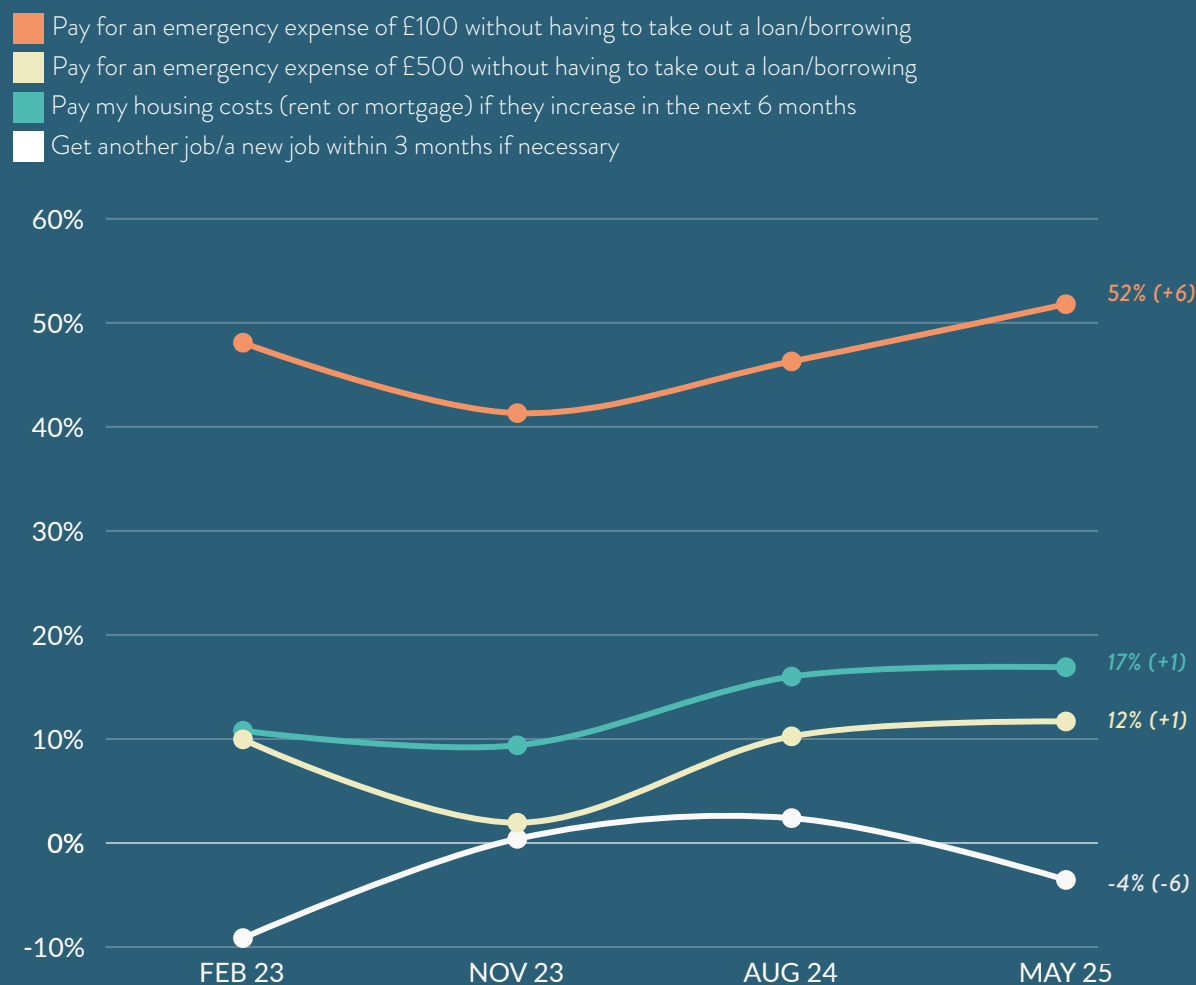
Thinking about your own financial circumstances, how confident are you that you could pay your housing costs (rent or mortgage) if they increase in the next 6 months?

'Don't know' and not applicable answers excluded. Numbers outside donut charts represent change from August 2024



FINANCIAL FRAGILITY OVER TIME

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



Changes in brackets since August 2024



ATTITUDES TO MANAGING SOCIETAL RISK

Similar to findings from November 2024, almost all (95%) agree that people are less effective at work when they are not eating or sleeping well and nine in ten (89%) agree that employers have a responsibility to pay wages that meet people's basic needs. Eight in ten (80%) agree that 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, although this is a six percentage point decrease from the proportion who agreed in November 2024. In addition, seven in ten (70%) agree that we have a collective responsibility to ensure a safety net for those struggling during hard economic times, an eight percentage point decrease from the proportion who said the same six months ago. Most of these reductions are from decreases in the proportion who strongly agreed.

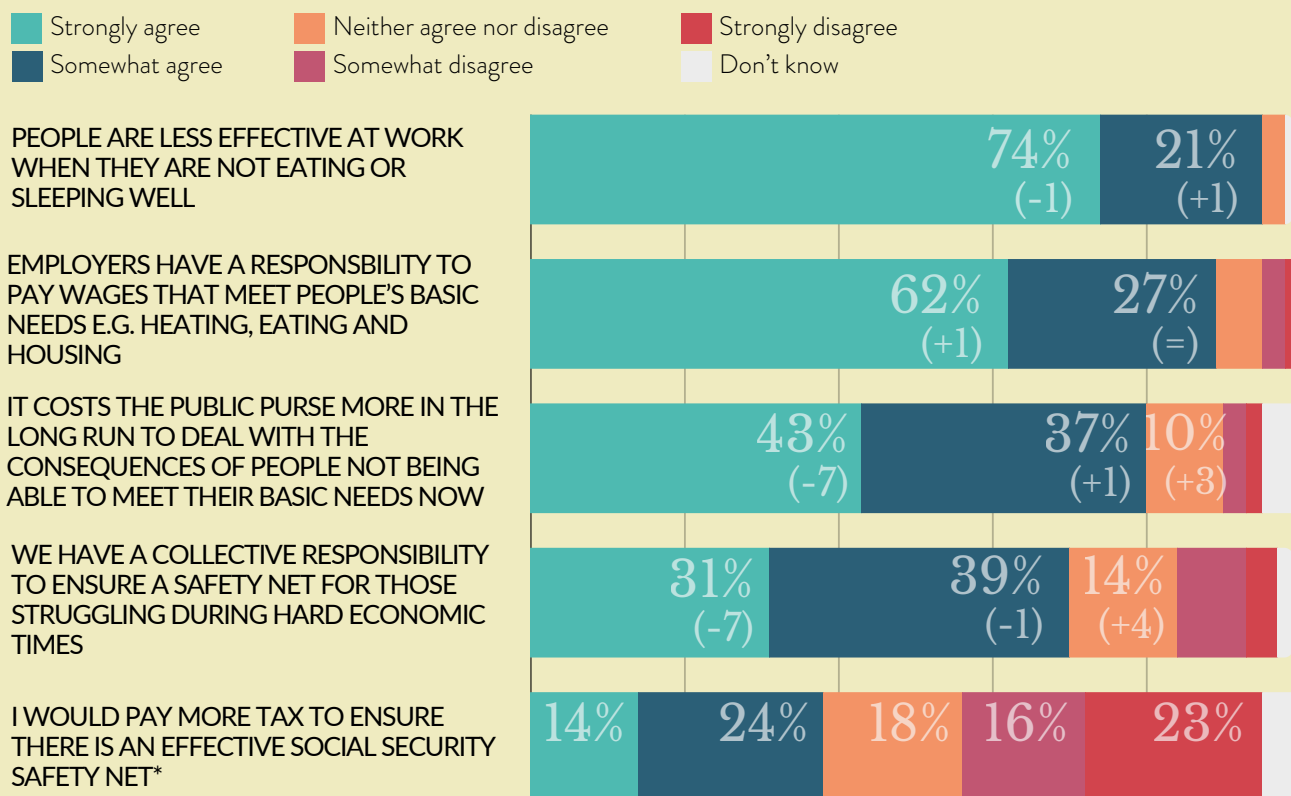
Those aged 65+ were least likely to agree with the statement about employers, particularly when compared with those aged 16-45 (80%; 95%). Women are more likely than men to agree that employers have a responsibility to pay wages that meet people's basic needs (92%; 86%) as well as that it costs the public purse more in the long run to deal with the consequences of people not being able to meet their basic needs (84%; 77%).

This wave, an additional statement was added to this question; four in ten (39%) agree they would pay more tax to ensure there is an effective social security safety net, and a similar proportion disagree (38%) suggesting the country is split regarding a collective responsibility to ensure a safety net for everyone.

The data continues to demonstrate strong, although slightly declining, support for collective responsibility and employer accountability in Scotland, as well as recognition of the links between well-being and work performance, and the long-term consequences of basic needs going unmet. However, when it comes to collective responsibility, many prefer to go it alone rather than share risks with others through the social security safety net.

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 November 2024

N.B. An asterisk denotes a new question item since last wave





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 1st - 6th May 2025, and received 2,326 responses from the adult population, aged 16+, across Scotland. Results are weighted to the Scottish population (2023 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.



UNDERSTANDING SCOTLAND

ECONOMY TRACKER



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David
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