SCOTTISH HOUSEHOLD FINANCES:

AN OVERVIEW OF FINANCIAL WELLBEING IN SCOTLAND

Findings from the 11th Financial Fairness Tracker Survey

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This report is based on results from the 11th wave of the Financial Fairness Tracker, a periodic cross-sectional survey commissioned by the abrdn Financial Fairness Trust. The survey has been tracking the financial situation of UK households since the start of the coronavirus pandemic in early 2020, providing an overview of households' income, spending, borrowings, savings, quality of life and perceptions of key policy-related matters. Data was collected from nearly 6,000 households in November 2024 via Opinium's politically- and nationally-representative sample and then analysed by researchers at the University of Bristol's Personal Finance Research Centre (PFRC).

This briefing paper focuses on results from a representative sample of nearly 900 households in Scotland, giving comparisons with the rest of the UK and including Scottish households' views on aspects of both UK and Scottish Government policy.

KEY FINDINGS

- Over one-in-six (18%) households in Scotland are in 'serious financial difficulties' – slightly higher than the rate for the rest of the UK (15%). This figure for Scotland is largely unchanged compared to 2023, but has improved slightly for the rest of the UK (17%).
- One-in-five (20%) households in Scotland say they are 'currently struggling to pay for food or other necessities' – the same rate as the rest of the UK.
- There are signs of lower financial resilience among Scottish households: a third (32%) of households in Scotland have nothing in savings, compared to 23% in the rest of the UK. This nine percentage point gap is an increase on 2023, when the gap stood at three percentage points (29% in Scotland and 26% in the rest of the UK).
- Over a third (36%) of Scottish households still describe their energy bills as 'unaffordable' – though this is an improvement on 2022 when over half of households were struggling with their energy bills. Nevertheless, half (51%) of Scottish households continue to avoid turning on the heating or are turning it on less than usual.
- Over a third (36%) of Scottish households feel they have no control over their financial situation, while a similar proportion say that financial worries cause them to sleep poorly at night (35%) or that their financial situation is causing their mental health to deteriorate (37%). The negative impact on mental health increases for those in the bottom income quintile (59%) and even more so for those in serious financial difficulties (82%).
- One-in-seven (14%) households in Scotland are 'very worried' about their overall financial situation in the next 12 months and one-in-five (20%) lack confidence for their finances in the next three months. This is similar to the situation in 2023 but considerably improved compared to 2022 when 39% lacked confidence for the next three months.

abrdn Financial Fairness Trust

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INTRODUCTION

Over the last three years, we have published an annual briefing paper focusing on the financial situation of households in Scotland, using results from the UK-wide Financial Fairness Tracker survey. This report, which is based on data from a representative sample of nearly 900 households in Scotland in our November 2024 survey, comes at an interesting point in time. The UK has a new Government, while Scotland has a new First Minister. UK-wide inflation has fallen considerably compared with its peak in 2022, but the Bank of England has also recently halved its economic growth forecast. Substantial hardship clearly remains across the UK: for example, food banks in the Trussell network distributed 69% more emergency food parcels in 2024 than they did five years ago. The increase in food parcels in Scotland over the same time period has been less stark (at 9%), but the trend is nevertheless concerning.

Politicians face the perhaps unenviable task of sorting things out. In October 2024, the UK Chancellor Rachel Reeves announced the Government's Autumn Budget. It's fair to say that decisions to raise taxes and means-test the Winter Fuel Payment were met with little enthusiasm – our Tracker found that over half (57%) of UK households believed the budget would leave them worse-off in the next 12 months. The Scottish Government meanwhile announced its budget for 2025-26 on 4th December 2024, which is expected to be approved by Scottish Parliament by the end of February 2025, in time for the start of the new financial year.

From the perspective of household finances, two major elements of the Scottish budget are tax and social security. While the budget does not propose any increases to rates of income tax, there are planned changes to the Scottish income tax thresholds, with the first three thresholds increasing by 3.5%. Compared to the rest of the UK, the Scottish Government's proposals mean that all taxpayers earning below £30,300 will pay less income tax in Scotland than they would if they lived elsewhere in the UK – although this will only amount to £28 per year for most. The small gain from these income tax threshold changes for low-to-middle earners may be dwarfed by higher Council Tax, as around a fifth of Scottish local authorities are considering Council Tax increases of at least 10% in 2025.

Also significant are proposed increases to devolved elements of social security, which is forecast to account for 13.5% of resource spending in 2025-26, up from 9.7% in 2022-23. This substantial increase is largely because the Scottish Government (1) has introduced benefits that are not available elsewhere in the UK, like the Scottish Child Payment, and (2) where an equivalent benefit exists in the UK, the Scottish Government is spending more than other parts of the UK. For example, the Adult Disability Payment is forecast to add £314 million to Scotland's welfare bill, over and above the grant funding received from the UK Government.

In addition, the Scottish Government confirmed winter fuel payments of £100 per pensioner household for those who will no longer receive the more generous means-tested (£200 or £300) payment from winter 2025-26. It has also indicated a desire to "mitigate" the UK government's two child cap on Universal Credit from 2026-27, a move welcomed by anti-poverty campaigners, particularly as official statistics show that the relative child poverty rate is stagnating, despite targeted policies like the Scottish Child Payment. There remain concerns among advocacy groups that those in greatest need will still not get the support they need, with 'standstill funding' proposed for the Scottish Welfare Fund (a national scheme for those most in need); and a significantly reduced budget for social security advice (from £226 million in 2024-25 to £178 million in 2025-26) which is feared will severely impact disabled people seeking support with complex benefits systems and other challenges.

This report highlights the context in which these policy changes are occurring at a household-level. We explore the overall financial wellbeing of households in Scotland and look at how they are managing to make ends meet. We also explore Scottish attitudes to both the UK Budget and a series of Scottish Government policies, before giving an overview of how households in Scotland feel about their financial futures.

Key methodological details

Sample size:

880 householders in Scotland (with some responsibility for bills / household finances).

We present comparisons with the rest of the UK (5,317) and with the other UK nations: England (4,908), Wales (273) & Northern Ireland (136).

Fieldwork dates:

4th – 13th November 2024.

Type of survey:

Online, cross-sectional survey of Opinium's nationally- and politically-representative panel.

Our **Index of Financial Wellbeing** is a composite measure based on seven key questions, covering: households' perceptions of their day-to-day finances and ability to meet bills, their number of missed payments or arrears, and their longer-term financial resilience (such as level of savings). The Index is a score from 0 to 100, with those scoring <30 being considered as 'in serious financial difficulties', those scoring 30-49 'struggling', those scoring 50-79 'exposed' and 80+ 'financially secure'. For more information on this index please see the Technical Note on the back page.

Where we refer to a 'significant' difference, we mean that the difference between two groups (e.g. Scotland and the rest of the UK) is statistically significant at the 95% confidence level ($p<0.05$).

Please note that some figures will not appear to sum up as expected, due to rounding.

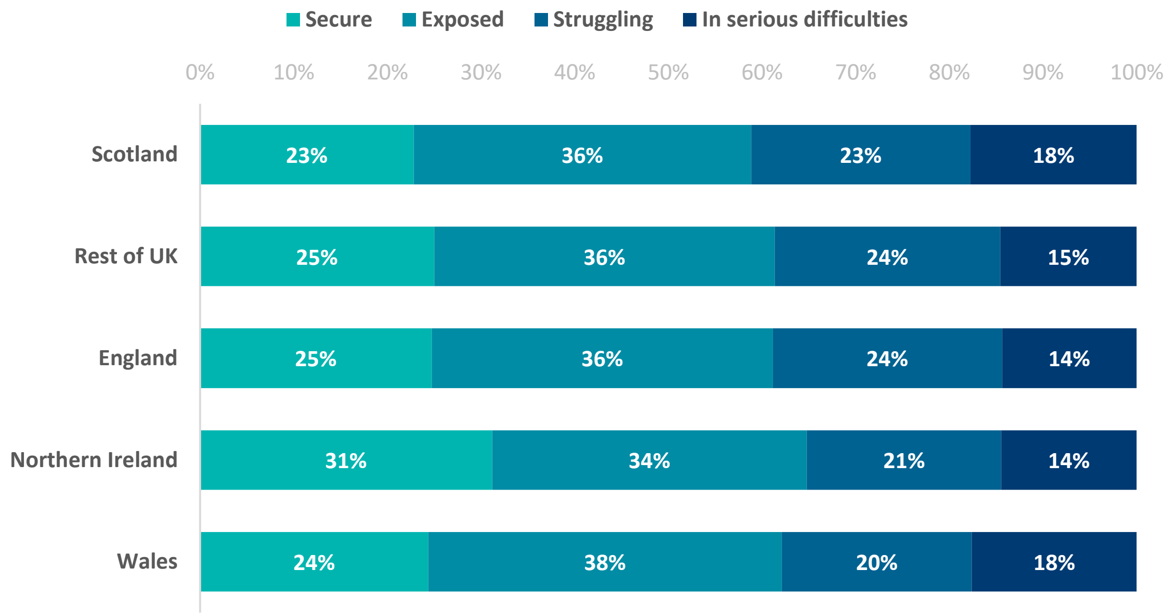
THE FINANCIAL WELLBEING OF SCOTTISH HOUSEHOLDS IN 2024

One-in-six households in Scotland are in serious financial difficulties

When looking at our overall measure of financial wellbeing (Figure 1), we find that more than one-in-six (18%) households in Scotland are in 'serious financial difficulties', with a further 23% financially 'struggling'. This is equivalent to over 450,000 households in Scotland in serious financial difficulties and almost an additional 600,000 struggling. These figures are largely unchanged compared to the same point in the previous year.

Compared to the rest of the UK, Scottish households are significantly more likely to be in 'serious financial difficulties' – although the difference is relatively small (18% cf. 15%) and is not statistically significant when compared to each of the other UK nations individually.

Figure 1 – Percentage of households in each financial wellbeing category, by nation of UK



Notes: Sample sizes as follows: Scotland = 880, rest of UK = 5,317, England = 4,908, Northern Ireland = 136, Wales = 273. Unless specified otherwise, results for 'all households' in each of the constituent parts of the UK use the same sample sizes.

Our overall financial wellbeing measure is comprised of several survey questions, covering aspects of day-to-day finances and also longer-term financial resilience. Interestingly, we find little difference between Scotland and elsewhere in the UK on day-to-day financial wellbeing but there are some concerning signs of lower financial resilience among Scottish households (Table 1). This suggests they may be less able to weather financial shocks. For example, we find that:

- A third of households in Scotland (32%) reported having nothing in savings – compared to 23% in the rest of the UK. This gap is an increase on 2023, when 29% of households in Scotland had no savings, compared to 26% in the rest of the UK (a difference which was also statistically significant at the time).
- One-in-five households in Scotland (22%) said they would need to borrow immediately to meet their expenses if their household income fell by a third or more – a significant increase on 2023 (19%) and significantly higher than the rest of the UK (18%).

One-in-five (20%) households in Scotland meanwhile felt that they were 'currently struggling to pay for food or other necessary expenses' to some extent (8% said this statement fits their household 'very well'; 12% 'fairly well'). As with other indicators of day-to-day financial wellbeing, there was no significant difference between Scotland and the rest of the UK (20%).

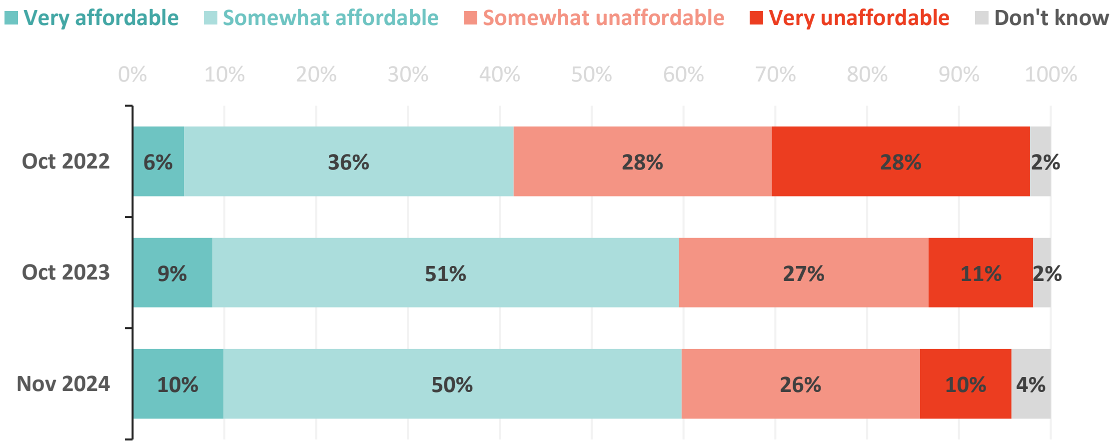
Table 1 – Selected components of financial wellbeing, Scotland compared with elsewhere in the UK

	Scotland	Rest of UK	England	Wales	Northern Ireland
Households with nothing in savings	32%	23%	23%	28%	22%
Unable to meet expenses (for any months) without needing to borrow	22%	18%	18%	23%	17%
'Currently struggling to pay for food or other necessary expenses'	20%	20%	20%	21%	15%

While most are coping with energy bills, some are really struggling

While the energy price cap rose by 1.2% in January 2025 and is expected to rise by as much as 3% from April, at the time of the survey in November 2024, three-in-five (60%) households in Scotland felt that their energy costs were 'affordable' – with 10% describing them as 'very affordable' and 50% as 'somewhat affordable' (Figure 2). Over a third (36%) meanwhile felt that their bills were 'unaffordable'[1], including one-in-ten (10%) who said they were 'very unaffordable'. While the proportion struggling with their bills may yet increase over the winter months, especially as the energy price cap rises, households in Scotland were going into winter in a stronger position than they had been at the end of 2022. At that point – the peak of the energy crisis – over half (56%) described their energy bills as 'unaffordable', including over a quarter (28%) who said they were 'very unaffordable'.

Figure 2 – Affordability of energy costs among households in Scotland, Oct 2022 to Nov 2024



Notes: Sample sizes as follows: Oct 2022 = 552; Oct 2023 = 896; Nov 2024 = 880.

[1] Including both 'somewhat unaffordable' and 'very unaffordable'.

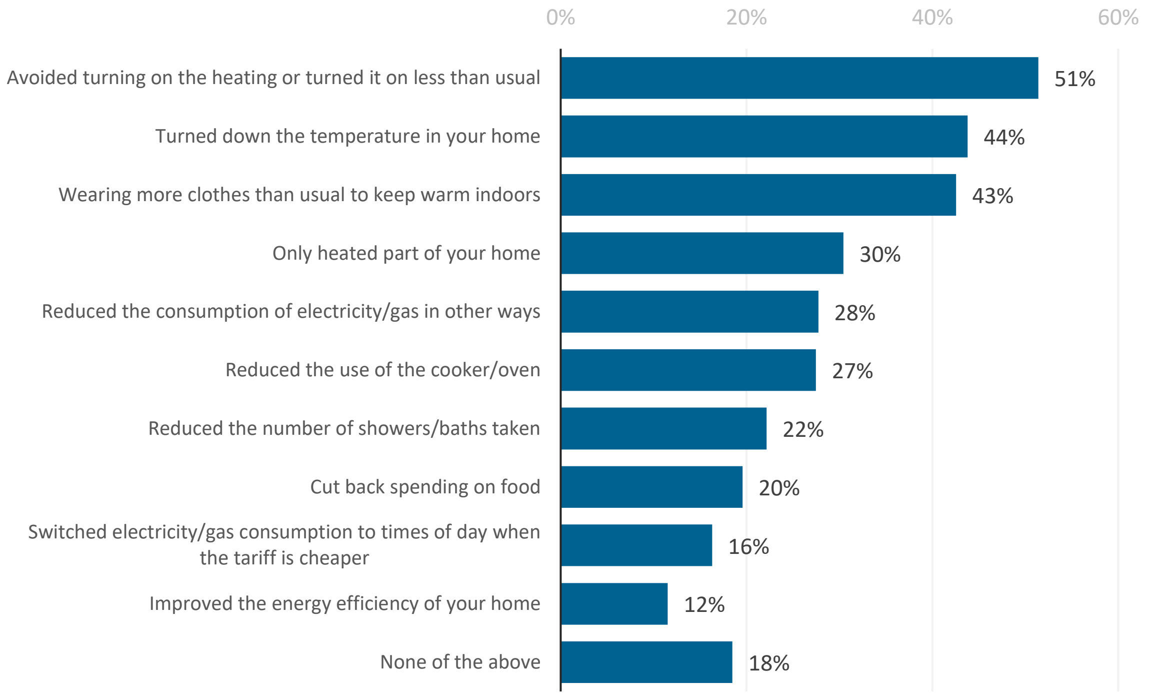
Echoing our findings on overall financial wellbeing, households in the rest of the UK were marginally (but statistically significantly) more likely in November 2024 to describe their energy bills as 'very affordable' (12%, compared with 10% in Scotland) or 'somewhat affordable' (52%, compared with 50% in Scotland).

Certain types of households in Scotland were significantly more likely than others to describe their energy bills as 'unaffordable':

- Half (50%) of households in the bottom income quintile (compared to 32% of middle-income households and 27% of those in the highest income quintile);
- Nearly half (46%) of households with someone disabled (compared to 31% of non-disabled households);
- 46% of private renters and 48% of social renters (compared to 27% of outright homeowners and 31% of mortgagors);
- 45% of households in receipt of some form of income-related benefits (compared to 33% of households who do not receive such benefits); and
- Two-in-five (42%) of households with children (compared with 34% of households without children).

Households continued to report taking a range of actions to help them lower their energy costs or afford their energy bills (Figure 3). These ranged from turning the heating on less than usual (51%) to improving the energy efficiency of their home (12%). Compared with the year before (October 2023), households in Scotland were doing each of the actions asked about less than they previously had been. The biggest decreases were in the proportion wearing more clothes than usual to keep warm indoors (from 53% to 43%) and reducing the use of the cooker/oven (from 38% to 27%). Whether this reflects less worry about energy bills or simply a normalisation of certain energy savings behaviours is unclear from the data.

Figure 3 – Actions taken in the past six months by Scottish households to afford energy bills



Notes: Sample size = 880.

As we go on to describe later (in the concluding ‘Future outlook’ section), when asked about their financial concerns over the next three months, 32% of households in Scotland reported being worried to some extent about their upcoming energy costs over the winter. This was comprised of 23% who were ‘quite worried’ and 9% who were ‘very worried’.

Economic inactivity remains a challenge for Scotland

The links between poor health and higher rates of economic inactivity in Scotland are well known. A 2024 report published by the Scottish Parliament’s Information Centre (SPICe), for example, found a higher proportion of people economically inactive in Scotland compared to the rest of the UK, which reflects both a higher prevalence of long-term health conditions and disabilities among the Scottish population but also a higher correlation in Scotland between these conditions and economic inactivity.

This is evident from our Tracker data. Looking at working age[2] households only, while we see similar rates of unemployment within households in Scotland and the rest of the UK (4% cf. 4%), more households in Scotland included someone not working due to poor health (16% cf. 10%) and there were more households where neither the respondent nor their partner was working (27% cf. 18%). This means that around three-in-five (61%) working age households in Scotland contain at least one full-time worker, compared with 70% for the rest of the UK. These factors could be contributing to the slightly lower financial wellbeing among Scottish households and their lack of financial resilience, as mentioned previously. We find, unsurprisingly, that over a third (34%) of working age households in Scotland where neither the respondent or their partner were working were in serious financial difficulties, compared with 21% of single-earner households and 12% of two-earner households.

Among those working we find interesting differences as well. For example, when asked about gig economy or insecure forms of work[3], we find that Scottish households were slightly *less* likely than elsewhere in the UK to be employed in this way (10% cf. 13%); however, among the quite small sample of those who were engaged in gig or insecure work they were significantly *more* likely to report that this was their main source of income in Scotland than the rest of the UK (59% cf. 39%).[4]

All of these factors – as well as differences in taxes, benefits and housing costs – have an impact on household incomes in Scotland, compared with the rest of the UK. The ONS shows that Scotland has a lower Gross Disposable Household Income per head than the UK as a whole (£20,854 cf. £22,789); while the Institute for Fiscal Studies (IFS) suggests that Scotland has a similar median annual disposable household income to the rest of the UK – but a lower mean, as a result of having fewer households on very high incomes. It is also noted that Scottish households typically face lower housing costs than elsewhere in the UK, which results in slightly improved equivalised household income on ‘after housing costs’ measures. This is reflected in the Tracker data, which shows 44% of Scottish households in the bottom two income quintiles[5] on an equivalised *before housing costs* measure of income (compared to 39% of other UK households), but this reduces to 42% on the *after housing costs* measure (40% for the rest of the UK).

[2] Based only on the age of the survey respondent only.

[3] This includes: being on a zero-hours contract, finding work through an agency or online platform, or being employed on a temporary contract.

[4] Based only on households where someone was undertaking insecure work – sample sizes as follows: Scotland = 75, rest of UK = 635.

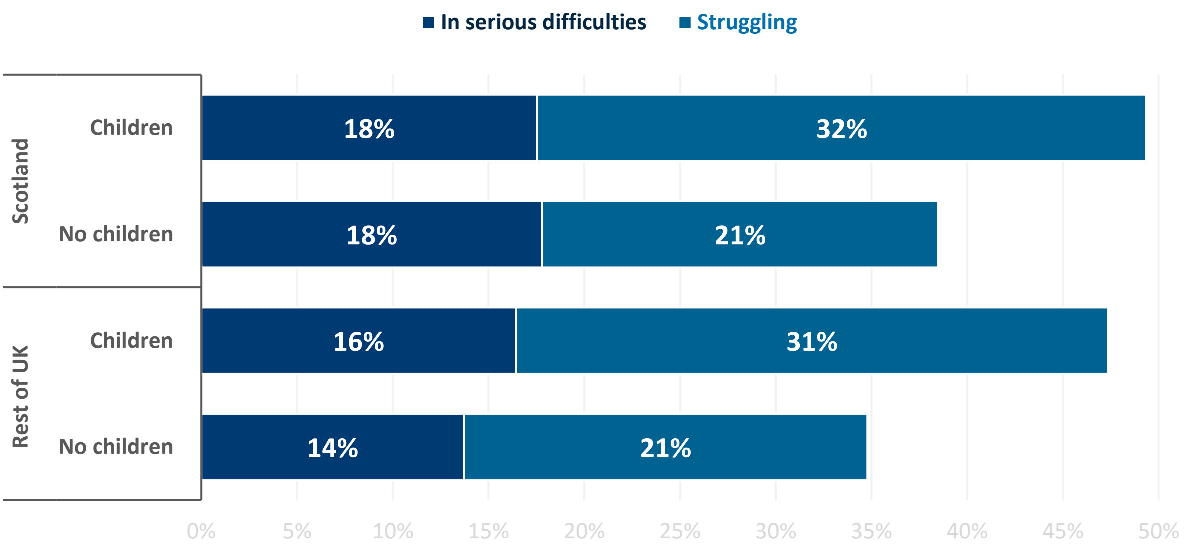
[5] Quintiles calculated for the whole UK using monthly household take-home income, equivalised to take into account household size.

Families with children face financial pressures despite Scottish Government support

As recently reported by the Joseph Rowntree Foundation (JRF), poverty rates[6] are around the same level for Scotland (21%), England (22%) and Wales (21%), but lower in Northern Ireland (17%). In all four nations of the UK, child poverty rates are higher than the general poverty rate; however, in Scotland the child poverty rate (24%) is considerably lower than that in England (30%) and Wales (29%) (and similar to Northern Ireland: 23%). JRF suggests that this is likely to be due, at least in part, to the Scottish Child Payment, which helps to boost the incomes of families with children in receipt of other qualifying benefits.

This is reflected to some extent in the Tracker data. We see that, although serious financial difficulty is slightly more common overall in Scotland than the rest of the UK, in Scotland there was no significant difference between households with and without children (18% of each were in 'serious financial difficulties') (Figure 4). This is not true for the rest of the UK, where those with children were slightly (but statistically significantly) more likely to be in serious financial difficulty than those without (16% cf. 14%). Again, this may reflect a protective effect of the Scottish Child Payment. With the caveat that the sample size is quite small[7] and the result is not statistically significant, we see that families with children receiving income-related benefits in Scotland (who would likely qualify for the SCP) are less likely to be in serious financial difficulty (19%) than those receiving income-related benefits in the rest of the UK (26%).

Figure 4 – Percentage of households in serious financial difficulties, Scotland versus the rest of the UK, by whether or not there are children in the household



Notes: Sample sizes as follows: rest of the UK: has children=1,518 and no children=3,799; Scotland: has children=193 and no children=687.

It should also be noted that, when broadening our measure of poor financial wellbeing to include not just those in 'serious financial difficulties' but also those 'struggling', we find households with children in Scotland are slightly less financially well than their counterparts in the rest of the UK

[6] Defined as having an After Housing Costs household income less than 60% of the median income. Average poverty rates for the years 2021/22 and 2022/23 combined.

[7] Sample sizes of households with children in receipt of income-related benefits: Scotland = 79; rest of the UK = 619.

(49%, cf. 47%). This likely reflects the broad financial challenges facing families across the UK, not just the most acute pressures facing the least well-off.

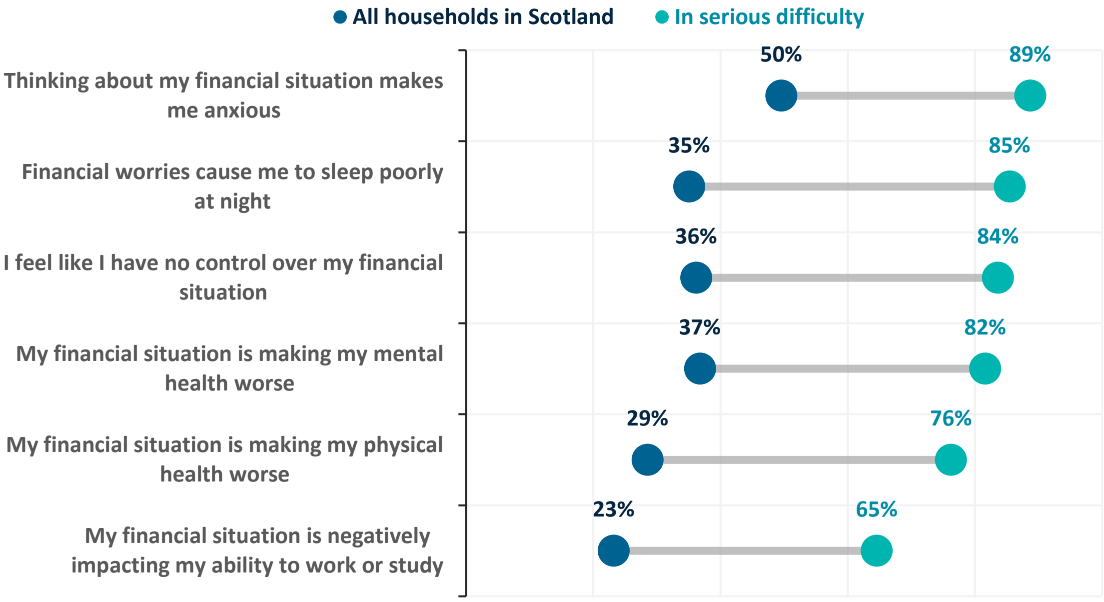
Nevertheless, the Joseph Rowntree Foundation reports that under central OBR projections only Scotland will see child poverty rates fall by 2029. They suggest that, by 2029, the gap between child poverty rates in Scotland compared with England and Wales will grow from seven percentage points to ten percentage points. By 2029 they expect child poverty in Scotland to be just 70% of the level in England. However, these projections assume no further policy changes will occur before 2029. The UK Government has introduced a Taskforce in order to develop a long-term, ten-year strategy to reduce child poverty, which involves working with devolved governments to learn from the progress they have already made.

HOW ARE HOUSEHOLDS COPING WITH FINANCIAL PRESSURES?

Financial worries are damaging Scottish households' overall wellbeing

The Tracker highlights how many households in Scotland are experiencing significant hardship, often facing consequences for their wider wellbeing due to financial pressures (Figure 5). For example, around two-in-five households in Scotland noted that their financial situation was: making their mental health worse (37%), causing them to sleep poorly at night (35%) and making them feel they had no control over their financial situation (37%). Half of households in Scotland reported that thinking about their financial situation makes them feel anxious (50%). As with many other questions, we see a similar proportion were anxious about their finances in 2023 (51%) but that this was a significant improvement on 2022 (68%).

Figure 5 – Proportion of households in Scotland reporting that the statement fits 'well' or 'very well', all households compared with those in serious financial difficulty



Notes: Sample sizes are as follows; all households = 880, in serious financial difficulty = 131.

For those in serious financial difficulties these figures are significantly higher, demonstrating the considerable impact that financial difficulties are having on health. For example, the proportion of households in Scotland reporting that their financial situation was making their mental health worse increases from 37% for households overall to 82% for those in serious financial difficulties. For those in the bottom income quintile, the equivalent figure is 59%.[8]

Households are using a variety of strategies to stay afloat

As previously mentioned, households in Scotland are employing a range of mitigation measures to lower their energy bills, such as cutting back on the amount of heating they use. To try and cope with other cost pressures, they employ a range of strategies:

- A quarter of households in Scotland (24%) had **received financial help from their family or friends** in the last six months – significantly higher than elsewhere in the UK (20%). This rises to 40% of households in Scotland in the bottom income quintile.
- One-in-eight Scottish households (12%) had **sold or pawned possessions** that they otherwise would have preferred to keep in the last six months – which was significantly lower than the rest of the UK (15%). For those in the bottom income quintile in Scotland, this figure increases to 22%.
- 3% of households in Scotland had **accessed a food bank** in the last four weeks (the same rate as the rest of the UK). This rises to 9% among the bottom income quintile of households in Scotland. As mentioned previously, evidence from the Trussell food bank network suggests slower growth in food bank use in Scotland than elsewhere in the UK.

Households are also turning to credit in an attempt to make ends meet. Over a quarter of households in Scotland (27%) said they had borrowed money to meet their daily living expenses in the past six months. Almost two thirds of households in Scotland (63%) had some form of outstanding credit, a figure very similar to the rest of the UK (64%). Unsurprisingly, as shown in Table 2, having some form of outstanding credit is significantly higher among households in Scotland who are struggling (either 'in serious financial difficulties' or 'struggling') compared to those who are 'exposed' or 'secure'.

Table 2 – Proportion of households with some form of outstanding credit, by financial wellbeing

	In serious difficulties	Struggling	Exposed	Secure
Some form of outstanding credit	86%	77%	56%	44%

Notes: Sample sizes are as follows; In serious difficulties =118, Struggling = 156, Exposed = 288 , Secure =236.

Over a third of Scottish households (36%) had either taken out new borrowing on a credit card or made repayments on a credit card in the last six months and only 16% of those with a credit card or store card in Scotland were paying it off in full each month (significantly lower than the proportion of households in the rest of the UK: 22%).

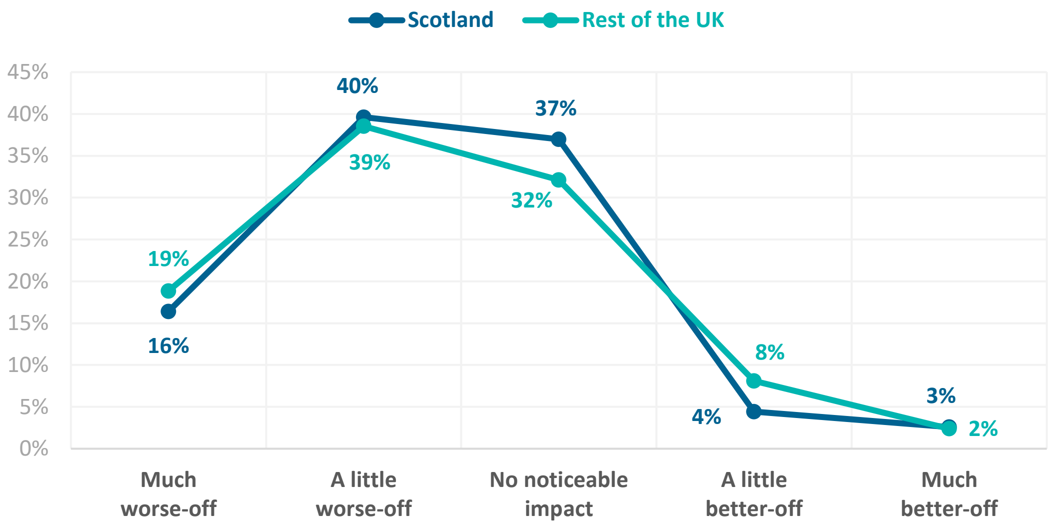
[8] Based on a sample size of 116 households in the bottom income quintile (after equivalisation and after housing costs).

ATTITUDES TOWARDS GOVERNMENT POLICIES

Respondents were sent the survey shortly after UK Chancellor of the Exchequer Rachel Reeves had announced her first Autumn Budget on 31st October 2024, but prior to the delivery of the Scottish Budget by Shona Robison (Cabinet Secretary for Finance and Local Government) on 4th December 2024. The UK Budget announced plans for government spending to increase by an average of around £70 billion per year until the next election, while taxes and borrowing will also increase to pay for this additional spending.

We asked households, in both Scotland and the rest of the UK, how they expected the UK Budget to financially impact them over the next 12 months (Figure 6). The main difference between Scottish respondents and those elsewhere was that households in Scotland were significantly more likely to say it would have 'no noticeable impact' on them (37%, compared with 32% for the rest of the UK) and significantly less likely to say it would leave them 'a little better-off' (4% versus 8%). The broad pattern, however, was similar across the UK – with the majority of respondents in Scotland (56%) feeling they would be left worse-off in the short-term by the Chancellor's Budget and only a minority believing it would leave them better-off (7%).

Figure 6 – Expected financial impact of the Budget on your household in the next 12 months, Scotland versus the rest of the UK (excluding those who hadn't heard anything about the Budget or didn't know how it might affect them)



Notes: Question wording was: "Based on what you have heard about the Budget, overall do you think the Government's plans will leave your household better- or worse-off financially over the next 12 months?" Sample excludes those who answered 'don't know' and those who hadn't heard anything about the Budget. Sample sizes as follows: Scotland = 762; Rest of the UK = 4,444.

When asked about the tax rises announced in the UK Budget, Scottish households were around twice as likely to describe them as 'necessary' (52%) for improving public services than 'unnecessary' (23%). This comprised of 18% who felt they were 'absolutely necessary', 34% 'somewhat necessary', 15% 'neither necessary nor unnecessary', 15% 'somewhat unnecessary' and 8% 'absolute unnecessary', with a further 10% being unsure. None of these figures were significantly different to responses for the rest of the UK.

We also collected data on respondents' support for or opposition to a range of policies that had been announced by the UK or Scottish Governments. These included: UK tax-related policies (shown in Table 3); other UK policies covering employment rights, welfare benefits and other aspects of Government spending with possible financial impacts for households (Table 4); and households in Scotland were asked about a series of Scottish Government policies (Table 5).

Broadly, across the UK policies asked about, Scottish households were typically to the economic left of the rest of the UK. We generally see higher levels of support for tax rises, especially in the case of charging VAT on private schools – with net support of +41% in Scotland, compared with just +28% in the rest of the UK. Even the rise in National Insurance paid by employers only just received negative support in Scotland (-1%), significantly more favourable than elsewhere in the UK (-10%). The exception to this trend is the raising of taxes on tobacco and vaping, which had lower overall support in Scotland (+45%) than elsewhere (+49%). This is likely related to the relatively high support for this policy among Conservative-leaning voters (predominantly in England), rather than any particular backlash to the policy among Scottish voters specifically.

When looking at employment rights, benefit-related and general spending policies by the UK Government, we found significant differences between Scotland and the rest of the UK for almost all policies (except the Winter Fuel Payment). The most notable difference was in relation to the two-child limit on benefits. Here, there was overall support of +9% for keeping the limit in Scotland, compared to +31% elsewhere in the UK. While ultimately even in Scotland more respondents were in favour of the limit than against it, the Scottish Government announced measures in the December 2024 Budget to mitigate the impact of the two-child limit from 2026.

Scottish households were also asked about a number of policies that the Scottish Government had already enacted at the time of the survey. All six policies that we asked about garnered more support than opposition, with free school meals for children aged four to nine being most popular (+65% net support), followed by extra money for those with disabilities (in the form of Child and Adult Disability Payments) and the freeze in Council Tax (both +57%). The Scottish Child Payment was also very popular (+51%), whereas baby boxes and the advanced income tax band were a little less well supported (at +37% and +31% respectively). The baby boxes faced the highest level of opposition (21% opposed). This potentially relates to criticism of the scheme's efficacy and cost-effectiveness, with some arguing that the money could be better spent on more targeted support for the least well-off families.

Table 3 – Extent of support or opposition among households in Scotland for various tax-related policies announced by the UK Government

Policy	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	Don't know	All support	All oppose	Net: support minus oppose	Net support (rest of UK)
No change to the rate of VAT, income tax and National Insurance paid by employees	25%	32%	26%	7%	3%	9%	56%	9%	47%	52%
Increasing Employment Allowance, which allows smaller companies to reduce the amount of National Insurance they pay	17%	37%	28%	5%	2%	10%	54%	8%	47%	43%
Raising taxes on tobacco and vaping	39%	23%	18%	8%	8%	5%	61%	16%	45%	49%
Delaying or cancelling the planned increase in fuel duty	28%	28%	23%	9%	5%	8%	55%	14%	42%	48%
Charging VAT on private schools	32%	24%	23%	9%	6%	6%	56%	15%	41%	28%
Increasing capital gains tax on profits from selling shares	15%	20%	31%	16%	7%	11%	35%	24%	11%	9%
Keeping corporation tax at the same rate until the next election	9%	18%	37%	16%	8%	12%	27%	23%	4%	14%
Increasing tax paid on new, less efficient vehicles in their first year	11%	20%	31%	17%	11%	10%	30%	29%	2%	1%
Increasing the amount of National Insurance paid by employers	6%	21%	35%	19%	10%	7%	28%	29%	-1%	-10%
Tightening inheritance tax rules (e.g. taxing unspent pension pots and making exemptions for farmland less generous)	13%	16%	27%	18%	18%	8%	29%	36%	-7%	-24%

Note: darker green cells indicate higher values relative to others in the table. The final column uses its own colour coding running from low (red) to high (green). Sample size was 799 (all in Scotland who had heard something about the Budget).

Table 4 – Extent of support or opposition among households in Scotland for various other policies announced by the UK Government

Policy	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	Don't know	All support	All oppose	Net: support minus oppose	Net support (rest of UK)
Raising the minimum wage from £11.44 to £12.21	44%	33%	13%	5%	2%	4%	77%	6%	70%	62%
Providing stronger protections against dismissal for pregnant women and new mothers	38%	31%	20%	3%	3%	5%	69%	6%	63%	57%
Introducing a law to strengthen the right to equal pay for ethnic minorities and people with disabilities	33%	32%	23%	5%	2%	4%	65%	7%	59%	50%
Banning zero hours contracts (for those who want guaranteed hours)	40%	28%	18%	7%	3%	5%	67%	10%	57%	49%
Giving employees the right to sickness pay from their first day of work	29%	30%	17%	14%	5%	6%	58%	19%	39%	30%
Keeping the two-child limit on benefits	18%	20%	25%	15%	14%	8%	38%	29%	9%	30%
Restricting the Winter Fuel Payment to only those pensioners in receipt of other low-income benefits	10%	16%	14%	21%	35%	5%	26%	56%	-30%	-26%

Note: darker green cells indicate higher values relative to others in the table. The final column uses its own colour coding running from low (red) to high (green). Sample size was 799 (all in Scotland who had heard something about the Budget).

Table 5 – Extent of support or opposition among households in Scotland for various policies announced by the Scottish Government

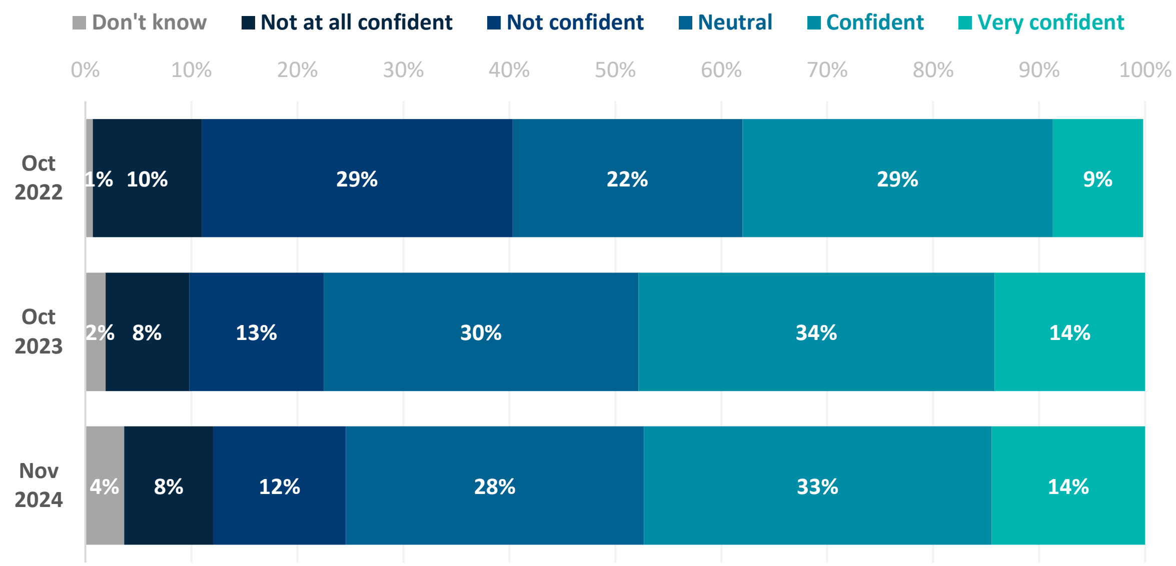
Policy	Strongly support	Tend to support	Neither support nor oppose	Tend to oppose	Strongly oppose	Don't know	All support	All oppose	Net: support minus oppose
Free School Meals for children aged four to nine	44%	29%	14%	5%	3%	5%	73%	8%	65%
Child and Adult Disability Payments	33%	32%	21%	6%	2%	6%	65%	8%	57%
Council tax freeze	34%	32%	17%	7%	2%	8%	66%	9%	57%
Scottish Child Payment	30%	33%	19%	7%	5%	7%	63%	12%	51%
Baby Boxes	34%	24%	15%	11%	10%	6%	58%	21%	37%
Advanced Income Tax Band	22%	26%	24%	9%	9%	10%	48%	17%	31%

Note: darker green cells indicate higher values relative to others in the table. The final column uses its own colour coding running from low (red) to high (green). Sample size was 880. Please note that these questions were asked of all respondents, whereas UK policy questions were only asked of those who had heard something about the Budget. This may slightly affect responses and is likely to especially increase responses in the 'don't know' column.

FUTURE OUTLOOK

Scottish households remain somewhat uncertain about what the future holds for their finances (Figure 7). Nearly half (47%) described themselves as either 'confident' (33%) or 'very confident' (14%) about their financial situation over the next three months; whereas one-in-five (20%) were either 'not at all confident' (8%) or 'not very confident' (12%). This represents little change since 2023, but a much more optimistic outlook than in 2022. At that time, more households overall reported feeling unconfident (39%) than confident (38%) in their finances. Patterns for the rest of the UK are largely the same, though with a significantly higher proportion saying they current feel 'very confident' about their short-term finances (18%, compared with 14% in Scotland).

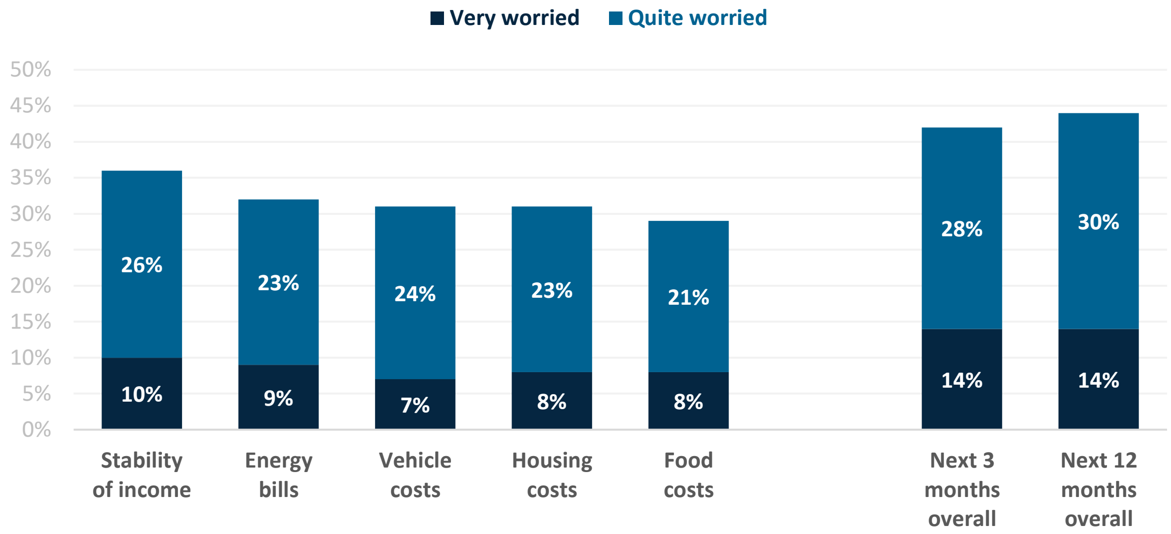
Figure 7 – Households in Scotland's financial confidence for the next three months (2022-2024)



Notes: Sample sizes as follows: Oct 2022 = 552; Oct 2023 = 896; Nov 2024 = 880.

When asked about specific financial worries for the next three months, households in Scotland were most likely to report concerns about the stability of their income (Figure 8). One-in-ten said they were 'very worried' about their income (10%) with a further quarter (26%) being 'quite worried'. Concerns about energy, vehicle, housing and food costs were broadly similar (among those who incurred them, but with vehicle and housing costs being incurred by fewer households) – with between 29% and 32% feeling worried to some extent about each of these costs in the next three months. When asked about their overall situation, 42% reported feeling somewhat worried about their situation in the next three months, while 44% felt this way when asked about the next 12 months overall. This most likely reflects a tendency to have less certainty about the medium- and longer-term than the short-term.

Figure 8 – What financial considerations are most worrying households in Scotland?



Notes: those who said cost was 'not applicable' to them removed from this analysis. Sample sizes as follows: Stability of income = 858; Energy bills = 847; Vehicle costs = 659; Housing costs = 773; Food costs = 858; Next 3 months overall = 865; Next 12 months overall = 880.

Technical note

The survey was undertaken by Opinium between 4th and 13th November 2024 for the abrdn Financial Fairness Trust and was conducted online. It is the 11th in a series of cross-sectional surveys tracking the financial impact of the coronavirus pandemic and subsequent cost of living crisis on UK households, by asking key questions repeated at several time points. In each wave, these key questions are supplemented by new questions that aim to capture and reflect the evolving situation.

The sample for this report consists of 6,197 respondents recruited from Opinium's online panel (which is designed to be nationally- and politically-representative). This is comprised of a UK-wide nationally-representative sample (of nearly 6,000 households), and an additional boost of 500 households in Scotland (giving 880 householders' responses in Scotland overall for analysis). The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report.

The segmentation of households into four categories is based on scores from a principal component analysis of seven survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Those scoring 80 to 100 were classed as being financially secure. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017) Financial Wellbeing: A Conceptual Model and Preliminary Analysis.

If you are interested in potentially using data from this report or seeing more detailed results tables, please email pfrc-manager@bristol.ac.uk.

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About the Personal Finance Research Centre (PFRC)

PFRC is an interdisciplinary research centre exploring the financial issues that affect individuals and households, with a particular focus on low-income, marginalised or vulnerable groups. It combines multi-method approaches with specialisms drawn from social policy, human geography, psychology and social research.

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About abrdn Financial Fairness Trust

abrdn Financial Fairness Trust is an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Its focus is improving the lives of people on low-to-middle incomes in the UK.

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