

SCOTTISH HOUSEHOLD FINANCES:

AN OVERVIEW OF FINANCIAL WELLBEING IN SCOTLAND

Findings from the 9th Financial Fairness Tracker Survey

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abrdn Financial Fairness Trust has commissioned a periodic cross-sectional survey to track the financial situation of UK households since the start of the coronavirus pandemic in early 2020. The latest wave of this survey – conducted in October 2023 – gives insight into the nation’s finances during the ongoing cost of living crisis. The findings are based on responses from over 6,000 UK households (including 896 households in Scotland) about their income, payment of bills, borrowing, debt, savings and ability to pay for other essentials such as food. A team from the Personal Finance Research Centre at the University of Bristol analysed data collected by Opinium and produced these findings.



KEY FINDINGS

Around one-in-six (17%) households in Scotland – nearly 450,000 households – are ‘in serious financial difficulties’, meaning it is a real struggle for them to meet their day-to-day expenses, with many behind on their household bills or credit commitments. This matches the level of serious financial difficulties across the rest of the UK (17%). One-in-twenty Scottish households (4.6%) said they had accessed a foodbank in the past four weeks, which is significantly higher than in the rest of the UK (3.2%). Households with children were more likely to have accessed a foodbank in Scotland (10%) than elsewhere in the UK (6%).

Financial difficulties are taking a toll on households’ health and wellbeing as well. Nearly two-in-five Scottish householders (38%) felt that their financial situation was making their mental health worse; and a similar proportion felt that financial worries were causing them to sleep poorly (37%). These levels are similar to the rest of the UK (40% for mental health impacts and 39% for sleep impacts).

Within Scotland, there are geographical differences in the level of financial wellbeing. There is a marked rural-urban divide, with households in large urban areas performing worse on all our indicators of financial wellbeing compared to rural households. Households in the most deprived quintile of areas meanwhile were over four times more likely to be in financial difficulties (31%, cf. 7%) and nearly twice as likely to be losing sleep over their finances (51%, cf. 28%).

Heading into winter, nearly four-in-ten Scottish households (38%) said their energy bills were unaffordable (similar to the level in the rest of the UK: 40%), rising to 45% of prepayment meter users. Almost all households (85%) had taken steps in the past six months to help them to afford their energy bills - with significant numbers resorting to using their cooker or oven less (38%); taking fewer showers or baths (27%); and cutting back spending on food (24%). Adding to cost-of-living pressures, over half (55%) of households that were paying rent or a mortgage in Scotland had seen these costs increase within the last six months.

Looking ahead to the coming year, around half (47%) of all households in Scotland were ‘very’ or ‘quite worried’ about their overall financial situation in the next 12 months.

Around 1 in 6 (17%) households in Scotland are in serious financial difficulties



Equivalent to nearly
450,000
households

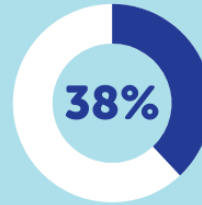
This matches the level of serious financial difficulties across the rest of the UK



However, 1 in 20 Scottish households (4.6%) said they had accessed a foodbank in the last month compared with 3.2% in the rest of the UK



Households with children were also more likely to have accessed a foodbank in Scotland (10%) than elsewhere in the UK (6%)



of Scottish households felt that their financial situation was making their mental health worse



This is similar to levels across the rest of the UK (40%)

There is a marked rural-urban divide in Scotland

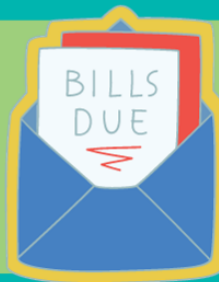


Households in large urban areas perform worse on all our indicators of financial wellbeing compared to rural households



4 in 10 (38%) of Scottish households said their energy bills were unaffordable

This is similar to the rest of the UK (40%)



This rises to 45% of prepayment meter users



Almost all households (85%) had taken steps in the past 6 months to help them afford their energy bills



38% were using their oven or cooker less

27% were taking fewer showers or baths



24% were cutting back spending on food



Around half (47%) of households in Scotland were very or quite worried about their overall financial situation in the next 12 months

55% of households that were paying rent or a mortgage in Scotland had seen these costs increase in the last 6 months

INTRODUCTION

Setting out his programme for government in September 2023, Scottish First Minister [Humza Yousaf](#) stated that “we are a government who will maximise every lever at our disposal to tackle the scourge of poverty in our country.” The latest data from the [Joseph Rowntree Foundation](#) highlights the need for action, with over one million people still living in poverty in Scotland, a figure that has changed little over recent years.

Against a backdrop of [significant fiscal constraints](#), the Scottish Government went on to announce its Budget for 2024-25 on 19 December 2023. Its headline policy was the introduction of a new 45 per cent advanced income tax band for income between £75,000 and £125,140 with effect from April 2024, as well as an increase to the top rate of income tax (paid on income over £125,140) from 47% to 48%. According to the [Scottish Fiscal Commission](#), these policies affect the top 5 per cent of taxpayers in Scotland and are expected to raise an extra £82 million in 2024-25, increasing to £114 million by the end of the 2028-29. Most of this increase (around £74 million) will come from the new advanced rate band.

These income tax raises will help fund social security spending in Scotland, which is [forecast to increase](#) from £5.3 billion in 2023-24 to £8.0 billion in 2028-29, in part due to a rise in the cost of disability benefits. A [continued freeze on Council Tax](#) should provide some relief for households in Scotland in the face of high living costs, although [Scottish councils](#) dispute the Scottish Government’s claim that the freeze is fully funded and warn of further cuts to local services. At the same time, weak economic growth means that overall living standards in Scotland are [not expected](#) to return to their 2021-22 level until 2026-27.

This briefing uses data from the ninth wave of the Financial Fairness Tracker survey to provide a picture of the financial wellbeing of households in Scotland in late 2023. It starts with an overview of the financial wellbeing of Scottish households in October 2023, which shows a similar picture to the rest of the UK but with some variations in patterns of saving and borrowing. We then go on to compare levels of financial wellbeing in the sub-regions of Scotland, before looking in detail at two big costs that Scottish households face – energy and housing. In the penultimate section, we explore how different groups of households in Scotland are faring financially – presenting new analysis looking at households with children and those with a disabled householder. We finish by considering how confident Scottish households feel about their future finances in the short and long term.

Key methodological details

Sample size:

896 householders in Scotland (with some responsibility for bills / household finances). We present comparisons with the rest of the UK (5,171) and with the other UK nations: England (4,784), N. Ireland (126) & Wales (261).

Fieldwork dates:

20th – 30th October 2023

Type of survey:

Online, cross-sectional survey of Opinium’s nationally- and politically-representative panel. The Scottish results are weighted to be representative of the Scottish population.

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.

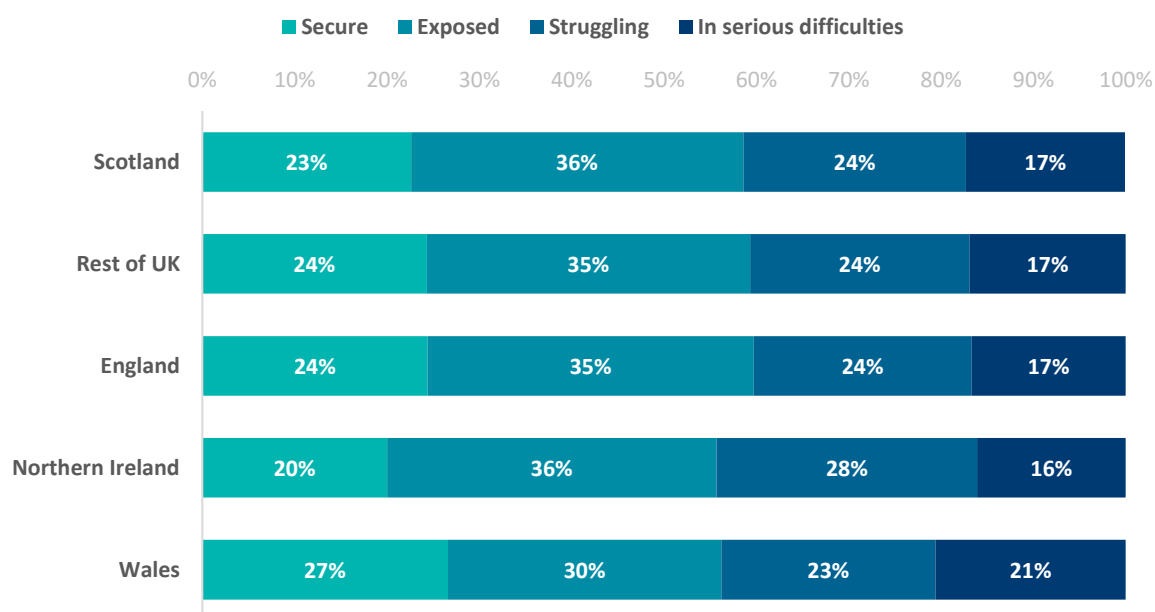
As a result of changing fieldwork company from wave 9 onwards and because this wave is based on a boosted sample of Scottish households, we focus less in this report on changes in results over time. For further details on the methodology, please see the technical note at the end of this report and our [technical appendix on the change of fieldwork company](#).

THE FINANCIAL WELLBEING OF SCOTTISH HOUSEHOLDS IN OCTOBER 2023

There is little difference in overall financial wellbeing across the UK nations

Looking at our broad measure of financial wellbeing – which combines seven key questions covering different aspects of day-to-day finances and longer-term financial resilience – we find little difference between Scottish households and those elsewhere in the UK (Figure 1). Nearly a quarter of households in Scotland are classed as ‘financially secure’ (23%), meaning they are easily meeting their expenses and have a good financial buffer if needed. Over a third are ‘financially exposed’ (36%), which generally indicates no problems with their day-to-day finances but lower levels of savings. A quarter (24%) are ‘struggling’, meaning that they tend to consider meeting their bills and credit commitments something of a burden, with relatively limited ability to build up a savings pot. Lastly, around one-in-six (17%) are ‘in serious financial difficulties’, indicating that it is a real struggle for them to meet their day-to-day expenses, with many behind on their household bills or credit commitments. This means that nearly 450,000 Scottish households are experiencing such financial difficulties, with an additional 600,000 classed as ‘struggling’.¹

Figure 1 – Percentage of households in each of our four financial wellbeing categories, by nation of UK



Notes: Sample sizes as follows: Scotland = 896, rest of UK = 5,171, England = 4,784, Northern Ireland = 126, Wales = 261. Unless specified otherwise, results for ‘all households’ in each of the constituent parts of the UK use the same sample sizes.

Looking across the UK nations, we find no statistically significant differences in the proportion of households in each of the four financial wellbeing categories. In Wales, a higher percentage of households are ‘in serious financial difficulties’ (21%) but also that a higher proportion are ‘financially secure’ (27%) – though the relatively small sample size in Wales means that the

¹ Based on a total number of Scottish households of 2.55 million in 2022, as reported by the [National Records of Scotland](#) (2023).

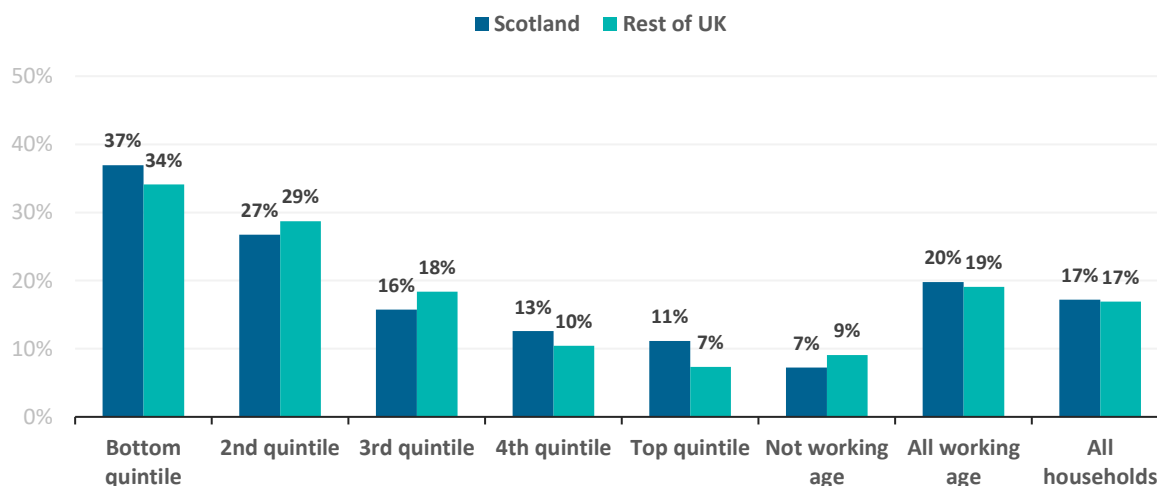
confidence intervals around these results are quite wide (for example, they range from 16% to 26% for the ‘in serious financial difficulties’ category; compared with 15% to 20% for Scotland and 16% to 18% for England).

While our financial wellbeing index is not a direct measure of poverty, our results are not dissimilar to estimates of poverty (as we would expect). The latest poverty estimates – for the period from 2019/20 to 2021/22 – suggest that 22% of people in the UK live in relative poverty (after housing costs), with figures of 22% for Wales, 21% for Scotland and 16% for Northern Ireland.² The relatively low cost of housing in each of the devolved nations pushes down their poverty rates compared to parts of England; London, for example, sees its poverty rate increase from 14% before housing costs to 25% after housing costs.

How are households across the income spectrum managing financially in Scotland?

Unpacking the above results further, we can explore how different components of financial wellbeing vary for households in different parts of the income distribution in Scotland compared with the rest of the UK. This is based on working age households’ incomes after equivalisation (which takes into account the number of adults and children in the household and financial dependents outside the household) and after housing costs.³ Unsurprisingly a higher proportion of those in lower-income quintiles are in ‘serious financial difficulties’ (Figure 2): 37% of Scottish working age households in the bottom 20% of incomes are in such difficulty, compared with 20% of all working age households in Scotland. These results are not significantly different to the rest of the UK (34% and 19% respectively).

Figure 2 – Percentage of households in serious financial difficulties, by income quintile and age



Notes: Unweighted sample sizes: Scotland – quintiles range from 110 to 125, not working age = 184, all working age = 712 & all households = 896; rest of UK – quintiles range from 673 to 724, not working age = 1,041, all working age = 4,130 & all households = 5,171. Income quintiles are based only on working age households.

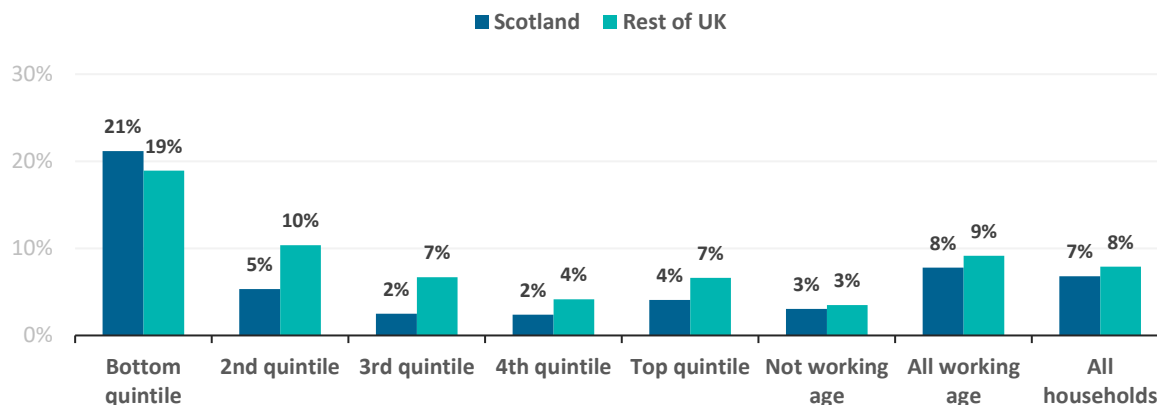
Overall, 7% of Scottish households and 8% of households elsewhere in the UK reported that the statement “my household is currently struggling to pay for food and other necessary expenses” fitted them ‘very well’. Among the bottom income quintile of working-age households, this rises to

² See: House of Commons Library (2023) [Poverty in the UK: Statistics](#).

³ The quintiles are constructed *within* Scotland and *within* the rest of the UK, rather than across the UK as a whole.

21% in Scotland and 19% for the rest of the UK (Figure 3) – but with no statistically significant differences between Scottish households and those elsewhere.

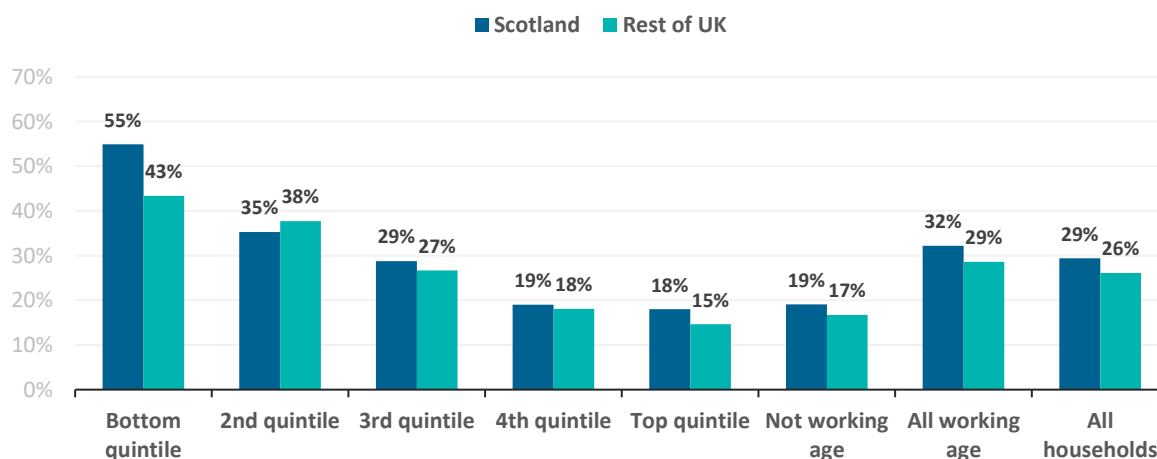
Figure 3 – Percentage of households that are struggling to pay for food and other necessary expenses, by income quintile and age



Notes: Unweighted sample sizes: Scotland – quintiles range from 110 to 125, not working age = 184, all working age = 712 & all households = 896; rest of UK – quintiles range from 673 to 724, not working age = 1,041, all working age = 4,130 & all households = 5,171. Income quintiles are based only on working age households.

We do, however, see greater differences between Scottish households and those in the rest of the UK when it comes to financial resilience and ways of trying to make ends meet. Scottish households were more likely to have nothing in savings (29%, compared with 26% for the rest of the UK) and, as Figure 4 demonstrates, this gap rises considerably for those in the bottom income quintile (55% in Scotland, compared with 43% elsewhere).

Figure 4 – Percentage of households with nothing in savings, by income quintile and age

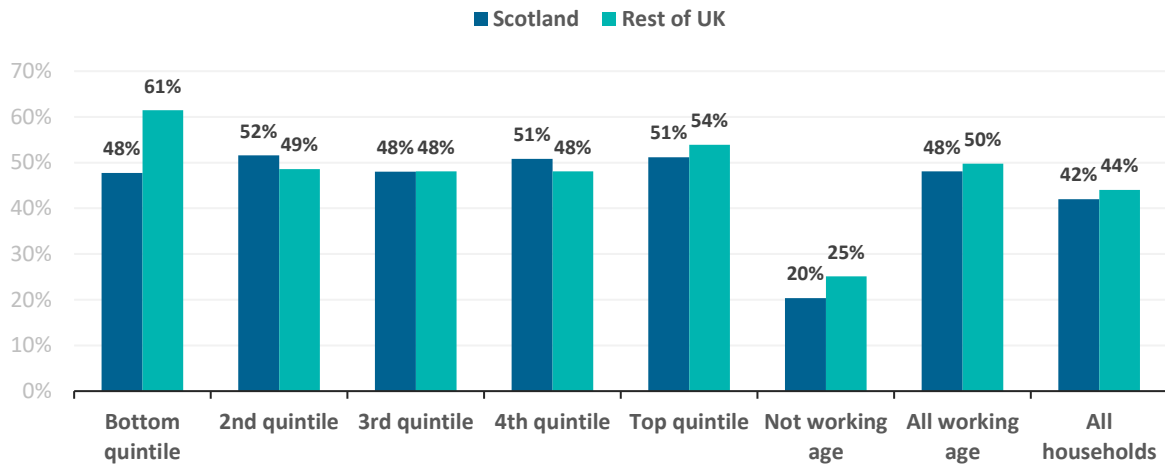


Notes: Unweighted sample sizes: Scotland – quintiles range from 110 to 125, not working age = 184, all working age = 712 & all households = 896; rest of UK – quintiles range from 673 to 724, not working age = 1,041, all working age = 4,130 & all households = 5,171. Income quintiles are based only on working age households.

Conversely, in Figures 5 and 6 we see that lower-income Scottish households were less likely to have taken out new credit (48%, cf. 61% in the rest of the UK) or to have borrowed money for daily living expenses in the past six months (28%, cf. 44%). These findings may reflect lower absolute incomes in

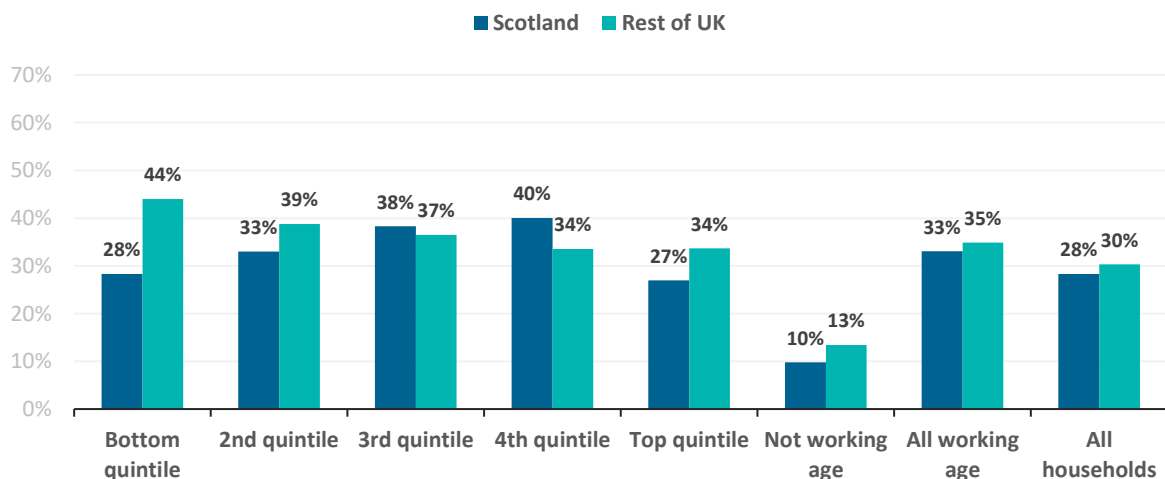
Scotland relative to the rest of the UK (driven primarily by England), before housing costs are accounted for, which may make it more challenging for lower-income Scottish households to access credit.⁵ This means that, overall, Scottish households were marginally less likely to have taken out new credit in the past six months (42%, compared with 44% for the rest of the UK) or to have borrowed to pay for daily living expenses (28%, compared with 30% elsewhere).

Figure 5 – Percentage of households who have taken out new credit in the past six months, by income quintile and age



Notes: Unweighted sample sizes: Scotland – quintiles range from 110 to 125, not working age = 184, all working age = 712 & all households = 896; rest of UK – quintiles range from 673 to 724, not working age = 1,041, all working age = 4,130 & all households = 5,171. Income quintiles are based only on working age households.

Figure 6 – Percentage of households who have borrowed money for daily living expenses in the past six months, by income quintile and age



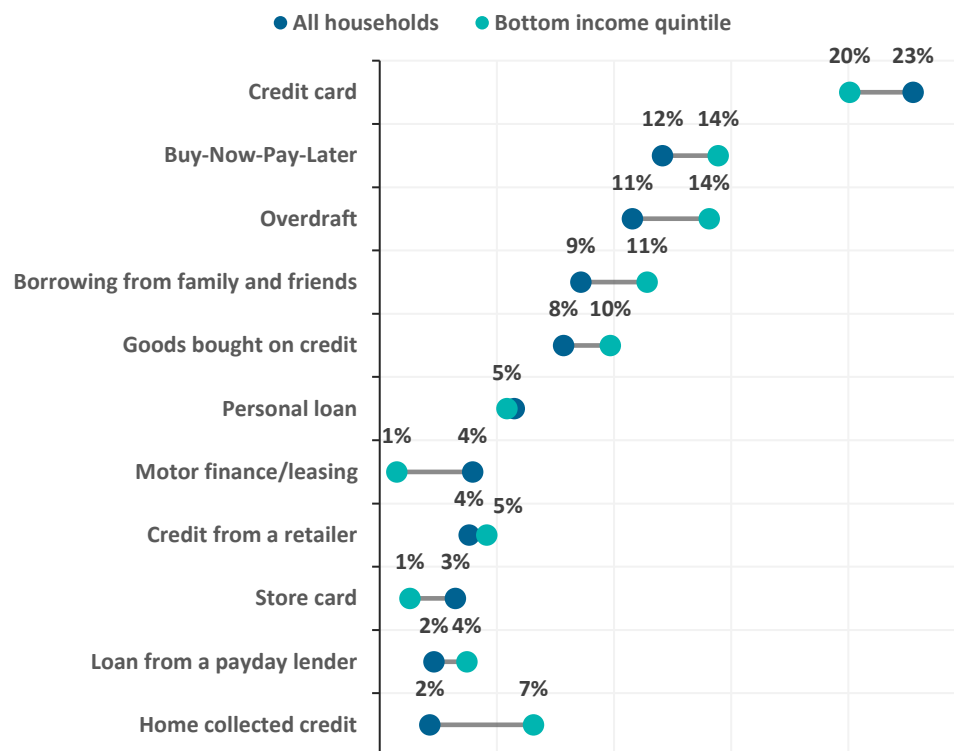
Notes: Unweighted sample sizes: Scotland – quintiles range from 110 to 125, not working age = 184, all working age = 712 & all households = 896; rest of UK – quintiles range from 673 to 724, not working age = 1,041, all working age = 4,130 & all households = 5,171. Income quintiles are based only on working age households.

⁵ We see, for example, that 64% of Scottish working age households in the bottom 20% of incomes (within Scotland) have a (before housing costs, non-equivalised) monthly income of less than £1,000, compared with 57% of comparable households in England. Households in England were most likely (of the four nations) to have taken out new credit in the past 6 months (with 45% having done so).

Looking at the types of credit that Scottish households have been using, we see that the most common form of borrowing taken out in the past six months was on a credit card (23% of all Scottish households), followed by Buy-Now-Pay-Later (BNPL) (12%), overdraft (11%) and borrowing from family and friends (9%). As Figure 7 demonstrates, most forms of borrowing were more common among those on the lowest incomes; for example, 14% of working-age households in the bottom income quintile had borrowed on an overdraft in the past six months, compared with 11% of all households. This relationship, however, is reversed for credit card borrowing (20% of those in the lowest income quintile, compared to 23% of all households) and motor finance (1% and 4% respectively) – suggesting that these forms of credit were more likely to be accessed by those on slightly higher incomes.

Use of certain types of credit also increases if we consider not just new borrowing but also those who had been making repayments in the past six months. This suggests that 34% of all Scottish households had been paying back a credit card, 13% had been repaying a personal loan and 11% were making payments on motor finance.

Figure 7 – Percentage of households in Scotland who have taken out new borrowing in the past six months for each of the following types of credit

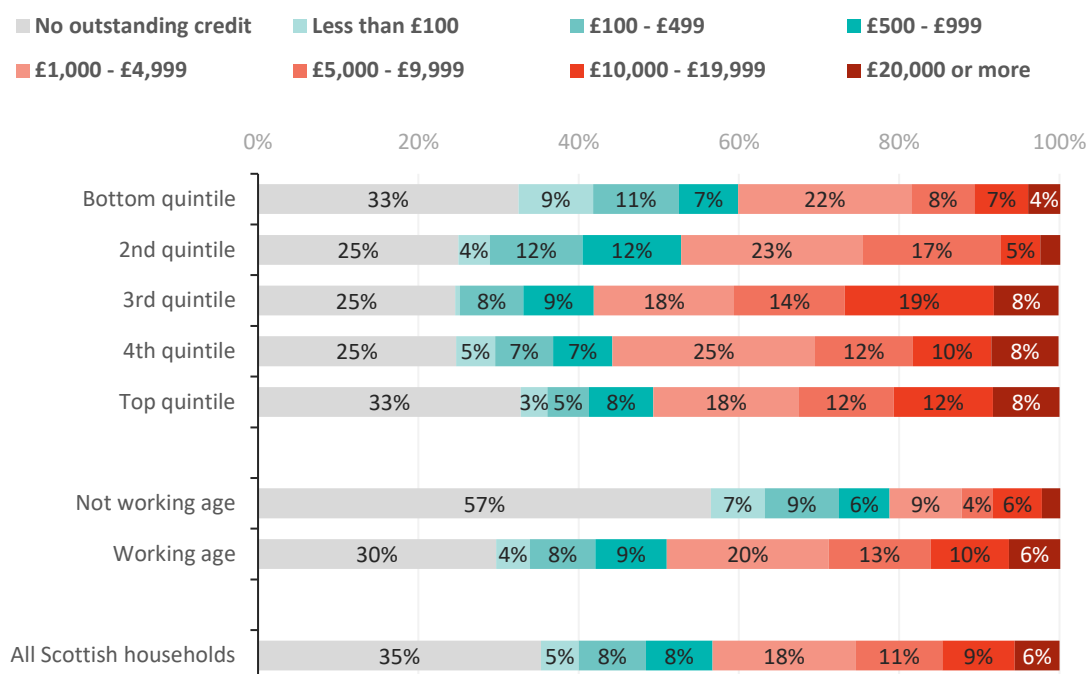


Notes: Unweighted sample sizes: All households = 896; Bottom income quintile = 125. Income quintiles are based only on working age households.

Figure 8 reveals how the total amount of credit owed by Scottish households (excluding loans secured on property, such as mortgages, and student loans) varies by age and income. Overall, just over a third (35%) of Scottish households held no outstanding credit, while a further fifth (21%) owed less than £1,000 and nearly half (43%) owed £1,000 or more. Borrowing levels drop considerably with age, with nearly three-in-five (57%) of pensionable age households having no outstanding credit. Looking at working age households, those on the lowest and highest incomes

were equally likely to owe nothing (33%), while the bottom 20% were least likely to owe over £5,000 (19%, compared with 41% of those in the 3rd income quintile).

Figure 8 – Total amount of credit owed by households in Scotland, by income and age



Notes: Unweighted sample sizes: quintiles range from 110 to 125, not working age = 184, working age = 712 & all households = 896. Income quintiles are based only on working age households within Scotland and represent after housing costs, equivalised incomes. Median take-home monthly income (before equalisation and before housing costs are deducted) for the bottom quintile was £730, compared with £4,530 for the top quintile and £1,760 for non-working age households.

How are finances impacting Scottish households' quality of life?

Evidence from our Tracker indicates that many households are experiencing significant hardship and a poor standard of living. Nearly one-in-twenty Scottish households (4.6%) reported that they had accessed a foodbank in the past four weeks, which was statistically significantly higher than in the rest of the UK (3.2%). This echoes findings from the Family Resources Survey (for the year to March 2022, prior to much of the impact of the cost of living crisis), which showed that households in Scotland were most likely to have used a food bank in the last 30 days (2%, compared with 1% in England, Wales and Northern Ireland).⁶ The Trussell Trust note, however, that the number of emergency food parcels distributed by its network increased over 2023 at a lower rate in Scotland than it did elsewhere in the UK.⁷ Despite a considerable number of households accessing foodbanks, 6% of householders in Scotland reported not having eaten for a whole day on three or more occasions within the past four weeks (also 6% for the rest of the UK).

Turning to other impacts on quality of life, we found that nearly two-in-five households (38%) felt that their financial situation was making their mental health worse to some extent (with 13% saying that this statement described them 'very well'). A similar proportion felt that financial worries were causing them to sleep poorly at night (37%, with 12% saying this describes them 'very well'). For

⁶ DWP (2023) [Family Resources Survey: financial year 2021 to 2022](#).

⁷ Trussell Trust (2023) [Emergency food parcel distribution in the UK: April – September 2023](#).

both of these impacts, the levels in Scotland were similar to those found elsewhere in the UK (40% for mental health impacts and 39% for sleep impacts).

Lastly, looking at housing, we find that Scottish households were less likely than those elsewhere in the UK to report that their home has problems with condensation, damp or mould (26%, compared with 32% elsewhere). This likely reflects both that Scotland has a higher proportion of newer homes⁸ and, as a result, a greater proportion of energy efficient dwellings.⁹ Private renters were the most likely tenure group in Scotland to be concerned about condensation, damp or mould (42%), compared to social renters (27%), mortgagors (28%) and outright homeowners (17%).

FINANCIAL WELLBEING ACROSS THE SCOTTISH REGIONS

The Tracker data enables us to conduct a comparison between four different sub-regions of Scotland: Eastern Scotland (including Edinburgh, Dundee and the Scottish borders), North Eastern Scotland (predominantly Aberdeenshire), the Highlands and Islands, and South Western Scotland (from Glasgow to Dumfries and Galloway). While it should be noted that the sample sizes within each region mean that the confidence intervals surrounding the regional results can be relatively wide¹⁰, we find that those in the South-West experience the highest rate of serious financial difficulty (19%), followed by those in the Highlands and Islands (18%), while the rate is lower in Eastern (15%) and North Eastern (12%) Scotland (see Table 1 overleaf). This east-west divide is broadly in line with the findings of the [2020 Scottish Index of Multiple Deprivation](#).

These regional patterns are reflected across a range of indicators (as shown in Table 1) – with households in South Western Scotland being most likely to report a constant struggle to meet their bills and credit commitments (17%) and having nothing in savings (31%). Those in Eastern Scotland were marginally more likely to report having borrowed money to cover their daily living expenses in the last four weeks (15%). It is interesting to note that the Highlands and Islands fare relatively poorly in terms of struggling to meet bills (16%) and serious financial difficulties (18%), as the sample in this region is relatively older compared to other parts of Scotland and we generally find that older adults have higher levels of financial wellbeing. While this age profile is not reflected in general financial wellbeing, it may be evident in foodbank usage, with less than 1% of households in the Highlands and Islands having used a foodbank in the past four weeks – compared to 5% of those in South Western Scotland and North Eastern Scotland and 3% of those in Eastern Scotland. Reflecting their younger demographic, we also see higher usage of Buy-Now-Pay-Later in southern areas of Scotland (15% in Eastern Scotland and 13% in South Western Scotland, compared with 8% in the Highlands and Islands and just 2% in North Eastern Scotland).

Figure 9 – Regions of Scotland used in the analysis



⁸ Piddington *et al* (2020) [The housing stock of the United Kingdom](#).

⁹ See: House of Commons Library (2023) [Energy efficiency of UK homes](#).

¹⁰ 95% confidence intervals for 'in serious financial difficulties' as follows: Eastern Scotland = 10.9% to 20.1%; North Eastern Scotland = 6.2% to 19.9%; Highlands and Islands = 11.3% to 26.8%; South Western Scotland = 15.7% to 23.4%. Unweighted sample sizes: Eastern Scotland = 231, North Eastern Scotland = 87, Highlands and Islands = 99, South Western Scotland = 400, Rest of the UK = 5,171.

Table 1 – Proportion of households in different geographical areas within Scotland that are in different types of financial difficulty. Red = poorer financial outcomes; green = better outcomes.

Area characteristics		Constant struggle to meet bills	Nothing in savings	Borrowed money for daily living expenses	In serious financial difficulty	Unweighted base
Region	Eastern Scotland	13%	28%	15%	15%	231
	North Eastern Scotland	8%	23%	2%	12%	87
	Highlands and Islands	16%	28%	12%	18%	99
	South Western Scotland	17%	31%	14%	19%	400
	Rest of the UK	17%	26%	15%	17%	5,171
Rural-urban status (Scotland)	Large urban areas	14%	29%	14%	17%	504
	Small towns	11%	28%	12%	14%	89
	Rural areas	11%	22%	8%	13%	122
Deprivation quintile (Scotland)	Most deprived 20%	26%	46%	20%	31%	148
	2nd quintile	12%	29%	11%	16%	149
	3rd quintile	12%	23%	10%	15%	169
	4th quintile	9%	21%	10%	10%	126
	Least deprived 20%	7%	20%	15%	7%	123

As shown in Table 1, we see a rural-urban divide in Scotland, with those living in large urban areas performing worse on all four indicators of financial wellbeing.¹¹ Those in rural areas, on the other hand, tend to fare better – with a lower proportion of households having no savings (22%, compared with 29% in large urban areas) and a lower likelihood of borrowing money to cover daily living expenses (8%, compared with 14% in large urban areas). This reflects both the older age profile of rural areas and the greater prevalence of homeowners in such areas.

As expected, households in more deprived parts of Scotland have significantly worse financial wellbeing. Over a quarter (26%) of those in the most deprived quintile of areas were struggling to meet their bills and credit commitments, while nearly half (46%) had no savings and nearly a third (31%) were in serious financial difficulties. This compares with figures of just 7%, 20% and 7% respectively for those in the least deprived quintile. The pattern is less linear when it comes to borrowing for daily living expenses: 20% of those in the bottom quintile had done so, falling to 10-11% among those in the middle three quintiles but rising again to 15% among those in the least deprived quintile of areas. Lastly, looking at wellbeing impacts, we see that households in the most deprived areas were nearly twice as likely to report losing sleep over their finances compared to those in the least deprived areas (51%, cf. 28%).

Energy and housing costs across Scotland

In this section we consider two of the largest elements of expenditure for households: their energy costs and their rent or mortgage repayments. On energy, we collected a range of variables related to the type of heating that households have, the way they pay for their energy, how affordable they find their energy bills and actions that they have taken to try and reduce energy costs.

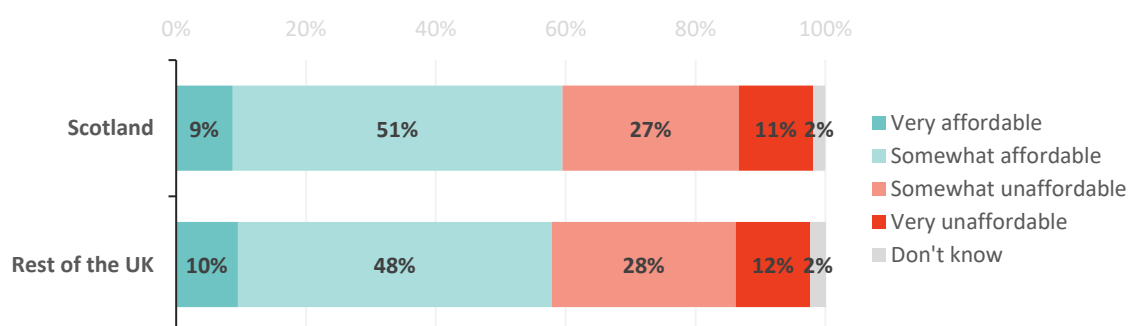
¹¹ Rural-urban status defined in line with the Scottish urban rural classification 2020 based on respondent postcode. 'Large urban areas' are defined as settlements with a population of larger than 10,000; 'small towns' are those with a population between 3,000 and 10,000; and 'rural areas' have a population of less than 3,000.

Looking first at how Scottish households heat their homes, we see relatively little difference at a national level between Scotland and England, with 71% and 73% respectively reporting that they heat their home via a mains gas connection. The next most common type of heating was electric (including storage heaters), at 28% in Scotland and 29% in England. This differs substantially to Northern Ireland, where the most common form of heating was oil (54%, compared to just 6% in Scotland).

Across the different regions of Scotland, however, there is considerable variation in the type of heating used. While 80% and 78% respectively in South Western and Eastern Scotland have mains gas heating, this falls to 59% in North Eastern Scotland and just 35% in the Highlands and Islands. Households in the Highlands and Islands were significantly more likely to be using oil (21%), wood (16%), solid fuels such as coal (10%), gas tanks or bottled gas (9%) and renewable energy sources (9%). These regional patterns are largely driven by differences in the type of heating across rural and urban areas, with the Highlands and Islands having the highest proportion of rural communities of the Scottish regions.

When asked about the affordability of their energy costs, six-in-ten Scottish households (60%) described their costs as either ‘very’ (9%) or ‘somewhat’ (51%) affordable. A quarter meanwhile described them as ‘somewhat unaffordable’ (27%) and one-in-ten felt that they were ‘very unaffordable’ (11%). Overall, as Figure 10 demonstrates, these levels of energy affordability are very similar to households across the rest of the UK. Our UK-wide analysis, published in November 2023, suggests that the average household may be beginning to adjust to a ‘new normal’ of higher energy prices.¹² The situation may be expected to deteriorate over the winter months, however (relative to the pre-winter timing of the survey in October 2023). Despite the differences in the way households heat their homes across Scotland, we found little evidence of any differences in levels of energy affordability across the Scottish regions.

Figure 10 – Proportion of households in Scotland and the rest of the UK who describe their energy costs as affordable or unaffordable

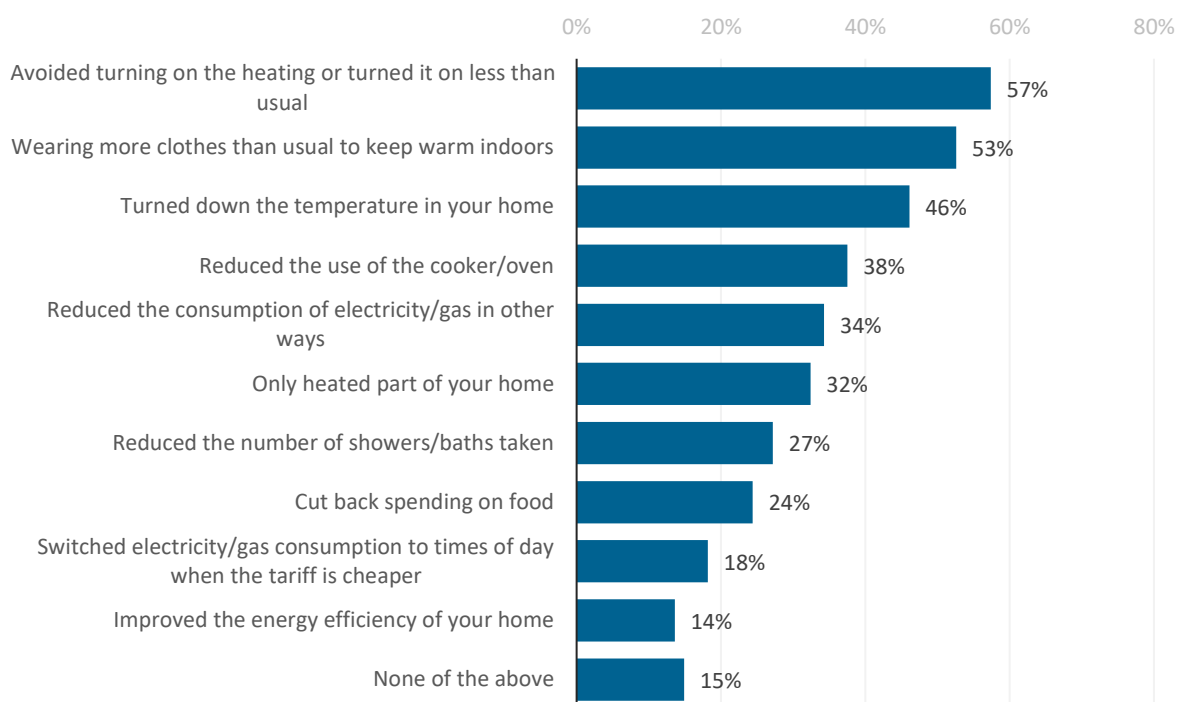


Nearly seven-in-eight Scottish households (85%) had taken some form of action in the past six months to help them to afford their energy bills (Figure 11), similar to the level across the rest of the UK (84%). Most commonly they had avoided turning on the heating or turned it on less than usual (57%), while it was also commonplace for respondents to wear more clothes than usual to keep warm indoors (53%). Compared to the rest of the UK, the only actions that were significantly more likely to be undertaken by Scottish households were: only heating part of their home (32%, cf. 26%); and switching consumption to times of the day when the tariff is cheaper (18%, cf. 15%). Other

¹² Evans et al (2023) [Turning a corner? The financial wellbeing of UK households in October 2023.](#)

notable actions taken by Scottish households included: reducing the use of their cooker or oven (38%), reducing the number of showers or baths they take (27%) and cutting back spending on food (24%).

Figure 11 – Actions taken in the past six months by Scottish households to afford energy bills



Around one-in-six (17%) Scottish households reported paying for their energy by prepayment meter. Unsurprisingly, these households were significantly more likely to be ‘in serious financial difficulties’ (33%, compared with 14% of those not on a prepayment meter). They were also more likely to describe their energy costs as ‘somewhat’ (29%, cf. 27%) or ‘very unaffordable’ (16%, cf. 11%).

Turning to housing costs, households in Scotland generally pay less for their housing than those elsewhere in the UK, particularly compared with England (and most notably the London region). We see, for example, that while a similar proportion in both England and Scotland (36%) have no housing costs – in the form of rent or mortgage repayments – each month, Scottish households were more likely to be paying less than £500 per month for their housing (32%, compared with 21% of households in England). At the other end of the spectrum, English households were more likely to be paying over £1,000 per month on rent or mortgages (15%, compared with 8% of Scottish households). Even taking into account lower household incomes in Scotland, we still see that more than a quarter of households in England (27%) were spending over 30% of their monthly take-home income on rent or mortgages, compared to 19% of Scottish households.

Of those currently paying rent or a mortgage in Scotland, over half (55%) had seen these costs increase within the last six months – usually by up to £100 per month (31%) or £100-300 (17%) but for a minority by more than £300 (7%).¹³ Scottish mortgagors (of whom there are approximately 700,000¹⁴) were more likely than other tenure groups to have seen their housing costs increase by

¹³ Unweighted bases as follows: Scottish households paying rent or a mortgage (and who also provided information on their housing costs) = 464; Scottish mortgagors = 246; Scottish private renters = 112; Scottish social renters = 187.

¹⁴ Out of around 1.5 million owner-occupied dwellings: [Housing statistics: Stock by tenure - gov.scot \(www.gov.scot\)](https://www.gov.scot/housing-statistics/stock-by-tenure)

more than £100 per month (36%, compared with 13% of the 400,000 or so private rented households and 12% of the 600,000 social rented households). Overall, 6% of Scottish mortgagors reported owing money as a result of a missed housing payment, rising to 9% of social renters and falling to 4% among private renters. Around one-in-25 Scottish mortgagors (3.7%) said they had had some form of contact with their mortgage provider about being unable to meet their repayments in the past six months. This compares with 2.9% of private renters and 2.0% of social renters when asked about contact with their landlord or housing provider over the same time period.

HOW ARE DIFFERENT GROUPS OF HOUSEHOLDS FARING FINANCIALLY IN SCOTLAND?

This section explores how financial wellbeing varies across different socio-demographic and economic groups of households in Scotland. Table 2 shows the proportion of households with different characteristics who are struggling financially across four aspects of financial wellbeing. It highlights that low levels of financial wellbeing impact many different types of households in Scotland; while factors such as owning an asset (like a home), having a decent income, and the absence of long-term health conditions or disability increase the chances of good financial wellbeing.

Households in Scotland that are especially likely to have low financial wellbeing are:

- Those renting their homes, especially council or housing association tenants.
- Families with children, in particular larger families and those headed by a single parent – which we explore further below.
- Those where someone is disabled.
- Those in the lowest income quintiles – although as we noted earlier, a considerable minority of higher income households in Scotland say they have borrowed money for daily living expenses in the last six months.
- Households in receipt of social security benefits.
- Those where someone is not working or is unemployed.
- Households that use a prepayment meter to pay for gas or electricity.

Table 2 – Proportion of Scottish households in different socio-demographic and economic groups that are in different types of financial difficulty

Household characteristics		Constant struggle to meet bills	Nothing in savings	Borrowed money for daily living expenses	In serious financial difficulty	Unweighted base
Respondent age group	Under 30	20%	35%	20%	22%	91
	30-39	18%	38%	23%	21%	127
	40-49	19%	32%	17%	21%	175
	50-59	19%	33%	8%	19%	176
	60-69	10%	23%	8%	14%	198
	70 or over	5%	16%	3%	5%	129
Housing tenure	Own outright	8%	13%	9%	7%	329
	Own with mortgage	13%	23%	16%	10%	246
	Private rent	23%	42%	17%	26%	112
	Social rent	25%	59%	14%	40%	187

Children in the household?	No children	14%	28%	11%	16%	680
	Has children in household	20%	35%	20%	21%	216
	One child	19%	34%	16%	21%	103
	Two children	20%	34%	21%	20%	77
	Three or more children	22%	39%	30%	19%	36
Family type	Single, no children	20%	37%	16%	25%	295
	Couple, no children	8%	20%	8%	9%	385
	Single parent	38%	51%	19%	42%	38
	Couple with children	17%	32%	20%	17%	178
Disability	No one disabled in household	12%	25%	12%	13%	667
	Someone disabled in household	24%	44%	18%	30%	229
Income quintile (after housing costs and equivalisation, working age)	Bottom income quintile	32%	55%	15%	37%	125
	2nd quintile	22%	35%	13%	27%	117
	3rd quintile	16%	29%	23%	16%	116
	4th quintile	11%	19%	19%	13%	110
	Top income quintile	7%	18%	12%	11%	119
Receipt of benefits	No benefits	10%	21%	10%	10%	570
	Income-related benefits	30%	53%	21%	35%	222
	Disability-related benefits	27%	50%	21%	37%	167
Work status of householders	Retirees in household	6%	18%	4%	7%	260
	Someone unemployed in household	20%	58%	21%	33%	28
	Someone not working in household	36%	64%	18%	47%	114
	Someone working full-time	15%	27%	18%	15%	470
	Someone working part-time	14%	30%	10%	19%	170
	Someone in household is a student	20%	48%	19%	24%	28
	Someone not working due to caring responsibilities	18%	38%	20%	24%	46
Highest qualification of respondent	Degree or above	11%	23%	16%	10%	298
	A-level or equivalent	17%	29%	14%	20%	195
	GCSE or equivalent	21%	34%	10%	22%	187
	Other	11%	26%	13%	15%	102
	No qualifications	18%	47%	9%	28%	114
Prepayment meter for gas or electricity?	No prepayment meter	12%	26%	11%	14%	748
	Prepayment meter	33%	50%	25%	33%	148

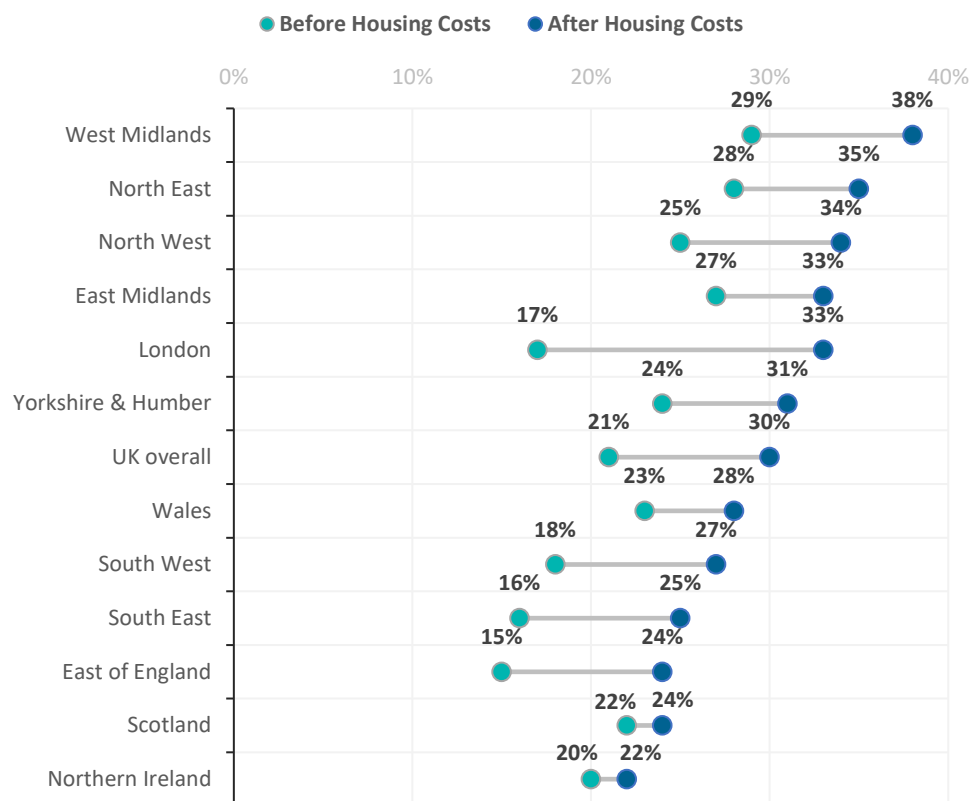
Notes: Please note that percentages with smaller sample sizes should be treated with caution, as they will have wider confidence intervals. Income-related benefits included are: Universal Credit, Jobseekers Allowance, Income Support, Employment and Support Allowance, Working Tax Credit, Child Tax Credit, Housing Benefit, Pension Credit, Scottish Child Payment; disability-related benefits included are: Personal Independence Payment, Disability Living Allowance, Adult Disability Payment, Employment and Support Allowance, Carer's Allowance. 'Borrowed money for daily living expenses' refers to a time period of the last 4 weeks.

How are households with children doing financially in Scotland compared with the rest of the UK?

In 2017, the Child Poverty (Scotland) Act was passed into law by the Scottish Parliament, an act which sets targets to reduce child poverty in Scotland. It specifies that the proportion of children living in Scottish households who are living in relative poverty should be reduced to less than 10% by 2030.¹⁵ At present, as shown by Figure 12, nearly one-in-four children (24%) in Scotland are living in relative poverty (after housing costs are accounted for)¹⁶. This is lower than most other regions of the UK and is partly driven by relatively low housing costs in Scotland. For Scotland, the poverty rate increases only by two percentage points from 22% to 24% when housing costs are accounted for, whereas for the UK overall there is a nine percentage point increase (from 21% to 30%) and in London the difference is even more stark (rising from 17% to 33%).

While these latest child poverty figures for Scotland do not fully reflect the impact of the Scottish Child Payment¹⁷, the [Joseph Rowntree Foundation](#) has nonetheless warned that “without significant longer-term actions planned by the Scottish Government, it is difficult to see how the 2030/31 targets can be met under current plans.”

Figure 12 – Percentage of children living in relative low income by region and nation of the UK, using before and after housing costs measures of poverty. Source: DWP – Households Below Average Income, 2019/20 to 2021/22 (In: House of Commons Library, 2023)¹⁸



¹⁵ Scottish Government (no date) [Poverty and social justice: child poverty](#).

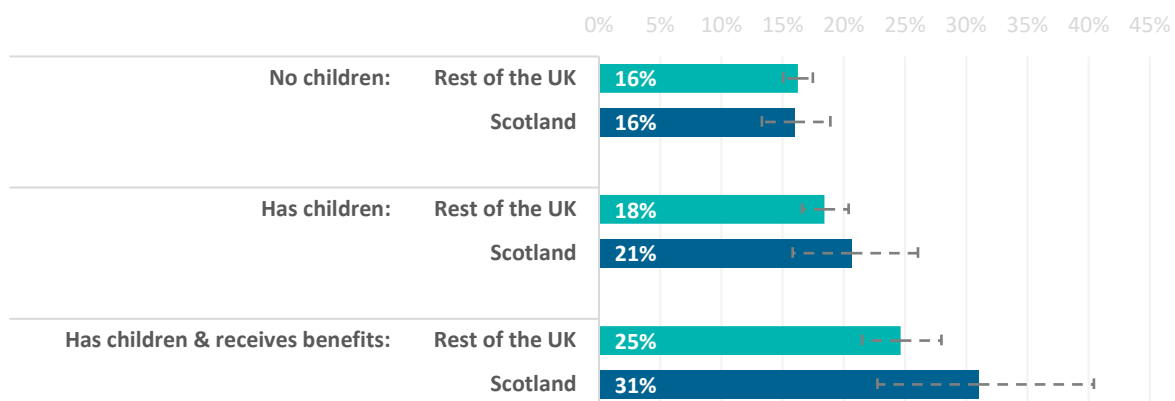
¹⁶ Relative poverty is defined as living in a household with an income below 60% of the median household income.

¹⁷ The Scottish Child Payment is for parents or carers on low incomes who have a child under 16 which does not impact on other benefits they might receive. Since it was introduced in 2021, the Scottish Child Payment has increased from £10 per week for each child under six to £25 a week for each child under 16 (since November 2022).

¹⁸ House of Commons Library (2023) [Poverty in the UK: Statistics](#).

Turning to the Tracker data, we explore how families with children in Scotland are coping financially and compare them to households with children in the rest of the UK. Broadly, we find that despite the generally lower relative child poverty rate in Scotland, there appears to be little difference in levels of financial difficulty. As shown in Figure 13, 21% of Scottish households with children are found to be in serious financial difficulties, compared to 18% of households with children in the rest of the country – but the difference between the two is not statistically significant (even when household income level is controlled for in regression analysis). This is also true for families with three or more children (19% in serious financial difficulties in Scotland, cf. 20% in the rest of the UK) and those with children who are in receipt of income-related benefits (31% in Scotland in serious financial difficulties, cf. 25% elsewhere – again this difference is not statistically significant).

Figure 13 – Percentage of households in serious financial difficulties, by nation, whether there are children in the household and whether they receive income-related benefits. Dotted lines indicate 95% confidence intervals.



Notes: sample sizes as follows: no children: rest of the UK = 3,585, Scotland = 680; has children: rest of the UK = 1,586, Scotland = 216; has children & receives benefits: rest of the UK = 675, Scotland = 91.

On other measures, we similarly see little difference in Scotland: 20% of Scottish families with children and 22% of families with children elsewhere in the UK described it as ‘a constant struggle’ to meet their bills and credit commitments. The proportion of households with children who felt that they were ‘currently struggling to pay for food or other necessary expenses’ meanwhile was 28% in Scotland and 32% elsewhere, while the proportion with nothing in savings was 35% in Scotland and just 28% in the rest of the UK (which is a statistically significant difference).

Looking at wider quality of life measures, we find that 17% of parents in Scotland felt that they were unable to give their children what they need due to concerns around cost, compared with 15% of parents in the rest of the UK. For families with children on income-related benefits, this rises to 28% (and 20% for the rest of the UK, though the difference is not statistically significant). In terms of food insecurity, we find that Scottish households with children were significantly more likely to have used a foodbank in the past four weeks (10%, cf. 6% for the rest of the UK), with significant differences also found for those with children receiving income-related benefits (23% in Scotland, cf. 11% elsewhere) and for those with three or more children in the household (22% in Scotland, cf. 10% elsewhere). Analysis of data from the Trussell Trust also suggests a slightly higher rate of foodbank use among families with children in Scotland: between April and September 2023 their network distributed approximately 69 emergency food parcels for children for every 1,000 families with

children in Scotland; for England, this figure was lower at 65.²⁰ It is important to note though that the Trussell Trust have reported that the increase in demand for emergency food support over the past five years has been much lower in Scotland (39%) than in Wales (77%), England (132%) and Northern Ireland (176%).²¹

Overall, there is little evidence from the Tracker that children in Scotland are faring better than those elsewhere in the UK despite the Scottish Government's focus on child poverty; however, it is likely that levels of financial wellbeing would be even lower for families with children in Scotland had it not been for the policies introduced by the devolved government. It should also be noted that the sample sizes are relatively small for those sub-groups who are most likely to be impacted by the Scottish Government's policies, such as households with children who are receiving Scottish Child Payment (SCP). Further evidence may therefore be needed to explore the financial situations of the most vulnerable households in Scotland. The interim evaluation of the SCP suggested that the policy "is likely to have contributed positively to the Scottish Government's long-term aims (e.g. reduced child poverty)" even prior to the payment being increased to £25 per week and extended to children aged under 16.²² The Trussell Trust suggests that the SCP is still not enough to ameliorate the rising cost of living and therefore should be upped further to £40 per week²³, while the Joseph Rowntree Foundation highlight how a "vibrant and accessible labour market could successfully lift people out of poverty".²⁴

How financially well are disabled people in Scotland?

As noted previously, households with someone disabled in Scotland fare significantly worse financially than other households in Scotland where no one is disabled. While 13% of non-disabled households in Scotland were 'in serious financial difficulties', this rises to 30% among disabled households (Figure 14). Those receiving some form of disability-related benefit in Scotland were even more likely to be in such difficulties (37%). Looking at longer-term financial resilience, we find that those in receipt of disability-benefits were twice as likely to have nothing in savings (50%), compared with non-disabled households.

As Figure 14 demonstrates, we generally find similar levels of financial wellbeing for disabled households in Scotland compared with the rest of the UK. In other words, in all parts of the UK, those with disabilities are more likely to experience poor financial wellbeing. For example, a quarter of disabled households in the rest of the UK (25%) were 'in serious financial difficulties', compared with 14% of households with no one disabled. In some instances, however, we do find statistically significant differences between Scotland and the rest of the UK: Scottish disabled households were both more likely to have nothing in savings (44%, cf. 35%) and to have accessed a foodbank in the past four weeks (13%, cf. 7%).

²⁰ This is based on [nearly 42,000 emergency food parcels for children](#) being distributed in Scotland, where there are an [estimated](#) 609,000 families with children. The England figure (reached by subtracting the Scottish, [Welsh](#) and [N. Irish](#) figures from the [UK](#) total) was 453,000 – among 6.96 million families with children. This calculation does not take into account the distribution of parcels (some households may receive multiple parcels) and does not include foodbanks that fall outside of the Trussell Trust network.

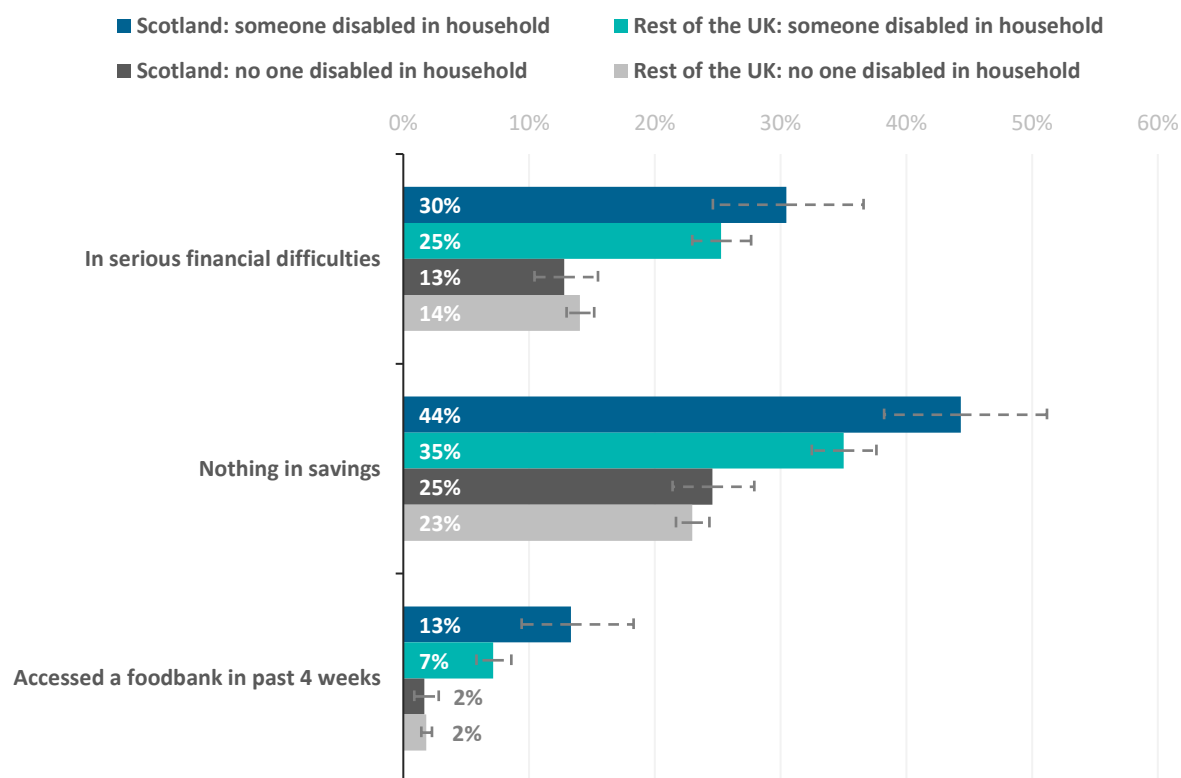
²¹ Trussell Trust (2023) [Emergency food parcel distribution in the UK: April-September 2023](#).

²² Scottish Government (2022) [Interim evaluation of Scottish Child Payment](#).

²³ Trussell Trust (2023) [Emergency food parcel distribution in Scotland: April-September 2023](#).

²⁴ JRF (2023) [Poverty in Scotland 2023](#).

Figure 14 – Percentage of households with poor financial wellbeing, by disability status and nation



Notes: sample sizes as follows: Scotland – someone disabled in household = 229; Scotland – no one disabled = 667; Rest of the UK – someone disabled in household = 1,330; Rest of the UK – no one disabled = 3,841.

Since the devolution of elements of the social security system, the Scottish Government has been working to roll-out replacements or supplements for various UK benefits. Various disability- and ill-health-related benefits are being replaced over time, with the Scottish Government stating that they are “committed to ensuring that those who are entitled to disability assistance are able to access it whilst being treated with dignity, fairness and respect”.²⁵ One benefit being replaced is Personal Independence Payment (PIP), with new applicants instead receiving Adult Disability Payment (ADP). In our Tracker results, we see that recipients of ADP are among the least financially-well households in Scotland, faring worse (though not significantly so) on a range of financial indicators than households in receipt of PIP or Disability Living Allowance (DLA) in Scotland or in the rest of the UK. In the last four weeks, 30% of ADP recipients had been forced to borrow money for their daily living expenses (compared to 18% and 19% of PIP/DLA recipients in Scotland and the rest of the UK respectively) and 37% reported having received some form of financial support from family or friends (compared to 26% and 15% of PIP/DLA recipients in Scotland and the rest of the UK respectively). This may indicate challenges with the roll-out of ADP, though it may also be related to the recency of households’ claims – with the ADP caseload generally being made up of newer claimants. The Scottish Fiscal Commission suggest that a combination of factors, including “a long-term increase in mental health related cases, NHS waiting lists, and the cost of living crisis” have increased the number of people applying for disability benefits in Scotland.²⁶ They expect that as pressures on the cost of living recede, pressure on the benefit system will also ease somewhat.

²⁵ Scottish Government (no date) [Social security: disability assistance](#).

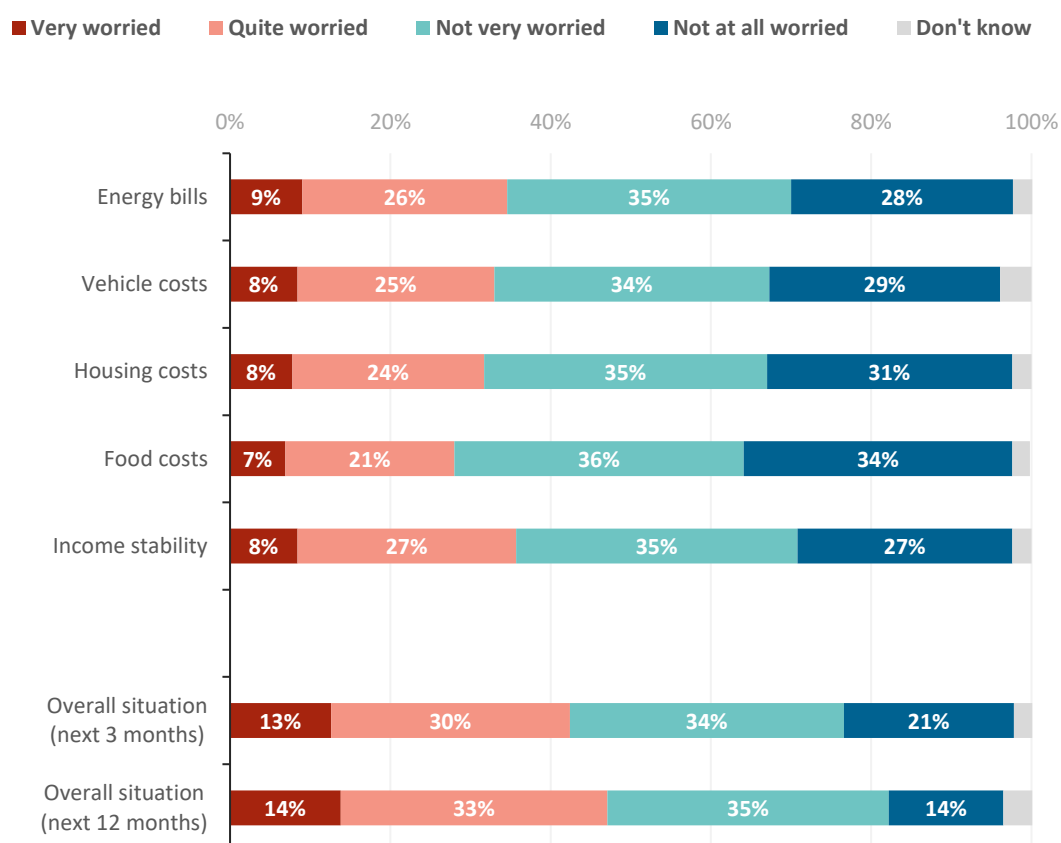
²⁶ Scottish Fiscal Commission (2023) [Scotland’s Economic and Fiscal Forecasts](#).

HOW CONFIDENT ARE SCOTTISH HOUSEHOLDS ABOUT THEIR FUTURE FINANCES?

Looking to the future, the Tracker shows that around half (47%) of all households in Scotland were worried about their overall financial situation in the coming 12 months (i.e. between October 2023 and October 2024) (Figure 15).

In the shorter term, slightly fewer households (43%) were worried about their financial situation over the coming three months (between October and December 2023). Worries about energy bills and income stability over that period topped the list of households' concerns – with a third of Scottish households (35%) saying they were either very or quite worried about them. Concerns around the cost of running a vehicle (33%), housing (32%) and food (26%) were not far behind though, showing how Scottish households are feeling the pinch in multiple different ways. For hundreds of thousands of households in Scotland, the cost of living crisis is still far from over.

Figure 15 – How worried are Scottish households about different elements of their finances in the next 3 months and about their overall situation in the next 12 months?



Technical note

The survey was undertaken by Opinium between 20th and 30th October 2023 for the abrdn Financial Fairness Trust and was conducted online. It is the ninth 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 6,067 respondents – 896 in Scotland and 5,171 elsewhere in the UK – recruited from Opinium’s online panel (which is designed to be nationally- and politically-representative). During data collection, to enable improved analysis of population sub-groups in Scotland, the sample in Scotland was boosted by approximately 500 respondents more than would usually be necessary for a UK-wide nationally-representative sample. 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. Full details of the methodology employed can be found in [Kempson, Finney and Poppe \(2017\) Financial Wellbeing: A Conceptual Model and Preliminary Analysis](#).

Tables on which this report is based can be made available on request by emailing 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. 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.

www.financialfairness.org.uk/

