

2002 Rural Scotland Price Survey



Final Report

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Key Findings

The March 2002 Rural Scotland Price Survey (RSPS) is the second in the 'new' series of price surveys. It is a geographic comparison of prices in rural and urban areas of Scotland. The previous survey was conducted in October 2001, having been delayed six months due to the national outbreak of foot and mouth disease.

A very similar pattern of relative price differences emerged from the March 2002 survey compared to the October 2001 survey. This provides a degree of confidence to planners who wish to use the revised RSPS as a tool to assist policy making in rural areas.

The key findings of the 2002 RSPS are listed below. In some instances, the results are split between the rural Highlands and Islands Enterprise (HIE) area and the rural Scottish Enterprise (SEn) area. In all cases, rural prices are compared with the corresponding prices from 12 urban sampling locations across Scotland.

- Overall, prices in rural Scotland were 0.7% higher (2.1% in 2001) than in urban areas. Prices were 2.1% higher in rural HIE areas and 1.1% lower in rural SEn areas. Notable differences occurred in the seven sub-indices that comprise the overall rural-urban index.
- The greatest difference in prices between rural and urban Scotland lay in the price of food, which was 8.1% higher in rural HIE areas and 4.4% higher in rural SEn areas.
- Road fuel was 5.3% higher in rural areas than in urban areas; 8.5% higher in rural HIE areas and 1.5% higher in rural SEn areas. Other motoring costs such as car servicing and car insurance were 29% and 3.5% lower respectively in rural areas.
- In rural Scotland alcoholic drinks were 2.1% more expensive, as were personal goods at 1.4% and household goods and services at 1.8%.
- Housing costs (excluding depreciation, mortgage costs and private rents) were 8% lower in rural Scotland than in urban areas. The housing index covered insurance, maintenance, public sector rents, water charges, and local authority tax. The housing index does not include house prices.
- The price of the overall RSPS basket of goods and services was highest in Shetland where it was 5.5% higher than urban areas, and in the Western Isles where it was 3.7% higher.
- Food prices were particularly expensive in Orkney, Shetland and the Western Isles. Food prices were, on average, over 15% higher in these island locations than in urban locations, and road fuel was 13% higher.
- The relative pattern in each of the seven sub-indices reflects the findings in the October 2001 RSPS. The pattern at Local Authority level is more variable, but in some cases (Moray, East Ayrshire and Aberdeen City) these are based on only two sample locations and should therefore be interpreted with care.

Section One

1.0 Introduction

- 1.1 The March 2002 Rural Scotland Price Survey (RSPS) was commissioned by Highlands & Islands Enterprise (HIE) and the Scottish Executive Environment and Rural Affairs Department (SEERAD). The 2002 RSPS is the second report in its revised format and it builds on previous work commissioned by HIE in the Highlands and Islands. As well as providing useful comparisons between areas within the sample, the RSPS also provides policy makers with a framework for monitoring patterns in rural prices over time. A closely related study, the 2001 Rural Scotland Expenditure Survey (RSES), measured household expenditure patterns across a matched sample of locations in rural Scotland.
- 1.2 The RSPS is intended to be an annual survey, conducted in March of each year. March is chosen to minimise seasonal effects on the prices collected. The March 2001 survey was delayed until October 2001 because of the national foot and mouth disease outbreak. By repeating the survey in March 2002, after only 6 months, the survey is now back on an annual (March) basis. Repeating the survey after only 6 months allows the robustness of the October 2001 findings to be evaluated.
- 1.3 The sampling locations and methodology remain unchanged from the October 2001 survey, with only two minor exceptions. First, the clothing items were removed from the Personal Goods and Services index owing to the difficulty price collectors had in finding the specified items in rural locations. Second, contents insurance has been added to give a broader representation of prices contained in the Household Goods and Services index.
- 1.4 The weights of individual items has been updated for the 2002 survey, based on the most recent data available from the Office for National Statistics in calculating the RPI. The RPI is conducted on a monthly basis and involves collecting approximately 650 individual prices, arranged in 85 sections, from across the UK. The items selected for the RSPS were designed to cover as many of these 85 sections as possible, giving priority to sections which carry more weight in the RPI's overall basket of goods and services.
- 1.5 The 2002 RSPS collected prices for 76 items from 60 rural sampling locations and 12 urban sampling locations across Scotland. The choice of rural locations was guided by the relative populations in the rural areas of 14 local authorities across Scotland. Data from two sampling locations in each of six urban centres provided a benchmark against which to compare the prices collected in rural areas. The survey results are expressed as an all-item index, plus sub-indices for a further seven price categories of goods and services.
- 1.6 The methodology adopted for the RSPS is outlined in Section 2 of the report and is explained in more detail in the Technical Appendix (Appendix 4). The survey results are reported subject to sampling variability, which is an unavoidable aspect of any survey, and which tends particularly to affect the results from surveys with small sample sizes. The report indicates where special caution should be taken in interpreting the survey results, for example at the local authority level.
- 1.7 Our thanks go to each of the 15 Scottish Local Authorities that participated in the price collection for the 2002 RSPS.

Section Two

2.0 Methodology and Sample Profile

Definition of Rural Scotland

- 2.1 The RSPS uses a population density approach to define rural Scotland. This definition is summarised as follows:
- i) *Local authorities with a population density of less than 100 people per square kilometre (excluding settlements with a population of more than 10,000), and;*
 - ii) *Postcode sectors within other local authority areas with a population density of less than 100 people per square kilometre.*
- 2.2 Following this definition, the total rural population in Scotland is 1,496,000.¹ A map of rural Scotland can be found at Appendix 3. This definition was then adapted to help overcome the biases of sampling in those areas which qualify as rural using the definition above, but which lie close to an urban centre. Settlements within 20 minutes drive time of an urban centre of over 10,000 were excluded from the sample. Full details can be found in Appendix 4.

Sampling Method

- 2.3 60 sampling locations were chosen across 14 rural local authority areas and a further 12 sampling points were chosen in urban locations. A fifteenth local authority, Aberdeen City Council, participated as one of the urban locations. The 60 rural sampling locations match those in the 2001 RSES. The rural HIE area contained 33 sample locations and the rural SEN area contained 27 sample locations.
- 2.4 Local prices were collected by local authority staff, mostly from Trading Standards departments. The sampling date was 26th March 2002, and the majority of prices were collected within three days either side of that date. All road fuel prices were collected on 26th March. Certain items were collected centrally, including car and house insurance premiums and certain other household items.
- 2.5 As a general principle, price collectors chose retail and service suppliers that best reflect typical local shopping patterns. In larger towns, therefore, the majority of grocery items were collected from supermarkets. In the urban centres where two sample locations were chosen, a mix of edge of town and city centre outlets were chosen to reflect different shopping patterns.
- 2.6 Price collectors used a system of codes for items which were unavailable, on sale, or which were sized differently to that specified on the price collectors' lists. These rules were based on those used by the RPI price collectors. Certain items, especially the specified clothing items, were difficult to obtain in smaller, more remote locations. Unavailability of an item reduces the effective sample size for that item. Sample sizes and standard errors are provided for each item in Appendix 4.

¹ 1998 GRO(S) data.

2.7 Rural Scotland was divided on a population basis into the 14 strata shown below in Table 2.1. Minimum quotas (2 sampling locations) were introduced for local authority areas with very low rural populations. Minimum quotas were applied to Angus, East Ayrshire, Moray, South Ayrshire and Stirling. To compensate, the share of sampling locations in all other rural local authority areas was reduced. For example, Aberdeenshire's share of sampling locations is 11.7% whereas its share of the rural population is 15.4%

Table 2.1 Geographical Coverage of the Survey

Sample Location	Number of Locations	Share of Locations (%)	Share of Rural Scotland Population (%)
Rural Locations			
Aberdeenshire	7	11.7	15.4
Angus	3	5.0	<0.3
Argyll & Bute	8	13.3	16.7
Dumfries & Galloway	5	8.3	9.6
East Ayrshire	2	3.3	<0.3
Highland	13	21.7	26.8
Moray	2	3.3	1.3
Orkney	3	5.0	5.2
Perth & Kinross	3	5.0	5.7
Scottish Borders	3	5.0	3.4
Shetland	3	5.0	6.0
South Ayrshire	2	3.3	0.3
Stirling	2	3.3	1.8
Western Isles	4	6.7	7.8
<i>Total Rural</i>	<i>60</i>	<i>100</i>	<i>100</i>
Urban Locations			
Aberdeen	2	16.7	
Dumfries	2	16.7	
Inverness	2	16.7	
Perth	2	16.7	
Ayr	2	16.7	
Stirling	2	16.7	
<i>Total Urban</i>	<i>12</i>	<i>100</i>	
Total Whole Sample	72		

Section Three

3.0 Main Survey Results

3.1 In Table 3.1, below, the main survey results are shown for the whole of the rural Scotland sample area and for the rural HIE and rural SEn areas. Overall, prices in rural Scotland were 0.7% higher than in urban areas. Negative values in the table indicate where prices in rural areas were lower than urban areas. The rural HIE and rural SEn area columns show rural prices in these areas compared to prices in all 12 urban locations throughout Scotland. Appendix 1 provides full details of the individual prices and weights comprising each sub-index.

Table 3.1 Percentage Difference Between Rural and Urban Prices

	All Rural Scotland	Rural HIE Area	Rural SEn Area
Overall Rural-Urban Index	+ 0.7%	+ 2.1%	- 1.1%
Food and Catering	+ 6.4%	+ 8.1%	+ 4.4%
Alcoholic Drink and Tobacco	+ 2.1%	+ 3.4%	+ 0.5%
Housing (excluding house prices)	- 8.0%	- 5.4%	- 11.6%
Household Goods and Services	+ 1.8%	+ 2.8%	+ 0.6%
Personal Goods and Services	+ 1.4%	+ 1.3%	+ 2.0%
Motoring Expenditure (including road fuel)	- 1.4%	- 0.7%	- 2.2%
Road Fuel only	+ 5.3%	+ 8.5%	+ 1.5%

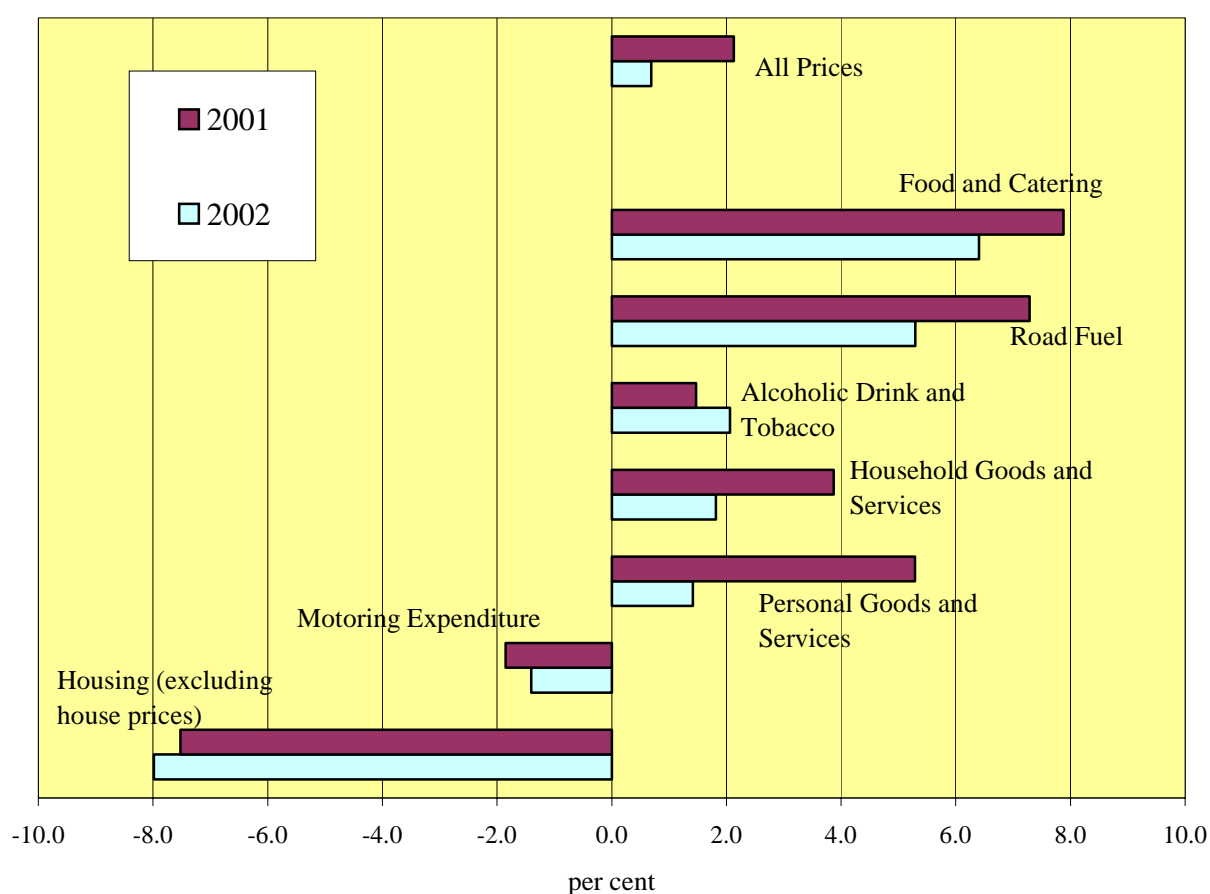
3.2 A similar pattern in terms of the relative prices in the rural HIE and rural SEn areas was found in the 2001 survey, although the absolute levels were slightly different. The difference between rural and urban prices appears to be more marked in the rural HIE area where prices exceeded Scottish urban prices by 2.1%, whereas prices in the rural SEn were 1.1% lower than urban prices.

3.3 In the 2002 survey, prices overall were 0.7% higher in rural areas (2.1% higher in the 2001 survey) - see Chart 3.2, overleaf. However, on a like-for-like basis; i.e. removing clothing from the 2001 survey and removing household contents insurance from the 2002 survey, the overall difference between the two surveys narrows to only one percentage point.²

² Removing clothing from the 2001 survey effectively reduces the overall 2001 rural-urban index from +2.1% to +1.8%. Removing household contents insurance from the 2002 survey changes the overall 2002 rural-urban index from +0.7% to +0.8%.

- 3.4 Behind these figures lie wider differences in some of the sub-indices which comprise the overall rural-urban index. For example, the price of petrol and diesel in rural Scotland was found to be 5.3% higher in rural areas than in urban areas, and 8.5% higher in the rural HIE area. By contrast, certain housing costs were significantly lower in rural areas of Scotland, among them household contents insurance, which was introduced to the Household Goods and Services index in 2002.
- 3.5 Chart 3.2, below, depicts price levels in rural Scotland expressed as a percentage of the corresponding urban prices. The Road Fuel index is a sub-index of the Motoring Expenditure index. The 2001 and 2002 survey findings are shown for comparison.

Chart 3.2 Percentage Difference Between Rural and Urban Scotland Prices (2001 and 2002)



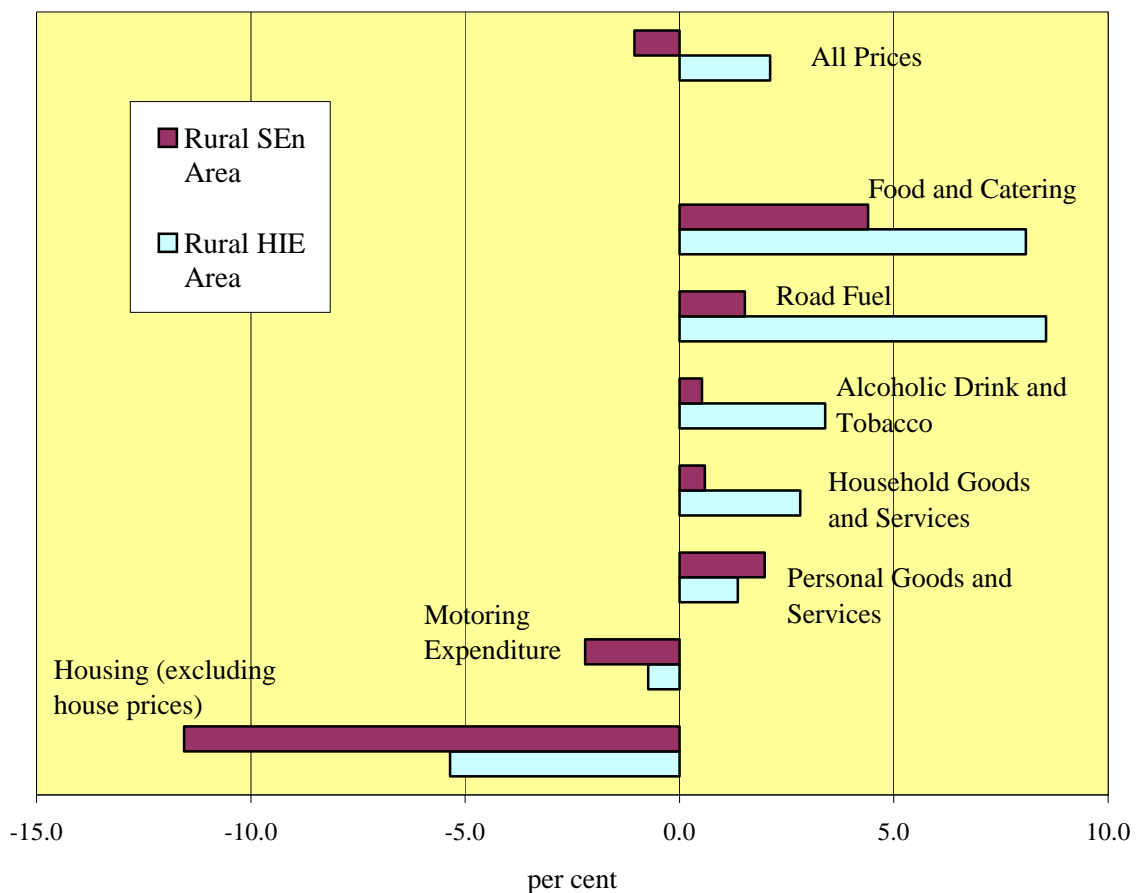
- 3.6 The greatest difference between the findings from the 2001 and 2002 surveys lies in Personal Goods and Services which were 1.4% higher in rural areas in 2002 (5.3% higher in 2001). The removal of clothing items from the 2002 survey accounts for much of this difference.
- 3.7 Chart 3.2, above, shows that the greatest difference in prices between rural and urban Scotland continues to be in the **Food and Catering** index, which includes groceries, non-alcoholic drinks and take-away meals. Some of the largest price differences were found in regular grocery items such as milk, bread and vegetables. To some extent, supermarket ‘loss leader’ pricing on items such as bread contributes to the difference between urban and rural prices.

- 3.8 The overall cost of **motoring** was lower in rural areas. Garage costs were 29% lower in rural areas. Car insurance was 3.5% lower, on average, in rural areas. Other aspects of motoring, car parts for example, were more expensive in rural areas. The RSPS does not collect new or second hand car prices.
- 3.9 The **Road Fuel** index (a sub-index within the Motoring Expenditure index, containing prices for unleaded petrol, lead replacement and diesel), was 5.3% higher in rural areas than in urban areas (South Ayrshire and East Ayrshire were exceptions). Fuel prices in the rural HIE area were 8.5% higher than urban Scotland, largely due to the influence of island locations.
- 3.10 The **Personal Goods and Services** index covers personal cosmetics and personal services such as haircuts. This index was 1.4% higher in rural areas than in urban areas of Scotland. Toiletry items and cosmetics were generally more expensive in rural areas, whereas personal services such as haircuts were approximately one third cheaper. Clothing was dropped from this index in 2002.
- 3.11 The **Household Goods and Services** index covers heating, lighting, appliances, cleaning products, telecommunications, membership fees and subscriptions. Certain items in this index have common pricing across Scotland, such as postage and subscriptions to periodicals. For white goods (refrigerators, cookers etc), often the only difference in price between different parts of the country lies in delivery charges. This was taken into account in calculating the index.
- 3.12 The Household Goods and Services index indicates that prices in rural areas were 1.8% higher than in urban areas, the greatest difference being for small electrical items such as kettles and cleaning products (the 2001 RSPS showed a 3.9% difference in prices between rural and urban areas, but did not include household contents insurance). Household contents insurance was 8.5% lower in rural areas in 2002.
- 3.13 The **Alcoholic Drink and Tobacco** index was 2.1% higher in rural Scotland (1.5% in 2001). Off-licence sales of canned beer were particularly expensive in rural areas, where it was 18% higher than in urban areas. Otherwise there was no clear pattern in prices. The price of tobacco products was very similar across Scotland.
- 3.14 **Housing (excluding house prices)** is the largest component of the average household's weekly expenditure, accounting for approximately one fifth of total expenditure. The RSPS Housing index includes local authority rent, council tax, water and sewerage charges, dwelling insurance and housing maintenance costs. The 2002 index shows housing costs in rural areas of Scotland remained approximately 8% lower than the corresponding urban costs. This index only partly reflects the full range of housing costs and should therefore be treated with some caution.
- 3.15 The RSPS Housing index excludes mortgage interest payments, which are the largest single component of housing expenditure and are directly linked to the capital value of a property. There is no readily available source of house price data at a spatial level suitable for inclusion in the RSPS. Depreciation, which is also linked to the capital value of a property, is also excluded from the RSPS.
- 3.16 Differences between price levels in the HIE area of rural Scotland and the SEn area of rural Scotland are examined in Chart 3.3, overleaf. The HIE area includes many of

the most remote mainland and island locations, where geographic isolation can have an important impact on certain prices.

- 3.17 Chart 3.3, below, depicts prices in the rural HIE and rural SEEn areas of Scotland compared to urban Scotland, expressed as a percentage of urban prices. The relative pattern between the rural HIE and rural SEEn areas remained very similar to the pattern depicted by the 2001 survey results. Comparing urban prices with prices from the whole of rural Scotland can hide important regional differences between the HIE and SEEn areas, many of which are even more pronounced for rural island locations.

Chart 3.3 2002 Prices in Rural HIE and Rural SEEn Areas as a Percentage of Urban Scotland Prices



- 3.18 Overall, prices in the rural HIE area were 2.1% higher than urban prices, whereas they were 1.1% lower in the rural SEEn area. Prices for 6 out of the 7 sub-indices are higher in rural HIE areas than in rural SEEn areas, the exception being the Personal Goods and Services index. A similar pattern was observed in the October 2001 survey. Domestic heating oil was 11% more expensive in rural HIE areas than in rural SEEn areas. In general, grocery items in rural HIE areas were almost 4% higher in rural HIE areas than in rural SEEn areas, bread prices showing the greatest disparity.

- 3.19 Road fuel was 8.5% higher in rural HIE areas than in urban Scotland, compared to 1.5% higher in rural SEEn areas. Garage and car insurance prices were lower in rural HIE areas than in rural SEEn areas (although garage labour costs were both over a quarter cheaper than in urban areas). However, the higher cost of fuel takes the motoring expenditure index in rural HIE areas above that for rural SEEn areas.

4.0 Conclusions

- 4.1 The March 2002 Rural Scotland Price Survey is the second RSPS annual report in its revised format. It strengthens the central findings of the October 2001 by repeating the main pattern of relative price differences between rural and urban Scotland, and between the rural Highlands & Islands Enterprise (HIE) and rural Scottish Enterprise (SEn) areas. Allowing for slight changes in the items sampled in the two surveys, the 2002 overall rural-urban index was within 1% of the 2001 figure. At sub-index level, a very similar pattern of relative price differences emerged from the March 2002 survey compared to the October 2001 survey.
- 4.2 The main rationale for undertaking the RSPS is to provide a reliable annual measure of prices in rural Scotland to inform policy making in these areas. The similarity between the 2001 and 2002 results supports the idea that future surveys could build on this core framework by examining special areas of interest in more detail, for example by adding selected items for more in-depth analysis, or widening the geographic coverage for a particular sub-index.
- 4.3 Compared to the volume of prices gathered on an ongoing basis by the Office for National Statistics for the Retail Prices Index (RPI), the RSPS gathers a relatively modest data set once per year. In future, higher levels of confidence in the RSPS results could be achieved, without the need to increase the size of each survey, by taking averages over two or three years rather than a single year's results.
- 4.4 Overall, prices were 0.7% higher in rural areas than in urban areas of Scotland. The 2001 and 2002 RSPS results follow a very similar pattern in relative price levels in rural and urban areas. More noteworthy, however, are the regional price differences and price differences at sub-index level. Both surveys point to observable differences between the rural HIE and rural SEn sample areas. The inclusion of 14 island locations within the rural HIE area tends to accentuate these differences.
- 4.5 The greatest disparity in prices between rural and urban areas of Scotland lay in food prices and road fuel prices, which were 6.4% and 5.3% more expensive in rural areas, respectively. Housing (excluding mortgage interest and depreciation) costs were 8% lower in rural Scotland than in urban Scotland. The cost of certain services involving a high labour component such as garages, haircuts and tradesmen were up to one third lower in rural areas.
- 4.6 The majority of the rural-urban disparity in road fuel can be explained by particularly high prices in the rural HIE area, where road fuel prices exceed urban prices by as much as 15% in some island locations. Food prices were over 8% higher in rural HIE areas than in urban Scotland.
- 4.7 Overall, prices in the rural HIE area were 2.1% above urban prices (3.3% in 2001). Prices were 1.1% lower in the rural SEn area (0.7% higher in 2001). As noted earlier, the clearest disparity lies in the relative price difference at index level, not at the aggregate level. Appendix 1 to the report shows the rural-urban ratios item by item and Appendix 2 shows the main rural-urban price index at a local authority level. For statistical reasons, care should be taken in interpreting the survey results at a local authority level or on an item by item basis.

Appendix 1
Survey Results by Item

Appendix 1	All Areas	HIE	SEn
	rural-urban index	rural-urban index	rural-urban index
Food and Catering			
Potatoes	1.070	1.071	1.068
Carrots	1.078	1.112	1.037
Onions	1.042	0.995	1.100
Bananas	1.011	1.044	0.968
White Sliced Bread	1.276	1.422	1.097
Weetabix	1.063	1.085	1.036
Digestives	1.136	1.117	1.158
Tinned Tuna Chunks	1.239	1.366	1.083
Pasta	0.942	0.933	0.952
Soups (can)	1.048	1.086	0.998
Sunflower Oil	1.059	1.071	1.044
Coffee	0.996	1.023	0.962
Tea Bags	1.026	1.017	1.037
White Granulated Sugar	1.084	1.130	1.029
Raisins	1.015	1.014	1.015
Cola	1.087	1.083	1.092
Potato Crisps	1.012	1.020	1.002
Scottish Sirloin Steak	1.008	1.009	1.007
Lamb Chops	0.990	0.976	1.005
Pork Chops	1.070	1.063	1.079
Bacon – unsmoked	1.063	1.029	1.105
Chicken, fresh whole	1.071	1.053	1.091
Pork Sausages	1.405	1.458	1.342
Haddock, fresh fillet	1.075	1.014	1.156
Butter	1.050	1.073	1.022
Coloured Scottish Cheddar	1.032	1.015	1.053
Eggs	1.186	1.143	1.239
Fresh Full Fat Milk	1.123	1.152	1.088
Yoghurt (flavoured)	1.003	1.018	0.986
Double cream (UHT)	0.985	0.982	0.989
Frozen peas	1.176	1.208	1.135
Mars Bar	1.016	1.032	0.997
School Meal	1.009	1.053	0.955
Haddock and Chips – carry out	0.961	0.980	0.940
Alcoholic Drink and Tobacco			
Canned Beer - off premises sale	1.184	1.184	1.183
Gin - off premises sale	1.000	1.013	0.984
Wine - off premises sale	0.974	0.964	0.988
Cigarettes	1.001	1.003	0.998
Bottled Beer - public bar	0.998	1.023	0.968
Draught Lager – public bar	1.038	1.063	1.010
Whisky - public bar	0.972	1.006	0.936

Appendix 1 continued

	All Areas	HIE	SEn
	rural-urban index	rural-urban index	rural-urban index
Housing (excluding house prices)			
Local Authority Rents	0.885	0.948	0.802
Council Tax	0.963	0.967	0.958
Water Rates and Other Charges	1.035	1.068	0.995
Dwellings Insurance	0.998	0.991	1.006
Typical tradesman hourly rate	0.791	0.742	0.843
Household Goods and Services			
Coal	1.083	1.089	1.072
Domestic Heating Oil	1.059	1.107	0.997
Electricity Tariff	1.000	1.000	1.000
Gas Tariff	1.000	1.000	1.000
Washing Powder	1.053	1.084	1.015
Kitchen Cleaner cream	1.073	1.138	0.995
Window Cleaner Spray	1.202	1.189	1.217
Toilet Paper	1.044	1.068	1.016
Cat Food	1.003	1.034	0.964
13 Amp Plug	0.983	1.015	0.943
Kettle	1.350	1.423	1.254
Cooker	1.000	1.000	1.000
Fridge	1.014	1.026	0.998
Postage	1.000	1.000	1.000
Telecoms	1.000	1.000	1.000
Car driving lesson	0.982	0.991	0.974
Fees and subscriptions	1.000	1.000	1.000
Contents insurance	0.915	0.912	0.919
Personal Goods and Services			
Soap	1.263	1.218	1.324
Shampoo	1.076	1.048	1.115
Nappies	1.180	1.218	1.139
Haircut	0.683	0.720	0.641
Motoring Expenditure			
Garage Costs	0.710	0.689	0.735
Car Exhaust	1.041	1.017	1.065
Car Wiperblade	1.069	1.049	1.084
Unleaded Petrol	1.053	1.085	1.014
Lead replacement	1.053	1.086	1.019
Diesel	1.051	1.085	1.010
Car Insurance	0.965	0.946	0.988
Car tax	1.000	1.000	1.000

Note: The results from the rural HIE and SEn areas are expressed as a rural-urban ratio using prices from all 12 urban sampling locations across Scotland. A ratio of 1.1 indicates that rural prices are 10% higher than urban prices. A ratio of 0.9 indicates that rural prices are 10% lower than urban prices.

Appendix 2
Survey Results by Local Authority Area

Percentage Difference Between Rural and Urban Prices by Local Authority Area

	All Scotland	Aberdeen-shire	Angus	Argyll & Bute	Dumfries & Galloway	East Ayrshire	Highland	Moray	Orkney	Perth & Kinross	South Ayrshire	Scottish Borders	Shetland	Stirling	Western Isles	Aberdeen City
All Prices	0.7	-0.8	-2.0	1.4	0.2	-0.4	2.4	-4.4	1.3	-1.6	-2.1	-3.2	5.5	0.8	3.7	-1.0
Food and Catering	6.4	2.3	3.0	5.0	10.7	0.1	6.2	-3.1	15.5	4.9	5.2	-2.6	15.3	9.6	15.1	2.7
Alcoholic Drink and Tobacco	2.1	3.8	1.0	2.4	-0.9	-3.0	4.0	-0.8	1.8	-2.2	-0.8	-0.3	5.9	0.6	4.4	-3.5
Housing (excluding house prices)	-8.0	-10.8	-14.2	-4.1	-11.3	-1.7	-2.1	-17.3	-13.2	-11.3	-10.6	-16.6	-2.9	-8.2	-8.7	-6.0
Household Goods and Services	1.8	0.1	0.4	1.5	0.9	-0.4	2.3	0.7	4.1	-0.9	-0.1	2.3	6.3	0.8	4.5	-1.3
Personal Goods and Services	1.4	5.1	-1.5	3.2	7.8	-4.1	4.3	-3.2	-13.6	-0.1	-9.4	5.6	1.3	-3.3	3.0	-1.4
Motoring Expenditure	-1.4	-1.7	-3.4	0.5	-5.3	4.0	-0.7	-2.4	-3.3	-1.4	-4.4	-1.4	-0.3	-0.6	-1.3	2.9
Road Fuel	5.3	3.4	2.6	6.1	1.4	-0.9	7.8	0.1	11.2	0.0	-0.5	0.6	14.9	3.6	12.1	-0.6

Note: The results at local authority level are subject to margins of error due to low sample sizes. Particular care should be taken in interpreting results for the sub-indices. Many items are subject to a wide variance in price and availability. Also, the results from Moray, East Ayrshire and Aberdeen City are based on only two sampling locations per local authority area.

Appendix 3

Map of Rural Scotland with RSPS Sampling Locations

(Source: Scottish Executive, Scottish Household Survey)

Key to Map:- Sample Locations (Urban Locations in Italics)

	Aberdeenshire		Moray
1	Alford	45	Buckie
2	Aboyne	46	Keith
3	Banff		
4	Ellon		Orkney
5	Huntly	47	Dounby
6	Inverbervie	48	Kirkwall
7	Turriff	49	Hoy
	Aberdeen City		Perth & Kinross
8	<i>Location a</i>	50	Aberfeldy
9	<i>Location b</i>	51	Blairgowrie
	Angus	52	Pitlochry
10	Brechin	53	<i>Perth a</i>
11	Edzell	54	<i>Perth b</i>
12	Kirriemuir		South Ayrshire
	Argyll & Bute	55	Girvan
13	Bowmore	56	Barr
14	Campbeltown	57	<i>Ayr a</i>
15	Dunoon	58	<i>Ayr b</i>
16	Inverary		Scottish Borders
17	Lochgilhead	59	Duns
18	Oban	60	Kelso
19	Rothsay	61	Peebles
20	Tobermory		Shetland
	Dumfries & Galloway	62	Lerwick
21	Castle Douglas	63	Unst
22	Langholm	64	Brae
23	Moffat		Stirling
24	Newton Stewart		Callander
25	Sanquhar	65	Killin
26	<i>Dumfries a</i>	66	<i>Stirling a</i>
27	<i>Dumfries b</i>	67	<i>Stirling b</i>
	E Ayrshire	68	
28	Cumnock		Western Isles
29	Dalmellington	69	Stornoway
	Highland	70	Barra
30	Brora	71	Tarbert
31	Dingwall	72	Benbecula
32	Durness		
33	Fort Augustus		
34	Fort William		
35	Gairloch		
36	Kyle of Lochalsh		
37	Lairg		
38	Portree		
39	Newtonmore		
40	Strontian		
41	Ullapool		
42	Wick		
43	<i>Inverness a</i>		
44	<i>Inverness b</i>		

Appendix 4
Technical Appendix

Definition of Rural Scotland

Table A, below, shows the 14 local authority areas classified as rural using a population density approach (less than one person per hectare), as described in the Scottish Executive publication "Rural Scotland: A New Approach", Appendix 1 – A Profile of Rural Scotland. By this definition, the total rural population of Scotland is 1,495,000 according to 1998 GRO(S) data.

"Accessible Rural Scotland" includes areas within 30 minutes drive time of centres of population of over 10,000 people. Excluding locations within 30 minutes drive time of centres of population of 10,000 or more reduces the population of Rural Scotland to 382,000³.

Table A: Population of Rural Scotland

		Rural Scotland Population	%	Rural Population Excluding Accessible Areas	%
1	Aberdeenshire	226,000	15.1	59,000	15.4
2	Angus	110,000	7.4	Small	
3	Argyll & Bute	90,000	6.0	64,000	16.8
4	Dumfries & Galloway	147,000	9.8	37,000	9.7
5	East Ayrshire	121,000	8.1	Small	
6	Highland	208,000	13.9	103,000	27.0
7	Moray	86,000	5.8	5,000	1.3
8	Orkney	20,000	1.3	20,000	5.2
9	Perth & Kinross	133,000	8.9	22,000	5.8
11	Scottish Borders	106,000	7.1	13,000	3.4
12	Shetland	23,000	1.5	23,000	6.0
10	South Ayrshire	114,000	7.6	1,000	0.3
13	Stirling	83,000	5.6	7,000	1.8
14	Western Isles	28,000	1.9	28,000	7.3
		1,495,000	100.0	382,000	100.0

Note: Figures have been rounded to the nearest thousand.

The rationale for excluding the accessible rural areas in the rural Scotland price and expenditure surveys is to reduce the otherwise heavy influence of travelling-to-shop by people living close to urban centres. The 30 minute rule was felt to exclude too much of the rural population from the sampling frame and so for the purpose of selecting sample locations, only locations within 20 minutes of a town with a population of 10,000 or more were excluded.

³ This is an approximate figure based on inspection rather than using a Geographic Information System model.

Quality Control, Weighting and Analysis of Data

Most items were collected by visiting a retail outlet. Others were collected by telephone locally, and some, such as insurance prices, were collected centrally. Any special features in the prices were recorded using the following codes, based on RPI methodology:

- C** Used if the price recorded was for an alternative product or variety closely resembling the listed item.
- M** Item not available - no close alternative.
- W** Used if the price recorded relates to a weight or size difference
- S** The item was on sale - the normal price, or pre-sale price, was recorded

Special offers were ignored (for example, three for the price of two). The actual price that must be paid to purchase one item was recorded, even if savings could be made by purchasing more than one item.

If only a multi-pack was available, the smallest multi-pack was chosen, the price and weight/number of units in the pack were recorded and a per unit price was calculated centrally. All prices were cash prices (not payment by instalment) and included VAT.

Particularly in rural locations, price collectors sometimes sampled in local butchers/fishmongers (or a local delivery van), if small shops did not sell fish or butchery products. In deciding the exact sampling outlets, the question was asked: "If I lived here, where would I buy these products?"

The specification of certain items could be improved in the 2003 survey. Among these are fish and chips, coal and sausages. Other minor changes in specifications are likely to be required to accommodate changes in branding and packaging.

Standard Errors

One measure of the robustness of the sample data is the standard error of the mean price for each item. The standard error is a measure of how far individual prices deviate from the mean price. The standard error takes account of the number of sample locations at which that particular item could be found and the range of prices found across the sampling locations. A list of standard errors for each expenditure item in the RSPS is provided at Table B, overleaf.

Weights

The survey data were weighted according to the weights used by the RPI. The reason for weighting is to adjust each price item according to its share of the typical household's expenditure. The items included in the RSPS covered 585 parts per 1,000. Those items not represented are listed in Table B, overleaf, as "excluded – miscellaneous items". They are excluded mostly because representative prices cannot be found cost effectively, or on a sufficiently comparable basis across areas, or at a spatial level suitable for the RSPS.

Table B	Weight (parts per 1000)	No. in sample	Mean Price All Locations (£)	% Standard Error of the mean
Food and Catering				
Potatoes	4	55	0.65	4.10
Carrots	2	71	0.61	1.87
Onions	3	71	0.69	1.84
Bananas	6	70	1.20	1.92
White Sliced Bread	5	72	0.42	5.76
Weetabix	4	71	0.85	2.68
Digestives	7	72	0.78	3.51
Tinned Tuna Chunks	2	72	0.64	3.59
Pasta	7	70	0.66	4.02
Soups (can)	5	71	0.50	2.08
Sunflower Oil	1	71	0.86	3.07
Coffee	2	71	1.83	1.92
Tea Bags	1	72	1.69	1.85
White Granulated Sugar	1	71	0.65	2.10
Raisins	1	72	0.94	3.76
Cola	11	71	0.44	1.46
Potato Crisps	2	71	0.30	1.11
Scottish Sirloin Steak	4	63	12.54	1.72
Lamb Chops	2	63	8.61	2.65
Pork Chops	2	69	5.36	2.18
Bacon – unsmoked	2	69	2.34	3.19
Chicken, fresh whole	5	61	2.39	3.31
Pork Sausages	7	60	3.16	5.87
Haddock, fresh fillet	2	56	9.01	3.12
Butter	1	71	1.03	1.10
Coloured Scottish Cheddar	3	71	5.43	2.71
Eggs	1	72	0.79	2.73
Fresh Full Fat Milk	5	69	0.34	2.10
Yoghurt (flavoured)	3	64	1.25	1.25
Double cream (UHT)	1	72	0.84	2.53
Frozen peas	3	70	1.03	2.46
Mars Bar	11	69	0.31	1.28
School Meal	6	72	1.28	1.23
Haddock and Chips – carry out	21	47	3.51	1.09
Alcoholic Drink and Tobacco				
Canned Beer - off premises sale	8	72	0.95	1.89
Gin - off premises sale	9	69	11.86	0.91
Wine - off premises sale	7	59	3.93	1.30
Cigarettes	29	71	4.28	0.16
Bottled Beer - public bar	7	71	1.97	0.92
Draught Lager - public bar	26	71	1.94	1.01
Whisky - public bar	11	53	1.23	1.22
Housing				
Local Authority Rents	47	66	37.31	1.50
Council Tax	34	72	869.71	0.91
Water Rates and Other Charges	10	72	317.95	1.51
Dwellings Insurance	6	72	103.55	0.38
Typical tradesman hourly rate	11	50	20.43	3.83

Table B continued	Weight (parts per 1000)	No. in sample	Mean Price All Locations (£)	% Standard Error of the mean
Household Goods and Services				
Coal	1	53	7.12	1.82
Domestic Heating Oil	1	65	18.02	0.95
Electricity Tariff	15	72	1.00	0.00
Gas Tariff	12	72	1.00	0.00
Washing Powder	4	72	2.80	1.86
Kitchen Cleaner cream	4	72	1.38	3.46
Window Cleaner Spray	4	70	1.36	2.83
Toilet Paper	4	69	1.06	2.64
Cat Food	7	64	0.51	1.38
13 Amp Plug	3	67	0.89	4.83
Kettle	4	56	15.80	4.12
Cooker	3	72	1.00	0.00
Fridge	6	72	217.09	0.27
Postage	1	71	1.00	0.00
Telecoms	19	71	1.00	0.00
Car driving lesson	9	58	15.97	1.03
Fees and subscriptions	18	72	1.00	0.00
Contents insurance	8	72	67.37	0.61
Personal Goods and Services				
Soap	8	67	0.47	2.37
Shampoo	8	62	1.70	2.49
Nappies	5	62	2.85	3.24
Haircut	10	63	14.50	4.10
Motoring Expenditure				
Garage Costs	11	61	28.88	3.41
Car Exhaust	8	50	70.57	2.57
Car Wiperblade	2	57	10.84	3.84
Unleaded Petrol	21	72	75.78	0.68
Lead replacement	14	55	80.27	0.82
Diesel	6	72	78.37	0.68
Car Insurance	17	72	203.88	0.67
Car tax	4	72	1.00	0.00
Excluded – Miscellaneous Items				
Meal out	26			
Housing depreciation, mortgage payments	97			
Furniture, furnishings, other household items	34			
Clothing and footwear	53			
Personal Articles	12			
Second hand cars	40			
New cars	17			
Fares	23			
Leisure goods and services	113			
Total	1000			