

A MINIMUM INCOME STANDARD FOR REMOTE RURAL SCOTLAND: A POLICY UPDATE

October 2016



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1. Introduction

“A minimum standard of living in Britain today includes, but is more than just food, clothes, and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.”

The Minimum Income Standard (MIS) for the United Kingdom is an ongoing research project carried out by the Centre for Research in Social Policy (CRSP), Loughborough University, and funded by the Joseph Rowntree Foundation. It uses a deliberative methodology, combining expert knowledge and in-depth public consultation to determine what level of income people think is needed to afford a socially acceptable standard of living, and to participate equitably in society.

In 2013, Highlands and Islands Enterprise in partnership with a range of other public agencies¹ commissioned the CRSP to establish a minimum income standard for remote rural Scotland (Hirsch et al, 2013). Detailed deliberation was undertaken among 24 groups covering a range of household types across a variety of areas and settlement types in the Highlands, Islands, and remote Southern Scotland. Discussions were centred on what was common and what was different in a minimum household ‘basket’ of goods and services in these communities, compared with other parts of the UK. Both physical essentials and social participation were considered, and expertise was fed in where appropriate (e.g. on nutritional and heating standards). Detailed pricing was carried out in shops, through online or catalogue ordering and from other suppliers, following specifications by the groups of where residents would typically buy various types of items. Budgets were constructed for pensioner households, single parent households, and working age households, with and without dependent children.

The 2013 study found that the budgets required by households to achieve a minimum acceptable standard of living in remote rural Scotland were typically 10-40% higher than elsewhere in the UK. For households in more remote island locations, these additional costs could exceed 40%. The premiums were most

¹ Argyll and Bute Council, Chartered Institute of Housing, Comhairle nan Eilean Siar, Highland Council, Highlands and Islands Enterprise, Moray Council, Rural and Island Housing Association Forum, Scottish Enterprise, Scottish Federation of Housing Associations, Shetland Islands Council.

modest for pensioners and greatest for single people and families with dependent children, and were driven by:

- The higher prices that households were required to pay for food, clothes and household goods;
- Considerably higher household fuel bills, influenced by climate and fuel sources;
- The longer distances that people have to routinely travel, particularly to work.

The findings of the 2013 MIS Research illustrated that higher living costs were making it harder for people of different ages, and across a range of backgrounds to live in rural communities in Scotland, thus threatening their sustainability. Understanding the contributory and causal factors of these additional costs has proved valuable in helping Scottish Government and public sector partners to develop policy and target resource to mitigate the higher levies associated with rural living.

Three years on, HIE, along with Scottish Enterprise (SE) and the Rural and Islands Housing Association Forum (RIHAF), commissioned the CRSP to update the figures in the 2013 Minimum Income Standard for Remote Rural Scotland study, and to consider how national or regional policy (or other interventions), were impacting on these additional costs. This report estimates how much more it costs, as a minimum, for households to live in remote rural Scotland than in the rest of the UK in 2016. This brief update does not repeat the original research in full, but rather:

- Estimates how much changing costs have altered the picture in the past three years;
- Considers how these additional costs are being and could be addressed through national or regional policy or other interventions.

The 2016 update considers how prices of these baskets have changed, but does not at this stage update the content of the baskets to reflect any changes in living patterns.

The main findings of the updated report are as follows:

- In 2016, a minimum acceptable standard of living in remote rural Scotland typically requires between a tenth and a third more household spending than in urban parts of the UK.
- This picture is similar to 2013, although the lower price of petrol and diesel has significantly reduced the additional cost for people having to travel long distances, particularly regular travel for work.
- The additional costs come from a range of sources. In particular, the costs of travelling, heating one's home and paying for goods and their delivery are much higher for many residents of the areas under review, especially those in the remotest areas.
- Despite some easing of costs, the continuing high cost of living in remote rural Scotland, and its exposure to any renewed rise of energy costs, makes their mitigation as urgent as ever. A framework for addressing these costs needs to consider issues around energy costs, shopping costs and travel costs in a joined up way, which takes account of the influence of local infrastructure and the development of jobs and communities.
- There is scope for some reduction on home energy costs, but mainstream energy efficiency measures have limited effect in the particular circumstances of remote rural Scotland. The Scottish Rural Fuel Poverty Task Force needs to identify particular ways in which energy efficiency improvements and better functioning markets and charging structures can be designed to meet the unique circumstances of remote rural Scotland.
- Retail costs could potentially go down if delivery networks are improved and charges reduced. Imaginative solutions are needed that use technology to join up delivery networks, and aim to reduce charges that are higher than they need to be.

- The best way to get travel costs down is for people to reduce the need to travel long distances for work. This requires a focus on developing more jobs that are both local and reasonably paid, which in turn requires the fostering of new skills in the workforce and the development of external markets.
- An improved infrastructure is needed to support these developments. In particular, the roll-out of high speed broadband is crucial, both for work and other purposes. Since a reliable network reaching all households is likely to be elusive in the medium term, the potential for having community hubs with good broadband and other amenities needs to be explored.
- All these improvements will work better to the extent that the population of the area can be maintained and boosted, especially among young adults. This requires in particular a focus on developing young people's skills and opportunities, and on improving amenities such as mobile signal which are particularly important to them.

2. Additional costs in remote rural Scotland in 2016

Overview

This update focused mainly on gathering current prices for the same goods and services costed in the 2013 MIS study, from different parts of remote rural Scotland. Overall, cost patterns have remained similar, with the same sources of additional costs (buying food; household goods and their delivery; home energy costs; and transport costs) contributing both to differences with other parts of the UK and to considerable variations within remote rural Scotland. This is explored further below.

Main sources of additional costs in remote rural Scotland in 2016

Buying food

The additional cost of food in remote rural Scotland comes in two forms. One is the relatively modest additional prices charged by small-town supermarkets in remote locations. The other is the much higher premium charged by more local stores, at least partly related to additional delivery costs and smaller volumes. While there are many gradations from supermarket down to small community shops, these differences are represented in the research by the simplified assumption (informed by the original research groups) that most households who can access a town will do larger weekly or monthly shops in supermarkets and use local convenience stores for “top-up” food shopping, but for the most remote locations, convenience stores are relied on for the whole of the weekly food basket.

A review of these differences shows that in most respects they are at a more modest level in 2016 than in 2013. **A basket of goods priced in small town Tesco's were 10 per cent higher than in cities in 2013, but this premium has reduced to 6.5 per cent. At convenience stores, the pricing exercise also suggested a fall in the premium, from 56 to 38 per cent. On the other hand, the sample of staple top-up items at the convenience stores had relatively larger premiums than in 2013.**

The overall consequence of this for minimum budgets was relatively minor, other than for the example of someone living in an island community with no access to a supermarket. While remaining extremely large, the additional cost of shopping fell significantly in such cases. **For a couple with two children, a weekly shop cost £67 more than in an urban area in 2013, and this fell to £48 in 2016.** (This was in the context of little change in general food prices in urban Britain).

These results need to be interpreted with caution, since prices can fluctuate, and convenience stores in particular employ a range of pricing practices. Nevertheless, the change shows at the very least that a given level of price difference is not set in stone. Local stores at present, seem to be somewhat more competitive in their pricing than three years ago, possibly helped by lower transport costs.

Another significant development affecting food shopping since 2013 is that supermarkets are delivering to a much wider set of areas in remote rural Scotland. Further research would be needed to establish how this affects an acceptable shopping pattern, as informed by the members of the public.

The cost of goods and their delivery

The higher cost of household goods bought locally or through mail order, along with delivery charges, continues to vary widely and to pose particular difficulties to island residents. One of these is that a more limited choice of retailers willing to deliver to certain areas can constrain choice. In the 2016 costing, the use of a single retailer, Argos, for most household goods made less of a difference to overall costs compared to being able to choose alternatives than it did in 2013. In fact, Argos prices had gone down somewhat, with the comparators' prices having increased. However, since weekly spending on household goods is modest, this did not significantly affect the budgets overall (For a single person, for example, the additional cost associated with shopping at Argos reduced from about £1.10 a week to 40p a week).

However, some interesting developments in relation to delivery were noted. One was that as with Tesco, Argos has extended its delivery network - for example it will now deliver to South Uist, although still not to the Northern Isles. New forms of collaboration between suppliers appear to be emerging (see below) to give better

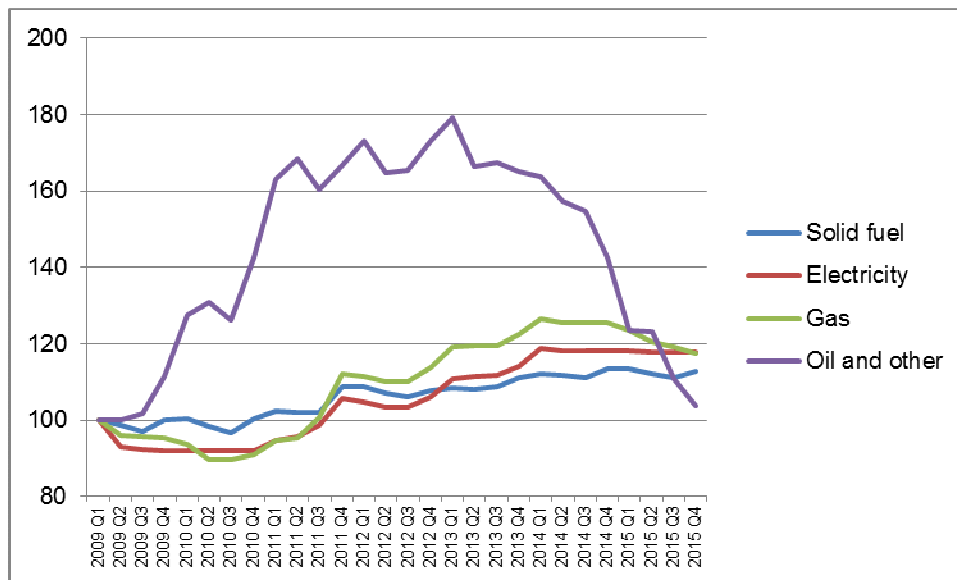
coverage, and internet ordering is facilitating this. However, overall, delivery options remain patchy, and the issue of prohibitively high delivery charges of some items to some areas remains.

Home energy costs

The cost of heating a home in remote rural Scotland remains far higher than in other parts of the UK. This is due to a combination of factors, including the lack of access to mains gas, the low thermal efficiency of many homes in remote rural Scotland, the climate, and in some cases tariff levels.

The most economical main heating option available for most homes in these areas is electric storage heating. Since 2013, the average price of electricity has seen a modest rise followed by a modest fall, making the cost to the consumer similar to three years ago, but nevertheless 20 per cent above what it was in 2009 – suggesting, for example, that the £36 paid in 2016 by a pensioner couple in a small Northern Isles settlement would have risen by £6 since 2009. Since gas prices have recently fallen faster than electricity prices, this means that most households in remote rural Scotland have not been able to benefit as much as other UK homes from the fall in energy prices. Some homes, typically private housing in remote locations, use heating oil rather than storage heating, the price of which had risen to extremely high levels by 2013. The sharp reduction in the cost of heating oil over the past three years (shown in Figure 1) has brought some relief to homes that depend on its use.

Figure 1 – Domestic fuel price index (RPI), 2009-15



Source: Office for National Statistics, RPI data

As illustrated in Figure 2 below, regardless of price fluctuations, people in different areas continue to face widely different energy bills. Even comparing the least extreme case in remote rural Scotland – someone living in social housing in a mainland rural town – with the equivalent in England, there is a high premium, with a single person paying £22 rather than £12 a week for domestic fuel. When comparing the mainland town example with someone living in a remote island settlement, in a private home heated by oil, the gap has narrowed but remains huge – a further £15 a week, paying a total of £37.

Figure 2 – Examples of changing fuel costs, 2013-2016, using different heating methods – single person, £ per week

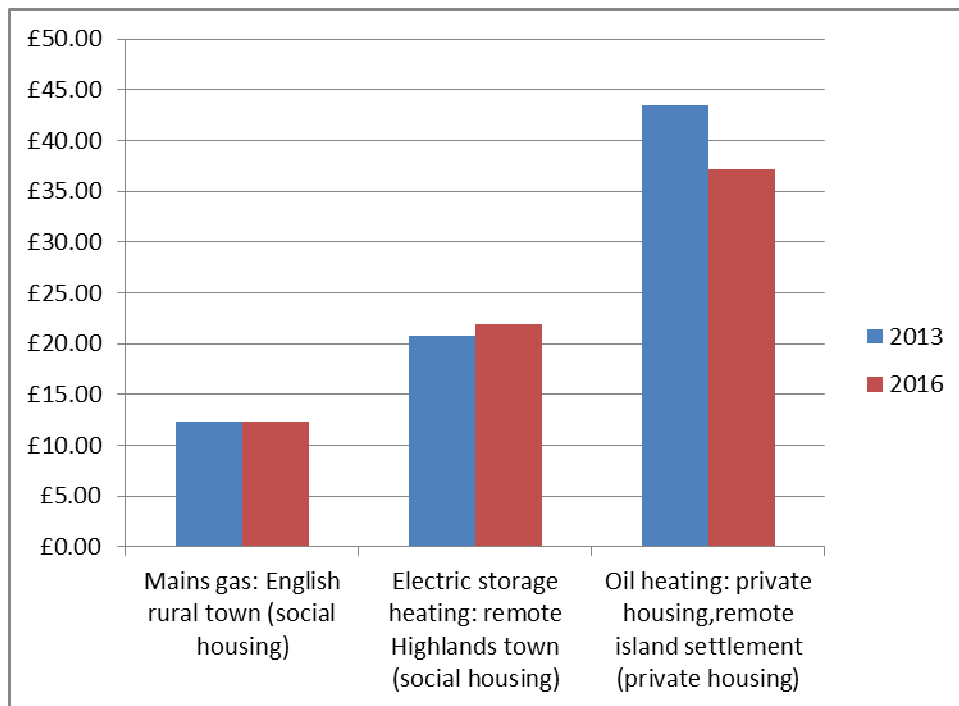


Table 1 shows, for a wider range of cases, changing energy costs in relative terms. In most cases, the premium for living in remote rural Scotland has risen somewhat in percentage terms, when compared to an area in the rest of the UK using gas heating. Only in private homes in remote settlements dependent on heating oil has there been a reduction in the premium. However, despite dropping sharply since 2013 as a result of falling prices, this premium still remains extremely high.

Table 1: Additional Home Energy Premium (%) in remote and rural Scotland compared to rural English town

	Year	Town		Settlement	
		Mainland or Western Isles	Northern Isles	Mainland or Western Isles	Northern Isles
Single working age, social housing	2013	68.0%	86.0%	155.9%	184.2%
	2016	78.9%	98.0%	172.4%	202.6%
Single working age, private rented housing	2013	114.0%	134.5%	221.5%	251.9%
	2016	127.7%	149.5%	93.1%	107.1%
Couple pensioner, social housing	2013	73.4%	92.3%	108.6%	131.3%
	2016	84.5%	104.6%	122.0%	146.1%
Couple pensioner, private rented housing	2013	117.7%	140.6%	146.4%	171.1%
	2016	131.7%	156.0%	57.1%	68.5%

For the social housing, electric storage heating is assumed. For private rental, heating oil is assumed. The overall comparison is with gas central heating in social housing, in rural English towns.

Transport costs

The 2013 study highlighted that people who live in remote areas inevitably need to travel longer distances to access services and jobs, and do not benefit from public transport options available to urban dwellers. Accessing appropriate job opportunities regularly involved daily commuting distances of the order of 30 miles each way, often in conditions that added to per-mile costs. Reflecting this, travel to

work was found to be the biggest contributor by far, to additional travel costs in remote rural Scotland – calculated as £36.08 weekly in 2013, and £27.81 in 2016.

Falling fuel prices since 2013 have lowered the extent of this premium – at the time of costing the ‘basket’ of goods for the current 2016 update, unleaded petrol cost about £1.02 a litre on average in the UK and £1.08 at sample of remote Scottish rural petrol stations². This was the same ratio, but a quarter lower, than in January 2013, when these prices were £1.34 and £1.40 respectively. This takes into account the rural fuel rebate scheme, which was extended in 2015 to capture some rural mainland locations.

The effect on relative fuel costs are illustrated in Table 2 below. The example is based on a single person, for whom the large difference in mileages assumed in English rural towns compared to remote Highland towns derives largely from the assumption that the latter will have to travel significant distances to work in order to access employment opportunities, whereas in the English rural town it will be possible to find work relatively close by.

Table 2 – Comparison of petrol cost for a single person in a Highlands town with a single person in an English rural town in 2013 and 2016

	Highland town		English rural town	
	2013	2016	2013	2016
Petrol £ per litre	£1.40	£1.08	£1.32	£1.02
Annual mileage	16,973	16,973	4,846	4,846
Total petrol costs	£2,574.21	£1,985.82	£692.98	£535.48
Total additional petrol costs (weekly)	£36.08	£27.81	n/a	n/a

² Although diesel is commonly used by motorists in remote rural Scotland, a model of motoring costs used in the main MIS research based on petrol fuel cars was retained by the MIS groups in remote areas as appropriate for pricing purposes.

What this shows is that while the premium has fallen by about a quarter, someone driving long distances to work in the rural Highlands still has to spend about three times as much on petrol as someone in an English rural town (and this pattern is unchanged since 2013). Moreover, while the costs shown here are based on averages, there are certain areas (particularly in the Uist island chain) where petrol prices were 12p a litre higher than this average, imposing an additional £4 a week on a single person's budget.

The other main additional transport cost is ferries, which may be required in some communities for daily travel (e.g. for work, shopping and accessing services), as well as the occasional trip to the Scottish mainland for holiday and social trips. This can also include inter-island ferry travel for those living on small islands. Overall, ferry costs have not changed significantly between 2013 and 2016. The most significant development is the extension of Road Equivalent Tariff for passengers, cars, small commercial vehicles (up to 6m in length) and coaches across all Clyde and Hebrides ferry services (including inter-island routes) in October 2015, ensuring that ferry fares are linked to the cost of travelling by road. This scheme was originally piloted from 2008 on the Outer Hebrides, Coll and Tiree ferry routes, and extended to Islay, Colonsay and Gigha in 2012, then Arran in 2014. Scottish Government has since committed to reducing passenger and car fares on Northlink ferry services to Orkney and Shetland as part of the next ferry contract due to commence in 2018.

However, RET does not apply to commercial vehicles above 6m in length, with ferry fares for these currently the subject of a separate review by Transport Scotland. This will be particularly relevant for delivery to larger island groups such as Orkney, Shetland and the Western Isles, where larger vehicles will inevitably play a bigger role. The extension of RET to smaller commercial vehicles may be helping to cut costs for van deliveries to the islands, especially those in the Clyde and Inner Hebrides, where goods vehicle sizes tend to be smaller. These distinctions arise from the different context of islands with significant sized towns such as Kirkwall, Lerwick and Stornoway, where there are supermarkets, smaller islands such as Mull or Islay, with populations the size of a large village and the smallest islands like Coll or Jura, with fewer than 200 inhabitants. Different transport considerations in each of these cases create a case, in future MIS research, for considering additional

variations. (The present model looks only at the Northern Isles and the Western Isles as cost categories.)

One further change to the cost of travel in remote rural Scotland in the past three years has been an increase in discount for air travel for island residents, from 40 to 50 per cent under the Air Discount Scheme. This change was implemented in January 2016. This does not affect the minimum cost of living as calculated in the MIS research because the most economical ways of fulfilling minimum longer-distance travel requirements still involves ferries combined with public transport and car travel. Nevertheless, for those who do need to travel by air, the added discount will help cut costs.

Summary of changing costs

The sources of additional costs in 2016 are consistent with those observed in 2013 (buying food; household goods and their delivery; home energy costs; and transport costs), although the extent of those differences have changed - some have risen and others fallen by small amounts. The contributions made by different elements, shown in Figure 4 below, are generally within about £2 a week of their level, with the exception of home energy and car fuel.

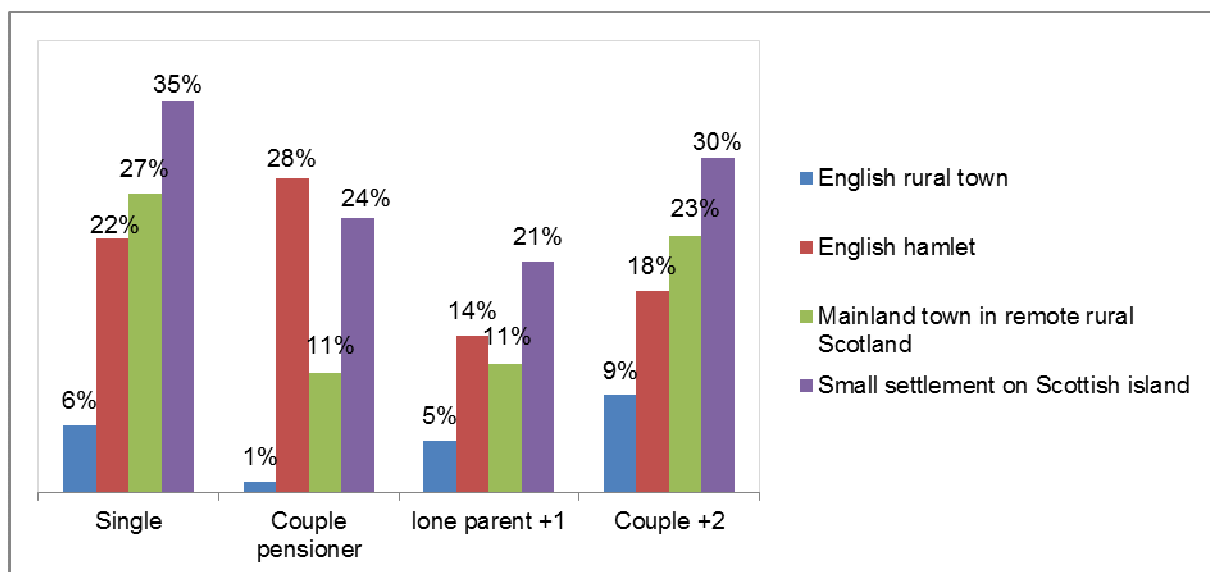
The main systematic change has been caused by the marked fall in energy prices experienced in late 2015 and early 2016. In particular, car fuel prices are around a quarter lower than in the last study, and this has eased for the time being the additional cost due to the need to travel longer distances than elsewhere in the UK, especially for work. Some domestic energy prices have also fallen, but this has had only a selective impact. Electricity prices are at a similar level to 2013, and since most parts of remote rural Scotland are not on mains gas, this has meant that the main home energy costs are stable rather than falling. Since gas prices have eased more than electricity prices, the gap in energy costs compared to parts of the UK with access to gas heating has in fact widened. On the other hand, the price of heating oil, which had risen very steeply in previous years, has more than halved since 2013, and this has helped reduce the energy bills of people living in remote areas who heat their homes with this fuel.

Among other costs, it is harder to see any consistent change. Some delivery charges have gone down, but others have risen. Some retailers have extended delivery options, and it appears that a more restricted range of shopping options carries a smaller premium in 2016 than 2013. Convenience store premiums observed in 2016 were also somewhat smaller than in 2013. However, since prices fluctuate, it is too early to say whether there are clear trends in this direction.

Overall additional costs in 2016

Figure 3 gives an overall estimate of how much more it costs to live in remote rural Scotland in 2016, compared to other parts of the United Kingdom. **Additional costs typically range from around 10 per cent to around 35 per cent more than in an urban area**, and vary considerably across different groups in each area. This is a slight reduction on 2013 when additional costs ranged from around 10 per cent to 40 per cent more. As in 2013, the cost of living in a rural town is consistently more expensive in remote Scotland than in England, by up to around 20 per cent. For most groups, additional costs are most significant for those living in small island settlements, influenced especially by the high cost of energy, food, household goods and in some cases transport. However, as in 2013, for pensioners living on islands, who travel less and so have low transport costs, a minimum household budget is in some cases similar to that of English hamlets.

Figure 3 – Additional costs (%) compared to urban UK households



In comparison to 2013, most of the percentage additions have changed by less than two percentage points (Table 3). The exceptions are single people in both towns and remote settlements, for whom the reduced commuting costs make a larger proportionate difference. The minimum living cost for a single person in a remote island settlement was 40 per cent higher than in the urban UK in 2013, but is now 35 per cent more, while in remote rural towns the premium has fallen from 34 to 27 per cent. However, it is important to note that these reductions have come in cases where there are some of the highest additional costs of living (due to commuting costs), and **even after the reduction, the additions remain very high.**

Table 3 - Additional Costs (%) in remote rural town and small Scottish island settlement compared to urban UK households

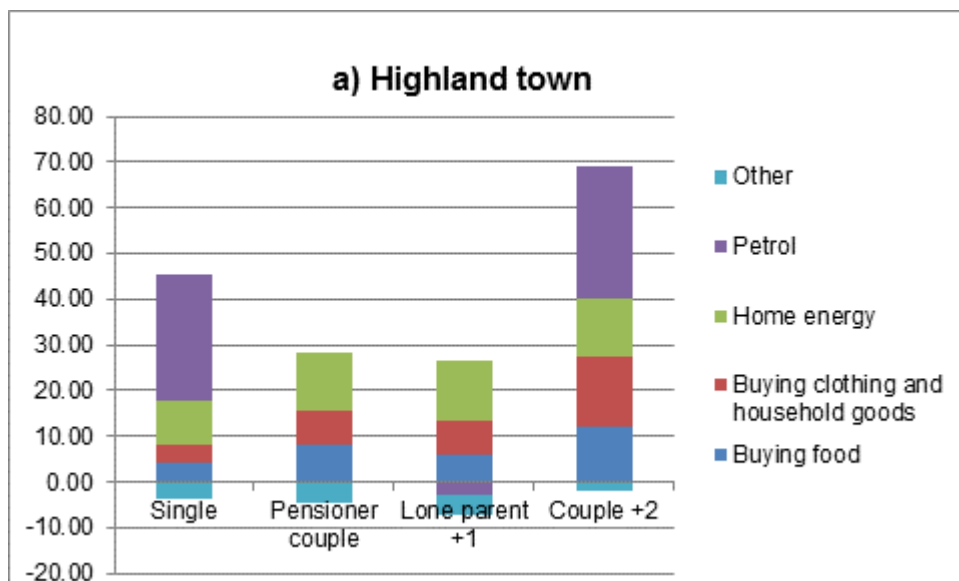
	Mainland town in remote rural Scotland			Small settlement on Scottish island		
	2013	2016	Difference	2013	2016	Difference
Single	34%	27%	-7%	40%	35%	-5%
Couple pensioner	12%	11%	-1%	25%	24%	-1%
Lone parent +1	12%	11%	-1%	20%	21%	+1%
Couple + 2	25%	23%	-2%	32%	30%	-2%

As Figure 3 shows, additional costs of living in remote rural Scotland differ greatly by household type, with single households and couples with children experiencing a higher premium than pensioners and lone parents. This is heavily influenced by the inclusion of the cost of commuting for the first two of these household types. Figure 4 gives a breakdown of attributable cost additions for different household types in two types of area in comparison to an English rural town. It shows that the most

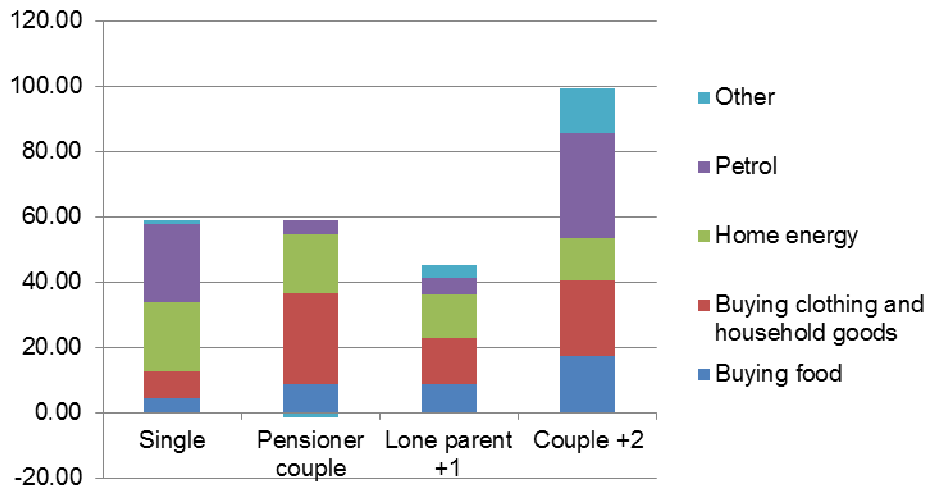
important additional costs vary by household type. For a single person the additional motoring costs associated with commuting comprise by far the largest element – over half of all additional costs. For pensioners, who are at home, energy and food are more important, and on islands where pensioners are assumed to shop from catalogues, household goods and clothing become the largest category. For couples with children in both kinds of area, there is a mix of costs, with transport the largest because it is assumed that long commutes are needed. For lone parents, transport is a more minor item because it is assumed (for study purposes) that it is not feasible to travel far afield for work, due to caring responsibilities.

A more detailed breakdown of estimated additional costs, covering a range of areas in remote rural Scotland, is given in the Appendix.

Figure 4 - Components of additional costs in two communities £ per week addition, compared to English rural town



b) Island small settlement



3. Making life more affordable in remote rural Scotland: a framework

For those living in remote rural Scotland, factors such as remoteness, sparseness of population and climate will always bring additional costs in comparison to life in other parts of the UK. However, in order to maintain sustainable communities in remote rural Scotland, there is an urgent need both to strengthen their economic base and to limit these additional costs where possible. Unless people across the demographic spectrum – children, working age and pensioners – are able to live and thrive in these areas, it is feared that communities will decline and struggle to survive. This poses the double challenge of ensuring that costs are not too high and incomes are not too low for people in remote rural Scotland to have a minimum acceptable living standard.

Many agencies are seeking to promote these ends, including Highlands and Islands Enterprise, Scottish Enterprise and local authorities. It is beyond the scope of this report to fully review the support for economic and community development in remote rural Scotland. However, in addition to the update of the level of additional costs, the following analysis, based on published sources and conversations with a range of stakeholders, explores the scope and potential of efforts to reduce them. It also sets out a framework for improving the relationship between incomes and costs to make life affordable for those living in remote rural areas of Scotland.

The main components of additional costs

Chapter two highlights that despite some easing of costs, in 2016 it still costs more - around 10 per cent to 35 per cent more - to live in remote rural Scotland than other parts of the UK. While these costs vary considerably across different household types and areas, they are largely still derived from a combination of four main components:

- Motoring, due partly to the additional cost of petrol but mainly to the greater distances that people need to travel;

- Domestic fuel, due to a combination of home energy efficiency, fuel type, tariffs and climate;
- Food, due to higher prices, which are modest at small-town supermarkets and much greater at local convenience stores;
- Purchase of goods and services, due to delivery charges and higher pricing in local stores and for catalogue shopping.

Some of these issues can be addressed directly with targeted policy. For example, Rural Fuel Duty Relief, introduced for the islands in 2012 and extended to a number of remote mainland areas in 2015, cuts the cost of petrol and diesel in those areas by 5p a litre. However, **many affordability issues involve interactions between how and where people live, shop and work.** For example, shopping costs can be influenced by the viability of local stores, and thus in turn by settlement patterns. Travel costs are influenced by the accessibility of local services and by where jobs are located. These factors make such important contributions to additional costs that long-term trends in the population of an area and where jobs are created will be crucial factors.

The **infrastructure of local communities can also influence costs both directly and indirectly.** The nature of housing greatly affects energy costs. The localisation of services influences minimum travel distances. Perhaps most importantly in terms of contemporary change in remote rural communities, the availability of reliable, high-speed broadband internet as well as mobile phone coverage can affect many aspects of people's lives, including in particular how they shop and work, and even for some people the acceptability of living in a remote area.

With these interactions in mind, the following are some areas where policy could potentially influence the affordability of life in remote rural Scotland.

Home energy costs: how much of the premium is avoidable?

The problem

People in remote rural Scotland pay more for home energy for a combination of reasons. Many homes have high energy consumption, especially in older private

housing and more remote areas. Few areas are on the gas grid, ruling out the cheapest form of heating; at best, electric storage heating is the most economical mode available, but in remote rural areas, heating oil, which is more expensive, is often the only feasible option. Tariffs appear to be affected by relatively limited active competition between companies: about eight in ten electricity customers in northern Scotland are with SSE. They are also subject to a premium related to additional distribution costs. On top of this, the climate of remote rural Scotland adds to heating costs. While this is also evident in the Western Isles, it is most marked in the Northern Isles where wind chill and rainfall tend to be greater.

Initiatives and progress

Efforts to improve the energy efficiency of the housing stock are being applied to remote rural Scotland as to other parts of the UK, under the overall umbrella of Home Energy Efficiency Programmes for Scotland (HEEPS). The Scottish Government has spent half a billion pounds since 2009 on fuel poverty and energy efficiency programmes, and in 2015 launched Warmer Homes Scotland, aiming to make 28,000 homes warmer and cheaper to heat over the next seven years.

There have also been efforts to encourage customers to switch energy companies in order to improve pricing through competition, but these appear to have made limited progress.

Difficulties and potential

There is widespread consensus among stakeholders in remote rural Scotland that the fuel efficiency strategy being employed is not well tailored to local needs.

Most particularly, most of the help under HEEPS comes in the form of standardised, low-cost methods of improving home energy efficiency, notably cavity wall insulation and loft insulation. These are not appropriate solutions for many homes in remote rural Scotland because they have not been built with cavity walls, and because roof space is used as part of the living area.

A survey of Western Isles homes showed 23% of homes have solid walls, 31% cavity walls and 20% are of mixed construction (the remainder have unknown wall construction). While most cavity wall homes have wall insulation, fewer than one in five of those with solid walls do. – Energy Advisory Service (2014)

The options for improving such homes, including for example external wall cladding, tend to be a lot more expensive. Two further problems are (i) the diversity of home construction in many remote rural areas, making unit costs far more expensive than in an urban situation where a number of similar houses can be worked on at once, and (ii) a shortage of local suppliers able to carry out such work.

Highland Council has been seeking to carry out insulation work on homes in a remote and picturesque village, under the Scottish Government's HEEPs scheme. However these plans have come up against multiple difficulties. These include logistics: there is a lack of anywhere in the area to store materials, or accommodation or toilets for the workforce. The local Housing Trust, which owns the properties, has not registered for the scheme, fearing structural difficulties. A further complication is that the properties include some holiday homes which would not be eligible. These difficulties illustrate particularities that make delivery of home insulation to remote areas far from straightforward.

For these reasons, the standard schemes have made only very limited progress in improving home energy efficiency in remote areas. Further progress clearly requires more bespoke solutions. Local authorities are looking at ways of delivering more personalised services, exploring with individual households what is the best solution. They are aware that reducing fuel bills in many homes can depend on a combination of factors including not just construction but also household behaviours.

Other examples of how stakeholders in remote rural Scotland feel that their particular needs and perspectives are being neglected include:

- The criteria for making cold weather payments to recipients of certain benefits, which make no allowance for wind chill. In the Scottish islands in particular, winters are typified by high winds rather than very low temperatures, but winds can add greatly to the energy required to keep a house warm.

- The national emphasis on reducing energy tariffs by switching, when this is not a practical option for many remote rural Scots, who have metering systems that cannot necessarily be taken over by another company: in particular, those with teleswitches that allow them to have different tariffs for storage heaters and other electricity use.
- Rural energy tariff premiums are controlled at a UK level by a distribution price control mechanism, which Energy Action Scotland has argued should be reviewed. (It is also pointed out that consumers in the south of Britain do not pay a surcharge for the huge investment made in the infrastructure needed to convey North Scottish renewable energy to the south of Britain). Calculating such a premium fairly is not easy, not least because assumptions about electricity consumption levels tend to be well below actual usage patterns, meaning that a premium set on a per-unit basis collects more for fixed distribution costs than intended. Moreover, the most recently published Ofgem assumptions (DECC 2015 page 19) imply a premium between north and south Scotland of about 0.9p per KW, whereas SSE charges more than double this. Additional distribution costs to the islands could potentially rise further, and be passed on to customers, under Scotland's National Marine Plan, which rules that undersea power cables should be buried where feasible, a highly costly operation.

Assessment

In establishing a Scottish Rural Fuel Poverty Task Force (set up in 2015 reporting in Autumn 2016), the Scottish Government has recognised that a “one size fits all” policy to improve energy efficiency and reduce fuel poverty is not appropriate for the rural areas of Scotland. The task force will need to consider what measures can best be designed to help the residents of remote communities – both in terms of **efficiency** and **fairness**. It will need to identify how energy efficiency measures can be better tailored to improve the fabric of remote rural homes, and the well-being of their residents. In terms of fairness, it will have to address the underlying causes of high tariffs, whether related to suppliers' policies and competition or externally imposed surcharges, and propose how these can be tackled.

It is important to acknowledge that in the foreseeable future, a large part of the energy cost premium for remote rural Scotland is certain to remain. Much of this premium is due to three factors not susceptible to immediate policy remedies: the absence of mains gas supply, the underlying characteristics of the current housing stock and the climate. However, the size of this premium can at least be contained by measures that address the tariffs that people pay, and that provide bespoke solutions to improving energy efficiency in homes where that is feasible. Moreover, a clear strategy for ensuring that new homes are built to high energy standards should bear fruit in the longer term.

Shopping costs: opportunities, limitations and trade-offs

The problem

Everyday groceries cost around 10 per cent more at small-town supermarkets than in larger urban areas, and over 50 per cent more at convenience stores. Although most people in remote rural Scotland are close enough to a town to do a weekly shop with only top-ups at the local stores, those in the remotest island locations may have to buy all their food there.

Other goods can also cost more locally, and may incur substantial delivery charges, especially to island destinations. These issues constrain the ability of households to make choices, including buying cheaper products.

Initiatives and progress

The scope for social interventions to keep prices down in remote areas is limited. In some cases a subsidy or tax rebate can help: Rural Fuel Duty relief has reduced, although not eliminated, the premium on the price of petrol and diesel in parts of remote rural Scotland. More often, social action can help save local shops – such as when a community enterprise or co-operative takes over a village store – but may find it hard to avoid high prices. Stores that are within the national Co-operative network have access to an established supply chain, but not all co-ops gain this status.

On the other hand, market developments are in some respects increasing shoppers' options, helped by the possibilities offered by internet ordering. Tesco delivers to a much wider range of remote rural locations than it did in 2013 when the previous MIS study was undertaken. Amazon offers deliveries at standard UK rates throughout remote rural Scotland, and some companies have started to co-ordinate delivery services.

Since 2012, Barratlantic, a seafood company based on the extremely remote island of Barra, has been using its delivery network to deliver goods from a superstore near Glasgow to residents of the island. The service started when some islanders asked if one of the firm's lorries could pick up an order from an Asda store in Govan on its way back from delivering fish. It allows the firm to avoid returning to the island with its trucks empty, and the service is now widely used by residents unhappy with prices at the local co-op. ("Barra islanders shun local shop for 200-mile deliveries from Glasgow", The Scotsman, 15 October 2012).

Difficulties and potential

Technology can create the potential for more efficient ways of supplying remote communities, including the creation of more unified delivery systems, online ordering from supermarkets and the development of common delivery points. In many cases, this could be done through the development of existing facilities such as local shops rather than requiring new infrastructure.

Citizens Advice Scotland has also pointed out the scope for seeking to ensure that delivery charges are fairly set, whereas at present they often seem to be arbitrary, not necessarily affecting actual costs. It has also pressed for the Universal Service Obligation to be maintained for delivery of mail. Citizens Advice Scotland (2015) has detected some reduction in the number of delivery charges imposed on remote areas in recent years, but on the other hand an increase in the number and level of delivery surcharges. An MP from the Highlands and Islands is seeking new legislation to guarantee fairness on delivery charges. As mentioned in Chapter 2, reductions to freight tariffs on ferries to the Western and Northern Isles could help to reduce delivery costs for businesses, and savings could be passed on to consumers (though ensuring this presents another challenge). Following the publication of the

Scottish Ferries Plan in 2012, the Scottish Government committed to reviewing commercial vehicle tariffs. Transport Scotland are in the process of this review with the aim of developing an overarching policy for freight fares across the entire ferry network.

Another important consideration is that making remote ordering more effective also has the potential to undermine local services. Communities appear to have mixed views on this trade-off. On the one hand having a shop at the centre of a remote community helps preserve community cohesion and provides local employment. On the other, where this makes shopping far more expensive than it may otherwise be, many local people may simply not be able to afford to shop locally. Corporate decisions made by supermarkets and other large retailers about delivery services to remote communities will continue to have a significant impact both on the cost of goods in these communities and the sustainability of local stores.

Assessment

Higher retail costs will always to some extent be a feature of remote rural areas, since goods are more expensive to transport to these places. However, there is a big difference between goods costing 10 per cent or 50 per cent more, or between modest or prohibitive delivery charges. Some progress has been made in improving systems for supplying remote areas, but the thorny issue remains about whether communities prioritise maintaining local suppliers over making remote delivery more attractive. While consensus may be hard to achieve, it is important that local communities have an open dialogue about which is the most promising model for community sustainability, which is likely to depend on local circumstances.

Improving the infrastructure: technology, travel and local hubs

The problem

The sustainability of communities in remote rural Scotland has been threatened by a lack of community infrastructure and amenities. Most obviously, limited public transport makes travel more expensive. A shortage of suitable housing for young people at affordable prices can be a severe obstacle to developing balanced communities, as can limited childcare options. Local shops often find it hard to keep

going. The arrival of high-speed broadband, while offering significant potential to helping isolated communities feel connected, has been slow and patchy.

Improving the infrastructure of remote rural Scotland is a huge task requiring widespread policies including housing and transport strategies. It is beyond the scope of this report to review these policy areas. However, two particular types of initiative that can make a difference to life and costs in remote areas are the improvement of broadband internet and the development of community hubs.

Initiatives, progress and difficulties

The UK and Scottish governments are committed to connect all areas to Next Generation Broadband by the end of the decade. This is a substantial task, with a current budget of nearly £150 million for the Highlands and Islands alone. The vision of being digitally linked, with reliable connections is an exciting one, given its power to affect life in remote areas. In particular, it opens up more opportunities for remote working, as well as for online shopping and the co-ordination of delivery systems to help bring down living costs.

As an interim target, the aim is to cover 84 per cent of premises in the Highlands and Islands by the end of 2016. The Scottish Government has created a firm commitment to extend fast broadband to every home, by 2021. It is this last 16 per cent, which includes a large proportion of homes in the remotest areas, that poses the greatest challenge. The experience has been that while “green cabinets” are delivering high-speed fibre links to settlement hubs, it is not an effective solution for dispersed rural premises as broadband speeds fall away sharply for lines more than 1km from a cabinet. One possible solution for these premises is to lay fibre connections to every home but this would be extremely expensive and beyond the scope of existing funds so it is clear that new solutions will be needed. These are likely to involve some combination of extending green boxes further into remote areas, using fixed wireless solutions and potentially some use of satellite broadband. 4G mobile services may also play a role. To provide improved broadband to these remaining homes is likely to involve much greater cost per home connected than what has been spent so far, but if the firm commitment of 100% coverage is to be

realised, the resources will need to be found and the most cost-effective options explored.

Achieving this promise would be a huge transformation in areas where people have become used to getting slow and unreliable connections at best. There remains a degree of scepticism about the commitment from people who feel that remote areas are always neglected. This helps explain why some local communities have taken up the offer of organising their own broadband services supported by Community Broadband Scotland (CBS) a £7.5 million Scottish Government initiative. This can help galvanise local communities and give a sense of autonomy, although there could be downsides including the lack of choice over supplier associated with having a monopoly provider and difficulties in knowing whether that provider will have the resources to invest in future generations of technology.

In the Shetland Islands, Highlands and Islands Enterprise, through its contract with BT is committed to delivering 76 per cent superfast broadband coverage by the end of 2016, but some Shetlanders have reservations about how effective cabinet based broadband will be for the more rural communities. Even in towns, speeds are reported by some to be unreliable. Shetland Telecom, a Shetland Islands Council project, was also set up to try to improve local telecoms services, building its own fibre cables.

Shetlanders look with envy at the Faroe Islands, where the local telecoms company has rolled out effective fixed and mobile services. A common attitude expressed by islanders is that “we will always be at the back end of supply”. These attitudes may or may not be warranted in the present context of new investments; transitions can take time and attitudes do not change instantly. As more generally across remote rural Scotland, a starting-point of feeling neglected could fundamentally change if the pledge to provide reliable fast broadband to every home is realised.

Past uncertainties about whether the most remote locations can get digitally connected has been argument for developing local service hubs. Even with homes properly connected, the speed and reliability required to run a business may not always be achievable. Reliable broadband for work could be part of a centre that also offers shops, employment, leisure and other services. While the notion of rural

service hubs has not yet taken off, there are interesting cases where they have been shown to work, particularly in combination with ownership of land by community trusts. From the point of view of reducing the cost of living in remote rural Scotland, such hubs can have multiple benefits. They can make local shops more viable, provide delivery points for items bought further afield and support local employment opportunities, greatly reducing the cost of travel.

Ravenpoint Centre is a community owned and operated service hub in the South Lochs area on the Isle of Lewis. Previously a school and teacher's house the building has been refurbished and extended and now houses a shop, petrol pumps, hostel, café, museum and research centre housing the Angus MacLeod archive on the history of the area. The Centre is a base for community activity hosting training courses and community meetings as well as providing a range of facilities to a wide range of visitors from tourists to academic researchers.

Assessment

Large investments have been made to make people in remote rural Scotland better connected through broadband. This has the potential to change life there, in combination with other investments such as the improvement of public services and of education and skill levels. However, to fulfil the promise of reaching all remote areas, new approaches and further substantial resources are needed. While doing so will increase the capabilities of people living in digitally connected homes, there may still be a role for community hubs, both in helping deliver services and in making decentralised employment more viable.

Jobs: location, quality and skill requirements

The problem

Sustainable communities need to include a working population that is able to access adequate earnings, which in remote rural Scotland means enough to cover the relatively high cost of living. The risk is that some very local jobs may be low paid, particularly in sectors such as agriculture or hotels and catering, yielding insufficient earnings to make ends meet, while some better-paying jobs such as in the energy sector require workers to travel long distances from their communities (such as to a power station or oil refinery), which contributes to higher costs.

Initiatives and progress

In recent years, economic development agencies for remote rural Scotland have focused particularly on nurturing industries that combine local production with

worldwide markets, and thus allow people working from within remote communities to create products of high value. This involves focusing on the area's strengths, including the recognition of quality Scottish brands like salmon and whisky and the opportunity to harness natural resources such as in the production of green energy.

Natural products companies are using seaweed and other marine resources to manufacture both food and pharmaceutical products on the Isle of Lewis. Supported by Highlands and Islands Enterprise, this involves a range of businesses ranging from BASF Pharma, the world's largest chemicals company, to the Hebridean Seaweed Company Ltd, which processes raw seaweed into high quality, environmentally friendly organic seaweed meal for a range of purposes. Founded in 2006 by two local villagers, this company has grown to become the largest industrial seaweed processor in Great Britain.

Highlands and Islands Enterprise recognises that particular strategies are required for promoting employment in fragile communities. This is based around supporting and building the capacity of small businesses and individuals. Support for physical investments can be important, for example in a new hotel, creative industries hub or food and drink manufacturing unit, but this needs to be accompanied by investment in people and their skills.

Scottish Enterprise (responsible for development outside the Highlands and Islands, including in remote rural communities in southern Scotland) puts particular emphasis on working with local companies serving markets outside their local area – especially in financial services, tourism, food and drink and creative industries. Like Highlands and Islands Enterprise, it emphasises skills development.

The South of Scotland Alliance is a partnership between Scottish Borders Council, Dumfries and Galloway Council and Scottish Enterprise, seeking to address issues faced by the economy of that region, including an ageing population and a lack of business growth. It focuses on particular strengths of the area, notably tourism and the food and drinks industry. Among the projects being promoted at present are the development of the region as a mountain biking destination and the development of Stranraer Waterfront as a marine leisure destination. The Alliance puts particular emphasis on supporting businesses to innovate, to invest in leadership development and to seek international markets.

The Scottish Rural Development Programme 2014-2020 funds economic, environmental and social measures for the benefit of rural Scotland. It is part of the EU Common Agricultural Policy, and the withdrawal of the UK from the EU poses a major challenge in terms of how this work will be continued.

Difficulties and potential

There are many challenges in creating the right infrastructure for jobs growth in remote rural areas, including for example developing adequate childcare and, as discussed earlier, opportunities for home working. However, the right infrastructure is not enough on its own. In order to continue developing jobs in remote rural Scotland, perhaps the most important single challenge is to ensure that workers have the right kinds of skills. In order for small-scale enterprises to thrive and to provide jobs at a very local level, people will need to be adaptable and enterprising. Working independently, identifying markets and using technology effectively will all be important. This affects the kind of support that individuals need to help them find work, not just acquiring technical skills or job search techniques, but learning how to spot opportunities and be open to new markets.

Dumfries and Galloway College serves a wide, sparsely populated region with few large employers, dominated by micro-businesses. It is looking for ways of providing appropriate skills for this local economy, which has fewer than average people with higher qualifications. Dumfries and Galloway Economic Strategy aims to raise the low skills and qualifications base in the region. The college recognises that a significant issue for students is travel to college, and receives additional support to help students attend from far-flung locations, providing bus services to settlements across the area.

Assessment

Models of “inward investment” that rely on large employers locating in the area have limited relevance for the more remote, fragile communities of rural Scotland. Yet relative to their small population, there is a considerable range of opportunities for developing local small-scale enterprise, trading on the strong brand image of many Scottish products and on new environment-related economic activity. After fifty years of enterprise agency work supporting the Highlands and Islands, many of the ingredients of successful local enterprise are well known to the agencies. However, the opportunity to make work more local that is being opened up by broadband access creates a new context. The MIS analysis shows that avoiding long commutes can make a decisive difference to household costs and hence to the viability of living in remote communities for those of working age.

Population trends and influences

Ultimately, the success of all the above approaches will depend on who lives in remote rural Scotland. Fragile communities risk becoming unsustainable if the population becomes too low or too unbalanced demographically. They require a mix of people of working age, children and pensioners in order to thrive. This can influence, for example, whether there is enough business for a local shop or other service to be viable, which in turn influences the attractiveness of living in a remote location.

According to the 2011 Census, the Highlands and Islands had a total population of 466,112. This was an increase of 7.5 per cent from 2001, which was above the 4.6

per cent growth experienced by Scotland as a whole. However, growth is concentrated among the over 45s, with the population of other age groups relatively stagnant. Moreover, the fastest growth was in accessible rural areas, with less accessible areas growing on average only slightly faster than the Scottish total. In some areas, overall population is falling, such as Argyll and Bute, where notably the share of people aged 25-44 fell from a quarter to a fifth of the population between 2001 and 2011.

Thus overall, while the population is holding its own and even increasing, the age profile remains weighted to over-45s compared with elsewhere in Scotland. One effect of this is that without significant in-migration the overall population will decline, since more people are dying in remote rural Scotland than are being born. This can be seen by looking at the latest data on single-year population change.

Table 4 shows that even though slightly more people are coming into than leaving remote rural Scotland, this has to be substantial to make up for natural population decline – unlike in other parts of Scotland where the number of births and deaths per 1000 of the population are more or less equal.

Table 4 – Population and change by area type, Scotland 2013

	Remote Rural	Accessible Rural	Rest of Scotland
Population	326,574	653,663	4,347,463
Births per 1,000 population	8	10	11
Deaths per 1,000 population	11	9	10
Natural increase	-3	1	0
In-migration per 1000 population	53	61	23
Out-migration per 1000 population	52	55	21
Net in-migration	1	6	1
Source: author calculation from <i>Rural Scotland Key Facts 2015</i> http://www.gov.scot/Publications/2015/03/5411			

In order to redress this growing population imbalance, it is essential to encourage young people to stay in remote areas, or to move back after living away for study or other purposes. This depends both on them finding suitable employment and housing and on quality of life being acceptable and meeting their needs.

A recent survey of attitudes and aspirations of young people in this regard (HIE, 2015) found that most young people who originated in the area would like to stay or return. However, in addition to the importance of career opportunities and key amenities such as housing and transport, young people were influenced by various quality of life issues, including digital connectivity. In particular, the quality of mobile phone signal - an essential feature for a generation that needs to feel connected – was of greater importance to respondents than broadband quality.

Efforts to increase and rebalance population cannot be engineered from the top down, as they rely on creating enthusiasm for communities among those being encouraged to live there. There is some evidence to suggest that areas owned by

community land trusts have been more successful in stemming or reversing population decline and an aging population profile than comparable areas not controlled by the community (Bryan and Westbrook, 2014).

A recent good practice report focusing on how to address rural depopulation in Argyll and Bute (Ekos, 2015) emphasises the importance of creating the right conditions for young people to thrive in employment. Argyll and Bute has a particular population challenge, and the report aptly rounds up the approaches to economic development that are likely to be critical to population patterns throughout remote rural Scotland:

“There is a strong rationale for a strategic economic rebalancing of the Argyll and Bute economy based on the following approach:

- Overarching Challenge: reverse the overall decline in population while rebalancing from aging to young/working age residents by achieving positive net migration;
- increase the overall employment base by addressing the over-reliance on the public sector and by rebalancing the economy towards growing the private and third sector;
- increase the number and ambition of the resident (indigenous and inward investing) business base by rebalancing focus on companies of scale and with growth aspirations and those capable of moving up the value chain;
- improve and enhance the skills profile by rebalancing to a higher skilled workforce able to obtain higher value employment which in turn will attract higher earnings;
- increase the quality and quantity of the local education offering by rebalancing from sources outside of Argyll and Bute to those inside the region; and
- increase the enterprise and entrepreneurship skills and capacity of all parts of the community (public/private) to rebalance away from reliance on others to self-reliance.”

4. Conclusion

The cost of living in remote rural Scotland continues to be far greater than in other parts of the UK. However, life there does not stand still. Falling energy costs have to some extent eased the burden recently. In the longer term, developments such as the extension of broadband access and new delivery networks have the potential to change the way that people live and the costs that they incur. Much will depend on whether new opportunities can be exploited, requiring solutions particular to the needs of local communities. There is also an acknowledgement that this means locally designed solutions, whether through community land ownership, community broadband or energy efficiency solutions that work with local households to address their particular situations rather than just delivering off-the-peg national schemes.

Even though it has only been three years since the original Minimum Income Standard for Remote Rural Scotland was researched, it is clear from this brief revisit that the drivers of costs are changing. Understanding how these changes are impacting on costs will be critical for ensuring appropriate policy response, and repeating the MIS Remote Rural Scotland study in full within the next two to three years can help address this.

The findings of this refresh exercise do draw out a number of important areas where increased policy intervention from the public sector could be targeted to useful effect. Aligning policy effort with the areas of greatest disparity, in particular domestic heating costs, the costs of transporting goods, and capitalising on broadband roll-out to create more high-paying jobs in remote rural areas can potentially help make these communities more attractive places to live and work, further boosting their long-term sustainability. Ensuring that the workforce has adequate access to appropriate training and development opportunities and that wider support services such as childcare are available and aligned to the needs of employees can also help reduce the additional costs borne by households in remote rural Scotland, and increase their earnings potential. The impact of interventions will be most effective if tackled in a collaborative manner involving a range of public sector partners engaging directly with communities to ensure solutions are holistic and tailored to the needs of local areas.

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Appendix: estimated minimum cost of living by area and household type, 2016

These estimates are adapted from the original report (Hirsch et al, 2013). They have been generally updated according to inflation indices. In addition, new research has been carried out on prices in remote rural Scotland in January 2016. In selected cases where the 2016 revisit identified substantial price changes, beyond what could be accounted for by general inflation or random fluctuations, these changes have been incorporated into the estimates.

A - Weekly budget for a single person, excluding rent

	1) Town				2) Remote small settlement									
					a) Accessible to town				b) Inaccessible to town			c) Remote from town		
	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Western Isles	Northern Isles	Western Isles	Northern Isles	
Food	54.12	54.12	54.12	54.12	55.35	55.35	55.35	55.35	56.66	58.41	58.41	66.10	66.10	
Alcohol	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	5.33	
Tobacco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Clothing	11.94	11.94	13.26	13.26	11.94	11.94	13.26	13.26	11.94	13.26	13.26	13.26	13.26	
Water rates	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	
Council tax	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.26	
Household insurances	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	
Domestic fuel	21.97	21.97	21.97	24.32	33.46	33.46	33.46	37.17	33.46	33.46	37.17	33.46	37.17	
Other housing costs	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	
Household goods	13.87	13.87	15.65	17.03	14.49	13.87	15.65	17.03	14.49	17.03	17.03	21.20	21.20	
Household services	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	4.21	
Personal goods and services	13.41	12.35	13.41	12.95	12.95	12.35	12.95	12.95	11.02	13.41	12.95	16.43	16.43	
Motoring	64.47	62.35	59.46	59.46	62.59	60.58	60.90	60.90	62.59	60.90	60.90	60.90	60.90	
Other travel costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.40	0.00	42.40	
Social and cultural participation	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	49.18	
Total excluding rent	258.6	255.42	256.69	259.96	269.59	266.36	270.38	275.47	268.96	275.29	320.93	290.17	336.27	
Percentage above MIS in urban UK	26.5%	25.0%	25.6%	27.2%	31.9%	30.3%	32.3%	34.8%	31.6%	34.7%	57.0%	42.0%	64.5%	

B - Weekly budget for a pensioner couple, excluding rent

	1) Town				2) Remote small settlement									
					a) Accessible to town				b) Inaccessible to town			c) Remote from town		
	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Western Isles	Northern Isles	Western Isles	Northern Isles	
Food	70.71	70.71	70.71	70.71	76.36	76.36	76.36	76.36	77.02	79.29	79.29	88.57	88.57	
Alcohol	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	
Tobacco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Clothing	16.27	16.27	30.96	16.27	16.27	16.27	30.96	16.27	16.27	30.96	16.27	1.07	30.96	
Water rates	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	5.35	
Council tax	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	13.68	
Household insurances	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	
Domestic fuel	27.26	27.26	27.26	30.23	32.79	32.79	32.79	36.35	32.79	32.79	36.35	32.79	36.35	
Other housing costs	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	3.99	
Household goods	18.43	18.43	22.32	24.36	19.04	18.43	22.32	24.36	19.04	24.36	24.36	26.34	26.34	
Household services	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	
Personal goods and services	22.74	23.92	22.74	24.52	24.52	23.92	24.52	24.52	22.74	22.74	24.52	31.26	31.26	
Motoring	0.00	0.00	0.00	0.00	25.45	24.03	4.17	4.17	25.45	4.17	4.17	4.17	4.17	
Other travel costs	17.05	17.05	17.05	17.05	0.00	0.00	0.00	0.00	0.00	0.00	1.95	0.00	1.95	
Social and cultural participation	55.46	55.46	67.31	67.31	55.46	55.46	67.31	67.31	55.46	67.31	67.31	67.31	67.31	
Total	271.33	272.52	301.75	293.86	293.31	290.69	301.84	292.75	292.19	305.04	297.64	294.92	330.33	
Percentage above MIS in urban UK	10.6%	11.1%	23.0%	19.8%	19.6%	18.5%	23.0%	19.3%	19.1%	24.3%	21.3%	20.2%	34.6%	

C - Weekly budget for a loan parent, one child under two, excluding rent and childcare

	1) Town				2) Remote small settlement									
					a) Accessible to town				b) Inaccessible to town			c) Remote from town		
	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Western Isles	Northern Isles	Western Isles	Northern Isles	
Food	63.93	63.93	63.93	63.93	69.22	69.22	69.22	69.22	70.81	72.79	72.79	80.52	80.52	
Alcohol	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	
Tobacco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Clothing	24.50	24.50	25.97	25.97	24.50	24.50	25.97	25.97	24.50	25.97	25.97	25.97	25.97	
Water rates	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	
Council tax	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	11.97	
Household insurances	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	
Domestic fuel	35.45	35.45	35.45	39.38	35.45	35.45	35.45	39.38	35.45	35.45	39.38	35.45	39.38	
Other housing costs	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	2.34	
Household goods	25.51	25.51	29.27	30.47	26.13	25.51	29.27	30.47	26.13	30.47	30.47	37.98	37.98	
Household services	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	
Personal goods and services	27.01	25.81	27.01	26.41	26.41	25.81	26.41	26.41	23.02	27.01	33.68	33.68	33.68	
Motoring	37.20	36.79	37.35	37.35	54.60	53.22	45.30	45.30	54.60	45.30	45.30	45.30	45.30	
Other travel costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.95	0.00	1.95	
Social and cultural participation	72.11	72.11	74.72	72.11	72.11	72.11	72.11	72.11	72.11	74.72	72.11	72.11	72.11	
Total	317.51	315.89	325.50	327.41	340.21	337.61	335.52	340.65	338.41	343.50	353.44	362.80	368.68	

D - Weekly budget for couple with primary and pre-school child, excluding rent and childcare

	1) Town				2) Remote small settlement									
					a) Accessible to town				b) Inaccessible to town			c) Remote from town		
	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Remote Southern Scotland	Western Isles	Northern Isles	Highlands	Western Isles	Northern Isles	Western Isles	Northern Isles	
Food	132.23	132.23	132.23	132.23	141.11	141.11	141.11	141.11	145.02	149.64	149.64	168.46	168.46	
Alcohol	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	7.38	
Tobacco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Clothing	47.32	47.32	50.96	50.96	47.32	47.32	50.96	50.96	47.32	50.96	50.96	50.96	50.96	
Water rates	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	
Council tax	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	
Household insurances	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	
Domestic fuel	38.04	38.04	38.04	42.28	38.04	38.04	38.04	42.28	38.04	38.04	42.28	38.04	42.28	
Other housing costs	8.02	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	8.63	
Household goods	27.83	27.83	32.03	34.64	23.44	27.83	32.03	34.64	23.44	32.03	34.64	42.70	42.70	
Household services	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	12.10	
Personal goods and services	36.73	36.14	36.73	36.73	36.73	36.73	36.73	36.73	31.16	36.73	36.73	46.91	46.91	
Motoring	120.79	118.41	134.81	115.47	134.81	131.65	124.12	124.12	134.81	124.12	124.12	124.12	124.12	
Other travel costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.40	0.00	42.40	
Social and cultural participation	125.34	125.34	128.63	134.95	125.34	125.34	128.63	134.95	125.34	128.63	188.25	128.63	188.25	
Total	580.42	578.06	606.18	600	599.54	600.77	604.36	617.53	597.88	612.89	721.77	652.56	758.83	

Produced by Highlands and Islands Enterprise

Highlands and Islands Enterprise, An Lochran
10 Inverness Campus
Inverness IV2 5NA, Scotland
t. +44 (0)1463 245245
e. info@hient.co.uk

Report produced by:

Centre for Research in Social Policy, Loughborough University
Donald Hirsch, with support from Amanda Bryan and Jo Ellen

