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# A minimum income standard for remote and rural Scotland

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# A MINIMUM INCOME STANDARD

## For remote rural Scotland

Centre for Research in Social Policy, Loughborough University
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HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

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Argyll and Bute Council
Chartered Institute of Housing
Comhairle nan Eilean Siar (Western Isles Council)
Highland Council
Highlands and Islands Enterprise
Moray Council
Rural and Island Housing Association Forum
Scottish Enterprise
Scottish Federation of Housing Associations
Shetland Islands Council

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## EXECUTIVE SUMMARY

### Introduction

This report calculates how much it costs for people to live at a minimum acceptable standard in remote rural Scotland. It builds on research elsewhere in the UK on the Minimum Income Standard (MIS), which is based on the minimum budgets required by various types of household. Such research involves detailed discussions with members of the public about what should go into a minimum household 'basket' of goods and services, supported where relevant by expert knowledge, for example on nutritional and heating standards. Regular updates of this standard for the UK are carried out by Loughborough University supported by the Joseph Rowntree Foundation. The present research has been produced by the main MIS research team, in collaboration with researchers based in the Scottish Highlands, and informed by a partnership of organisations led by Highlands and Islands Enterprise.

The research considered living costs in remote rural Scotland in the context of the fragility and sustainability of local communities, and the desirability of pensioners, working-age adults and families with children, on a range of incomes, to be able to live satisfactory lives there. The study investigated what people in these communities consider to be an acceptable living standard, in terms of meeting material needs as well as being able to participate in society. It also involved a detailed pricing exercise, to work out the impact of higher costs facing people in remote areas. While the themes addressed in the study are familiar to observers of life in remote rural Scotland, this research was able to produce for the first time an overall estimate of the additional cost of living in various types of area, and to identify which factors have the greatest impact on these additional costs.

### Study design

At the core of the research were 24 groups of residents in different parts of remote rural Scotland deliberating in detail over what items households in their

communities need as a minimum. Detailed pricing of the items that they specified was carried out in shops, through online or catalogue ordering and from other suppliers, following specifications by the groups of where residents would buy various types of item. The research was held in three parts of remote rural Scotland: the Highlands, the Islands and remote southern Scotland. This design allowed costs in different types of community to be distinguished.

Recruitment of participants for the research was undertaken by researchers from the University of the Highlands and Islands' Centre for Remote and Rural Studies. Participants were recruited from a wide range of demographic and socio-economic backgrounds to ensure that each group represented a cross-section of the community, rather than just a selected perspective. Different groups discussed the needs of pensioners and of working-age households, including those with children. Fieldwork took place in late 2012.

Each group was tasked with adapting a list of what households need, previously developed for rural England, to meet the requirements of people living in remote rural Scotland. They were guided by the main definition used in MIS:

> *'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.'*

**A minimum basket**

For the most part, people in remote rural Scotland have similar ideas about what constitutes a minimum acceptable living standard as people elsewhere in the UK. However, in some cases the ways of achieving it are somewhat different, and in many cases, living in remote rural Scotland makes the basket more expensive:

*Food and drink* requirements were seen as very similar in content to those in the rest of the country. The main differences were the distances people had to travel to access their groceries, and the pattern of shopping in local stores and supermarkets. In particular, those living in more remote small settlements

generally split their shopping between weekly or monthly large shops in towns and more frequent top-ups at local stores.

*Clothing and household goods* requirements were also mainly the same as elsewhere in the UK, with some exceptions such as additional outdoor clothing and tumble dryers required by more families due to the wet climate. However, again the style of purchase differed. Some would be bought locally and some from more distant locations, including via the internet or catalogues. Remoteness creates less choice of retailers and in some cases substantial delivery costs. The fact that many pensioners are not online can create additional expenses through having to use relatively expensive catalogues or local stores rather than cheaper internet deals.

*Social participation* can follow a different pattern from elsewhere in the UK, especially in remote small settlements, where activities tend to be more locally focused, with more community-based activity, rather than more formal paid-for leisure services. However, these activities could bring significant costs, such as paying for the use of village halls and support for local fundraising events. Overall, the costs were similar as elsewhere in the UK. On the other hand, some extra costs arose associated with annual travel to a holiday location, and a higher minimum budget specified for celebrating Christmas and New Year.

*Transport* patterns created a major source of cost difference with the rest of the UK. Travel to towns for shopping and other activities creates some additional expense, as does more expensive petrol, but more important is daily travel to work. Participants in the research said that you cannot count on finding a satisfactory job near where you live, so had to build in the cost of a long commute – which they specified as typically 30 miles each way – into expected living costs. In some locations, inter-island ferry travel also had to be built in to commuting, at considerable extra expense.

*Household fuel* costs are a big source of difference from other parts of the UK, due to the convergence of several factors. The most important is the lack of mains gas in most parts of remote rural Scotland, and hence reliance largely on

electric storage heating in towns and in social housing and on heating oil in private housing in smaller settlements. The more severe climate, and the lack of small flats for smaller households in rural locations, also add significantly to bills, as does older housing in worse condition especially for those living in private sector accommodation.

**The size of additional costs in remote rural Scotland**

Additional costs arise from a variety of sources: higher store prices, extra delivery charges, more expensive heating costs and additional travel. In some cases these are partially offset by some savings, for example lower rents, council tax and water charges compared with elsewhere in the UK, and free prescriptions and eye tests.

Comparing particular areas of household budgets in remote rural Scotland with rural England:

- For people who can shop partially or wholly in supermarkets, food budgets are typically between 10 per cent and 20 per cent higher in remote rural Scotland. However, in the most remote island communities where people shop entirely at local stores, the food basket costs over 50 per cent more.

- Household goods and clothing typically cost 20-30 per cent more due to higher prices and delivery charges. However, for pensioners on islands, additional spending can be proportionately much higher, because of the amount bought at local stores and through catalogues.

- For working age households, additional transport costs are typically £30-£40 a week, compared to rural England, due to longer commutes and more expensive petrol. For pensioners, on the other hand, travel costs can be similar to other rural areas of the UK.

- Heating costs in remote rural Scotland are very high compared to those paid by English households with gas central heating. Even in towns, they are typically 50-90 per cent higher, while for households without children in

small settlements, the result of flats being unavailable makes fuel bills more than double the cost in an English rural town. In private rented housing, fuel typically costs about 25-50 per cent more on top of these additions.

**Minimum budgets and minimum incomes in remote rural Scotland**

This study identifies different minimum budget requirements for a wide variety of area types. The most important distinctions are between towns and remote settlements and between mainland and island communities. Differences between remote areas in the Highlands and Southern Scotland were very minor.

Typically, the minimum cost of living in remote rural Scotland ranges between 10 per cent and 40 per cent more than the equivalent in urban Britain. The cost of living in a rural town is consistently more expensive in remote Scotland than in England, by up to 25 per cent. Comparisons of living in remote small settlements are more variable, and for pensioners living on islands, who are not very mobile and so have low transport costs, the cost is in some cases similar to that of English hamlets. However, where islanders have no access to supermarkets, the cost of living can be particularly high, relative to anywhere else in the UK.

A key finding is that different factors are important to people in different situations. For a single person living on the mainland, by far the biggest additional cost is in getting to work. For a pensioner living on an island, the cost that dominates is buying household goods and clothes, with a heavy burden imposed by additional delivery charges and higher prices via mail order and local shops.

Social security benefits do not cover the cost of living in remote rural Scotland although they get much closer for pensioners, where they can cover up to 90 per cent of requirements. For working age people without children they cover

only a third and for families with children, they provide about a half of what they need.

The minimum wage only produces about two thirds of a minimum income for a single person living in remote rural Scotland. For an adequate income, a single person needs to earn about 90 per cent of the median, whereas in urban parts of the country, someone on two thirds average earnings has enough.

**Conclusions**

This study has found that households in remote rural Scotland require significantly higher incomes to attain the same minimum living standard as those living elsewhere in the UK. This is partly due to the costs of additional travel, but mainly caused by the higher cost of buying the same things as elsewhere, and the extra cost of keeping warm.

These high living costs threaten the sustainability of local communities by making it harder for people from a range of backgrounds and ages to live there at an acceptable standard.

Three observations from this research can help inform debate about how fragile communities might be made more sustainable.

First, tackling particular sources of higher costs could make a big difference to certain households. For example, enabling a single person in a Highland town to work closer to where they live could wipe out thirds of the difference in their costs compared to living in an English rural town. Helping pensioners living on islands to get online could widen shopping choices and reduce the additional cost of buying clothes and household goods which are their most significant additional expense.

Second, high prices are overall a more significant factor than remote amenities in driving additional costs. Even if services are made more accessible, living will remain a lot more expensive if the price paid for goods remains so high.

Third, social interventions already prevent costs for people in remote rural Scotland from being even higher. These include free pensioner travel by bus and ferry, social housing that keeps rent and fuel bills down and free prescriptions and eye tests. This report identifies areas where extending such support to contain households' costs could help enable more households in remote rural Scotland to reach a minimum acceptable living standard.

# 1 INTRODUCTION

## Background

This report presents the findings of a study of the minimum income requirements of households living in remote areas of rural Scotland. The study builds on similar work elsewhere in the UK, including in both urban and rural areas of England. In looking at the particular requirements of people living in remote rural Scotland, the study aims to contribute to a better understanding of what it takes to sustain the economic and social viability of these communities, taking account of how both living patterns and the costs of goods and services are similar to or different from the rest of the UK.

A Minimum Income Standard (MIS) is the budget required to cover the cost of a basket of goods and services needed for a specified household type to meet a minimum socially acceptable standard of living (Davis et al., 2012; Bradshaw et al., 2008). This approach to income adequacy uses public agreement about what should go into a minimum basket, supported where relevant by expert knowledge, to produce an evidence-based measure of the income needs of different households. The research brings together previous research methods based, respectively, on expert knowledge and public consensus. Since 2008, CRSP has produced annual updates of MIS for the UK, supported by the Joseph Rowntree Foundation (see Box 1).

**BOX 1 MIS IN BRIEF**

**What is MIS?**
The Minimum Income Standard (MIS) is the income that people need in order to reach a minimum socially acceptable standard of living in the United Kingdom today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of household in order to meet these needs and to participate in society.

**How is it arrived at?**
A sequence of groups has detailed negotiations about the things a family would have to be able to afford in order to achieve an acceptable living standard. Experts check that these specifications meet basic criteria such as nutritional adequacy and, in some cases, feedback information to subsequent research groups that check and amend the budgets. Each group typically comprises six to eight people from a mixture of socio-economic backgrounds, but all participants are from the particular demographic category under discussion. For example, pensioner groups decide the minimum for pensioners.

**What does it include?**
Groups in the original research defined MIS thus: '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.'

Thus, a minimum is about more than survival alone. However, it covers needs, not wants, necessities, not luxuries: items that the public think that people need in order to be part of society. In identifying things that everyone should be able to afford, it does not attempt to specify extra requirements for particular individuals and groups: for example, those resulting from living in a remote location or having a disability. So, not everybody who has more than the minimum income can be guaranteed to achieve an acceptable living standard. However, someone falling below the minimum is unlikely to achieve such a standard.

**To whom does it apply?**
MIS applies to 'nuclear' families and to childless adults: that is, households that comprise a single adult or a couple, with or without dependent children. It covers most such households, with its level adjusted to reflect their makeup. It does not cover families living with other adults, such as households with grown-up children.

**Where does it apply?**
MIS was originally calculated as a minimum for Britain; subsequent research in Northern Ireland in 2009 showed that the required budgets there are all close to those in the rest of the United Kingdom, so the national budget standard now applies to the whole of the UK. This standard was calculated based on the needs of people in urban areas. A further project published in 2010 (Smith, Davis and Hirsch, 2010) looked at how requirements differ in rural areas of England. The present study extends the research to remote rural Scotland. Outside the United Kingdom, the team responsible for the UK MIS has applied the method in Guernsey and supported MIS projects employing the same method in Japan, Portugal, and France, while in the Republic of Ireland, an on-going MIS programme uses methods based on the UK work.

**How is it related to the poverty line?**
MIS is relevant to the discussion of poverty, but does not claim to be a poverty threshold. This is because participants in the research were not specifically asked to talk about what defines poverty. However, it is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60 per cent of median income) are also below MIS. Thus households classified as in relative income poverty are generally unable to reach an acceptable standard of living as defined by members of the public.

**Who produced it?**
The original research (Bradshaw et al., 2008) was funded by the Joseph Rowntree Foundation (JRF). It was conducted by the Centre for Research in Social Policy (CRSP) at Loughborough University in partnership with the Family Budget Unit at the University of York. Updating is being carried out by CRSP, again with JRF funding. In 2011, the Family Budget Unit was wound up on the basis that the calculation of the Minimum Income Standard takes forward its mission.

**When was it produced and how is it being updated?**
The original research was carried out in 2007 and the findings presented in 2008 were costed using April 2008 prices. Every July, new MIS figures are published, updated to April of the same year. The annual updates take on board inflation. Every two years, the contents of baskets are reviewed, and every four years they are researched again from scratch. This updating process permits a like-for-like comparison between the new remote rural Scotland findings and those for urban Britain and rural England. All budgets presented in this report are at January 2013 prices, and all are informed at least to some degree by original research with members of the public in 2012.

## MIS in remote rural Scotland

This study has been produced at the request of ten organisations (Box 2), led by Highlands and Islands Enterprise, who have come together in a partnership that has commissioned and overseen the project. The research team has been led by the MIS team at the Centre for Research in Social Policy (CRSP) at Loughborough University, supported by researchers at the University Campus of Suffolk and the Centre for Remote and Rural Studies (CRRS) in the University of the Highlands and Islands (UHI). The combination of the expertise of CRSP in measuring income standards and the local knowledge held by UHI researchers and by the project's partner organisations has allowed the internationally recognised MIS technique to be applied in appropriate and informed ways in the highly distinctive context of remote rural Scotland.

**BOX 2 MIS REMOTE RURAL SCOTLAND – PARTNER ORGANISATIONS**

| |
|---|
| Argyll and Bute Council |
| Chartered Institute of Housing (Scotland) |
| Comhairle nan Eilean Siar |
| Highland Council |
| Highlands and Islands Enterprise |
| Moray Council |
| Rural and Island Housing Association Forum |
| Scottish Enterprise |
| Scottish Federation of Housing Association |
| Shetland Islands Council |

Many communities in remote areas of Scotland face serious economic and social challenges, which make their future sustainability precarious. In order to function as communities, they need to be places where households with a range of demographic and socio-economic characteristics are able to live and to have fulfilling lives. This requires suitable housing, services and economic opportunities. It also requires residents of these communities to achieve a socially acceptable standard of living. While living standards depend on many factors, previous research in rural England (Smith et al., 2010) has shown that additional costs in rural areas can make it harder for rural residents to live at a minimum acceptable level.

The cost of such a minimum is subject to several different influences. In particular:

- **Norms** A minimum socially acceptable living standard is influenced by the prevailing norms of a place and time. Many things considered essentials today, such as washing machines and telephones, have become part of everyday life only in modern times. Others, such as access to certain cultural activities or transport facilities, are bound to be regarded differently in big cities and remote small settlements. MIS uses the judgements of residents of remote rural Scotland to determine what comprises an acceptable minimum in these communities.
- **Infrastructure** Public goods such as the availability of services and amenities, and the built environment, set the context for how private households meet their needs. The existence or otherwise of a local shop, leisure centre or health clinic, for example, will influence how households structure their purchasing of goods and services, including their travel requirements, and hence how much it costs to reach an acceptable standard. Another crucial aspect of infrastructure for remote rural Scotland is the availability and condition of various types of housing. As well as influencing whether households can find suitable living conditions and the cost of doing so, this can have a major effect on energy bills, as shown in this report.
- **Prices** Where prices of goods and services vary, this can have a crucial effect on the minimum income needed for an acceptable living standard. Compared to some countries, most of the UK has relatively even costs, other than for certain items such as housing: many large retailers have national pricing policies, and their chain stores are accessible to most of the country's residents. However, as documented in this report, those conditions do not extend to all remote areas of Scotland, and this has a major effect on income requirements.

The MIS research addresses all of these aspects of household requirements. It looks at the content of an essential basket of goods and services and at its cost, in both cases in the context of the living patterns, infrastructure and services available in remote Scottish communities.

None of the themes addressed in this study are themselves new to observers of life in remote rural Scotland. The difficulties of living in remote communities, their fragility and the need to help them reach their full potential have been themes highlighted by Highland and Islands Enterprise and its predecessor for half a century. However, this study is able to add to the understanding of these challenges by for the first time bringing together evidence that allows an overall estimate to be made of the minimum cost of living in remote rural Scotland. Moreover, by considering the contribution made by various factors to these living costs, the research helps to show what kinds of measures could make life in this region more affordable.

## 2 DESIGN OF THE STUDY

A Minimum Income Standard for Rural Scotland follows principles of other MIS studies in calculating a set of household budgets. At its core have been a series of deliberative groups bringing together members of the general public to look in detail at the goods and services that a household would need in order to meet a minimum acceptable standard of living. These groups were based on reaching consensus about what an imaginary 'case study' household would require to reach such a minimum, rather than on what individuals considered essential for themselves. The groups were followed by detailed pricing exercises to determine how much the specified baskets would cost. This was also supported by expert knowledge including the services of a heating engineer to estimate energy bills and information provided by partner local authorities on housing provision and other local information.

This study did not look at complete household budgets from scratch, but rather asked groups about how if at all they would change the content of budgets already specified by other groups, in this case in rural England (see Box 3). This method allows the research to build on, rather than repeat, the very detailed work on the hundreds of individual items, from teaspoons to underwear, that a household needs to buy, carried out in the main MIS deliberations, while pinpointing any areas of life where requirements are different. The same method was used to develop rural budgets in relation to the main MIS research in urban areas, as well as to look at variations in Northern Ireland and in Guernsey. One of its significant features is that the original budgets are only changed where there is a clear consensus to do so among the new groups. So the budgets from rural England were the 'default' position for this study.

### Selection of areas

One of the greatest challenges in carrying out a study of needs in remote rural Scotland is that every settlement has a different profile, in terms for example of its size, accessibility and local amenities. In order to achieve some degree of

generalisation, several area types were selected for analysis. The study looked at examples of specified requirements and costs in particular settlements within these types of area. The aim was not to produce an exact minimum budget for every community in remote rural Scotland, but rather to give an indicative figure for recognisable area types, while highlighting some of the locally specific factors that can make a difference to costs. The identification of area types and of fieldwork sites was carried out in consultation with project partners, informed both by local knowledge and by data sources including the Scottish Government's Urban/Rural classification, which classifies areas by their remoteness.

The study looked at three ***sub-regions*** of remote rural Scotland and within that at two ***settlement types***. The sub-regions were:

- *Highlands* – comprising all of the mainland of the Highlands and Islands region, excluding the area around Inverness which is not classified as 'remote'.
- *Remote southern Scotland* – defined as comprising Dumfries and Galloway and Scottish Borders. The remoteness of parts of this area create some similarities to the Scottish Highlands, but because this region is closer to Scotland's main population centres than much of the Highlands, its situation was researched separately.
- *Islands*, comprising the Northern Isles and the Inner and Outer Hebrides. These areas have the obvious distinctiveness of requiring ferry or plane trips to reach mainland hubs, and in some respects have quite distinctive ways of life. (Note that for some purposes of reporting, such as ferry costs and the influence of climate on heating costs, the study distinguishes between different island groups).

In each of these areas, research was carried out in:

- *Rural towns* (two in each sub-region). Small towns in remote parts of Scotland, such as Lerwick, Wick, Campbeltown and Stornoway, typically have 5,000-10,000 people. In this respect they are similar to rural towns looked at in the English rural MIS study, but are much more remote from other population centres.

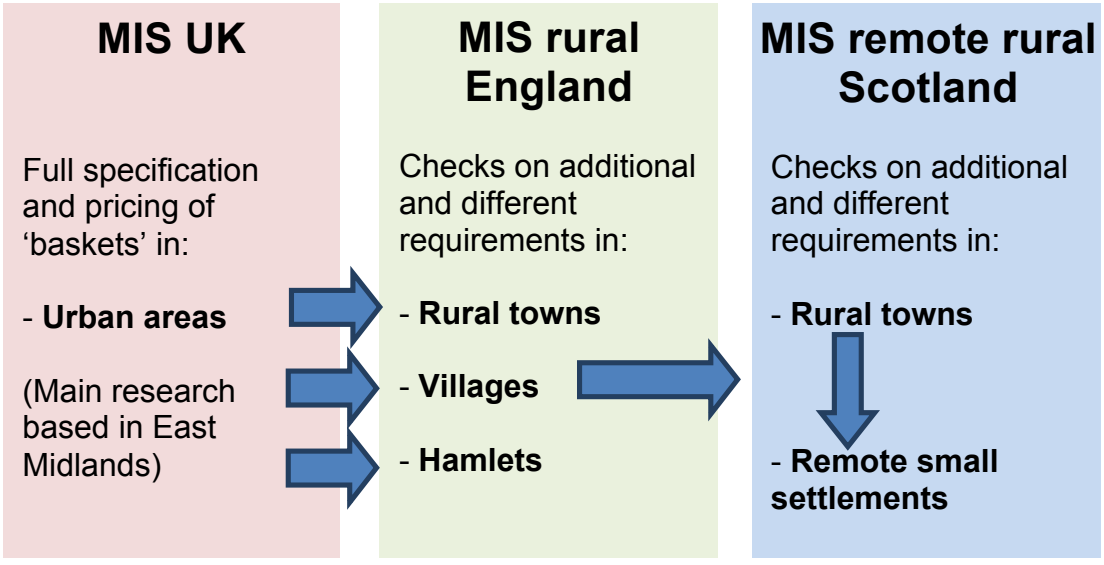
- *Remote small settlements* (two in each sub-region). These are smaller places in these regions, not readily accessible to any towns and exemplifying the situation of small isolated communities.

Thus the research was carried out in twelve areas, two each from the six community types. Box 3 shows how requirements in these communities were referenced against other MIS research.

**BOX 3 COMPARING REQUIREMENTS IN DIFFERENT AREAS**

The identification and costing of baskets of goods and services required by households in remote rural Scotland was not compiled from a 'blank sheet'. Rather, this study looked at how they differed from those identified in previous MIS research. As a starting point, groups in rural Scottish towns in the relevant areas were presented with the basket of goods and services identified by groups in similar sized towns in rural England, and asked whether they needed to be adapted. As a second step, groups in remote small settlements were asked to confirm or adapt the decisions made by town groups in the same area types. These steps simplified the comparisons by separating out the consideration of differences due to area type and settlement size.

This research approach is summarised in the diagram below.




Within each of the six community types, a division was made between the needs of pensioners and the needs of households of working age. The MIS approach is to ensure that each household type comments on its own situation, so pensioner

groups specifying what a minimum 'basket' for pensioners comprises were separate from working age groups looking at baskets for adults of that age range. Each working age group was asked to comment on needs of working age households both with and without children. Groups included both singles and couples. In each of the six community types, working age and pensioner groups were held in two locations, making a total of 24 groups in the study.

**Choice of fieldwork sites**

The task of each research group was to specify what a household in a particular community would need in order to reach a minimum living standard. However, it is important to emphasise that this is intended to produce *examples* of requirements in an area type, in order to inform the final specification of budgets for that area type. They are not designed to produce specific budgets for individual settlements. For this reason and for reasons of anonymity, we are not publishing the list of research sites.

In selecting specific fieldwork sites an analysis of data available from the Scottish Index of Multiple Deprivation (SIMD) domains and Small Area Population Estimates were used. Consideration was given to population size and certain socio-economic, age and accessibility characteristics. Remote small settlements were then selected on the basis of travel time (30-60 minutes and 60+ minutes) to the rural town that was selected in any specific sub-region. In each sub-region there were a number of choices that could have been made both for rural town and remote small settlement. The final selection of sites was made by the research team in consultation with partner organisations to represent the range of communities that would be found across the area.

The use of population size and accessibility measures to select areas is done as a proxy to represent the substantive issues experienced by rural households, and particularly their proximity to key services. In designing the remote and rural Scotland MIS methodology it was assumed that a crucial element of rural costs would be associated with accessing key services.

## BOX 4 A NOTE ON REMOTE, ISOLATED ISLANDS

Although this study reports on a range of area types, it cannot fully capture the immense diversity of experiences across remote areas of Scotland. Some of the greatest diversity occurs in the Islands. The study sought to capture experiences from the Northern Isles and the Inner and Outer Hebrides, through research in selected locations in those island groups. It distinguishes between factors such as climate (which differs in Shetland and Orkney from the Hebrides), travel time to the nearest supermarkets and whether a trip to work is likely to involve a ferry crossing. However, for smaller outlying islands, patterns of travel, shopping and day to day living are so highly distinctive that it has not been possible to capture them in this study.

### Recruitment and participants

Recruitment was undertaken by UHI-CRRS-based researchers. Most of the recruitment was conducted using the edited electoral roll for the relevant polling districts for the specific communities and the telephone. As a supplementary recruitment tool, press releases targeting local media such as newspapers, radio stations and blog sites were issued and information regarding the research was circulated through using community based organisations such as the local Councils of Voluntary Service and significant local employers including local authorities. This resulted in some interested individuals contacting the research team directly. Finally where recruitment of specific groups, such as parents of young children, proved difficult, contact was made with community organisations who worked with these target groups in order to encourage participants to come forward.

A total of 202 people participated in the main fieldwork, with an average of eight participants per group. Participants were purposively recruited on the basis of:

- where they lived – rural town or remote small settlement;
- age – pensioner or working-age household (and spread within these groups);
- household – with or without dependent children; single or couple households;
- housing tenure – owner-occupier, tenant – private sector, tenant – social housing; and

- profession – retired, employed (full time, part time), unemployed and nature of work.

In addition, working-age groups included parents with children in a range of age groups:

- Infant/toddler;
- Pre-school age;
- Primary school age; and
- Secondary school age.

Participants were drawn from across the population in terms of gender, social background, housing tenures and age, even though as qualitative research the study did not seek to have a precisely representative sample. Six in ten participants were women. Three in four were home owners, reflecting the high home ownership rates in remote rural Scotland; some of these also rented croft land. Of those who worked, there was an even split between full- and part-timers. Few participants relied solely on out-of-work benefits, but a quarter of participants received income from a mixture of work and benefits. By these means, the research achieved its important objective of recruiting participants from a wide range of backgrounds, rather than only hearing from one section of the communities visited.

## Group discussions

The fieldwork was conducted between September and December 2012. Groups typically comprising eight to 12 participants were held in the outlined earlier.

The groups worked to the same definition of 'minimum essential needs' used by all MIS groups:

> *'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.'*

Participants were asked to consider this definition at the beginning of each group and it was referred to throughout discussions to help decisions about what items should be included, and what quality or level of provision was necessary. The groups were asked to assess lists of household items included in the budgets for corresponding households in rural towns in England. In some cases, for the more complex items under discussion, in particular holidays and social and cultural participation, the groups were asked to create a list 'from scratch' rather than review existing lists. Other budget areas, for example, kitchen utensils, crockery and toiletries were treated in a more 'light touch' way, with groups being presented with summarised lists, as these were less likely to differ depending on location. For these more straightforward categories, the emphasis was on gaining an understanding from groups about how and where people would be able to buy these items, and collecting information about use of local, regional and national retailers. Where additional items were identified, groups were asked to specify the type and quality required, where they would be likely to be purchased from and the expected replacement rate.

## Costing

Groups indicated important differences in how goods would be bought, compared to earlier MIS studies, due to limited local choice of retailers and distance from larger retailers. It was also recognised generally by the older participants in remote small settlements that using local retailers was an important aspect of maintaining

community sustainability and although prices may be higher they were prepared to accept this.

If households had internet access they were able to secure the same range of household goods and clothing at the same price from the same retailers as in the rural England MIS but consideration then had to be given to additional delivery charges. There were however some variations to this for certain items such as carpets and larger household appliances such as washing machines which were more likely to be purchased locally due to their bulky size and the added value of local fitting and/or servicing. In addition certain items of clothing were more likely to be purchased locally in order to ensure good fit and quality even although there may be a more limited selection.

Those households without access to the internet were much more limited in their options and had to rely entirely on local shops or using mail order catalogues and occasional journeys to larger towns or cities.

When costing for purchasing items locally, chains typically found in rural towns across Scotland were used including Argos, Scottish Hydro Electric, M & Co, D.E. Shoes and The Factory Shop. For items such as carpets where private local suppliers are prevalent, the range of prices in each sub-region was analysed and typical costs identified.

The food shopping models developed were based around the availability of different types of food retailers present in the study area (e.g. Tesco, Co-op, local convenience store) and feedback from group participants on how frequently they did food shopping and how far they travelled to do this. Larger retailers tend to price their goods depending on the scale of store in which they are stocked and baskets were costed within these 'bands' e.g. Tesco Extra, Tesco Superstore etc. However identifying a 'typical' local convenience store costing model required further input from membership organisations such as the Scottish Community Retailing Network and the Scottish Grocers' Federation and resulted in costing typical baskets of goods obtained from three 'local' stores whose stock came from different wholesalers and then averaging this. Typical baskets of goods contained a wide range of items

including dried goods, meat, dairy, baked goods, drinks, etc. and represented what would be found in an average weekly shop based on feedback from groups and a dietician.

As in previous MIS studies, the cost of meeting heating and other home energy needs in the areas under consideration was considered by a fuel expert, based on reasonable assumptions about the size and energy efficiency of homes, and taking account of local climatic conditions. In order to complete this task, example housing types appropriate for the households of different compositions were drawn up, in consultation with local authorities, to represent typical housing conditions. Calculations were made for social housing (used for calculating the core results) and for private renting (shown in supplementary results). The calculations used housing with the following characteristics:

- Social housing built relatively recently, to relatively good thermal efficiency standards: not with the super-efficient qualities of some new homes, but easier to heat than some of the older, pre-1979 social housing stock when standards were lower. Social housing heated by electric storage heating. (While many households in some areas make use of solid fuel heating, a standardised fuel cost is most reliably calculated with reference to electric storage heaters, supplemented by convection heaters where needed.)
- Private rentals of older construction and less efficient, heated by oil in smaller settlements but by electric storage heating in towns.
- All households occupying houses appropriate to their size, except households without children living in towns, who occupy flats (as the minimum required and available). The model for small settlements had a two-bedroom house as the minimum size of available accommodation, which for a single person adds substantially to heating costs compared to a one bedroom flat.

The calculations in the study also make adjustments to council tax and water levels to reflect slightly lower prices for these items in Scotland than in England. The costs of rent and of childcare are also important to household budgets. The main cost differences reported below are net of these two items, but they have been taken into

account when calculating minimum earnings requirements. A minimum rent has been derived from examples given by social providers from the Outer Hebrides (used for the island calculation) and Highland Council (used for the mainland). Social rents are generally lower than their English equivalents. Childcare costs have been estimated from Scotland averages from childminder averages given in the Daycare Trust's annual childcare cost survey.

# 3 WHAT DO HOUSEHOLDS IN REMOTE RURAL SCOTLAND NEED AS A MINIMUM?

This chapter looks at minimum requirements of households in remote rural Scotland, and how they compare to those of other parts of the United Kingdom. We do not at this stage look at household budgets in terms of their cost (which are considered in Chapters 4 and 5) but do consider factors influencing this cost, including the issue of where goods and services are purchased. The information in this chapter comes principally from what emerged as the consensus among groups of members of the public, but is also informed, particularly on more technical issues such as heating costs, by expert inputs to the research.

## Food and drink

Groups were presented with a summarised version of the detailed weekly menus for example households. Almost all of the groups said that there would be no particular reason why living in remote and rural Scotland would mean that people ate different food to those living in other locations. It was suggested by some participants that people (especially men) living in rural locations would be more likely to be employed in an agricultural occupation involving more physically demanding work, and more time spent outside in cold and wet weather. They said that if this were the case, the weekly diet might need to increase the quantity of food consumed in order to provide the additional calories required. However, when this hypothesis was put to other groups, they did not agree that this was an area of common additional need.

What was different from English rural households was the distance people lived from large supermarkets. This affected their patterns of grocery shopping. People living in or near towns would shop entirely in supermarkets, but those living in more remote small settlements would use local convenience stores to varying degrees. Those living close enough to a town to use a supermarket for a weekly shop would use a smaller, local store to buy a ‘small basket’ top-up such as milk, bread and eggs every few days, while those only able to do a monthly shop in a more distant town or city

would buy all categories of perishable goods more frequently in a ‘large basket’. In the most remote island communities, located several hours from a supermarket, all food shopping would normally be carried out at a local convenience store, which in many communities would be a small branch of the Co-op.

The English MIS research in both urban and rural settings prices food baskets at Tesco as this is the most prevalent chain across the UK. There is also general consensus that Tesco, Asda and Sainsbury are roughly equivalent options in terms of price and value for money, so that the inclusion of Tesco in the budgets is as a proxy for any major supermarket chain. Participants in the Scottish groups agreed that Tesco would be commonly used for shopping. Tesco stores come in a range of sizes. Its ‘Extra’ branches, which are the largest, and include home-ware and clothing, would tend to be used by people in remote mainland settlements travelling significant distances for a monthly shop. For example, in most Highland locations too far from a small town to do weekly supermarket shopping, it is likely to be worth travelling to Inverness for the monthly trip. On the other hand those using small towns on a weekly basis, and those in island communities travelling to island towns every month, would use smaller Tesco ‘superstores’, which sell a smaller range of food, drink, household cleaning products and toiletries, or at an equivalent-sized branch of the Co-op. However on more remote islands often a smaller branch of the Co-op or a local convenience store is the only option for all food, drink, household cleaning products and toiletries.

Groups also referred to buying food from places other than supermarkets, partly out of necessity to buy perishable goods in between large shops as mentioned above and partly to support local businesses. In some places there were weekly deliveries from, for example, ‘the fish van’, which came round once a week so that people could buy directly, or place an order for the next time the van was in their area. In other cases these were local butchers or bakers based in village or town high streets. Where the latter were mentioned there was usually a discussion about whether the local independent businesses charged higher or equivalent prices to the major supermarkets for similar quality items, with no clear consensus emerging. However, where it was thought that prices were higher in the smaller local shops, there was seen to be a trade off in terms of the potentially negative effect on communities of

retailers like these being unable to sustain their businesses. In the words of one working age participant: 'The extra cost of food [from these shops] defends against the loss of community.'

People living in the island locations in the study mentioned that it was more usual for them to buy large cuts of meat in bulk direct from the producer but butchered locally, for example purchasing whole lambs or parts of a pig or cow that had been butchered but not packed, portioning it up for future use and storing it in the freezer. Similarly fish and shellfish would be purchased in bulk direct from local fishing boats. This was partly because there was less opportunity to access bulk buying opportunities in large supermarkets, and partly because bad weather conditions might prevent the ferries from running, so there would be a need to 'stock up'. Feedback from groups also indicated that while there would be little cost saving in doing this, that the quality and range of cuts available was better and that purchasing in this way also supported local producers. In order to store these purchases, island households said a chest freezer would be required for each household in addition to the fridge freezer already included in the budgets. Working age households would need a full-size one, with a smaller one for pensioners. An additional small chest freezer was also thought essential for all households in smaller settlements on the mainland.

**Clothing**

As in the research conducted in rural England, when groups were shown summarised lists of clothing for the case study individuals, for the most part they did not feel any changes needed to be made, either in quantity or quality of items. The exceptions were for waterproof clothing and sturdy footwear. Where these items had already been included in the main MIS lists, groups suggested that better quality versions of the same items would be required by people in remote and rural locations because of being worn more frequently in harsher weather conditions. This clothing needed to be 'thick, waterproof, windproof', and 'proper outdoor gear'. Groups also said that younger children needed more outdoor clothing and added a snowsuit for children under two years, salopettes and waterproof coat for pre-school children and waterproof coat and trousers for primary school children. They included

a better quality outdoor coat and (for those on islands only) sturdy waterproof boots for secondary school children, but like parents in other locations, agreed that it was sometimes difficult to persuade teenagers to wear them.

Groups located in mainland Scotland said that thermal underwear would be considered a necessity, with pensioners including three pairs of thermal socks as well. However, island groups were less convinced about the need for such items. Ironically, the particularly wet and unpredictable climate of the islands was cited as one reason for not needing such additional clothing. People felt shorter journeys would be made by car rather than on foot, both because of the weather and because distances between things were too great.

Most mainland groups said that much of the smart and casual clothing would be purchased from the same high street retailers as other MIS groups had specified and included clothes shopping as one of the purposes of trips to large cities, two or three times a year. However, it was agreed that it would be unrealistic to buy all clothing on these infrequent trips. For island households, the only opportunity to do so would be when going to the mainland on holiday. Some clothing would be bought in shops in rural towns, especially on islands, despite higher prices and a limited range of choice. Across all areas some items, particularly the outdoor clothing, were more likely to be purchased from agricultural or fishing supplies shops within the nearest small town, and might be more expensive than equivalent items from larger chain stores but would also be better quality. Most groups said that some clothing would be ordered via the internet or from catalogues – for example, the Damart catalogue was widely mentioned as the usual source for thermal clothing. Issues arising from buying clothes from further afield mostly related to delivery costs, particularly if unsuitable items had to be returned and replacement garments ordered. However, retailers that used the Royal Mail to dispatch purchases did not charge higher delivery costs in remote and rural Scotland than elsewhere.

One aspect of these shopping patterns that proved crucial for differences in costs (see Chapter 4) was the distinction between online and catalogue shopping. Because island pensioners do not necessarily have the internet or travel regularly to cities, their clothing budgets were priced through catalogues (e.g. Grattan and

Littlewoods) or through local shops. This produced a far higher premium than for working-age households, for whom much clothing has been priced online.

**Household goods**

Most household items agreed for elsewhere in the UK were common to remote rural Scotland. However, some additional items were specified as necessary by groups. These included:

- Chest freezers, to store additional food, as discussed above.
- Ancillary heating equipment. This is needed partly because of the limitations of electric storage heating, the primary mode used as a model for heating costs in this study (see under 'domestic fuel' below). Groups said that equipment such as an inexpensive electric radiator is required for when electric storage heating 'runs out of steam at the end of the day'. Pensioner groups also mentioned the need for additional heating, fuelled by calor gas, for use during power cuts. This was relevant both for housing with electric storage heating, and for housing with oil fuelled heating, as electricity is required to pump water through radiators. Auxiliary heating was also specified by rural pensioners in England, but in remote rural Scotland the need was considered greater, with gas bottles lasting for less time, because power cuts could be frequent and, in some mainland locations, could last for two or three days. As one participant in a smaller mainland settlement said, 'power cuts are a way of life round here.'
- Tumble driers, in a wider range of households than in England, where they are seen as essential only in families with three children or more or with a child under 2. In remote rural Scotland, more households need tumble driers due to the weather, given difficulties drying clothes outside for much of the year. There was strong consensus that tumble driers would not be needed by working age people without children but all households with children were thought to need one. Groups said a cheap, energy efficient tumble dryer should be included, to be used sparingly – for approximately 50 per cent of loads throughout the year. Pensioners included a washer dryer, rather than a separate tumble drier, as the most cost effective solution that would also use up less space than two machines. They specified that this would be used to dry

only one load of washing a week. This reflected what the pensioners described as ‘strategic laundry’, which involved listening to the weather forecast and, where possible, only doing laundry on days where it was likely to be able to be dried on a line outside. Nevertheless, they agreed that such a strategy on its own would not be sufficient to meet their needs.

Groups discussed where household goods would be purchased. For larger appliances there was general agreement that the convenience, relative proximity and better service afforded by local retailers compensated for the limited choice of available items and higher prices compared to larger stores in cities and towns. For items such as carpets and washing machines, participants suggested that local retailers provided better customer service, both before- and after-sales, than large chain stores, and would often deliver and install items for free, whereas delivery costs to more remote areas could add a significant amount to the total cost of acquiring items. A notable exception to this was John Lewis, which offers free delivery and was mentioned consistently across locations as a possible source of goods because of this. On balance, mainland groups said that it was more likely that people would choose to buy large items of furniture and appliances either online or on a trip to a city but that smaller items, for example lamps, kettles, etc. would be purchased from local retailers. In the islands people said that large items of furniture, such as a table and chairs, would be ordered online or from catalogues and would be delivered to a mainland address, from where they would be shipped to the islands at an additional cost. There was also discussion about buying some items from local second hand shops. This was considered to be acceptable as a minimum but, as with other MIS research, groups felt that this was a matter of personal choice and that the budgets should allow people to buy new items if they wished to, rather than being obliged to source everything second hand. In some areas it was also agreed that due to the lower population, the availability of second hand goods was not always good. There was consensus that, at least for hard furniture like shelves and tables, the same need could be met either through buying relatively inexpensive new items or, for approximately the same price, better quality second hand items.

**Health and personal care**

Groups agreed that needs for toiletries and personal care items would not differ on the basis of living in a more or less rural place. There was some discussion around the frequency and cost of hairdressing but there was no clear consensus on a different level of need to that described in other places.

There was much discussion about accessing health services, in particular dentists and hospitals. As in the English rural groups, participants agreed without exception that the travel costs required to access NHS dentistry should be included rather than provision of private dental treatment, even if this meant that people were having to travel 10-25 miles each way for their appointments. Groups also talked about the difficulties of accessing NHS dentistry in some locations where there were waiting lists of people wishing to register with an NHS dentist, although in other locations (particularly the islands) this was not raised as an issue.

Owing to the distance that patients would need to travel for some specialist hospital treatment, or to visit friends or relatives who were in hospital, groups in the Highlands and Islands also included provision for an overnight stay near the hospital in a budget hotel for approximately £30, to cater for early or late appointments where it would not be practical to go there and back in the same day. This might be for themselves if they were an outpatient, or for a partner or friend accompanying the patient. They also included a second overnight stay but this would be subsidised in the Highlands and Islands through the Highlands and Islands Non-Discretionary Travel Scheme.

**Communications and technology**

As in England, groups readily agreed that all adults and secondary school children should be able to have a mobile phone, but homes would still need a landline, particularly in areas where the mobile phone network provision was patchy. All working age groups agreed that households required a computer and internet access, while pensioner groups were clearly divided between those who thought that this facility was a ‘nice to have’ and those who said it was a ‘need to have’. This

reflects the 2012 findings of the main MIS research where pensioners, albeit divided on the issue, did not include internet access as an agreed requirement of a minimum living standard for pensioners. Pensioners in remote rural Scotland indicated that, although internet access for pensioners could not be agreed as essential today, this is likely to change in the very near future.

Although the basic principles of what would meet people's minimum needs for communication and technology were the same in rural and remote Scotland as elsewhere, the difference here was in the level of choice available in terms of service providers. Rather than being able to select the cheapest contract from a range of internet and telephone service providers, participants said that they were limited to accessing broadband via BT and that Vodafone was the only mobile phone network that had sufficiently wide coverage for it to be a worthwhile option. It was also noted that in many areas broadband speeds were very limited in comparison to what was advertised more generally.

Most groups agreed that a digital television with built in freeview would be sufficient to meet households' needs, but in smaller more remote locations in the Highlands the freeview signal was not available or was too poor quality to be used. In these cases, groups included the purchase of a freesat satellite dish and decoder box in order to enable households to watch television. Some groups also raised concerns about the switch from analogue to digital radio, as in some areas it was not possible to get a signal, or it was very poor, so that people relied on the analogue radio signal, or on listening to digital radio via their televisions, which was not always convenient or satisfactory.

**Social and cultural participation**

When discussing this aspect of the budget the research used a combination of the 'blank sheet' approach, asking groups to create a list of what would be required as a minimum from scratch, and the 'review' approach, showing them a summarised version of what MIS research elsewhere had found.

The profile of day-to-day leisure activities specified in this study had both commonalities and differences with those identified by MIS groups elsewhere in the UK. On the one hand, they involved a certain amount of organised activities and visits to amenities such as leisure centres, as they do elsewhere. On the other, there was much discussion about the importance of being able to contribute to community activities, which had not been mentioned in previous MIS studies. Often this related to people feeling solidarity with or a connection to their local community, as this discussion from one group of working age adults in a remote small settlement in Dumfries and Galloway demonstrates;

> *'Everybody clubs together in places like these.'*
>
> *'Community-mindedness is much stronger here.'*
>
> *'People put their hands in their pockets quite freely.' (in regard to contributing to collections to support local voluntary services)*
>
> *'People spend a lot of their time volunteering.'*

It was suggested by one participant that, in contrast with more urban areas, people's level of participation was more visible in smaller communities;

> *'Community is so strong that people want to be seen to participate'*

with an alternative perspective from another participant:

> *'You can get away with it [not contributing] in the city in a way that you can't here.'*

On the islands, budgets were more seasonally and culturally mediated than elsewhere – for example, there would be fewer routine weekly activities in the winter, but large local events in the summer; and here people thought it particularly important to be able to participate in local community-based and fundraising activities.

Although the frequency and types of leisure and social activities described by groups in remote rural Scotland sometimes differed from those in English rural areas, the result of the discussions on this topic were, for the most part, that the budgets allocated for this aspect would be similar overall. Where there were differences they tended to offset each other - some resulting in an increase, and some a decrease in

the overall household budget, with a negligible net result. Thus, on the principle that the original MIS budgets should only be altered where there is clear consensus for doing so, the regular leisure budgets remain unchanged.

Where there was some variation was in the costs associated with having a secondary school child and their hobbies and school trips. Groups identified that it was very important for teenage children to be able to participate in either sport or music as a hobby due to limited wider opportunities for social participation. One parent suggested that failing to provide for this would have a detrimental effect on the community:

> *'The danger is that if there's no creative outlet then the mass exodus [of young people out of the area] will only continue.'*

Meeting this need incurred additional costs generally related to travel to competitions or performances out with their home area. The budgeted school trips also tended to be more expensive due to increased transport costs and duration of trips due to the distance that needed to be travelled to enable the young people to access cultural experiences more readily available in cities.

On the other hand, some additional needs related to social participation were identified for holidays and for the Christmas and New Year season were identified. For holidays, the basic MIS consensus of requiring one week's holiday in the UK a year as a minimum was maintained for most groups. The exception was pensioners living on islands, for whom the time and effort required to leave the island and travel to the mainland meant that they would not benefit from a one week break. For this reason, island pensioners specified a two week holiday. Working age households on islands faced significant additional ferry costs for going on holiday, as well as additional driving costs to get to their destination. For the winter festive season, there was consensus across groups and areas that the additional amount identified for spending on food and drink in rural England was below an acceptable minimum for remote Scotland. Participants said that it was important to be able to provide extra food and drink to cater for visitors and for people to take with them when visiting others at this time of year.

**Transport**

Pensioners mostly agreed with their English counterparts that it was possible in rural towns to meet their transport needs through a combination of buses and taxis. All other groups in the study agreed that cars were essential for people to be able to access the goods and services they needed. People were keenly aware that what bus services there were might disappear if undersubscribed, as one participant said:

*'If we don't use the buses we're not going to have any buses.'*

However, they said that the reality was that away from towns the public transport links were insufficient to meet people's needs, and therefore car use was essential, including for working age people living in towns who may well need to work elsewhere.

In working age households without children living in rural towns there was consensus that one car per household would be required. Groups agreed that this would demand some compromise and careful management, but that *'as a minimum, they would have to be resilient and manage with one car'*. However for all households with children, groups agreed that one car per adult would be needed. The most likely arrangement was that one parent would commute to work, while the other would either stay at home to look after younger children, or work locally to fit in with school hours or childcare. The length of commutes to work would vary, but groups agreed that in order to have a reasonable set of employment options, you need to be able to travel some distance. These were mainly specified at between 25 and 35 miles each way, and the cost of a 30 mile each-way commute has been built into the costings below. Where there was some debate about families needing two cars, generally people acknowledged that there tended to be two vehicles in use, even if one was directly related to work or crofting, e.g. a van or pick-up truck.

For lone parents, the logistics of getting a young child to a formal childcare provider and commuting a long distance to work were not considered feasible, so the lone parent was thought to need a car to meet the household needs, but would work locally and not be driving as far.

An important additional transport requirement for those living on islands was ferries. The relatively high cost of ferries to the mainland meant that island residents tended to restrict off island travel for leisure purposes as part of essential budgets. Those requiring an inter-island ferry trip to get to a town would generally need to make this trip just once a month for shopping. Trips to the mainland would, as a minimum, only need to occur once a year for a holiday. However, some people live on islands where short twice-daily inter-island ferry crossings are needed to access work within an archipelago (such as Orkney or Shetland). In these cases, ferry travel becomes a regular feature of everyday life.

**Childcare**

In rural towns, participants described a similar model of childcare as in urban MIS, with childminders and nursery provision both available. In remote small settlements this was more problematic as there was often no formal childcare available locally, or what was available was extremely limited. In such cases, work opportunities for lone parents or second earners in a couple with children may be extremely limited before children go to school, depending on the availability of informal childcare by family or friends.

# 4 HOW DO COSTS IN DIFFERENT PARTS OF REMOTE RURAL SCOTLAND COMPARE TO ELSEWHERE IN THE UK?

Chapter 3 has shown that, in most respects, the range of goods and services that people in remote rural Scotland consider to be necessary for a minimum acceptable standard of living are similar or equivalent to those of people in other parts of the United Kingdom. Despite some small differences, they require a very similar range of household goods, food, clothing and other possessions. Social participation may take different forms, but this does not mean there is systematically less or more of it in remote communities than in other parts of the country.

However, the research has also shown that the detailed pricing of the resulting budgets shows that the *costs* of achieving an equivalent minimum standard of living vary greatly, both between remote rural Scotland and other parts of the UK and across different parts of remote rural Scotland. In summary, the results set out below show:

- That people in remote areas pay ***higher prices*** for many goods, including food, household goods, petrol and clothing
- That ***delivery charges*** for items that people are likely to order remotely add further to the cost of living
- That people have to ***travel further*** to achieve the same living standard, most particularly in travelling to work, and this creates significant additional costs
- That households have to ***pay much more for home energy*** to get the same level of comfort in remote rural Scotland than elsewhere in the UK
- That the few areas where there are ***lower expenses*** than elsewhere, including rents, water charges, council tax and motor insurance, produce relatively minor savings in comparison with these additional costs.

These multiple aspects of cost differences are now considered in relation to various features of a household budget in turn. This chapter makes selective comparisons of some of the most important sources of budget variation; Chapter 5 gives more comprehensive tables comparing each aspect of household budgets.

**Buying food and other consumables**

The research talked in detail to groups about suitable ways of shopping and how these fit into people's lives. As discussed in Chapter 3, in all but the remotest areas it was agreed that a significant amount of regular grocery shopping would be done in town supermarkets, but local stores would be used to varying degrees according to location. This produces patterns shown in Table 1, with the cost consequences shown for single adults and families (pensioner patterns are similar).

A first observation is that even shopping entirely in towns in remote rural Scotland costs more than shopping in rural English towns because supermarkets in the former are of a smaller category with different price structures. A costing of a range of items at these supermarkets compared to larger ones showed that a food basket costs about 10 per cent more at the former. (A similar premium also applies to personal items such as toiletries.)

Secondly, there is not much greater a premium involved with top-ups for those living in smaller, mainland settlements, despite higher prices in local stores. This is because those doing weekly shops in supermarkets need to buy only a few items locally. In the case of those who need to travel further for a monthly shop, it is even possible for overall food spending to be no higher than those living in a small town. This is because travelling to a large town like Inverness to shop gives access to larger supermarkets with lower prices. However, this does not apply to people living in the islands, travelling to places like Stornoway or Lerwick.

Finally, the premium is by far the greatest for island residents constrained by distance to do all food shopping at a local store, labelled as 'remote from town' in Table 1. Pricing of samples of food baskets in local stores in different types of area showed additional costs ranging in various cases between 35 and 60 per cent compared to a large urban supermarket. The convenience store in the most remote location, serving residents who depended on it because they were too far from a town to shop regularly there, was near the upper end of this range.

**Table 1 Cost of food compared to English rural town**

| Community type in remote rural Scotland | Shopping pattern | Additional cost, single adult | | Additional cost, couple plus 2 children | |
|---|---|---|---|---|---|
| | | % | £/week Jan 2013 | % | £/week Jan 2013 |
| A) **Town** | Supermarket | 10% | 3.76 | 10% | 11.38 |
| B) **Accessible settlement**: within 1-1.5 hours of town, no ferry | Weekly supermarket in rural town, small local top-up | 11% | 4.07 | 12% | 13.60 |
| C) **Inaccessible mainland settlement**: | Monthly supermarket in larger town/city, larger local top-ups | 10% | 3.84 | 14% | 15.60 |
| D) **Inaccessible island settlement,** within 2-2.5 hours of town (including ferry) | Monthly supermarket shop in small town, larger local top-ups | 18% | 6.57 | 20% | 22.80 |
| E) **Island settlement remote from town** | Local convenience store, or small branch of Co-op | 56% | 20.53 | 56% | 62.11 |

**Buying durable goods**

In the case of household goods and clothing, additional costs are incurred for several different reasons:

- Higher prices paid because of the limited range and generally higher prices of local shopping outlets or of ordering from catalogues.
- Additional delivery charges for some items ordered remotely. In particular, groups agreed that a certain budget would need to be put aside for ordering smaller items with delivery charges rather than always having to wait for longer trips to cities when particular items are needed for the home.
- The purchase of additional items not required in England, most notably warm outdoor clothing, chest freezers and for some families, tumble dryers.

Table 2 summarises the level of these additional costs for single working age adults and for pensioner couples. For families with children, the differences are very similar, proportionately to the single adults.

**Table 2 Additional spending on household goods and clothing (Remote rural Scotland compared to English rural town)**

| | Mainland | | Island | |
|---|---|---|---|---|
| **£ per week, January 2013** | **Single** | **Pensioner couple** | **Single** | **Pensioner couple** |
| **Additional cost due to higher prices** | | | | |
| Household goods | 1.03 | 1.49 | 1.03 | 1.49 |
| Clothing | | | 2.31 | 15.37 |
| | | | | |
| **Cost of additional purchases of** | | | | |
| Household goods | 0.00 | 0.70 | 0.00 | 1.39 |
| Clothing (e.g. thermals) | 1.93 | 1.25 | 0.88 | 0.84 |
| | | | | |
| **Additional delivery costs*** | 0.96 | 1.92 | 1.92 | 3.84 |
| | | | | |
| **Total** | 3.92 | 5.36 | 6.14 | 22.93 |
| | | | | |
| **Total as % of all household goods and clothing expenditure** | **19.0%** | **21.2%** | **29.8%** | **90.6%** |

*In remoter island locations, additional charges for relevant deliveries are typically £70-120 a year

The results show that these factors put up the overall cost of these categories of durable goods by at least around 20 per cent. For working age people on the mainland, the biggest single item in this is the purchase of additional clothing. However, on islands, it is the price paid for clothing because of a lack of ready access to large clothing stores.

For pensioners the cost shown here is particularly great, more than doubling the clothing bill. This is due to the combination of two factors. First, pensioners did not specify any journeys to the mainland taking a car, but said that a pensioner could economise by taking a holiday by coach. This means that unlike working age families, they would not expect to buy a substantial amount of their clothes at the cheaper stores on the mainland (it would not be feasible to carry them back). Second, when ordering clothing remotely, pensioners would use catalogues and local shops rather than the internet, since pensioner groups did not specify computers as essential. They would therefore miss out on lower online prices. Such patterns will not apply to all pensioners. Some may be encouraged to use the internet to reduce the extra cost. Some may find it worthwhile to make additional

trips to the mainland with a car to avoid this large extra expense, although much of the saving could be offset by the expense of travelling to and staying on the mainland. And in many cases those paying extra to buy items from catalogues may take additional care to ensure that they purchase clothes of good quality that will last a long time – a feature not built in to the specifications used in this study. The figure used here should thus be seen as flagging the potential, large additional costs that pensioners can be subjected to, rather than an unmovable additional expense.

**Transport costs**

There are many influences on transport costs, the most important centring on the cost of running cars, on which most households in remote rural Scotland rely. Some of the phenomena observed in costing transport needs were as follows:

- The cost of buying second hand cars tends to be greater in remote rural Scotland than elsewhere because there is less choice of what to buy in small communities. To widen choice requires fetching a car from some distance away, potentially with a ferry trip involved for those living in the Islands.
- The costs of insuring cars, on the other hand, are relatively lower than elsewhere, partly because of low crime rates.
- The cost of maintaining a car is lower per hour than in England. According to information supplied to this study by Go-Motoring consultants, Scottish servicing and repair costs outside the Glasgow and Edinburgh areas are on average around 10 per cent lower than in the English Midlands. However, this is likely to be offset by greater wear and tear on more remote and winding roads than elsewhere.
- Petrol is typically about six per cent more expensive per litre in the Highlands and Islands than nationally (based on a sampling of pump prices in January 2013) but closer to the national rate in remote South Scotland.
- Specified patterns of travel tended to create significantly more mileage for travel to work and for getting to holiday locations than in England. However, for other travel, the picture was less clear-cut, with the local orientation of everyday life in some cases producing lower mileages than rural England for non-work

activities, offsetting the mileages associated with weekly or monthly trips to towns, to varying degrees according to location.

Analysis of the magnitude of these differences suggests that the cost of owning a car in terms of depreciation, maintenance and insurance is not clearly either higher or lower than in an English town. Therefore, the difference in motoring costs can be measured in terms of additional spending on petrol, due to pump prices and mileages. Table 3 estimates this difference for households in two contrasting communities. Note that one factor that it does not take into account is fuel efficiency: it is based on the standard manufacturer's estimate of 42 miles to the gallon for a Ford Focus or similar vehicle. In practice, for some areas, difficult driving conditions are likely to add to the difference because of greater fuel consumption, but due to the variety of conditions, there is no systematic way of estimating this additional expense.

**Table 3 Examples of additional petrol costs in mainland town and remote island settlement, compared to English rural town**

| | Town in Highlands | | | | Inaccessible island settlement | | | |
|---|---|---|---|---|---|---|---|---|
| | **Single** | **Couple pensioner** | **Lone parent +1** | **Couple +2** | **Single** | **Couple pensioner** | **Lone parent +1** | **Couple +2** |
| Annual mileage | 16,973 | 0 | 3,335.143 | 19,119.14 | 15,381 | 1,856.769 | 6,941.769 | 20,600.77 |
| Petrol £ per litre | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |
| Miles per litre | 9.23 | 9.23 | 9.23 | 9.23 | 9.23 | 9.23 | 9.23 | 9.23 |
| Total petrol costs (£) | 2,574.21 | 0.00 | 505.83 | 2,899.74 | 2,332.75 | 281.61 | 1,052.84 | 3,124.45 |
| English rural town mileage | 4,846 | 0 | 4,913 | 6,628 | 4,846 | 0 | 4,913 | 6,628 |
| English £ per litre | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 | 1.32 |
| English rural petrol fuel costs (£) | 692.98 | 0.00 | 702.56 | 947.80 | 692.98 | 0.00 | 702.56 | 947.80 |
| **Total additional petrol costs (weekly)** | **£36.08** | **£0.00** | **-£3.77** | **£37.43** | **£31.45** | **£5.40** | **£6.72** | **£41.74** |

Table 3 shows that the most important variation in mileages and hence in additional motoring costs comes not between different locations but between different household types. This is largely due to different family travel patterns. For single people and one person in a couple with children, it is the difficulties in finding local employment that are reflected in the cost of a lengthy daily trip to work, specified as 30 miles (see above).

For one parent per family with children, however (a lone parent or the second partner in a couple), such commuting would most likely be incompatible with family responsibilities, given the limitation of available childcare in remote rural Scotland. Travel costs are therefore based on lone parents working locally, hugely reducing the total travel undertaken. While this model of travel will not hold true for everybody, the calculations underline the immense importance of commuting distances on overall travel costs for households in remote rural Scotland, and hence the potential benefit of bringing jobs closer to communities.

In remote Southern Scotland, even though distances from major population centres are somewhat less than in many parts of the Highlands, similar considerations apply. In particular, expected commuting distances suggested by groups in Dumfries and Galloway were no lower than others in the study: the working-age groups in this area said it would typically be between 30 and 45 miles each way. Moreover, overall mileage requirements were not consistently greater or less in remote Southern Scotland than in the Highlands. Much depends on the accessibility of individual settlements to local towns, which affects week to week travel patterns, rather than on the distance from large cities, which at most would be visited very rarely.

For people living on islands, ferries can also add significantly to the cost of living. These costs will be greatest for households living in island groups such as the Orkneys and Shetlands, where the proximity of islands makes commuting by car and ferry within the archipelagos feasible, but where this can add substantial amounts to commuting costs. In the example used in this study, a short crossing adds a further £40 a week to commuting costs.

**Home energy costs**

The cost of domestic fuel weighs heavily on many households living in remote rural Scotland. This results from a combination of several factors that can cause costs to be higher than elsewhere. In particular:

- Few parts of the region are on mains gas supply, necessitating dependence on alternative fuels that add substantially to energy bills. In towns and in social housing in more remote areas, the most common model is electric storage heating. In private homes in remote rural areas, it is oil powered heating. The costings below are based on this pattern of fuel use. Both storage heating and oil work out substantially more expensive than gas, and with steep recent rises in heating oil prices, that method is particularly costly.
- The severe climate of Northern and Western Scotland add to the cost of keeping homes warm. While winters in some areas are mild, high rainfall and wind contribute to this extra cost. The fuel engineer costing heating bills for this study took account of local climatic conditions, and found that they made a similar contribution to heating costs in most areas except the Northern Isles, where the effect was more severe.
- In practice, the choice of suppliers is more limited than in England, where six large companies compete on a more or less equal footing. In Scotland, the vast majority of households buy from Scottish Power or Scottish Hydro, and there are fewer opportunities to find a competitive tariff from this more limited field.
- The use of flats rather than houses to calculate heating costs for adults without children in rural towns and urban areas does not hold in remote small settlements, where flats are not available. The smallest property generally available in such settlements is a two bedroom house, which is substantially more expensive to heat than a one-bedroom flat.
- While social housing in these areas typically has good thermal insulation, as it does in England, the same is not true of private properties. In particular, older houses tend to have poor wall insulation, and this can make them much more expensive to heat.

Taking account of all of these factors, Table 4 shows a range of costs for homes in the social and private rented sector in settlements in remote rural Scotland, calculated by the heating engineer who worked with this project, applying the same method as used in the general MIS work (Oldfield, 2008).

**Table 4 Home energy costs**

| **A) FOR HOUSEHOLDS IN SOCIAL HOUSING** | | | | | |
|---|---|---|---|---|---|
| | **English rural town** | **Mainland or Hebrides town** | **Northern Isles town** | **Mainland or Hebrides settlement** | **Northern Isles settlement** |
| **Household fuel bill, £ per week** | | | | | |
| Single | 12.36 | 20.77 | 22.99 | 31.63 | 35.13 |
| Couple pens | 14.86 | 25.77 | 28.58 | 31.00 | 34.37 |
| LP+1 | 22.55 | 33.51 | 37.22 | 33.51 | 37.22 |
| C+2 | 23.89 | 35.96 | 39.97 | 35.96 | 39.97 |
| **% addition to English rural town** | | | | | |
| Single | 0 | 68% | 86% | 156% | 184% |
| Couple pens | 0 | 73% | 92% | 109% | 131% |
| LP+1 | 0 | 49% | 65% | 49% | 65% |
| C+2 | 0 | 51% | 67% | 51% | 67% |
| **B) FOR HOUSEHOLDS IN PRIVATE RENTED HOUSING** | | | | | |
| | | **Mainland or Hebrides town** | **Northern Isles town** | **Mainland or Hebrides settlement** | **Northern Isles settlement** |
| **Household fuel bill, £ per week** | | | | | |
| Single | | 26.45 | 28.98 | 39.74 | 43.50 |
| Couple pens | | 32.35 | 35.75 | 36.62 | 40.29 |
| LP+1 | | 44.76 | 49.63 | 44.04 | 48.42 |
| C+2 | | 47.12 | 50.96 | 52.49 | 58.28 |
| **% addition, private renting compared to social housing in the same area** | | | | | |
| Single | | 27% | 26% | 26% | 24% |
| Couple pens | | 26% | 25% | 18% | 17% |
| LP+1 | | 34% | 33% | 31% | 30% |
| C+2 | | 31% | 27% | 46% | 46% |

Even in the public sector, where homes are relatively thermally efficient, home energy costs are much higher than for the equivalent homes in rural English towns. Most towns in remote rural Scotland have energy costs around 50-75 per cent higher than English towns, and in the Northern Isles even greater.

When it comes to smaller settlements, the premium rises significantly for households without children because of the expense of heating a house rather than a flat in areas where flats are not available. Single people and pensioners can end up paying two to three times as much for power if they are living in a house in a remote Scottish settlement compared to a flat in an English rural town. Note, however, that in small English settlements (hamlets) which also do not have mains gas, specified fuel costs are similar to those in remote Scottish settlements.

However, fuel costs in rural Scotland are likely to be particularly high in the private rented sector, where house conditions are worse than in the social sector. As shown in Table 4, this typically pushes the bills up by a further quarter to a half. The greatest increase is for a family renting a private home in a remote small settlement, due to the combined effects of lower energy efficiency and cost of heating oil. Such a family pays around two and a half times as much for domestic fuel as a family in an English town renting the same sized property from a social provider.

**Other costs**

This chapter has highlighted the most significant costs that systematically add to minimum household budget requirements in remote rural Scotland compared to other parts of the United Kingdom. Various other costs also play a part, in a smaller or more selective way.

Some of these costs are additional, including:

- The cost of accessing holidays, which can be particularly significant for a family living on an island. For example, the holiday season ferry cost for a family of four to travel, round trip, from Shetland to the mainland with their car, for example, works out at nearly £500, the equivalent of adding nearly £10 a week year-round to household expenses.
- Significant additional holiday costs for pensioners on islands due to their specification of a two-week rather than a one-week break (see Chapter 3). This adds £650 a year or the equivalent of £12.50 a week to the budget of a pensioner couple.

- Additional spending at Christmas and New Year, which adds about £100 a year, or around £2 a week for a single person and £150, or approximately £3 a week for a couple, to an average weekly budget throughout the year
- Childcare: in Scotland, average childcare costs are about 10 per cent higher than in the figures used for central England in the main MIS study.

On the other hand, there are several costs that are lower in remote rural Scotland than in a rural English town, notably:

- For people living in social housing, rents are lower on average than in England. Local authorities in the areas of Scotland being studied typically charge between £10 and £20 a week less than the average social rents in the East Midlands on which MIS figures are based.
- Council tax and water charges are also lower, typically saving around £5 a week.
- Prescriptions and eye tests are free in Scotland, which can save about £1 a week on average.

Benefits from the savings mentioned above can be significant, especially for people living in social housing. However, even in the most favourable scenario they are easily outweighed by the much greater number of areas of additional cost enumerated above. As an example, in the MIS scenarios, every week a single social tenant living in a remote Highlands town pays about £15 less in rent and £6 less in council tax than their English equivalent, but spends £10 more on domestic energy and £35 more on petrol. This creates much greater budget additions than savings, even before additional food, household goods and clothing costs are taken into account.

# 5 ADDING UP THE BILLS: BUDGETS AND INCOME STANDARDS FOR REMOTE RURAL SCOTLAND

This Chapter sets out the total minimum budgets for different household types in different areas of remote rural Scotland, compares them to the minimum in other parts of the United Kingdom, analyses the composition of additional costs and compares income requirements to benefits and earnings.

## Household budgets for four household types in four parts of remote rural Scotland

While MIS has the capacity to calculate budgets for a wide range of household types, results are summarised by looking at four examples: a single person, a pensioner couple, a single parent with one child under two and a couple with children of pre-school and primary school age. Between them, these examples capture the diversity of experiences across various demographic groups.

The research in remote rural Scotland has made a wide range of distinctions between different area types. However, the most important overall differences that have been identified in this study are between towns and remote small settlements and between the mainland and the islands. Significantly, only very minor differences between the minimum requirements of people living in the Highlands and remote Southern Scotland have emerged, and this similarity makes it logical to present results for the mainland as a whole in the first instance. The precise area types used for this summary analysis are:

- Mainland town, based on a budget for a town in the Highlands
- Mainland remote small settlement, based on a budget for an 'inaccessible settlement' in the Highlands, not close enough to a town for a weekly shop (Type C in Table 1)
- Island town, based on a budget for a town in the Outer Hebrides
- Island remote small settlement, based on a budget for an 'inaccessible settlement' (type D in Table 1) in the Outer Hebrides

Budgets for these four area types are shown in Table 5. For a fuller set of budgets across all types of settlement in all area types, see Annex A.

**Table 5 Weekly household budgets (£) in remote rural Scotland, January 2013**

| Single adult<br>CATEGORY | Mainland town | Mainland settlement | Island town | Island settlement |
|---|---|---|---|---|
| Food | 55.31 | 55.39 | 55.31 | 58.12 |
| Alcohol | 5.76 | 5.23 | 5.76 | 5.76 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 10.97 | 10.97 | 12.21 | 12.21 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 9.95 | 9.95 | 9.95 | 9.95 |
| Household insurances | 1.97 | 1.97 | 1.97 | 1.97 |
| Domestic fuel | 20.77 | 31.63 | 20.77 | 31.63 |
| Other housing costs | 2.53 | 2.53 | 2.53 | 2.53 |
| Household goods | 13.53 | 13.53 | 14.49 | 14.49 |
| Household services | 3.83 | 3.83 | 3.83 | 3.83 |
| Personal goods and services | 12.48 | 10.62 | 12.48 | 12.48 |
| Motoring | 74.61 | 72.17 | 68.12 | 69.98 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 47.83 | 47.83 | 47.83 | 47.83 |
| Rent (social housing) | 55.32 | 67.18 | 57.94 | 62.38 |
| **Total excluding rent** | **264.57** | **271.30** | **260.28** | **277.10** |
| **Total including social rent** | **319.90** | **338.48** | **318.22** | **339.48** |

| Pensioner couple<br>CATEGORY | Mainland town | Mainland settlement | Island town | Island settlement |
|---|---|---|---|---|
| Food | 72.51 | 74.59 | 72.51 | 78.14 |
| Alcohol | 9.73 | 8.83 | 9.73 | 9.73 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 14.41 | 14.41 | 29.11 | 29.11 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 13.27 | 13.27 | 13.27 | 13.27 |
| Household insurances | 1.81 | 1.81 | 1.81 | 1.81 |
| Domestic fuel | 25.77 | 31.00 | 25.77 | 31.00 |
| Other housing costs | 3.98 | 3.98 | 3.98 | 3.98 |
| Household goods | 17.66 | 18.28 | 20.27 | 22.16 |
| Household services | 8.75 | 8.75 | 8.75 | 8.75 |
| Personal goods and services | 23.63 | 23.63 | 23.63 | 23.63 |
| Motoring | 0.00 | 32.99 | 0.00 | 5.40 |
| Other travel costs | 15.75 | 0.00 | 15.75 | 0.00 |
| Social and cultural participation | 53.94 | 53.94 | 65.46 | 65.46 |
| Rent (social housing) | 63.05 | 67.18 | 64.05 | 62.51 |
| **Total excluding rent** | **266.25** | **290.53** | **295.08** | **297.49** |
| **Total including social rent** | **329.30** | **357.70** | **359.13** | **360.00** |

**Lone parent 1 child under 2**

| CATEGORY | Mainland town | Mainland settlement | Island town | Island settlement |
|---|---|---|---|---|
| Food | 65.61 | 68.33 | 65.61 | 71.42 |
| Alcohol | 4.58 | 4.16 | 4.58 | 4.58 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 23.32 | 23.32 | 24.91 | 24.91 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 11.61 | 11.61 | 11.61 | 11.61 |
| Household insurances | 2.19 | 2.19 | 2.19 | 2.19 |
| Domestic fuel | 33.51 | 33.51 | 33.51 | 33.51 |
| Other housing costs | 2.34 | 2.34 | 2.34 | 2.34 |
| Household goods | 25.05 | 25.67 | 26.71 | 27.83 |
| Household services | 4.40 | 4.40 | 4.40 | 4.40 |
| Personal goods and services | 25.45 | 22.19 | 25.45 | 25.45 |
| Motoring | 38.42 | 60.97 | 38.61 | 48.91 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 70.13 | 70.13 | 72.67 | 72.67 |
| Rent (social housing) | 67.18 | 67.18 | 64.68 | 62.51 |
| Total excluding rent | **312.48** | **334.69** | **318.46** | **335.69** |
| Total including social rent | **379.66** | **401.86** | **383.14** | **398.20** |

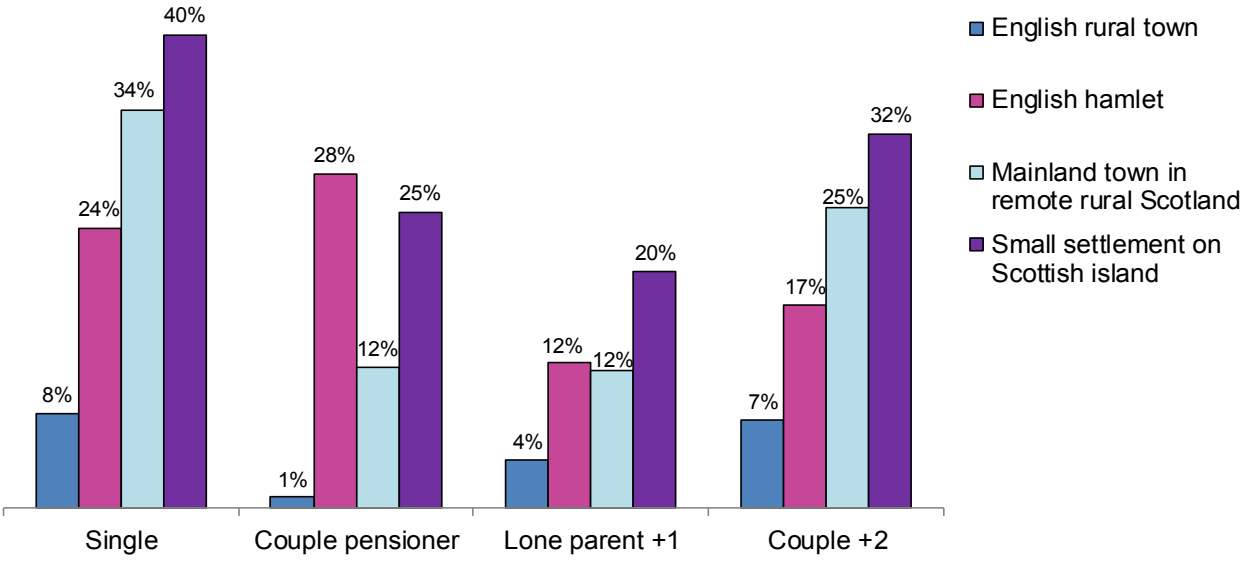
**Couple with primary and pre-school child**

| CATEGORY | Mainland town | Mainland settlement | Island town | Island settlement |
|---|---|---|---|---|
| Food | 135.90 | 140.13 | 135.90 | 147.33 |
| Alcohol | 7.98 | 7.24 | 7.98 | 7.98 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 40.39 | 40.39 | 44.14 | 44.14 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 15.48 | 15.48 | 15.48 | 15.48 |
| Household insurances | 2.45 | 2.45 | 2.45 | 2.45 |
| Domestic fuel | 35.96 | 35.96 | 35.96 | 35.96 |
| Other housing costs | 8.01 | 8.62 | 8.62 | 8.62 |
| Household goods | 26.16 | 26.77 | 29.25 | 31.67 |
| Household services | 11.03 | 11.03 | 11.03 | 11.03 |
| Personal goods and services | 35.40 | 30.03 | 35.40 | 35.40 |
| Motoring | 134.09 | 152.26 | 127.18 | 138.40 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 121.90 | 121.90 | 125.09 | 125.09 |
| Rent (social housing) | 67.18 | 67.18 | 64.68 | 62.51 |
| Total excluding rent | **580.62** | **598.14** | **584.37** | **609.43** |
| Total including social rent | **647.80** | **665.32** | **649.05** | **671.94** |

Figure 1 shows how the total budgets in Table 5 compare to those required in other parts of the UK. It shows that the cost of a minimum standard of living is consistently higher for people living in remote rural Scotland than elsewhere, and that this difference is considerably greater than the additional costs previously identified for rural England. However, among the examples given here, the extent of the additional costs in remote rural Scotland varies considerably, from only just over 10 per cent to nearly 40 per cent more than the minimum cost experienced by the majority of the population, who live in urban areas.

**Figure 1 Differences in minimum budgets across the UK, by area type (Total household budget excluding rent and childcare)**

**1a Additional costs compared to urban UK households (main MIS budgets,adjusted to January 2013)**




**1b Additional costs of equivalent settlements in Scotland and England**

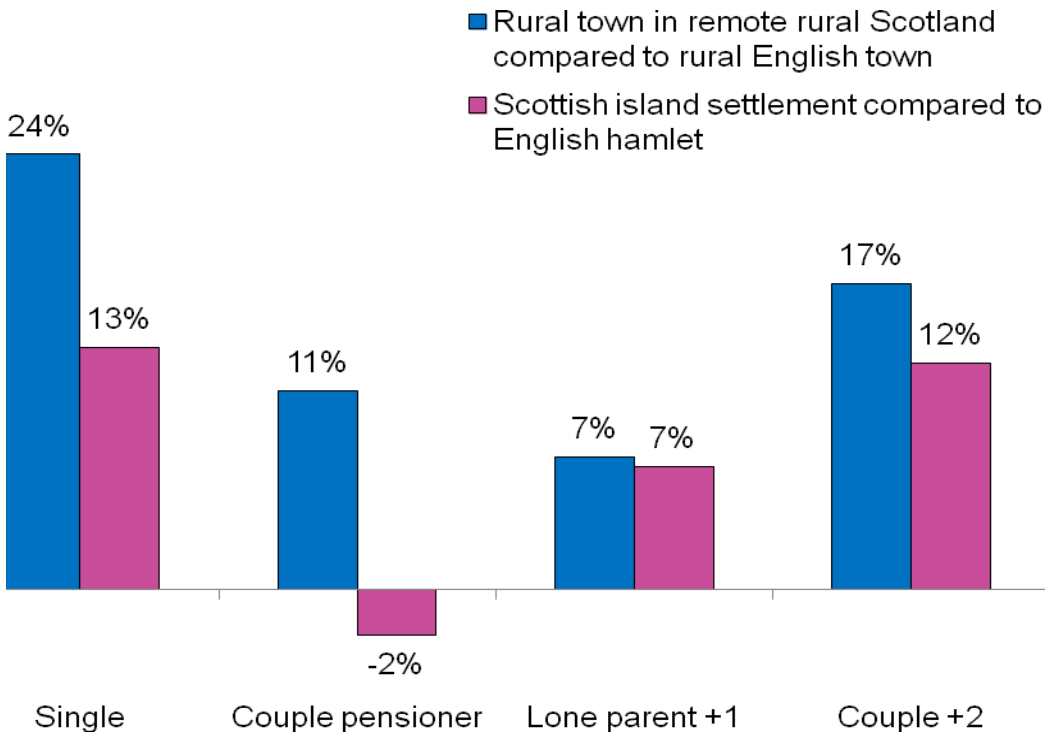


Figure 1b shows more specifically how budgets compare in the two rural regions that have been the subjects of MIS research. Comparing similar sized communities in the two areas, it shows that the greatest difference is between rural towns. This reflects the fact that English rural towns are relatively accessible, and have few of the additional sources of cost additions, such as being off-gas and having more expensive supermarkets, applying in remote towns in Scotland. Comparing the smallest sized communities in England (hamlets) with small Scottish island settlements in general, produces a smaller difference. Perhaps surprisingly, they are even slightly higher in English hamlets in the case of pensioners.

This result needs to be understood in the following context:

- Some of the issues facing English hamlets and remote Scottish communities are shared. This includes the disadvantage of not being on mains gas pushing up heating costs. For pensioners, the specification of an older cottage in an English hamlet put the cost up further. In Scotland, newer and easier to heat social housing is sometimes available, even in remote small settlements, and this was the basis of fuel costing in this study.
- Residents of English hamlets expect to have to travel to access all forms of social participation and shopping, whereas trips outside the immediate area were considered to be less frequent in inaccessible Scottish settlements where more leisure activity is community based and long trips to towns for shopping are assumed only to occur monthly.
- On the other hand, the higher prices paid in remote rural Scotland for many goods including clothing and food do not apply to English hamlets. This pushes costs up.
- It is important to note that while Figure 1 shows two examples of additional costs in remote rural Scotland, it does not show all of the specific conditions that can add substantially to minimum budgets there. Two situations especially can add a lot to the costs shown: living in oil-fuelled, poor-condition privately rented housing, and living too far from a supermarket to do regular shopping there. For a pensioner couple living in a small island community, shopping only locally can cost nearly £20 a week more than using a town supermarket, adding a further seven per cent to the entire household budget. For such a household,

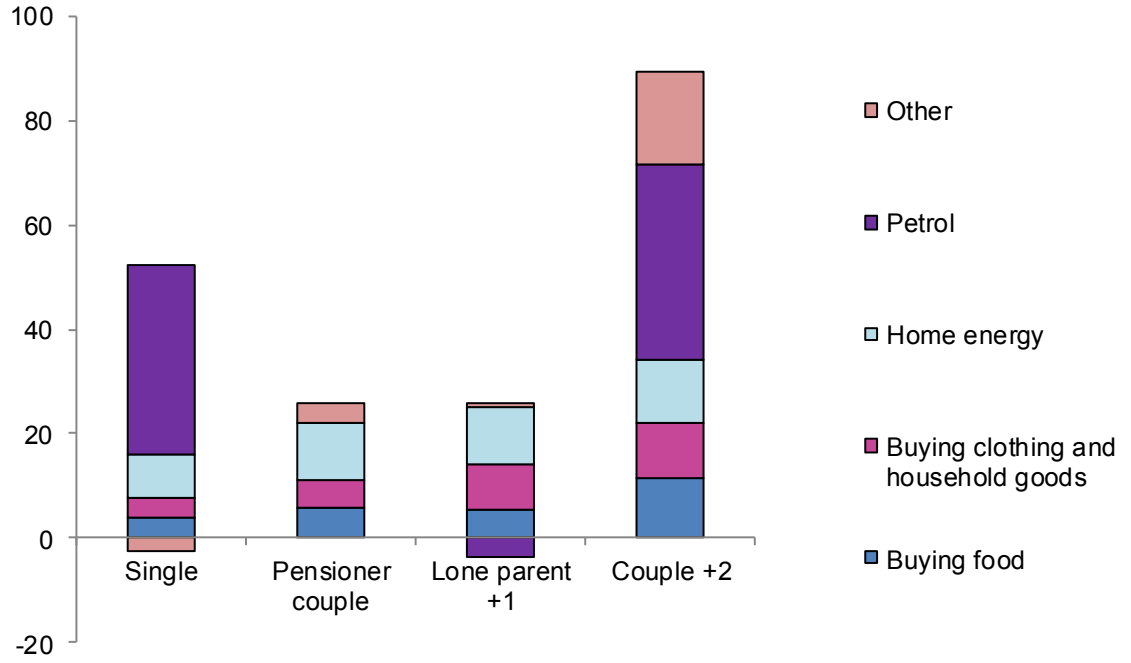
renting private rather than social housing is estimated to add £6 a week to fuel bills.

A significant feature illustrated by Figure 1 is that additional costs compared to both urban and rural England differ greatly by household type, with single households and couples with children experiencing a higher premium than pensioners and lone parents. This result is heavily influenced by the inclusion of the cost of a substantial commute in the first two of these household types, adding greatly to a household budget.

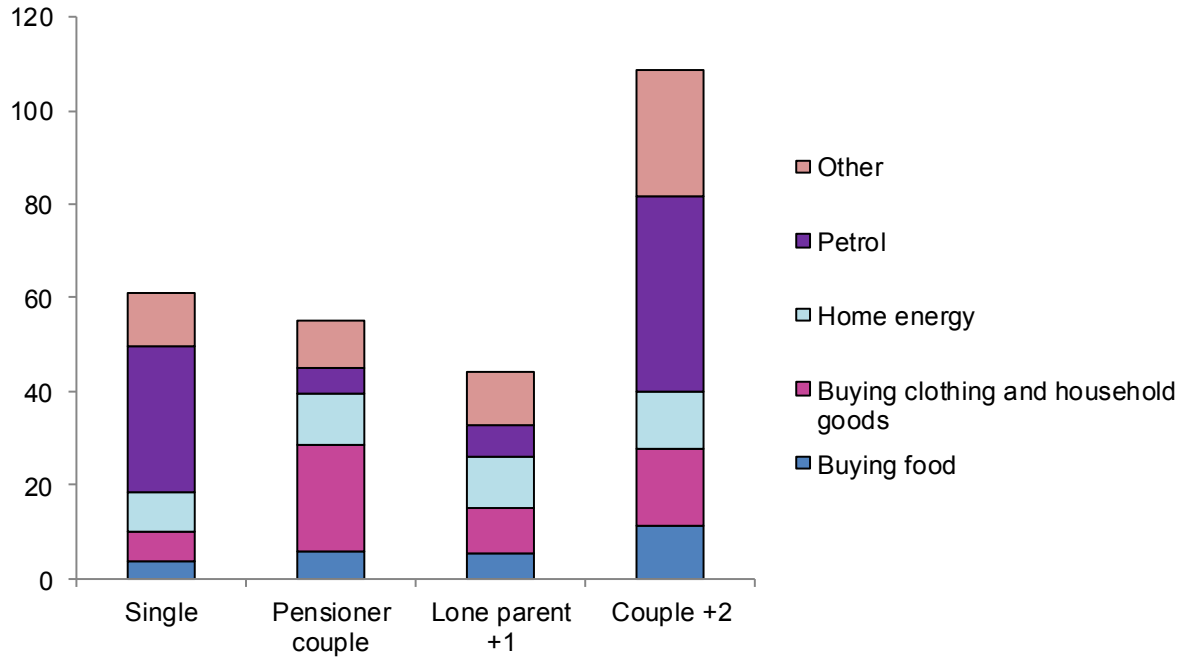
Figure 2 illustrates the relative importance of different factors to the cost of living, here comparing costs both in a mainland town and in an island remote small settlement to the common benchmark of an English rural town. It shows the multiple nature of the higher minimum budgets in remote rural Scotland, as well as the differing relative importance of various factors among different households. For single people, the additional cost of petrol dominates, as the expense of driving extra distances, particularly for work, is high in proportion to a single person's budget. For pensioners living on islands, the cost that dominates is buying household goods and clothes, with a heavy burden imposed by additional delivery charges, higher prices via mail order and local shops. For people living on islands, a further cost making a significant contribution to required budgets comes from holidays, which impose substantial ferry costs on working-age people and the expense of additional time away for pensioners.

**Figure 2 Components of additional costs in two communities**
**£ per week addition, compared to English rural town**

**2a Highland town**




**2b Island remote small settlement**



**Comparison to benefits and wages**

In the main MIS study, it was found that neither minimum wages nor working age benefits are high enough to get most families up to an acceptable standard of living, although pensioners claiming the Pension Credit were able to reach the MIS level. In remote rural Scotland, households on benefits or low wages are likely to fall even further short.

Table 6 shows that in a Highland town, working age adults depending on means tested benefits have only about a third of the income that they need for an acceptable living standard if they do not have children and about half if they do have children. Pensioners claiming the Pension Credit are closer to what they need, but still fall over 10 per cent short. (Note: the MIS benchmark figures for out of work families have been adjusted for this comparison to avoid the inference that non-working singles and couple parents need to include all of the 300 miles a week specified for commuting costs. In general in MIS, travel is considered necessary whatever your working status, including to look for work, but this amount of travel on a regular basis seems implausible for those out of work Table 6 therefore removes the additional mileage requirements in adjusting costs from the case of an English rural town.)

**Table 6 MIS requirement in a Highland town compared with out-of-work benefits January 2013**

| £ per week | Single | Pensioner couple | Lone parent +1 | Couple +2 |
|---|---|---|---|---|
| MIS excluding rent, council tax and additional petrol costs | 218.54 | 252.98 | 304.64 | 527.71 |
| Income Support/ Pension Credit* | 71 | 221.74 | 153.39 | 258.83 |
| Benefit income as % of MIS | 32% | 88% | 50% | 49% |

*includes Child Benefit, Child Tax Credit and Winter Fuel Payment

Table 7 considers the net income, relative to requirements, of a single person working on the minimum wage and on average weekly earnings in a more accessible and a more remote Highland community. It shows that someone on the minimum

wage can only achieve two thirds of their required minimum income, even if working full time. Average annual earnings for people in stable jobs in remote rural Scotland are approximately £24,000 a year (Scottish Government 2012). On this wage, a single person would meet the standard, but in a remote island settlement with only seven per cent to spare. Minimum earnings of £22,000 a year would be needed to reach MIS, compared to £21,000 in a mainland town in remote rural Scotland, and £16,000 in urban Britain (as calculated in July 2012).

Comparisons for working families with children are harder to calculate, due to the complexity of taking childcare costs into account. In a rural town, two parents working full time on an average wage and paying for childcare would approximately cover the minimum. However, especially in remote small settlements, childcare options can be limited. For those without access to formal childcare, a couple with two children who both worked on average earnings could approximately achieve the minimum income standard if one worked full time and the other worked school hours and found an unpaid arrangement for their pre-school child. Many families would be unable to command these pay rates or to find such childcare arrangements. A single earner would need to earn nearly twice average earnings (around £44,000 a year) to support such a family on their own.

**Table 7 Income requirements in remote rural Scotland compared to after-tax income on the minimum wage and average earnings**

| £ per week, single person | Mainland town | Island small settlement |
|---|---|---|
| MIS requirement including social rent | 319.90 | 339.48 |
| Net income on minimum wage | 213.81 | 213.81 |
| % of requirement | 67% | 63% |
| Net income on average earnings | 364.05 | 364.05 |
| % of requirement | 114% | 107% |

# 6 DISCUSSION AND CONCLUSIONS

This study has found that people in remote rural Scotland have a broadly similar idea of what comprises a minimum acceptable standard of living to others in the UK. However, the income required to reach this standard is significantly higher than elsewhere. This is partly due to substantive differences in people's lives – in particular their need to travel further, especially for work. However, it is also because of the effect of remoteness on the cost of the same things that are consumed all over the UK. Warm homes cost more because most communities are not connected to mains gas, combined with the effects of a severe climate. Food, clothes, household goods and petrol all cost more because of the prices charged by retailers, including the smaller supermarkets in rural towns, and because of delivery charges. No single factor raises the overall cost of living dramatically for all groups. However for most households, the combination of many of these factors adds up to a significantly higher minimum income requirement than other parts of the country, urban or rural.

The size of this living cost premium is bound to have an impact on community sustainability. High living costs restrict who can live in an area at an acceptable living standard. Typically, someone only able to command below-average wages would today struggle to reach an acceptable standard of living in remote rural Scotland, giving them the choice either of moving elsewhere or living below what most people would regard as a minimum standard. This creates the prospect of communities comprising only of well-off residents and people living in unsatisfactory conditions who are unable or unwilling to move elsewhere. These are not conditions in which communities are likely to thrive.

It is not the job of this report to design policy responses or other solutions to this situation. However, three important observations can be made that can help inform debate about how fragile communities can be made more sustainable.

The first is that while many issues contribute to higher minimum income requirements in remote rural Scotland, even tackling any one of them can make a

big difference for some people. For example for a single person in a Highland town, a net weekly budget is £265 a week, compared to £214 for a rural English town, but around two thirds of this, £51, difference would disappear if they worked locally rather than having to pay for a long commute. In the case of a pensioner living on an island, additional costs arise more from a lack of mobility – and hence the very limited shopping choices available when buying things like household goods and clothing, resulting in substantially higher prices. Some of this difference could potentially be reduced, for example by helping pensioners shop online, at lower prices.

The second observation is that it is not so much the remoteness of amenities and services as the prices that people pay that is driving many of these costs. In the models of living specified by groups in this research, occasional trips to towns, serving multiple purposes, did not add nearly as much to the budget through travel expenses as the prices that people are paying for goods, both in remote towns and in more local stores. As long as these prices remain high, living will be expensive in remote rural Scotland no matter how much is done to improve the accessibility of services.

The third point is an optimistic one, which is that it would be a mistake to neglect the considerable contribution being made already by social interventions to prevent costs for people in remote rural Scotland from being even higher. For example, the cost of a holiday for a pensioner living in the Shetland Islands would be far higher were it not possible for them to travel free by ferry and then by bus to any part of Scotland to pick up a coach tour. Petrol prices, although still higher than elsewhere in the UK, have been brought down in the Islands by the rural fuel duty rebate. Rents and household fuel bills are kept down for those who live in social housing, and current efforts to build more thermally efficient homes can help further. Water and council tax bills are lower than elsewhere in the UK. Free prescriptions and eye tests remove one cost from the original English MIS budgets. Finally, communications to remote areas are subsidised in various ways. The cost of posting a letter and charges for landline and broadband connections do not reflect additional costs. The Royal Mail Universal Service Obligation helps keep the cost of

some deliveries down. In March 2013, Highlands and Islands Enterprise announced investment that would bring new generation broadband to most homes in the region.

Remote areas of rural Scotland are naturally fragile communities, where it is a real challenge to make living affordable for a demographically and socially mixed population. Yet by pinpointing the most important sources of higher costs, it is possible to consider interventions that will help people to live there at an acceptable standard. This report has aimed to improve understanding of where the key issues lie, how these interact and what measures could help different groups in different areas to live at an acceptable standard on a given income.

# 7 REFERENCES

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## ANNEX A DETAILED BUDGETS BY AREA TYPE

### Annex Table A1 Weekly budget (£) for a single person

**1) Town**

| | Highlands | Remote Southern Scotland | Western Isles | Northern Isles |
|---|---|---|---|---|
| Food | 55.31 | 55.31 | 55.31 | 55.31 |
| Alcohol | 5.76 | 5.76 | 5.76 | 5.76 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 10.97 | 10.97 | 12.21 | 12.21 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 9.95 | 9.95 | 9.95 | 9.95 |
| Household insurances | 1.97 | 1.97 | 1.97 | 1.97 |
| Domestic fuel | 20.77 | 20.77 | 20.77 | 22.99 |
| Other housing costs | 2.53 | 2.53 | 2.53 | 2.53 |
| Household goods | 13.53 | 13.53 | 14.49 | 15.77 |
| Household services | 3.83 | 3.83 | 3.83 | 3.83 |
| Personal goods and services | 12.48 | 11.90 | 12.48 | 12.48 |
| Motoring | 74.61 | 71.79 | 68.12 | 68.12 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 47.83 | 47.83 | 47.83 | 47.83 |
| Rent | 55.32 | 55.32 | 57.94 | 57.94 |
| **Total excluding rent** | 264.57 | 261.18 | 260.28 | 263.79 |
| **Total including social rent** | 319.90 | 316.50 | 318.22 | 321.73 |
| | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | |
| Urban UK | 33.7% | 32.0% | 31.5% | 33.3% |

**(Table A1 cont'd - single person)**
**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** | **Western Isles** | **Northern Isles** | **Western Isles** | **Northern Isles** |
| Food | 55.61 | 55.61 | 55.61 | 55.61 | 55.39 | 58.12 | 58.12 | 72.08 | 72.08 |
| Alcohol | 5.76 | 5.76 | 5.76 | 5.76 | 5.23 | 5.76 | 5.76 | 8.14 | 8.14 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 10.97 | 10.97 | 12.21 | 12.21 | 10.97 | 12.21 | 12.21 | 12.21 | 12.21 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 9.95 | 9.95 | 9.95 | 9.95 | 9.95 | 9.95 | 9.95 | 9.95 | 9.95 |
| Household insurances | 1.97 | 1.97 | 1.97 | 1.97 | 1.97 | 1.97 | 1.97 | 1.97 | 1.97 |
| Domestic fuel | 31.63 | 31.63 | 31.63 | 35.13 | 31.63 | 31.63 | 35.13 | 31.63 | 35.13 |
| Other housing costs | 2.53 | 2.53 | 2.53 | 2.53 | 2.53 | 2.53 | 2.53 | 2.53 | 2.53 |
| Household goods | 14.15 | 13.53 | 14.49 | 15.77 | 14.15 | 15.77 | 15.77 | 19.64 | 19.64 |
| Household services | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 | 3.83 |
| Personal goods and services | 12.48 | 11.90 | 12.48 | 12.48 | 10.62 | 12.48 | 12.48 | 15.83 | 15.83 |
| Motoring | 72.17 | 69.49 | 69.98 | 69.98 | 72.17 | 69.98 | 69.98 | 69.98 | 69.98 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.40 | 0.00 | 40.40 |
| Social and cultural participation | 47.83 | 47.83 | 47.83 | 47.83 | 47.83 | 47.83 | 47.83 | 47.83 | 47.83 |
| Rent | 67.18 | 67.18 | 62.38 | 62.38 | 67.18 | 62.38 | 62.38 | 62.38 | 62.38 |
| Total excluding rent | 273.92 | 270.05 | 273.31 | 278.09 | 271.30 | 277.10 | 321.00 | 300.66 | 344.56 |
| Total including social rent | 341.10 | 337.23 | 335.69 | 340.47 | 338.48 | 339.48 | 383.38 | 363.04 | 406.94 |
| | | | | | | | | | |
| **Percentage above MIS in other area types (not including rent).** All calculations standardised to January 2013. | | | | | | | | | |
| Urban UK | 38.4% | 36.5% | 38.1% | 40.5% | 37.1% | 40.0% | 62.2% | 52.0% | 74.1% |
| English small settlement (hamlet) | 11.9% | 10.4% | 11.7% | 13.7% | 10.9% | 13.2% | 31.2% | 22.9% | 40.8% |

**Annex Table A2 Weekly budget (£) for a pensioner couple**
**1) Town**

| | Highlands | Remote Southern Scotland | Western Isles | Northern Isles |
|---|---|---|---|---|
| Food | 72.51 | 72.51 | 72.51 | 72.51 |
| Alcohol | 9.73 | 9.73 | 9.73 | 9.73 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 14.41 | 14.41 | 29.11 | 29.11 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 13.27 | 13.27 | 13.27 | 13.27 |
| Household insurances | 1.81 | 1.81 | 1.81 | 1.81 |
| Domestic fuel | 25.77 | 25.77 | 25.77 | 28.58 |
| Other housing costs | 3.98 | 3.98 | 3.98 | 3.98 |
| Household goods | 17.66 | 17.66 | 20.27 | 22.16 |
| Household services | 8.75 | 8.75 | 8.75 | 8.75 |
| Personal goods and services | 23.63 | 23.06 | 23.63 | 23.63 |
| Motoring | 0.00 | 0.00 | 0.00 | 0.00 |
| Other travel costs | 15.75 | 15.75 | 15.75 | 15.75 |
| Social and cultural participation | 53.94 | 53.94 | 65.46 | 65.46 |
| Rent | 63.05 | 63.05 | 64.05 | 64.05 |
| **Total excluding rent** | 266.25 | 265.68 | 295.08 | 299.78 |
| **Total including social rent** | 329.30 | 328.73 | 359.13 | 363.83 |
| | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | |
| Urban UK | 11.9% | 11.7% | 24.0% | 26.0% |
| English rural town | 10.9% | 10.6% | 22.9% | 24.8% |

**(Table A2, cont'd, pensioner couple)**
**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** | **Western Isles** | **Northern Isles** | **Western Isles** | **Northern Isles** |
| Food | 73.92 | 73.92 | 73.92 | 73.92 | 74.59 | 78.14 | 78.14 | 97.52 | 97.52 |
| Alcohol | 9.73 | 9.73 | 9.73 | 9.73 | 8.83 | 9.73 | 9.73 | 13.74 | 13.74 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 14.41 | 14.41 | 29.11 | 29.11 | 14.41 | 29.11 | 29.11 | 29.11 | 29.11 |
| Water rates | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 | 5.03 |
| Council tax | 13.27 | 13.27 | 13.27 | 13.27 | 13.27 | 13.27 | 13.27 | 13.27 | 13.27 |
| Household insurances | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 | 1.81 |
| Domestic fuel | 31.00 | 31.00 | 31.00 | 34.37 | 31.00 | 31.00 | 34.37 | 31.00 | 34.37 |
| Other housing costs | 3.98 | 3.98 | 3.98 | 3.98 | 3.98 | 3.98 | 3.98 | 3.98 | 3.98 |
| Household goods | 18.28 | 17.66 | 20.27 | 22.16 | 18.28 | 22.16 | 22.16 | 24.00 | 24.00 |
| Household services | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 | 8.75 |
| Personal goods and services | 23.63 | 23.06 | 23.63 | 23.63 | 23.63 | 23.63 | 23.63 | 30.13 | 30.13 |
| Motoring | 32.99 | 31.10 | 5.40 | 5.40 | 32.99 | 5.40 | 5.40 | 5.40 | 5.40 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.86 | 0.00 | 1.86 |
| Social and cultural participation | 53.94 | 53.94 | 65.46 | 65.46 | 53.94 | 65.46 | 65.46 | 65.46 | 65.46 |
| Rent | 67.18 | 67.18 | 62.51 | 62.51 | 67.18 | 62.51 | 62.51 | 62.51 | 62.51 |
| Total excluding rent | 290.75 | 287.68 | 291.38 | 296.64 | 290.53 | 297.49 | 302.72 | 329.21 | 334.44 |
| Total including social rent | 357.93 | 354.85 | 353.89 | 359.15 | 357.70 | 360.00 | 365.23 | 391.72 | 396.95 |
| | | | | | | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | | | | | | |
| Urban UK | 22.2% | 20.9% | 22.5% | 24.7% | 22.1% | 25.0% | 27.2% | 38.4% | 40.6% |
| English small settlement (hamlet) | -4.7% | -5.7% | -4.5% | -2.8% | -4.8% | -2.5% | -0.8% | 7.9% | 9.6% |

**Annex Table A3 Weekly budget (£) for lone parent one child under 2**
**1) Town**

| | Highlands | Remote Southern Scotland | Western Isles | Northern Isles |
|---|---|---|---|---|
| Food | 65.61 | 65.61 | 65.61 | 65.61 |
| Alcohol | 4.58 | 4.58 | 4.58 | 4.58 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 23.32 | 23.32 | 24.91 | 24.91 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 11.61 | 11.61 | 11.61 | 11.61 |
| Household insurances | 2.19 | 2.19 | 2.19 | 2.19 |
| Domestic fuel | 33.51 | 33.51 | 33.51 | 37.22 |
| Other housing costs | 2.34 | 2.34 | 2.34 | 2.34 |
| Household goods | 25.05 | 25.05 | 26.71 | 27.83 |
| Household services | 4.40 | 4.40 | 4.40 | 4.40 |
| Personal goods and services | 25.45 | 24.88 | 25.45 | 25.45 |
| Motoring | 38.42 | 37.86 | 38.61 | 38.61 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 70.13 | 70.13 | 72.67 | 77.24 |
| Rent | 67.18 | 67.18 | 64.68 | 64.68 |
| **Total excluding rent** | 312.48 | 311.35 | 318.46 | 327.87 |
| **Total including social rent** | 379.66 | 378.53 | 383.14 | 392.55 |
| | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | |
| Urban UK | 11.7% | 11.3% | 13.8% | 17.2% |
| English rural town | 7.3% | 6.9% | 9.3% | 12.5% |

**(Table A3, lone parent, cont'd)**
**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** | **Western Isles** | **Northern Isles** | **Western Isles** | **Northern Isles** |
| Food | 66.93 | 66.93 | 66.93 | 66.93 | 68.33 | 71.42 | 71.42 | 88.83 | 88.83 |
| Alcohol | 4.58 | 4.58 | 4.58 | 4.58 | 4.16 | 4.58 | 4.58 | 6.47 | 6.47 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 23.32 | 23.32 | 24.91 | 24.91 | 23.32 | 24.91 | 24.91 | 24.91 | 24.91 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 11.61 | 11.61 | 11.61 | 11.61 | 11.61 | 11.61 | 11.61 | 11.61 | 11.61 |
| Household insurances | 2.19 | 2.19 | 2.19 | 2.19 | 2.19 | 2.19 | 2.19 | 2.19 | 2.19 |
| Domestic fuel | 33.51 | 33.51 | 33.51 | 37.22 | 33.51 | 33.51 | 37.22 | 33.51 | 37.22 |
| Other housing costs | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 | 2.34 |
| Household goods | 25.67 | 25.05 | 26.71 | 27.83 | 25.67 | 27.83 | 27.83 | 34.77 | 34.77 |
| Household services | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 | 4.40 |
| Personal goods and services | 25.45 | 24.88 | 25.45 | 25.45 | 22.19 | 25.45 | 32.46 | 32.46 | 32.46 |
| Motoring | 60.97 | 59.12 | 48.91 | 48.91 | 60.97 | 48.91 | 48.91 | 48.91 | 48.91 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.86 | 0.00 | 1.86 |
| Social and cultural participation | 70.13 | 70.13 | 72.67 | 77.24 | 70.13 | 72.67 | 77.24 | 72.67 | 77.24 |
| Rent | 67.18 | 67.18 | 62.51 | 62.51 | 67.18 | 62.51 | 62.51 | 62.51 | 62.51 |
| Total excluding rent | 336.97 | 333.94 | 330.08 | 339.49 | 334.69 | 335.69 | 352.84 | 368.95 | 379.09 |
| Total including social rent | 404.15 | 401.11 | 392.59 | 402.00 | 401.86 | 398.20 | 415.35 | 431.46 | 441.60 |
| | | | | | | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | | | | | | |
| Urban UK | 20.4% | 19.3% | 18.0% | 21.3% | 19.6% | 20.0% | 26.1% | 31.8% | 35.5% |
| English small settlement (hamlet) | 7.2% | 6.2% | 5.0% | 8.0% | 6.4% | 6.7% | 12.2% | 17.3% | 20.5% |

**Annex Table A4 Weekly budget (£) for couple with primary and pre-school child**
**1) Town**

| | Highlands | Remote Southern Scotland | Western Isles | Northern Isles |
|---|---|---|---|---|
| Food | 135.90 | 135.90 | 135.90 | 135.90 |
| Alcohol | 7.98 | 7.98 | 7.98 | 7.98 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 40.39 | 40.39 | 44.14 | 44.14 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 15.48 | 15.48 | 15.48 | 15.48 |
| Household insurances | 2.45 | 2.45 | 2.45 | 2.45 |
| Domestic fuel | 35.96 | 35.96 | 35.96 | 39.97 |
| Other housing costs | 8.01 | 8.62 | 8.62 | 8.62 |
| Household goods | 26.16 | 26.16 | 29.25 | 31.67 |
| Household services | 11.03 | 11.03 | 11.03 | 11.03 |
| Personal goods and services | 35.40 | 34.83 | 35.40 | 35.40 |
| Motoring | 134.09 | 130.91 | 127.18 | 127.18 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 |
| Social and cultural participation | 121.90 | 121.90 | 125.09 | 131.24 |
| Rent | 67.18 | 67.18 | 64.68 | 64.68 |
| **Total excluding rent** | 580.62 | 577.49 | 584.37 | 596.94 |
| **Total including social rent** | 647.80 | 644.66 | 649.05 | 661.62 |
| | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | |
| Urban UK | 25.4% | 24.7% | 26.2% | 28.9% |
| English rural town | 16.7% | 16.1% | 17.5% | 20.0% |

**(Table A4, couple with two children, cont'd)**
**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** | **Western Isles** | **Northern Isles** | **Western Isles** | **Northern Isles** |
| Food | 138.13 | 138.13 | 138.13 | 138.13 | 140.13 | 147.33 | 147.33 | 186.64 | 186.64 |
| Alcohol | 7.98 | 7.98 | 7.98 | 7.98 | 7.24 | 7.98 | 7.98 | 11.27 | 11.27 |
| Tobacco | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Clothing | 40.39 | 40.39 | 44.14 | 44.14 | 40.39 | 44.14 | 44.14 | 44.14 | 44.14 |
| Water rates | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 | 5.87 |
| Council tax | 15.48 | 15.48 | 15.48 | 15.48 | 15.48 | 15.48 | 15.48 | 15.48 | 15.48 |
| Household insurances | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 |
| Domestic fuel | 35.96 | 35.96 | 35.96 | 39.97 | 35.96 | 35.96 | 39.97 | 35.96 | 39.97 |
| Other housing costs | 8.62 | 8.62 | 8.62 | 8.62 | 8.62 | 8.62 | 8.62 | 8.62 | 8.62 |
| Household goods | 26.77 | 26.16 | 29.25 | 31.67 | 26.77 | 31.67 | 31.67 | 39.13 | 39.13 |
| Household services | 11.03 | 11.03 | 11.03 | 11.03 | 11.03 | 11.03 | 11.03 | 11.03 | 11.03 |
| Personal goods and services | 35.40 | 35.40 | 35.40 | 35.40 | 30.03 | 35.40 | 35.40 | 45.22 | 45.22 |
| Motoring | 152.26 | 148.05 | 138.40 | 138.40 | 152.26 | 138.40 | 138.40 | 138.40 | 138.40 |
| Other travel costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.40 | 0.00 | 40.40 |
| Social and cultural participation | 121.90 | 121.90 | 125.09 | 131.24 | 121.90 | 125.09 | 180.75 | 125.09 | 180.75 |
| Rent | 67.18 | 67.18 | 62.51 | 62.51 | 67.18 | 62.51 | 62.51 | 62.51 | 62.51 |
| **Total excluding rent** | 602.25 | 597.42 | 597.81 | 610.38 | 598.14 | 609.43 | 709.49 | 669.30 | 769.36 |
| **Total including social rent** | 669.42 | 664.59 | 660.32 | 672.89 | 665.32 | 671.94 | 772.00 | 731.81 | 831.87 |
| | | | | | | | | | |
| **Percentage above MIS in other area types (not including rent)** | | | | | | | | | |
| Urban UK | 30.1% | 29.0% | 29.1% | 31.8% | 29.2% | 31.6% | 53.2% | 44.5% | 66.1% |
| English small settlement (hamlet) | 11.0% | 10.2% | 10.2% | 12.5% | 10.3% | 12.4% | 30.8% | 23.4% | 41.9% |

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