



# THE COST OF REMOTENESS

## Reflecting higher living costs in remote rural Scotland when measuring fuel poverty



**EQUALITY AND WELFARE**

# **The Cost of Remoteness**

## **Reflecting higher living costs in remote rural Scotland when measuring fuel poverty**

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## Contents

1	Introduction	1
2	Approach and scope	3
3	Method: applying the Minimum Income Standard approach to remote rural Scotland	9
	Recruitment	10
	Conducting the fieldwork online	10
4	Explaining differences	12
	Food and drink	12
	Clothing	13
	Household goods	13
	Household services	15
	Transport	16
	Social and cultural participation	17
5	Calculating the uplift	20
	Food	20
	Clothing	22
	Household goods and services	22
	Travel	23
	Social and cultural participation	24
	Budgets and breakdown of additional costs by household type	25
	Implications for fuel poverty uplift	36
6	Conclusion	38
7	References	39
	Acknowledgements	40

# 1 Introduction

This report presents estimates of certain additional costs that make it more expensive to meet a minimum acceptable living standard in remote areas of Scotland. These estimates have been made in order to inform the Scottish Government's monitoring of the number of households in fuel poverty, for which targets have been set by the Fuel Poverty (Targets, Definitions and Strategy) (Scotland Act) 2019. The Act defines a household as being in fuel poverty if:

1. in order to maintain a satisfactory heating regime, total fuel costs necessary for the home are more than 10% of the household's adjusted (i.e., after housing costs) net income; and
2. (ii) after deducting those fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living. This remaining adjusted net income must be at least 90% of the UK Minimum Income Standard (MIS) to be considered an acceptable standard of living, with an additional amount added for households in remote rural, remote small town and island areas.

Research carried out by the Centre for Research in Social Policy at Loughborough University between April 2020 and May 2021 has investigated these additional costs in order to calculate the uplift required in remote rural Scotland. The research team included two research consultants, Amanda Bryan and Jo Ellen, based in the Highlands, who recruited participants, supported focus groups and priced goods and services, drawing on local knowledge. The study involved detailed consultations with people living in remote rural areas of the Scottish mainland and islands. It followed the MIS method to ask groups of members of the public to agree on what goods and services are needed to reach a minimum, using the UK MIS as a starting point and asking what is different in those areas. Informed by the specifications from groups about where goods and services are purchased, the research involved detailed costing in budget areas where prices vary as a result of living in remote rural Scotland.

The core purpose of this exercise was to produce six numbers – the percentage uplift that should be applied to MIS budgets for households with pensioners, families with children and working age adults without children in remote rural parts of the Scottish mainland and the Scottish islands, respectively. However, as well as describing how these percentages were calculated, this report describes some of the features that contribute to additional costs, and how these relate to the experience of living in these areas. This qualitative evidence contributes to understanding of the aspects of life in remote rural Scotland driving extra costs, which would need to be addressed in any measures seeking to bring these costs down. The study

builds on earlier research for a consortium led by Highlands and Islands Enterprise considering the cost of a Minimum Income Standard for remote rural areas of Scotland (Hirsch et al., 2013). However, unlike that study, whose central purpose was to illustrate additional costs in certain settlement types in remote Scotland, the design of the present research focused on contributing to a more accurate overall fuel poverty estimate for Scotland that takes such costs into account. As set out in the next chapter, this design has determined what can be drawn from the present report about additional costs. In particular, it reports on fewer area types than the previous study, and excludes an account of the cost of fuel itself across remote rural areas, since these costs are assessed for individual households in the fuel poverty measure.

Chapter 2 of the report describes the overall approach taken, using the Minimum Income Standard research method and applying it to costs in remote rural Scotland; and sets out the scope of the study.

Chapter 3 describes the specific methodology used to carry out the research, centred around deliberative focus groups held between November 2020 and March 2021.

Chapter 4 describes the findings of these groups, in terms of what is different about the goods and services required for a minimum in remote rural Scotland, and specifications about where they would be purchased.

Chapter 5 sets out the calculations, and the resulting percentage 'uplift' to be applied to the MIS benchmark when calculating fuel poverty.

Chapter 6 gives a conclusion and describes how these results will be updated over time.

## 2 Approach and scope

The Fuel Poverty (Targets, Definitions and Strategy) (Scotland Act) 2019 adopted the Minimum Income Standard (MIS) as the benchmark for determining whether after meeting the fuel costs necessary for the home, a household would have insufficient remaining net income to maintain an acceptable standard of living. The Act also provided that the remaining net income required would be adjusted in light of additional costs for households in remote rural areas, remote towns and island areas, as calculated by a 'person' appointed by statutory regulation. This study reports to the Scottish Government the calculation specified by that provision.

The definition uses 90% of MIS as the threshold of adequate income, following the assessment of the Scottish Fuel Poverty Review Panel (2017) that being below this level is a better predictor of adverse outcomes than other income indicators considered. The MIS threshold is derived principally from a 'consensual budget standard' process, whereby groups of members of the public agree on what needs to go into a minimum household budget. Box 1 summarises the essentials of MIS.

The main MIS research takes place in urban areas of the UK, outside London, and does not attempt to capture any differences in costs in rural areas. Two previous studies (Smith et al., 2010; Hirsch et al., 2013) have investigated different and additional costs in rural areas, using a MIS 'additionality' method that has also been used to investigate costs in London (Padley et al., 2021) and for people with sensory impairments (Hill et al., 2015, 2016). The additionality method assembles groups of people in the areas or household circumstances under investigation, presents them with the main MIS urban budgets and asks them to consider how they would vary in these different situations or locations. An important aspect of this in the case of remote rural areas is establishing where goods and services would be purchased, and where this implies different prices, following up with re-costing by researchers of the items affected. Following Smith et al.'s 2010 study of MIS in rural England, the 2013 study of remote rural Scotland was able to assess additional costs in a range of settlement types, based both on different pricing and affected by other sources of additional costs including different travel requirements such as longer journeys to work, higher domestic fuel consumption and delivery charges for goods. This research has informed the present study in terms in particular of how costs are structured.

## **BOX 1 MIS IN BRIEF**

### **What is MIS?**

The Minimum Income Standard (MIS) is the income that people need to reach a minimum socially acceptable standard of living in the UK today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of households to meet these needs and to participate in society. Specifically, the minimum is defined as follows, based on consultation with groups of members of the public in the original research:

*'A minimum standard of living in the UK 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.'*

### **How is it arrived at?**

Members of the public have detailed negotiations, in groups, about the things a household needs to achieve an acceptable living standard. Each set of groups has a different role. The first groups go through all aspects of the budget, in terms of what goods and services would be needed, of what quality, how long they would last and where they would be bought. Experts make selective inputs, notably to check the nutritional adequacy of the food baskets, calculating domestic fuel requirements and advising on motoring costs. Subsequent groups check and amend the budget lists, which are then priced at various stores and suppliers by the research team. Groups typically comprise six to eight people from a range of socio-economic and ethnic backgrounds, but all participants within each group are from the household category under discussion. So, parents with dependent children discuss the needs of parents and children, working age adults without children discuss the needs of single and couple adults without children and pensioner groups decide the minimum for pensioners. In all, over 160 groups have been used to research MIS since its inception in 2008, involving a new set of participants on each occasion.

A crucial aspect of MIS is its method of developing a negotiated consensus among these socially mixed groups. This process is described in detail in Davis *et al.*, (2015). The MIS approach uses a method of projection, whereby group members are asked not to think of their own needs but of those of hypothetical individuals (or case studies). Participants are asked to imagine walking round the home of the individuals under discussion, to develop a picture of how they would live, to reach the living standard defined above. While participants do not always start with identical ideas about what is needed for a minimum socially acceptable standard of living, through detailed discussion and negotiation they commonly converge on answers that the group as a whole can agree on. Where this does not appear to be possible, for example where there are two distinct arguments for and against the inclusion or exclusion of an item, or where a group does not seem able to reach a conclusion, subsequent groups help to resolve differences.

### **What does it include?**

As set out in the definition above, a minimum is about more than survival alone. However, it covers needs not wants, and necessities not luxuries: items that the public think people need to be part of society. In identifying things that everyone requires as a minimum, it does not attempt to specify extra requirements for particular individuals and groups who may have additional needs – 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 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 composition. The needs of more than a hundred different family combinations (according to numbers and ages of family members) can be calculated. It does not cover families living with other adults in the main calculations, although supplementary reports on single adults sharing accommodation (Hill et al., 2015) and single adults in their 20s living with their parents (Hill and Hirsch, 2019) estimate variations for these household types.

### **Who produces it?**

The main MIS research is supported by the Joseph Rowntree Foundation and carried out by the Centre for Research in Social Policy (CRSP) at Loughborough University.

The study design was guided by the need to have overall uplift figures across remote rural Scotland. This requirement has shaped the study and its scope, including the areas covered, how it covers these different areas of Scotland, different household types and different budget areas.

### **a) Which parts of Scotland are covered?**

The study's objective is to produce uplift percentages for categories 4 and 6 of the Scottish Government's sixfold urban-rural classification, which is defined as:

<b>1</b>	<b>Large Urban Areas</b>	Settlements of 125,000 people and over.
<b>2</b>	<b>Other Urban Areas</b>	Settlements of 10,000 to 124,999 people.
<b>3</b>	<b>Accessible Small Towns</b>	Settlements of 3,000 to 9,999 people, and within a 30 minute drive time of a Settlement of 10,000 or more.
<b>4</b>	<b>Remote Small Towns</b>	Settlements of 3,000 to 9,999 people, and with a drive time of over 30 minutes to a Settlement of 10,000 or more.
<b>5</b>	<b>Accessible Rural Areas</b>	Areas with a population of less than 3,000 people, and within a 30 minute drive time of a Settlement of 10,000 or more.
<b>6</b>	<b>Remote Rural Areas</b>	Areas with a population of less than 3,000 people, and with a drive time of over 30 minutes to a Settlement of 10,000 or more.

Categories 4 and 6 between them correspond to the 'remote rural areas, remote towns and island areas' mentioned by the legislation. In practice, they



cover everywhere that is 'remote' in the sense of being more than a 30 minute drive from a settlement with at least 10,000 people; since there are no towns of more than 10,000 in the Scottish Islands, all island areas are also included. Thus technically the areas covered by this report can be described as 'remote Scotland'. However, we refer to them in this report as covering 'remote rural Scotland', which has commonly been used to describe parts of Scotland distant from larger urban areas (e.g., Scottish Fuel Poverty Review Panel, 2017). Whereas small towns of 3,000-10,000 people are distinguished from 'rural' areas in category 4 compared to category 6, in other contexts, small towns are generally included as part of rural rather than urban areas; [UK official definitions make this explicit](#). However, the study does not include non-remote rural areas – such as villages close to large towns or cities – so it is not accurate to describe areas in categories 4 and 6 as 'remote *and* rural Scotland'.

#### **b) Approach to heterogeneity across these areas**

Within these remote rural areas of Scotland, a vast range of conditions apply, ranging from very remote islands, each with unique characteristics, to a mainland location 31 minutes from Inverness. To capture every feature of this heterogeneity would have required a vast study, reporting multiple results for different situations. However, the research was designed to produce a best estimate of the overall effect of higher living costs on Scotland's fuel poverty rates, rather than to describe additional living costs in each type of community. In this respect, it differs significantly from the previous study (Hirsch et al., 2013), which estimated uplifts for a wider range of settlement types. These were neither comprehensive nor structured to allow any given location in remote Scotland to be easily classified so the results could not have been applied to household locations in the annual Scottish House Conditions Survey, which is used to calculate fuel poverty.

The simplified design used in this study creates two uplift percentages for each household type: one for the islands and one for remote rural mainland areas of Scotland. These uplifts do not describe differences within each of these broad areas, but rather make a best estimate of what single uplift percentage would best represent the overall effect on fuel poverty of higher costs. The starting point was to create a cost model for the areas in which the greatest number of people live: either in small towns or in areas accessible to small towns. In the previous research, these two types had produced similar results when looked at separately, with most people in villages near small towns expecting to drive to those towns to do most of their regular shopping, creating at most minor differences in travel costs. The MIS research therefore talked to groups made up of people living in and around small towns to establish a cost model. However, some significant additional costs of living in more remote rural areas of the islands, particularly those where all regular shopping would be done at a local community store rather than a supermarket, or those where inter-island ferry trips affected transport costs,

were also taken into account at the pricing stage. The final uplift percentages adjust for these more remote island results, weighted for population size, and therefore factor in some of the most clear-cut costs of living in the most remote areas. We are not however able to report full budgets for such areas, where we have not been able to carry out MIS groups that give a rounded picture of differences in life in these locations that affect living costs.

### **c) Distinguishing between household types**

The main MIS results allow the calculation of over 100 combinations of household types - defined by the number of pensioners and working age adults, and the number of children in each of four age categories. The present study simplifies this, looking at three types of household: working age adults without children, pensioners and families with children. For the first two of these household types, results for both singles and couples are calculated, with an average of the two being used for the uplift figure. For families with children, the calculations are based on a couple with two children, aged 4 and 7. All these results are expressed in terms of *percentage uplifts*, which when applied to the UK MIS budgets, will reflect differences in household size. Thus, for example, the actual uplift in pounds for a lone parent with one child will be much smaller than for a couple with four children, based on a different starting point in terms of the UK MIS budget for each of these.

### **d) Which household costs are included?**

Finally, an important aspect of the remote rural Scotland uplift figures specified by legislation is that they are net of certain important costs, which will be captured in the survey used to calculate fuel poverty, according to the situation of individual households. These are costs over which households have limited day to day control, some of which can vary greatly from one household to another:

- Rent, Council Tax and water rates are subtracted from income in the 'after housing costs' measure of household income, used in making fuel poverty calculations.
- Childcare costs are also subtracted in making the fuel poverty calculation, and not included in the benchmark MIS figures.
- Domestic fuel costs are deducted according to the assessment of how much a household needs to spend on fuel to maintain thermal comfort, given the characteristics of their home. Thus, no fuel requirement is included in the MIS calculation against which net incomes are compared.

Since the fuel poverty measure accounts for the above costs at the individual level, rather than as part of the MIS benchmark as covered by this study, the study does not in itself capture all aspects of additional costs in remote rural Scotland. In the case of most of the items mentioned above, this is not particularly significant, because there appears to be no systematic variation in costs making life more expensive in remote rural areas. For example, available data suggests that private rents are systematically neither high nor low in remote rural areas of Scotland, compared to the rest of the country.

This can be illustrated by looking at a modest (lower quartile) rent on a modest-sized (2 bedroom) home. In 2019, out of Scotland's 19 housing market areas, the lower-quartile rent for a two-bedroom property was fifth-highest in Highlands and Islands, 12<sup>th</sup> in Dumfries and Galloway, 13<sup>th</sup> in Argyll and Bute and lowest (19<sup>th</sup>) in the Scottish Borders ([Table 16 of private rent statistics](#)).

On the other hand, for fuel costs, the situation is very different: as reflected in the 2013 MIS study, fuel costs are systematically higher in remote rural locations due to the compounded effects of severe weather, off-grid fuel sources and the low thermal efficiency of older homes. This is particularly important in contributing to fuel poverty in these parts of Scotland. It is important to bear in mind that the additional costs reported here therefore present only part of the picture of higher costs in remote rural Scotland. This does not compromise the accuracy of the fuel poverty calculations into which they feed, because they take account of additional fuel costs at the level of the individual household. But it means that the uplifts calculated here should not be reported as if they represent the full additional living costs faced by residents of remote rural Scotland.

### 3 Method: applying the Minimum Income Standard approach to remote rural Scotland

As described in Chapter 2, the Minimum Income Standard is the income required for a household to meet a minimum socially acceptable standard of living as defined by members of the public living in that society. As with the main MIS research, decisions about what this standard of living should enable people in remote rural Scotland to have and do were made through deliberative discussions among residents of these areas. Participants from a particular demographic group (working age adults without children, parents or pensioners) negotiated and reached consensus on what households in that group would need in order to meet the definition of a minimum standard of living central to MIS. Pensioners discussed the needs of singles and couples in retirement, working age adults without dependent children discussed working age needs and parents discussed the needs of parents and children.

The fieldwork for this research comprised 18 three-hour groups, six with working age adults without children, six with parents and six with pensioners. One of each type of group was held in each of three island and three mainland locations between 26 October 2020 and 31 March 2021 (see table below). There were 125 participants in total; an average of seven participants per group. Each group included people from a range of backgrounds, housing tenure and income sources (work, pension and/or benefits). As a result of the pandemic, the groups originally scheduled for location-based in-person fieldwork were all held online via Zoom.

	Working age adults (no children)	Families with children	Pensioners
Mainland	3 groups (one in each location)	3 groups (one in each location)	3 groups (one in each location)
Island	3 groups (one in each location)	3 groups (one in each location)	3 groups (one in each location)

Participants reviewed the lists of items required for a minimum socially acceptable standard of living agreed by groups in urban areas of the UK in 2020, and were asked if and how the lists needed to be amended in order to reach the equivalent standard for people living in their location. The UK lists were developed by groups held before COVID-19 was declared a pandemic and so were not affected by changes in what people were able to do, where they could go or how they could access goods and services. In order to compare like with like, participants in the groups for this study were asked to reflect on life pre- (and hopefully post-) COVID-19.

## **Recruitment**

In recruiting research participants, the Scottish researchers on our team used their extensive networks of contacts to reach out to the selected locations via phone calls, emails and social media. They issued press releases and liaised between the MIS researchers and local media to get local radio and press coverage of the research as part of the recruitment drive. In areas where there were particular elements of the sample that needed boosting the researchers purchased electoral roll data and contacted households directly that were likely to fit the relevant criteria.

In remote rural Scotland, strong networks of community and social enterprises have been strengthened by the local responses to the COVID pandemic in Scotland. As a result, researchers were able to tap into strong local networks to aid with recruitment, and also to target some groups that would otherwise have been hard to reach at a distance. However, some community contacts were harder to reach – particularly where remote working and web based contact details were not up to date. Snowballing and using other community contacts helped to overcome this. In some locations Community Councils were very helpful.

Communities that had a strong social media presence were easier to recruit from. This was especially apparent in some island locations, which had websites that focused on local news and events that were widely read. Recruitment via print media was less successful in all but one location.

## **Conducting the fieldwork online**

All participants had to commit to a three-hour online meeting and feel sufficiently comfortable with the technology to be able to take part. This was relatively straightforward for those who had used online platforms while working from home or socialising during lockdown. It may have made participation easier for those parents who would have needed to arrange childcare in order to attend a group held in person, although in some areas there were potential participants who could not participate due to poor/no broadband.

It represented a greater challenge for those who were less familiar with the technology, particularly older people, although during the pandemic many of this demographic group have become used to attending church, committee meetings, book groups and exercise classes virtually over the last year. It was harder to recruit those in older age groups (80+), who were less likely to have used computers during their working lives, but there were some who were willing to participate, sometimes with support from a partner or relative.

All participants were offered the opportunity to practise joining an online meeting with one of the recruiters in advance of attending the group, and one or both of the recruiters often attended the groups, especially at the start of the group, to make sure that people managed to connect and access the meeting. If anyone was struggling with the technology a recruiter would phone them to support them through the process.

The lead researcher from our Scottish team (based in the Scottish Highlands) attended all the island-based groups and at least one group in each mainland location to ensure that we captured sufficient levels of detail on local suppliers and providers needed for the re-costing items within the budgets. Having a locally based team member with excellent knowledge of the research locations helped to clarify place names, distances between locations mentioned by the group and relevant local facilities and amenities. This transfer of knowledge and understanding of local context was invaluable as the research team were unable to visit the areas we were recruiting and researching in to acquire this knowledge first hand.

Most people attended using a laptop, tablet or PC. Some people used their mobile phones, which meant that they were not able to see all the others in the group at the same time. However, the type of device being used appeared to make no difference to people's engagement or ability to contribute to group discussion. The groups were recorded using Zoom, but only the audio files were retained for transcription, replicating the standard MIS practice of audio-recording group discussions.

The lists of goods and services were amended following the group discussions and priced in May 2021 according to the retailers and sources identified by groups. This produced budgets for a range of household types – single and partnered working age people, single and partnered pensioners, and partnered parents with one pre-school and one primary school child. We then compared the MIS remote rural Scotland budgets to MIS urban UK budgets for 2021 to assess the differences both overall and within budget areas. (Even though MIS budgets were last compiled for the urban UK in 2020 for households with children and in 2018 for other households, consumer price indices are used to uprate these budgets annually.)

## 4 Explaining differences

The needs of households living in remote rural Scotland are in many respects similar to those living in urban locations across the UK. There are, however, some key differences, in particular in the budget elements relating to:

- Food and drink
- Clothing
- Household goods and services
- Transport
- Social and cultural participation, particularly holidays

This chapter summarises the rationales given by groups to explain these differences and justify changes to budgets. It shows how the discussions and deliberations of groups highlighted differences linked to geographical location, reporting the rationales for changes made to the UK MIS lists of goods and services. These discussions identified ways in which additional costs can arise not just from higher prices in remote areas, but also from the need to exercise choice in how goods and services are accessed, an important aspect of life that can have cost implications for those living in smaller communities.

### Food and drink

Groups agreed with the existing MIS UK model for food requirements and purchase, where possible buying food consumed at home in a weekly shop from a supermarket. For people living outside a town with a supermarket, this would be supplemented with top-ups of some day-to-day items such as bread and milk, from a small local store.

Groups also discussed eating out and takeaways – a small budget is included in UK MIS to enable households with children to eat out as a family four times a year, and pensioner and working age households without children to eat out from time to time and as well as having an occasional takeaway. Groups agreed with this model in all locations, and for working age adults without children the flexibility of £15 per person per fortnight for a takeaway or meal out was thought to be sufficient. For pensioners the more modest £10 for takeaways in UK MIS (based on smaller portions, for example sharing a large fish and a portion of chips) was increased to £15 in line with the amount included for working age adults without children. Groups said that there was less choice available and fewer or no cheap fast food or takeaway vendors in their vicinity so increased the budget to reflect the higher prices charged. For the couple with two children, the larger family group benefits from economies of scale, meaning that for them £10 per adult and school aged child and £5 for the preschool child would be sufficient for an occasional meal outside the home – an increase of £4 per adult and school aged child and £2 more for the preschool child compared to urban UK MIS.

## **Clothing**

Groups thought that the clothing lists did not need revision for the most part, but increased the amount and/or quality of waterproof and weatherproof clothing and added some thermal underwear to reflect more severe weather conditions than in urban UK. Island groups said that people would buy some clothing on-island, some online and the remainder during trips to the mainland where they could access a wider range of stores, greater choice and 'stock up' at inexpensive retailers like Primark and H&M (which is where much of the clothing in UK MIS is priced). Mainland groups said that they would access the same range of clothing and footwear on shopping trips to larger cities every month or two. These trips were included in the mileage calculations in the transport budget.

## **Household goods**

The main difference for many of the household goods was which retailers they should be priced at. This was particularly the case for island households who did not have access to the same range of shops and outlets as those on the mainland, and who could not access them without incurring significant costs either through travel or delivery.

Participants in the island groups discussed the benefits of shopping on-island where possible, including supporting local businesses and experiencing a higher standard of after-sales care from local retailers. Goods bought online, especially larger items, could arrive late and/or damaged, and trying to arrange for their return was extremely problematic, particularly for large items. Some thought that almost everything could be found on-island, and some items, for example flooring, were said to be competitively priced locally. However, there was consensus that it was not unusual to have to pay a higher price in island stores than on the mainland, although the quality of these goods may be higher. An appropriate adjustment was made to the lifetime of larger items to take account of this.

Mainland participants in smaller communities were more likely to travel to larger towns and cities in order to have a wider selection from which to choose, particularly for clothing, shoes and electrical goods, and built in occasional trips by car to do so. Island households were likely to combine a mainland shopping trip with a longer stay for visiting and recreation to minimise travel costs and get the best value for money from the trip.

Groups discussed the differences that weather made to what was needed for remote households and added a small number of items. Working age groups without children and pensioner groups added a small oil-filled heater to provide an economical direct source of heat, either to supplement existing central heating, or to take the chill off when the weather was colder but not



cold enough to require the central heating to be turned on. (We take account only of the cost of purchasing this heater, not of running it, since fuel costs are excluded from our calculations). Working age groups with and without children added a hot water bottle per person for similar reasons; pensioners discussed the merits of hot water bottles and electric blankets and decided that the latter would be more suitable for their needs.

Discussion of the colder, wetter climate also featured in discussions about laundry. Groups agreed that all households needed a tumble dryer for use during colder months and inclement weather, which differs from MIS UK where only households with three or more children require this item. Participants talked about the difficulties of getting washing dry indoors when it couldn't be hung outside.

Man: It's moisture that gets into your environment of your kitchen and your small flat so it could lead to health issues. Some of the older flats in the private rented sector need some work done to them. They're hard to heat in the winter so you get condensation problems. You might be in good health now, but you could soon be in poor health.

**Working age group, Mainland**

Woman: I live in a flat and I have got storage heaters so I have nowhere outside to hang clothes and nowhere inside, I don't have the space really to put clothes anywhere, I have to have a tumble drier.

Man: It is a need to have up here.

**Parents group, Island**

Woman: I have a tumble drier and I don't use it all the time but I tend to use it in winter because it's too damn cold to go outside and hang the washing.

**Pensioners group, Island**

As well as the practicalities of getting laundry dry, participants also mentioned possible negative consequences of trying to dry clothes indoors year-round and island parents' groups included a dehumidifier for households with children in recognition that houses with more occupants might have a greater need for this item to prevent damp.

Weather could also affect access to groceries. Island groups discussed the need for a small additional freezer for each household as supplies could be disrupted by bad weather, so it was important to be able to freeze provisions to tide people over until the shops could restock.

Man 1: If the ferry doesn't sail you need a larger freezer sometimes just to actually have some extra provisions in just in case.

Man 2: When it doesn't sail three or four times every winter, we go two days without fridge lorries coming onto the island.

**Working age group, Island**

The above discussion identifies certain goods such as oil heaters and tumble driers that are also associated with higher energy costs, but since domestic fuel spending is not covered in this research, it is only the cost of the goods themselves that are being captured here.

**Household services**

This category includes costs for phones, internet, postage and delivery. For the most part the requirements for these items remained unchanged. However, groups discussed the expense of paying higher delivery charges (as mentioned above), which could sometimes be greater than the cost of the item itself, and also the cost of returning items ordered online by post and sending items to family and friends who did not live locally. They agreed a budget of £20 a month per household for both island and mainland households to enable people to afford to send and receive the things they needed to.

Woman: Postage is an absolute killer and clothes in particular, I really hate online shopping for clothes because I really want to see things in the flesh and if I am choosing something I want to get it because I like it, not because there are free returns. There might be a firm that does give you that option, but if it is not giving you what you really want then I wouldn't go for that. I would rather pay for return postage and take that chance.

**Working age group, Island**

Woman: Things like IKEA, quite often people similar to me would probably order a lot of their furniture from IKEA and the delivery charge for that is really, really expensive. Quite often it's more than what you're actually spending on buying, but you're in a little trap because what you're maybe trying to buy you couldn't get any cheaper anywhere else anyway. You know even including delivery, and as well as that there's not that much competition in the town to lower prices, so for things like furniture it can be really expensive here.

**Parents group, Mainland**

## Transport

The transport element of the budget produced the most fundamental differences between remote rural Scotland and urban UK MIS; as shown in Chapter 5, this is by far the biggest source of differences in household costs identified in this study.

In urban MIS, working age adults without children and pensioners rely mostly on public transport, with some use of taxis to meet additional transport needs. Parents need one car per household, which is shared in couple households. In remote rural Scotland, in contrast, groups agreed that all household types need at least one vehicle, and for working age households this was one vehicle per adult. They said that adults in couple households might work in different locations and/or have different shift patterns that would make sharing a car for work or using the limited public transport services where available impractical. They identified a travel radius of up to 30 miles on the mainland or 20 miles on islands to ensure sufficient choice of employment opportunities.

Woman: I think there are a number of employers out of the town and in recent years more and more job opportunities ask the question whether you have a driving licence and if you have access to a car even where it's not essential to be a car driver to get employment. But there are also a number of fair size employers who are many miles out of town and you wouldn't be able to access public transport to go to work.

**Working age group, Island**

Woman: I don't live right in the centre so I'm out of the town... it's difficult for getting anywhere without a car to be honest. Me and my partner work different hours and different days and we've just gotten a second car - actually we found it hard with one car. A bus would be no use for us because we couldn't get into the town centre on a bus because it just doesn't stop anywhere near our house.

**Parents group, Mainland**

Groups said that all cars would be second hand, and in two-car households one would be a larger car, for example a Ford Focus, which would be used on longer trips (e.g., shopping in towns/cities further away than usual) and the other would be a smaller model, such as a Ford Fiesta.

Pensioner groups did not feel that it would be feasible for older people to rely on public transport and taxis to meet their needs because services were limited in frequency and range. While some people were able to rely on community transport or lifts from family or friends, participants agreed that one car per household (a small, second hand, five door hatchback) would be

needed as not everyone had access to this kind of support. Even with a car, participants said that some money for taxis should be included to cover emergencies or times when vehicles were being serviced or repaired, particularly as it could take several days for spare parts to arrive.

The required travel distance specified by the groups for almost all journeys were longer than those in the UK MIS parents' budgets (e.g., visiting shops, hospital, leisure). For island households there were also additional ferry costs in order to travel to the mainland to go on holiday. The option of flights was discussed, but family groups agreed that as the holiday trip was likely to include some mainland shopping, it would be more practical to be able to load that in the car to come home. However an emergency trip for one adult, every two years, using flights was included as all groups indicated that this would be necessary to cover attendance at funerals or dealing with family emergencies on the UK mainland.

Mileages were calculated both for households living in small towns and those living in communities within a 10 mile radius. Population-weighted averages were applied: population data was used to calculate the relative number of people in remote rural areas who live in small settlements and in towns; the mileage calculated for each of these two cases was multiplied by the relevant population percentage; and these two results were added together.

## **Social and cultural participation**

For the most part groups thought that the provision in the urban UK MIS budgets would provide sufficient resource for people to be able to take part in day-to-day social and leisure activities where they lived. The exception to this was for a preschool child, for whom higher budgets were identified. In mainland locations, parents said that activities could be more expensive than in urban UK. On the islands, there were fewer activities (such as soft play facilities) and the weather was more severe, so more resources for entertaining and stimulating younger children indoors, such as toys, games, books and craft materials were required. Parents in both mainland and Island groups also said that children were likely to start formal swimming lessons younger than in the urban UK MIS, where these are included for primary school children, with participants agreeing that most children would be learning to swim from the age of three. The existing budget of £20 per month for preschool leisure activities was increased to £30 in order to provide the weekly swimming lesson and some resource for other expenditure on other occasional activities during the month. The primary school child's budget of £10 per week throughout the year was unchanged as that was agreed to be enough to cover up to two activities a week, such as the continuation of swimming lessons and another sporting or social activity with peers outside of school.

Another difference related to social participation was that groups said that in both mainland and island-based remote communities there were a lot of local fundraising activities, which were well supported and an important part of participating in society. They increased the allocation for charitable giving to reflect this saying that it could be used for attending fundraising events, buying raffle tickets and ingredients for/cakes from bake sales for organisations such as Search and Rescue and the Royal National Lifeboat Institution.

Man: If you go to an event or whatever is that you can go to a bingo night and it could be a charitable bingo night so you pay to get in and raffle tickets come out as well. So whatever you do up here the raffle tickets come out.

**Pensioners group, Island**

Man: Yes the communities are smaller and you're more likely to know somebody involved in it; like the lifeboat one is a very big one up here and they go around a lot of the pubs that the fishermen go into and everybody has got family related to it.

**Working age group, Island**

Holidays create more significant additional costs. Groups agreed that the specification of an annual UK-based holiday included for each household in urban MIS would also meet the needs of people in remote mainland towns (a seaside caravan holiday for households with children, a coach tour for pensioners and a city break for working age adults without children). Travelling to access these holidays meant that the transport budget needed to be increased. They also increased the duration of the trips slightly to incorporate time for visiting friends and relatives and to shop for items and in retailers not available closer to home. In some cases this extension was necessary in order to allow for ferry bookings that involved overnight travel and were prone to cancellation, or breaking long journeys to a holiday destination in another part of the UK.

Woman: You would have to add on a couple of days because if you're picking up a coach package, if there happens to be one in Aberdeen that would be fine but you would probably still need to go down the day before so you'd have a nights accommodation.

**Pensioners group, Island**

In addition, island groups said that pensioners would require a total of two weeks away, rather than one week as specified in urban UK MIS and mainland towns. This is related to the distance and time involved in getting off-island and the need to make the most of the effort and expense required to travel to a non-island location. The cost of coach tour packages as well as spending money specified were higher per day than in the urban UK MIS research, compounding the effect of this longer period spent on holidays. The

spending money increases were related to the need to make the most of opportunities to access cultural and entertainment options that were not available as part of regular island life.

Woman: When you do go on a holiday... you do want to give your bairns all these experiences that they don't get up here. And some of those experiences can be as bog standard as going to a café or a restaurant or something that they've seen on the television or going on a train or a bus which sounds a bit ridiculous but that's what it's like.

**Parents group, Island**

## 5 Calculating the uplift

This study identified extra costs in a range of different areas of households' spending. As discussed in Chapter 2, what follows is not a comprehensive account of the additional costs that arise in remote rural Scotland, because (i) it does not include fuel costs and (ii) not all situations of remote rural living have been examined. Nevertheless, it demonstrates that these costs are substantial and provides the basis for the remote rural uplift to the MIS budgets to be used in the Scottish Government's fuel poverty indicators.

Five areas of spending stood out as the source of additional costs in this study: food, clothing, household goods, travel and social and cultural participation. Of these, travel accounted for by far the greatest additional costs.

### Food

Paying for food can cost more in remote areas as a result of higher retail prices at different kinds of store. In our earlier study of additional costs in remote rural Scotland (Hirsch et al., 2013), we found that most people in the region lived in places where they would pay slightly higher prices using small-town supermarkets, while a small number paid much higher prices because they would need to use remote small stores. The current study, however, did not find evidence of the first of these phenomena – higher supermarket prices. Detailed pricing of food baskets was carried out in Tesco 'Superstores' in remote towns, which are smaller than and do not have identical pricing to the large Tesco 'Extra' stores in urban areas on which the main MIS budgets are based. While in 2013, baskets were found to be about 10% higher in these remote town supermarkets, pricing in 2020 and 2021 did not find such a difference. Specifically, mainland supermarket budgets priced in both April 2020 and May 2021 were each 5% below, and an island supermarket budget priced in May 2021 was 1% above, the equivalent budget priced in the main urban MIS in April 2020 (adjusted for inflation). Given price fluctuations for individual products, which appear to have been greater than normal during the pandemic, we interpret this as showing no systematic difference at present between small town and large urban supermarket food prices.

In contrast, baskets priced at small local stores, either Co-ops or independent village shops, continued to show much higher prices than supermarkets. For example, at local community stores, the priced food baskets were 44% higher on the mainland and 27% higher on islands than the equivalent in a supermarket. Some local village stores had even higher prices. Our method involves taking some account of these additional costs where a weighted average of different store models by population could make a significant difference to reported food costs. On this basis, we incorporated two assumptions. The first, informed by our focus groups, was that people living

in areas accessible to but outside a remote town would do a small amount of top-up shopping each week, buying essential such as eggs and milk, at a local store, and the rest in the supermarket. The second was that people living on islands who were at least two hours' travel time from a town<sup>1</sup> would do all their shopping at a local store. This second scenario has the most significant effect on the weighted average of food prices; based on ward population figures, we estimate that about one in five island residents is in this situation, facing very high food costs.

A further influence on overall food costs is that in most cases, the small budget for eating out or takeaways in the MIS budget is greater in remote rural Scotland than the main MIS. As reported in Chapter 4, this difference, linked to higher prices and the limited options available, was suggested by groups, and it was verified by pricing by researchers.

Table 1 presents the food costs in remote rural Scotland compared to urban UK, in each case showing weighted averages<sup>2</sup>, driven mainly by prices in towns, but also affected by higher costs in local stores. It shows that differences are very modest on the mainland, but add 10% or more to food budgets for families with children and single pensioners on islands. All these figures are lower than in 2013, because of the apparent convergence of prices in different supermarket types – a trend that will be kept under review in future updates.

Table 1 Weekly food costs in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£112.43	£117.08	4%	£126.70	13%
Working age single	£49.69	£50.60	2%	£52.06	5%
Working age couple	£83.13	£84.64	2%	£87.06	5%
Pensioner single	£47.10	£48.30	3%	£51.97	10%
Pensioner couple	£75.25	£77.04	2%	£79.57	6%

<sup>1</sup> This covers most of the Inner Hebrides, Barra, Uist, the North and South Isles of Orkney and the North Isles of Shetland.

<sup>2</sup> Specifically, weighted averages were calculated in two stages, drawing on population data. First, the relative number living in towns compared to small settlements was used to calculate a food budget for all but the most remote areas, by multiplying the town (supermarket-only) budget by the percentage living in towns and multiplying the accessible small settlement (supermarket plus local top-up) budget by the percentage not living in towns, and the results added to produce a main food budget applying to most areas. The second stage, for islands only, used the same population-weighted method to produce an average of this first result and the budget for people living on the most remote islands (based only on the local store), taking account of the relatively small number of people who live in those remote locations.



## Clothing

For different households a varying selection of clothing was assumed to be purchased locally, with the proportion of this being higher for pensioner and working age households than for families with children. While some clothing will be purchased by islanders on the mainland during visits, or online, all groups indicated that some clothes shopping would be done locally. Families living on islands were assumed to take their cars on visits to the mainland, and this gave more capacity to buy clothing there than working age and pensioner households who would be able to economise by using coaches or public transport on mainland trips. Local shopping thus added variable costs to the clothing budget through higher prices; other costs were added by additional items related to outdoor life. The latter are particularly significant in the Islands, and altogether these two factors can add up to a third onto the cost of clothing. These differences are shown in Table 2.

Table 2 Weekly clothing costs in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£44.66	£49.26	10%	£50.20	12%
Working age single	£7.99	£9.07	14%	£10.63	33%
Working age couple	£15.98	£18.14	14%	£21.25	33%
Pensioner single	£6.99	£8.24	18%	£9.34	34%
Pensioner couple	£13.98	£16.47	18%	£18.67	34%

## Household goods and services

In mainland remote rural Scotland, most household goods can be bought either at a town supermarket or at larger stores in a city on occasional visits. Here, additional costs arise mainly from the small number of additional items identified in Chapter 4, such as tumble driers and oil heaters. In islands, in addition, there is less chance to shop in a larger city, so a number of household goods are bought in a remote town at higher prices than in urban areas. In addition, people living remotely from towns also have to buy household 'consumables' such as cleaning materials at more expensive local shops. As with food, these additional prices have been factored into the calculations on a population-weighted basis.

Table 3 shows that, for household goods just as for food and clothing, additional costs are significantly higher in islands than on the mainland. The single biggest source of these differences are the higher costs of larger items bought locally.

Table 3 Weekly cost of household goods in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£27.56	£28.64	4%	£30.34	10%
Working age single	£10.05	£11.07	10%	£12.25	22%
Working age couple	£12.22	£13.46	10%	£14.89	22%
Pensioner single	£15.39	£16.39	7%	£18.04	17%
Pensioner couple	£17.55	£18.69	7%	£20.58	17%

A further, indirect cost of obtaining household goods is delivery charges, particularly in the islands, classified under 'household services'. As shown in the full budget tables later in this chapter, these budgets are also higher in remote rural Scotland than in the rest of the UK, but in most cases this added only very modest amounts to overall budgets. Delivery costs were most significant for island pensioners, for whom they added around £3 a week on average to household budgets.

## Travel

Travel is by far the greatest source of additional minimum costs for residents of remote rural Scotland. This is for three main reasons. First, in order to have the opportunities and choices that MIS specifies, people in these locations need to be able to travel much greater distances than in the rest of the UK – especially for work, but also for shopping leisure/holidays and accessing services. Mainland groups associated the cost of travelling to larger towns to buy household goods and clothing with avoiding the extra costs of buying these all locally. Thus, to some degree, higher local prices are reflected in the cost of travel, not just the cost of buying goods locally. Second, this requires having at least one car, which is not required in urban UK MIS for households without children. For non-pensioner couples with children it requires two cars, rather than one in urban UK. Third, some costs, such as petrol, are in most cases somewhat higher in remote rural Scotland than urban UK, although this is not the main driver of additional travel costs.

These influences are reflected in the additional costs of travelling in remote rural Scotland in Table 4. In absolute terms, the biggest addition is for couples of working age, including couple parents, whose need to own two cars and potentially to commute substantial differences can add over £50 a week to a minimum travel budget. However, as a percentage of travel costs, the greatest increases are for pensioners, because in the urban UK MIS budgets these costs are very low: there, pensioners rely mainly on free bus travel, supplemented by the occasional taxi trip. Table 4 also shows greater additional travel costs in mainland remote rural areas than in the islands, associated with greater distances in the former.

Table 4 Weekly travel costs in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£102.10	£157.01	54%	£130.52	28%
Working age single	£43.30	£74.73	73%	£60.78	40%
Working age couple	£86.65	£144.78	67%	£117.34	35%
Pensioner single	£15.42	£54.10	251%	£43.89	185%
Pensioner couple	£19.16	£53.84	181%	£44.44	132%

Note that the 2013 study identified some island situations where travel costs could be significantly higher than shown because of the need to use inter-island ferries regularly. Most notably, some people living in outlying islands in Shetland and Orkney may need to use ferries as part of a commute. In such a situation, ferry trips could add up to £25 a week to an adult's travel costs. However, we estimate that only about 3% of the islands' population live in this situation, and their travel patterns will differ considerably, so we have not factored this into our overall calculation.

### Social and cultural participation

Most social activities, including for example charges for leisure activities, are costed at a similar level in remote rural Scotland as in the rest of the UK. The most important exception is the cost of trips including holidays and visits to friends and families. Much of this additional cost is covered under travel, but it also brings additional expenses such as the cost of overnight stays, as well as the higher cost of coach packages for pensioners than those starting in urban areas of the UK. As shown in Table 5, additional costs are particularly significant for pensioners living in island locations. This is due in large part to their specification of a two week rather than a one week holiday, as discussed in the preceding chapter.

Table 5 Weekly cost of social participation in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£97.73	£106.56	9%	£115.33	18%
Working age single	£44.82	£45.42	1%	£45.42	1%
Working age couple	£73.63	£74.62	1%	£74.62	1%
Pensioner single	£48.20	£56.59	17%	£69.91	45%
Pensioner couple	£81.56	£95.76	17%	£118.29	45%

## **Budgets and breakdown of additional costs by household type**

Tables 6 to 15 and their accompanying graphs give the budgets for each main household type, showing the breakdown of additional costs and the percentage effect on the overall budget in each case. The following overall observations can be made about these results:

- Overall additional costs are mainly between around 15% and 30% of the urban UK MIS budget. The exception is single pensioners on islands, for whom the extra cost is 37%.
- In most cases the majority of this difference comes from travel.
- One exception to this is a family with children in the islands, where additional costs add 6% to the overall budget, considerably less than elsewhere. This is influenced by the fact that UK urban households with children also need a car, and by the somewhat lower driving distances on islands compared to the mainland.
- Another exception is pensioners living on islands, for whom social participation costs make a large contribution, although as explained above, these are mainly indirect costs associated with travel such as additional overnight stays and higher coach holiday prices.

Table 6 and Figure 1 Remote rural Scotland MIS budget (weekly) compared to UK overall: Mainland, couple with two children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£112.43	£117.08	4%	1%
Alcohol	£10.47	£10.47	0%	0%
Clothing	£44.66	£49.26	10%	1%
Household insurances	£1.46	£1.15	-22%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	27.56	£28.64	4%	0%
Household services excluding childcare	£10.84	£11.52	6%	0%
Personal goods and services	£41.59	£40.23	-3%	0%
<i>Motoring</i>	£69.61	£2.30	-97%	
<i>Other travel costs</i>	£32.49	£154.71	376%	
Travel costs overall	£102.10	£157.01	54%	12%
Social & cultural participation	£97.73	£106.56	9%	2%
<b>Total</b>	<b>£450.76</b>	<b>£523.84</b>	<b>16%</b>	<b>16%</b>

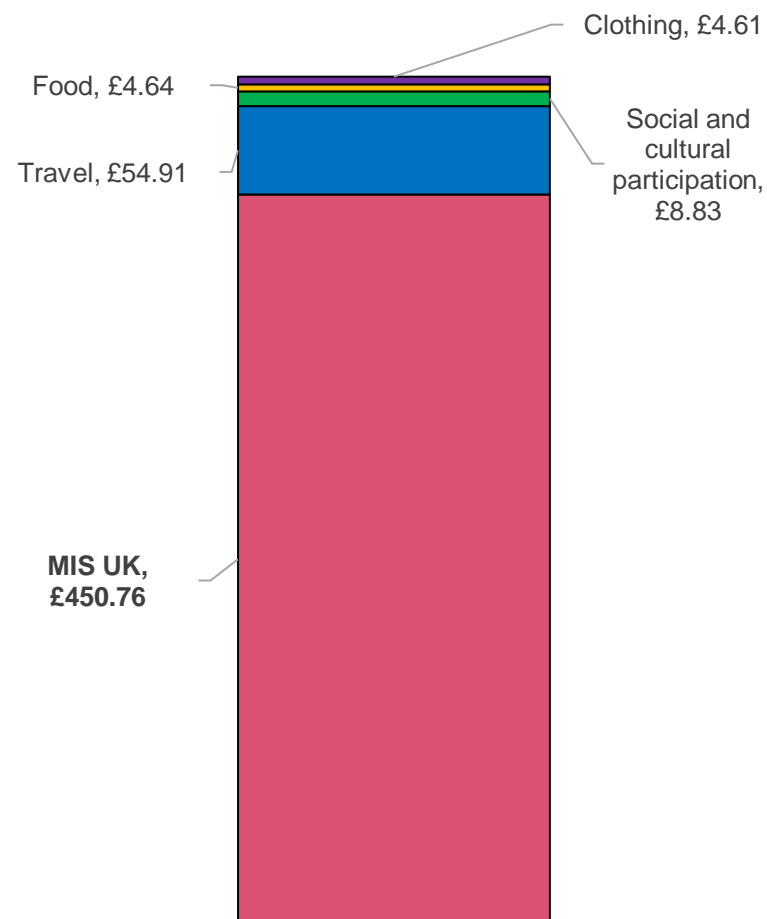


Table 7 and Figure 2 Remote rural Scotland MIS budget (weekly) compared to UK overall: Mainland, single working age without children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£49.69	£50.60	2%	0%
Alcohol	£6.10	£6.10	0%	0%
Clothing	£7.99	£9.07	14%	1%
Household insurances	£1.76	£0.80	-54%	0%
Other housing costs	£1.44	£1.44	0%	0%
Household goods	10.05	£11.07	10%	1%
Household services excluding childcare	£7.66	£11.34	48%	2%
Personal goods and services	£18.52	£19.09	3%	0%
<i>Motoring</i>	£0.00	£71.77		
<i>Other travel costs</i>	£43.30	£2.96		
Travel costs overall	£43.30	£74.73	73%	16%
Social & cultural participation	£44.82	£45.42	1%	0%
<b>Total</b>	<b>£191.33</b>	<b>£229.66</b>	<b>20%</b>	<b>20%</b>

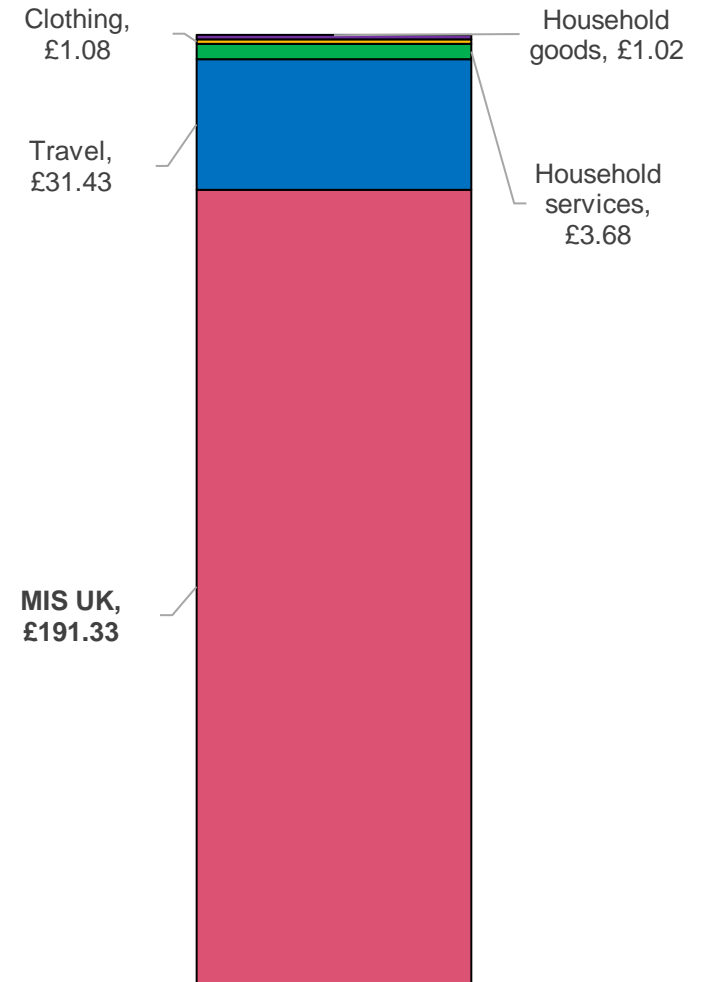


Table 8 and Figure 3 Remote rural Scotland MIS budget (weekly) compared to UK overall: Mainland, couple working age without children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£83.13	£84.64	2%	0%
Alcohol	£12.02	£12.02	0%	0%
Clothing	£15.98	£18.14	14%	1%
Household insurances	£1.76	£0.80	-54%	0%
Other housing costs	£1.44	£1.44	0%	0%
Household goods	£12.22	£13.46	10%	0%
Household services excluding childcare	£10.41	£14.09	35%	1%
Personal goods and services	£31.38	£32.35	3%	0%
<i>Motoring</i>	£0.00	£142.48		
<i>Other travel costs</i>	£86.65	£2.30		
Travel costs overall	£86.65	£144.78	67%	18%
Social & cultural participation	£73.63	£74.62	1%	0%
<b>Total</b>	<b>£328.62</b>	<b>£396.34</b>	<b>21%</b>	<b>21%</b>

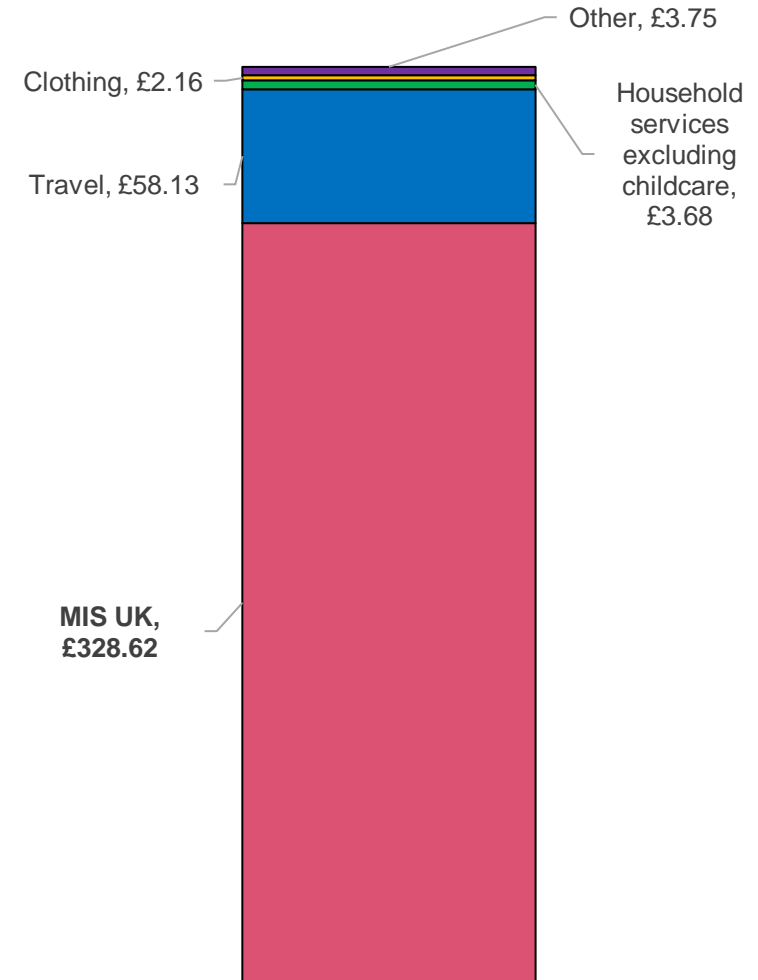


Table 9 and Figure 4 Remote rural Scotland MIS budget (weekly) compared to UK overall: Mainland, single pensioner

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£47.10	£48.30	3%	1%
Alcohol	£8.05	£8.05	0%	0%
Clothing	£6.99	£8.24	18%	1%
Household insurances	£1.55	£1.01	-35%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	£15.39	£16.39	7%	1%
Household services excluding childcare	£8.84	£11.16	26%	1%
Personal goods and services	£18.52	£18.73	1%	0%
<i>Motoring</i>	£0.00	£48.93		
<i>Other travel costs</i>	£15.42	£5.18		
Travel costs overall	£15.42	£54.10	251%	22%
Social & cultural participation	£48.20	£56.59	17%	5%
<b>Total</b>	<b>£171.97</b>	<b>£224.48</b>	<b>31%</b>	<b>31%</b>

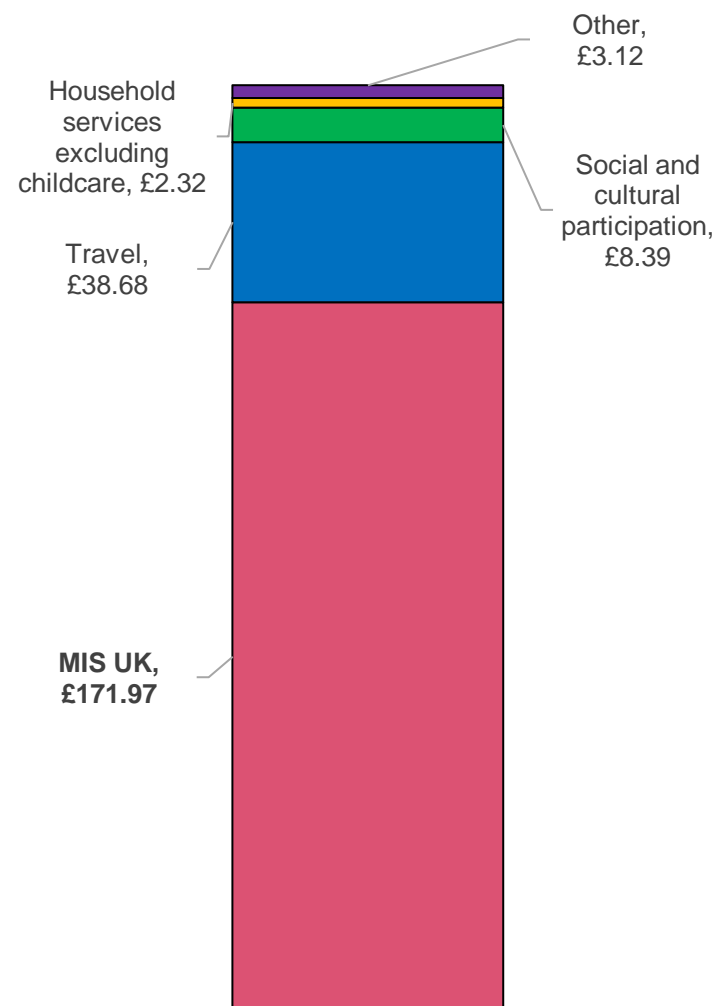




Table 10 and Figure 5 Remote rural Scotland MIS budget (weekly) compared to UK overall: Mainland, couple pensioner

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£75.25	£77.04	2%	1%
Alcohol	£12.30	£12.30	0%	0%
Clothing	£13.98	£16.47	18%	1%
Household insurances	£1.55	£1.01	-35%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	£17.55	£18.69	7%	0%
Household services excluding childcare	£10.77	£13.09	21%	1%
Personal goods and services	£38.67	£39.10	1%	0%
<i>Motoring</i>	£0.00	£49.81		
<i>Other travel costs</i>	£19.16	£4.03		
Travel costs overall	£19.16	£53.84	181%	13%
Social & cultural participation	£81.56	£95.76	17%	5%
<b>Total</b>	<b>£272.70</b>	<b>£329.21</b>	<b>21%</b>	<b>21%</b>

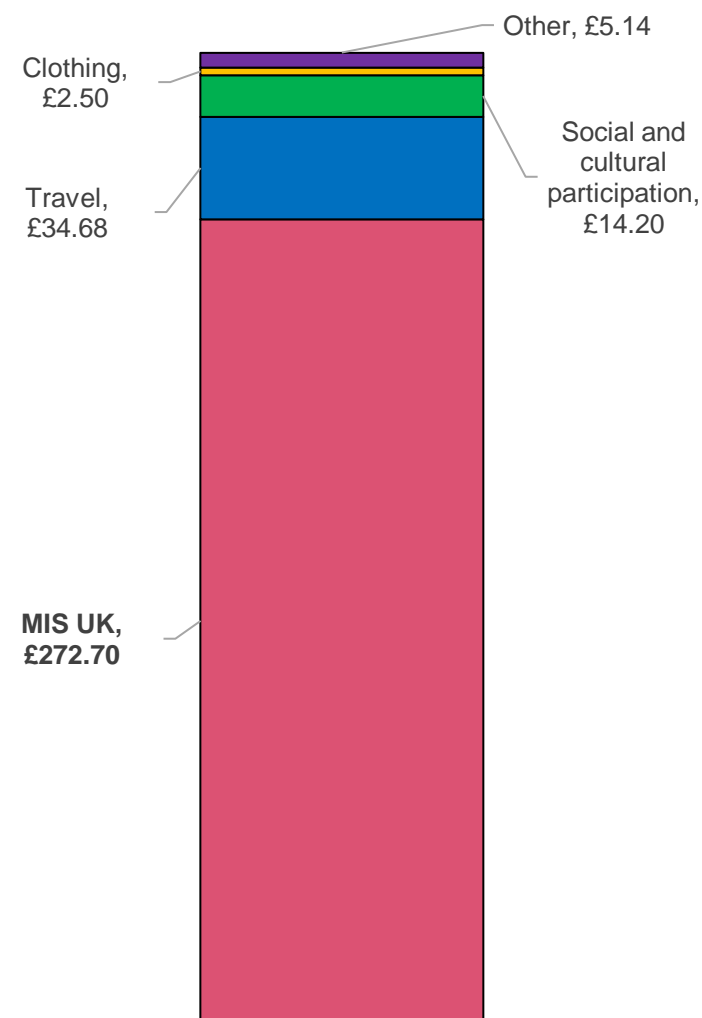


Table 11 and Figure 6 Remote rural Scotland MIS budget (weekly) compared to UK overall: Island, couple with two children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£112.43	£126.70	13%	3%
Alcohol	£10.47	£10.47	0%	0%
Clothing	£44.66	£50.20	12%	1%
Household insurances	£1.46	£1.19	-19%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	27.56	£30.34	10%	1%
Household services excluding childcare	£10.84	£11.52	6%	0%
Personal goods and services	£41.59	£42.26	2%	0%
<i>Motoring</i>	£69.61	£2.30		
<i>Other travel costs</i>	£32.49	£128.22		
Travel costs overall	£102.10	£130.52	28%	6%
Social & cultural participation	£97.73	£115.33	18%	4%
<b>Total</b>	<b>£450.76</b>	<b>£520.45</b>	<b>15%</b>	<b>15%</b>

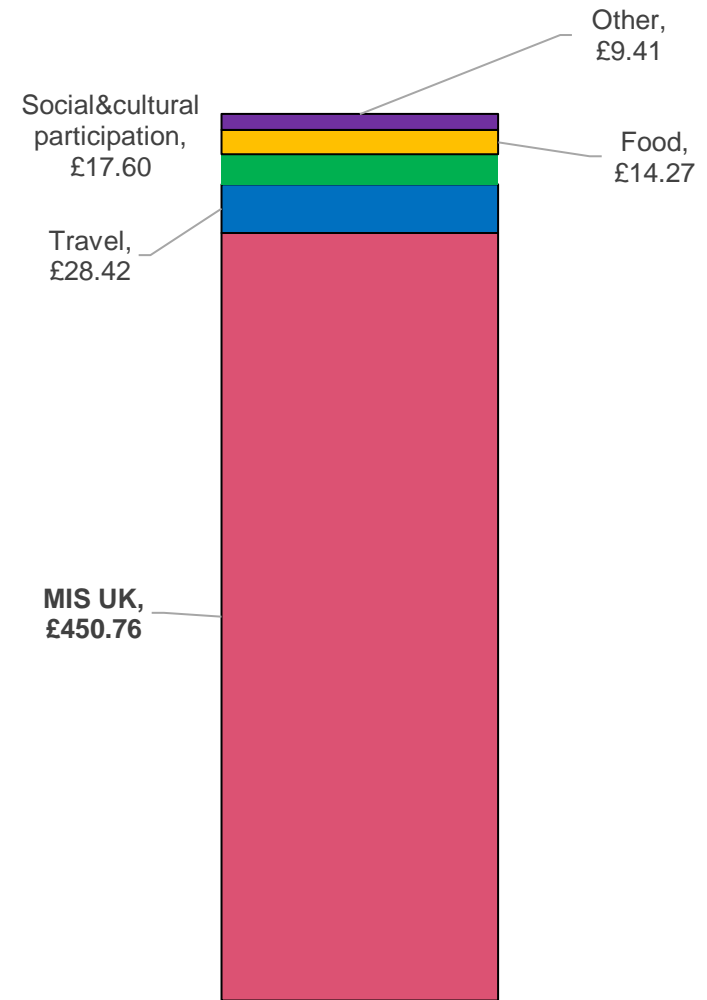


Table 12 and Figure 7 Remote rural Scotland MIS budget (weekly) compared to UK overall: Island, single working age without children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£49.69	£52.06	5%	1%
Alcohol	£6.10	£6.10	0%	0%
Clothing	£7.99	£10.63	33%	1%
Household insurances	£1.76	£0.80	-54%	0%
Other housing costs	£1.44	£1.44	0%	0%
Household goods	£10.05	£12.25	22%	1%
Household services excluding childcare	£7.66	£7.78	2%	0%
Personal goods and services	£18.52	£20.01	8%	1%
<i>Motoring</i>	£0.00	£57.33		
<i>Other travel costs</i>	£43.30	£3.45		
Travel costs overall	£43.30	£60.78	40%	9%
Social & cultural participation	£44.82	£45.42	1%	0%
<b>Total</b>	<b>£191.33</b>	<b>£217.26</b>	<b>14%</b>	<b>14%</b>



Table 13 and Figure 8 Remote rural Scotland MIS budget (weekly) compared to UK overall: Island, couple working age without children

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£83.13	£87.06	5%	1%
Alcohol	£12.02	£12.02	0%	0%
Clothing	£15.98	£21.25	33%	2%
Household insurances	£1.76	£0.80	-54%	0%
Other housing costs	£1.44	£1.44	0%	0%
Household goods	£12.22	£14.89	22%	1%
Household services excluding childcare	£10.41	£10.53	1%	0%
Personal goods and services	£31.38	£33.90	8%	1%
<i>Motoring</i>	£0.00	£114.66		
<i>Other travel costs</i>	£86.65	£2.69		
Travel costs overall	£86.65	£117.34	35%	9%
Social & cultural participation	£73.63	£74.62	1%	0%
<b>Total</b>	<b>£328.62</b>	<b>£373.86</b>	<b>14%</b>	<b>14%</b>

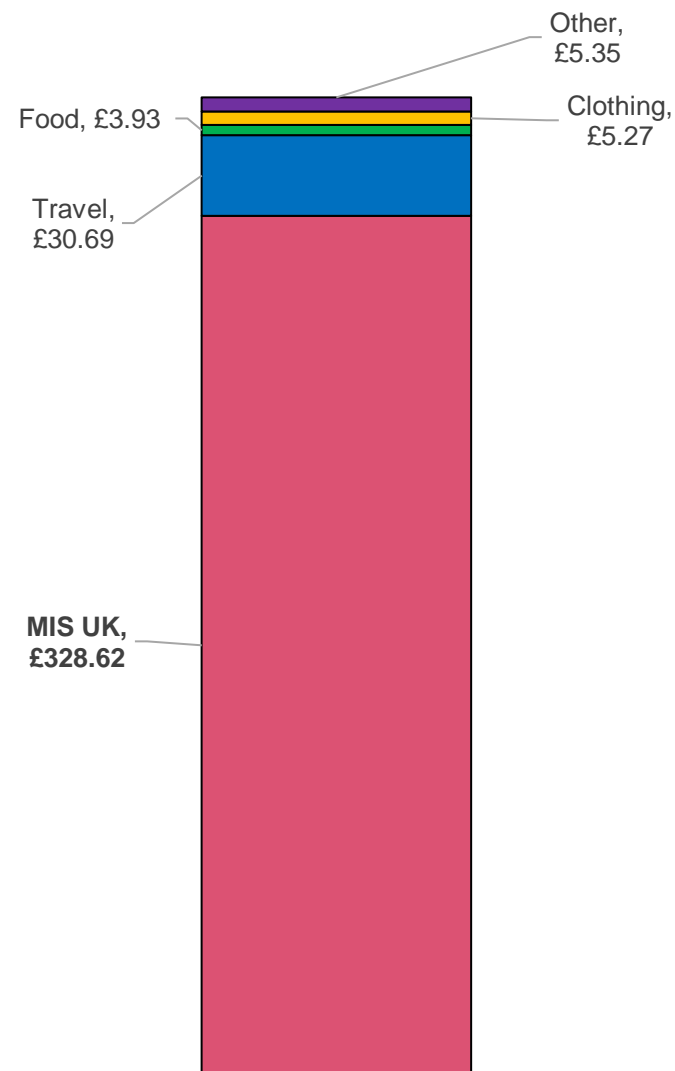


Table 14 and Figure 9 Remote rural Scotland MIS budget (weekly) compared to UK overall: Island, single pensioner

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£47.10	£51.97	10%	3%
Alcohol	£8.05	£8.05	0%	0%
Clothing	£6.99	£9.34	34%	1%
Household insurances	£1.55	£1.01	-35%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	£15.39	£18.04	17%	2%
Household services excluding childcare	£8.84	£11.73	33%	2%
Personal goods and services	£18.52	£19.88	7%	1%
<i>Motoring</i>	£0.00	£41.42		
<i>Other travel costs</i>	£15.42	£2.47		
Travel costs overall	£15.42	£43.89	185%	17%
Social & cultural participation	£48.20	£69.91	45%	13%
<b>Total</b>	<b>£171.97</b>	<b>£235.73</b>	<b>37%</b>	<b>37%</b>

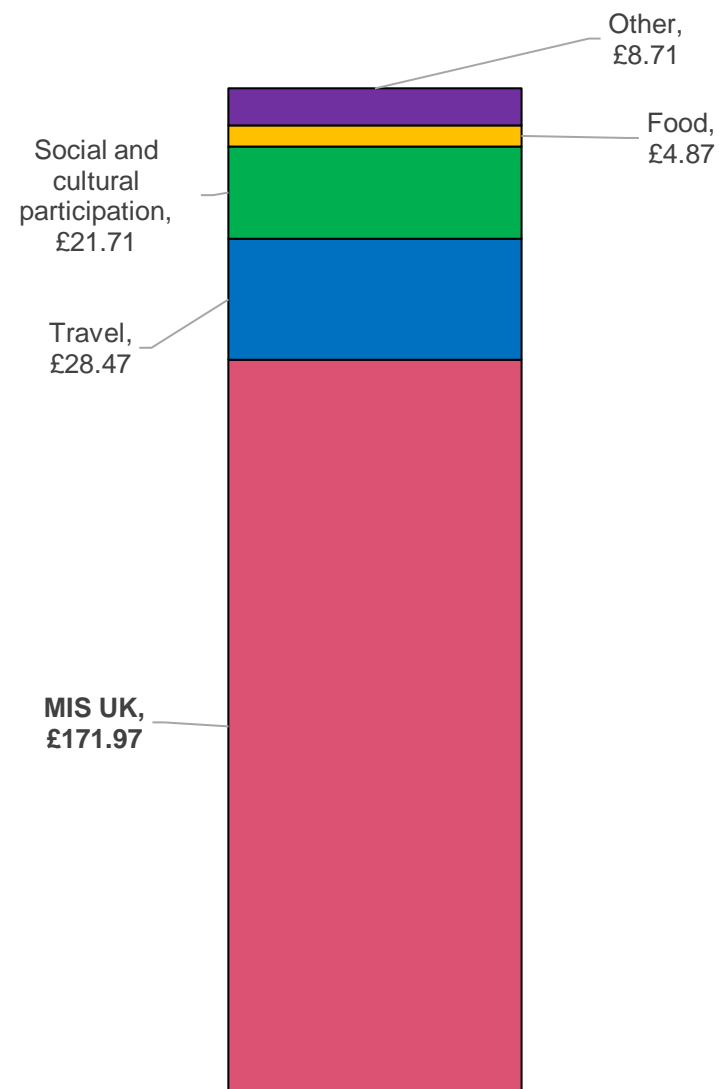
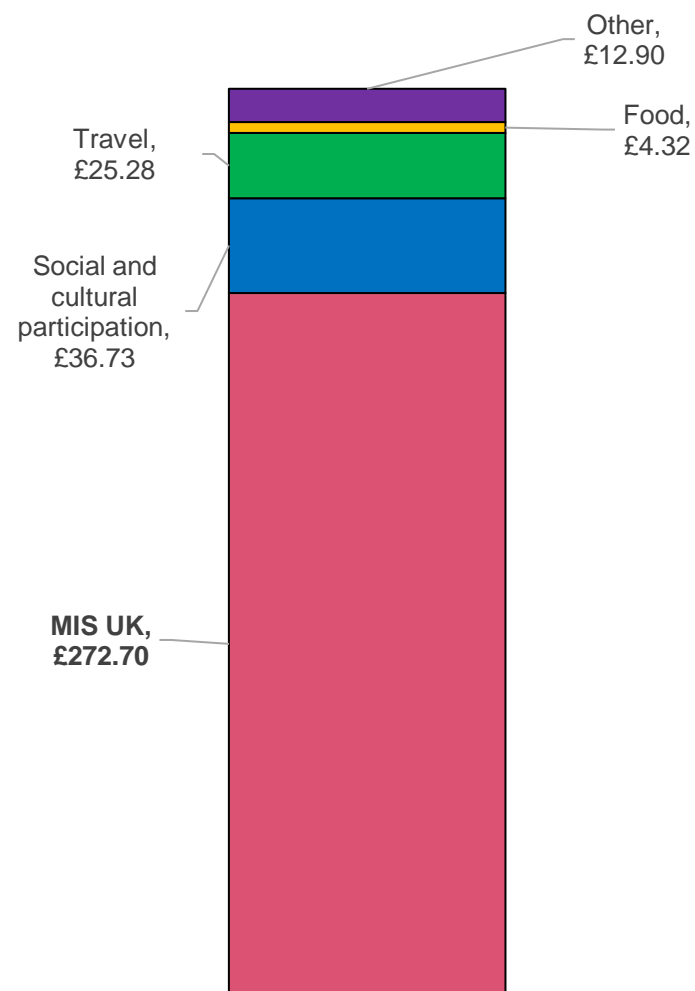


Table 15 and Figure 10 Remote rural Scotland MIS budget (weekly) compared to UK overall: Island, couple pensioner

Category (excluding water, rent, childcare and domestic fuel)	2021 urban UK	2021 RRS	% difference to urban UK, by budget category	Addition as % of MIS budget, all items
Food	£75.25	£79.57	6%	2%
Alcohol	£12.30	£12.30	0%	0%
Clothing	£13.98	£18.67	34%	2%
Household insurances	£1.55	£1.01	-35%	0%
Other housing costs	£1.92	£1.92	0%	0%
Household goods	£17.55	£20.58	17%	1%
Household services excluding childcare	£10.77	£13.66	27%	1%
Personal goods and services	£38.67	£41.50	7%	1%
<i>Motoring</i>	£0.00	£42.52		
<i>Other travel costs</i>	£19.16	£1.92		
Travel costs overall	£19.16	£44.44	132%	9%
Social & cultural participation	£81.56	£118.29	45%	13%
<b>Total</b>	<b>£272.70</b>	<b>£351.93</b>	<b>29%</b>	<b>29%</b>



## Implications for fuel poverty uplift

The remote rural uplift applied to MIS in Scotland's fuel poverty indicator has been specified as requiring a single uplift percentage for each of the following household types, separately for the mainland and island areas: families with children, working age households without children, and pensioner households. In each case, the percentage uplift figure should be applied to the appropriate MIS threshold being used elsewhere in Scotland<sup>3</sup>, namely 90% of UK MIS excluding housing, childcare, council tax and domestic fuel costs. Table 16 shows these percentage uplift figures. For families with children, it takes the couple with two children example as representative. For households without children, it uses unweighted averages of single and couple uplifts. While this does not reflect any differences in population numbers between singles and couples, household data show that there are [similar numbers of single person as couple-only households](#) in Scotland (about 800,000 of the former and 700,000 of the latter).

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<sup>3</sup> The precise MIS threshold used will vary according to household specifications, including the number and age of children in the case of families.

Table 16 Percentage additional MIS costs in remote rural Scotland, 2021

<b>Mainland</b>	<b>Mainland</b>	<b>Island</b>
Couple+2	16.2%	15.5%
Family with children, rounded uplift (based on couple+2 case)	<b>16%</b>	<b>15%</b>
Single working age	20.0%	13.6%
Couple working age	20.6%	13.8%
Working age rounded uplift (based on average of single and couple)	<b>20%</b>	<b>14%</b>
Single pensioner	30.5%	37.1%
Couple pensioner	20.7%	29.1%
Pensioner rounded uplift (based on average of single and couple)	<b>26%</b>	<b>33%</b>



## 6 Conclusion

This report has identified additional minimum living costs for households in remote rural Scotland that typically add 15-30% to a household budget, compared to urban areas of the UK. This is not a comprehensive survey of additional costs – it does not include the additional cost of fuel, and takes only partial account of the situations of particularly remote areas. However, it confirms the findings of the 2013 Minimum Income Standard research for remote rural Scotland (Hirsch et al., 2013), showing that there are substantial extra costs in these areas, of broadly the same magnitude<sup>4</sup>. The results produce the uplift percentages required by the Fuel Poverty (Targets, Definition and Definitions) (Scotland) Act 2019, to take account of additional costs in remote rural areas when calculating fuel poverty levels.

Significant additional costs have been identified across a range of spending categories, including food, clothing, household goods and holidays. However, most of these are relatively small compared to the dominant extra cost identified in this study, the cost of travel. This reflects both the fact that people in remote rural areas are far more dependent on cars than those in urban areas and that they need to travel further. Travel costs are affected by many aspects of everyday life faced by people living in remote rural Scotland, including the need to travel to buy some goods in locations where they are less expensive than in local stores and the need to access work opportunities that may be a long way from home.

This study will be followed up by annual updates. Every year, the uplift figures will be recalculated to reflect inflation. Given the importance of car travel to the additional costs identified, changes in the price of petrol and diesel could have a significant impact. In addition, every two years, local prices will be reviewed, and the calculations will be adjusted to take account of any changes in the UK MIS budgets that affect the percentage uplift appropriate for remote rural Scotland. After eight years (i.e., in 2028/29), we envisage undertaking new research involving groups of member of the public, repeating the approach and process described here. This will provide a basis for reassessing these uplifts, ensuring they are kept up to date and reflect any changes in society over time.

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<sup>4</sup> While the different design of the earlier study makes it hard to compare results in detail, it is possible to compare the range of uplift percentages in each of the two studies on the same basis, by including only the spending categories used in the current study, only the costs of households living in towns and only the household types for which calculations were made in both studies. On this basis, the uplifts ranged from 10% to 32% in the 2013 study and from 11% to 28% in the 2021 study.

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## **Acknowledgements**

We wish to express our gratitude to the participants in groups from communities in remote rural Scotland for their hard work in helping us understand the different and additional costs associated with living in those areas.

At the Centre for Research in Social Policy (CRSP), Nicola Lomax provided invaluable support. We would also like to thank Alison Stout, Angelica Lorenzo and their colleagues at the Scottish Government for helping us to scope this work in accordance with the legislation, and for providing helpful comments on the draft report.



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ISBN: 978-1-80201-423-5

The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

Produced for  
the Scottish Government  
by APS Group Scotland  
PPDAS945486 (09/21)  
Published by  
the Scottish Government,  
September 2021



Social Research series  
ISSN 2045-6964  
ISBN 978-1-80201-423-5

Web Publication  
[www.gov.scot/socialresearch](http://www.gov.scot/socialresearch)

PPDAS945486 (09/21)