“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.”
Minimum Income Standard (MIS)

• The MIS for the UK is **ongoing research project** carried out by the Centre for Research in Social Policy, Loughborough University

• **Represents social consensus** – what do groups of members of the public think household need

• **About “living” not just “survival”** – food, shelter and clothing, as well as opportunities and choices necessary to participate in society

• **About “needs” not “wants”**.
MIS for Remote Rural Scotland

- **2013 study** to establish a MIS for remote rural Scotland

- **24 groups in six area types**

- For each area type, **generalise household requirements** based on what groups in different locations say, followed by **detailed costing based on local prices**

- Analysis of **different household types** – single person; pensioner couple; loan parent with one child under age 2; couple with primary and pre-school child
2013 Study – Key Findings

• **Basic requirements are mainly the same across the UK**

• **Some additional goods required in remote rural Scotland** including chest freezer; tumble drier; additional outdoor clothing

• **Budgets required to achieve a minimum acceptable standard of living in remote rural Scotland were typically 10-40% higher** than elsewhere in the UK:
  - in more remote island locations, these additional costs could exceed 40%
  - Premiums more modest for pensioners and greatest for single people and families with dependent children
Additional costs for those living in remote and rural Scotland were driven by:

- **higher prices for food, clothes and household goods**

- Considerably **higher household fuel bills**, influenced by climate and fuel sources

- The **longer distances that people have to routinely travel**, particularly to work

Higher living costs were making it harder for people to live in rural communities in Scotland.
In 2016, a minimum acceptable standard of living in remote rural Scotland typically requires between a tenth and a third more household spending than in urban parts of the UK.

Sources of additional costs consistent with those observed in 2013, although the extent of those differences have changed.

Despite some easing of costs, the continuing high cost of living in remote rural Scotland, and its exposure to any renewed rise of energy costs, makes their mitigation as urgent as ever.
Additional Costs – Shopping

Main factors:
• Higher prices at local convenience stores and for household goods bought locally or via mail order
• Delivery charges

Developments:
• Local stores more competitive in their pricing – perhaps helped by lower transport costs
• Expansion of delivery networks/collaboration between suppliers

cost change to minimum budgets relatively minor
Additional Costs – Home Energy

Main factors:
• Lack of access to mains gas, low thermal efficiency, climate and tariff levels (in some cases)

Developments:
• Electricity prices similar to 2013
• Gas prices fallen faster than electricity prices
• Heating oil prices have reduced

Considerations:
• Exposure to fluctuations in home energy costs
• Limited effect of energy efficiency measures in the particular circumstances of remote rural Scotland
• Charging structures
Additional Costs – Home Energy

Domestic Fuel Price Index (RPI), 2009-2015
Additional Costs – Transport

Main factors:
• Longer distances to travel to access services and jobs – travel to work is the largest contributor to additional travel costs
• Fuel prices

Developments:
• Falling fuel prices have lowered extent of premium

Overall, **additional travel costs have eased**
Overall Additional Costs 2016

Additional costs (%) compared to urban UK households
Variation by household type

Components of additional cost (£ per week) compared to English Rural town

a) Highland town

b) Island small settlement
Making life more affordable

• To maintain sustainable communities in remote rural Scotland, there is a need both to:
  ➢ strengthen the economic base and
  ➢ limit additional costs where possible

• Need to consider policy initiatives and implications in relation to:
  ➢ Home energy costs
  ➢ Shopping costs
  ➢ Infrastructure
  ➢ Jobs
  ➢ Population growth
Home Energy Costs

Key Issues:
• Housing stock quality
• Limited access to gas grid
• Climate

Progress:
• Energy Efficiency programmes and standards
• Rural Fuel Poverty Task Force

Challenges:
• Energy efficiency measures not tailored
• Much of premium due to factors difficult to tackle
• Rural energy tariff premiums controlled at UK level
Shopping Costs

Key Issues:
• Higher price of groceries and household goods
• Delivery charges
• Choice constraints

Progress:
• Rural Fuel Duty relief – reducing transport costs
• Internet ordering / expansion of delivery networks

Challenges:
• Limited scope for social interventions to keep prices down
• Improvements to remote ordering also has the potential to undermine local services
Infrastructure - Broadband

Key Issues:
• Access to high-speed broadband

Progress:
• Next Generation Broadband
• Commitment to extend fast broadband to all homes by 2021
• Community Broadband Scotland

Challenges:
• Availability of an effective and affordable solution to supply fast broadband to dispersed rural premises
• Potential lack of choice of supplier
Jobs – location, quality and skills

Key Issues:
• Jobs in small communities tend to be lower paid
• A need to travel to access higher paying jobs

Progress:
• Developing growth sectors
• Internationalisation and inward investment
• HIE support for fragile areas

Challenges:
• Requires supporting infrastructure
• Inward investment to remote rural areas
• Maximising use of workforce skills
Population

Key Issues:
• Aging populations
• Slow or declining population growth
• Low in-migration

Challenges:
• Need suitable jobs and housing to encourage population growth and retention
• Efforts cannot be engineered from the top down
Conclusions

• In 2016, a minimum acceptable standard of living in remote rural Scotland typically requires between a tenth and a third more household spending than in urban parts of the UK.

• Picture is similar to 2013, although the lower price of petrol and diesel has significantly reduced the additional cost for people having to travel long distances.

• Despite some easing of costs, the continuing high cost of living in remote rural Scotland, and its exposure to any renewed rise of energy costs, makes their mitigation as urgent as ever.

• A framework for addressing these costs needs to consider issues around energy costs, shopping costs and travel costs in a joined up way, which takes account of the influence of local infrastructure and the development of jobs and communities.
Conclusions

• Scope for some reduction on home energy costs - need to identify ways in which energy efficiency improvements, better functioning markets and charging structures can meet the unique circumstances of remote rural Scotland

• Retail costs could go down if delivery networks are improved and charges reduced – needs imaginative solutions that use technology to join up delivery networks, and reduce charges

• The best way to get travel costs down is for people to reduce the need to travel long distances for work - need a focus on developing more jobs that are both local and reasonably paid, fostering new skills and developing external markets

• Improved infrastructure is needed to support these developments

• Maintaining and boosting population is key, particularly amongst young people