

Minimum Income Standards and Fuel poverty in remote rural Scotland

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Three interesting questions

1. Will higher fuel prices cause fuel poverty to increase sharply?

Not necessarily

2. What is the respective importance of higher fuel costs and other remote rural living costs in determining fuel poverty?

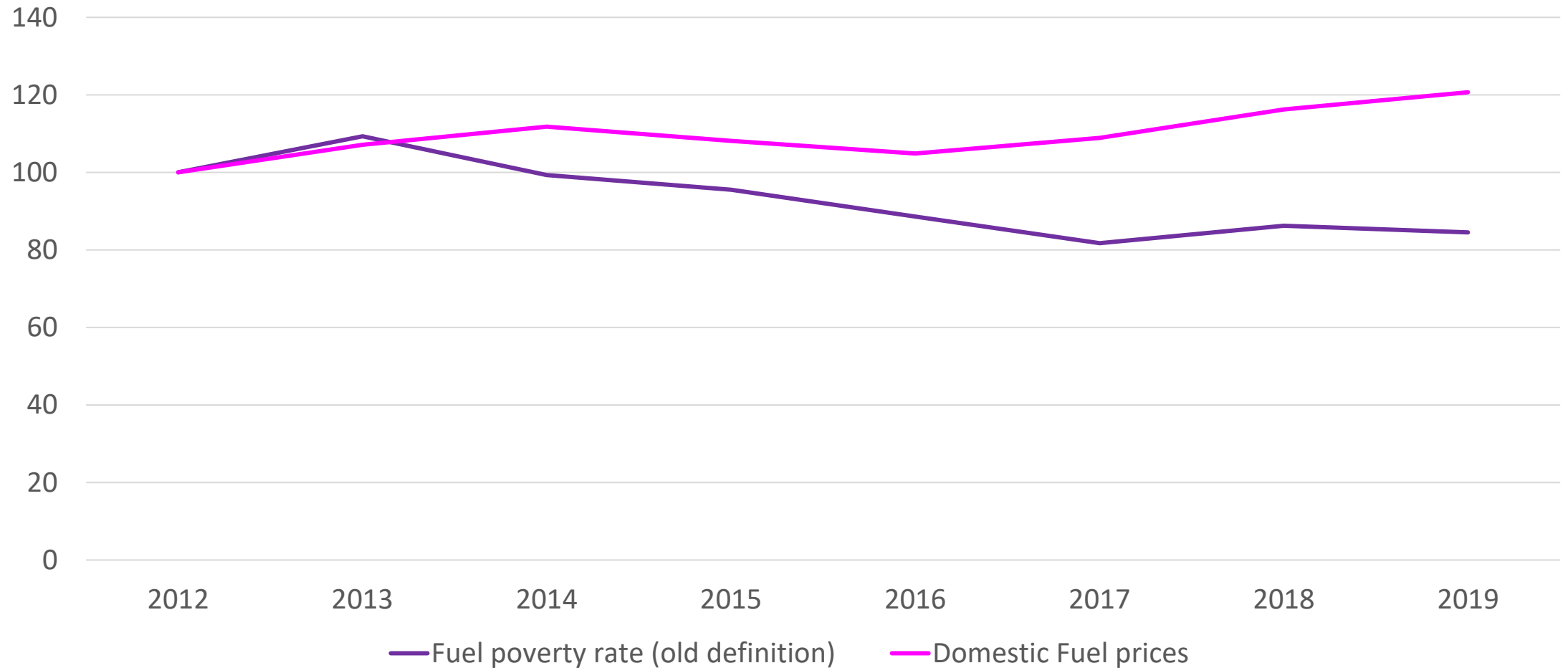
Both are important and they interact

3. Has the Scottish Government's attitude to costs in remote rural areas changed?

Apparently, yes

Fuel prices and fuel poverty

Fuel poverty and domestic fuel prices, Scotland
2012=100



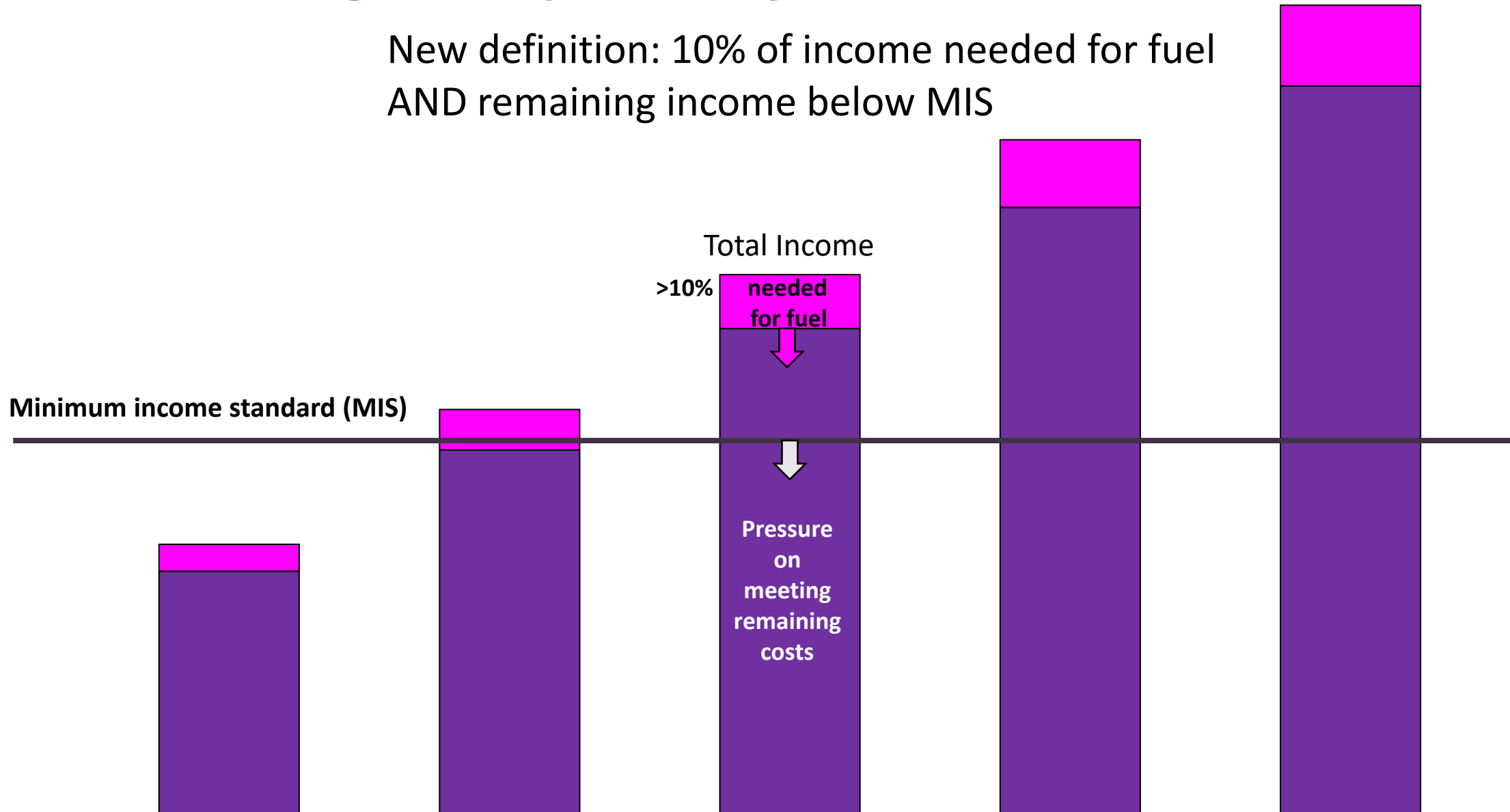
Measuring fuel poverty

Old definition: 10% of income needed for fuel



Measuring fuel poverty

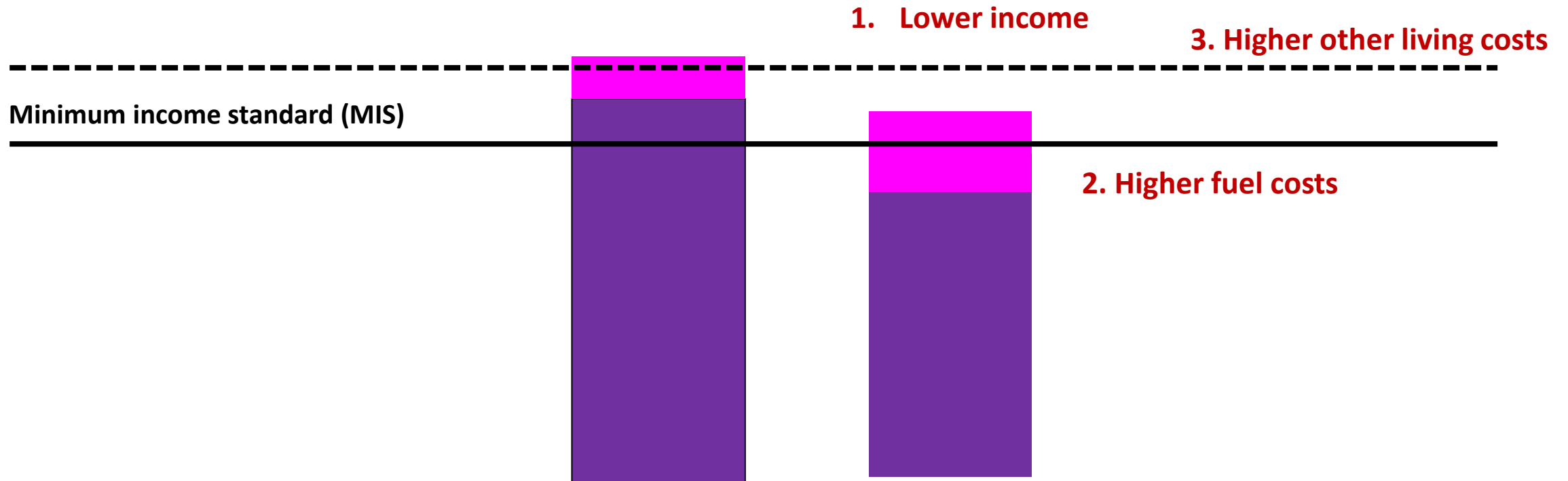
New definition: 10% of income needed for fuel
AND remaining income below MIS



Measuring fuel poverty

New definition: 10% of income needed for fuel
AND remaining income below MIS

Changes that can increase fuel poverty





Scottish Government
Riaghaltas na h-Alba
gov.scot

THE COST OF REMOTENESS
Reflecting higher living costs
in remote rural Scotland when
measuring fuel poverty



EQUALITY AND WELFARE



Abigail Davis, Amanda Bryan, Donald Hirsch, Jo Ellen, Claire Shepherd and Matt Padley



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Purposes and approach

- Find out what households need *after deducting* their actual housing, council tax and water costs, and the amount they need to spend on domestic fuel
- Minimum Income Standard: what groups of people living in remote rural areas think is required to meet material needs and participate in society
- We talked to groups of people living in and around towns in the Highlands and Islands
- Comparison with urban UK budgets.
- Costed items locally, using researchers based in Highlands.

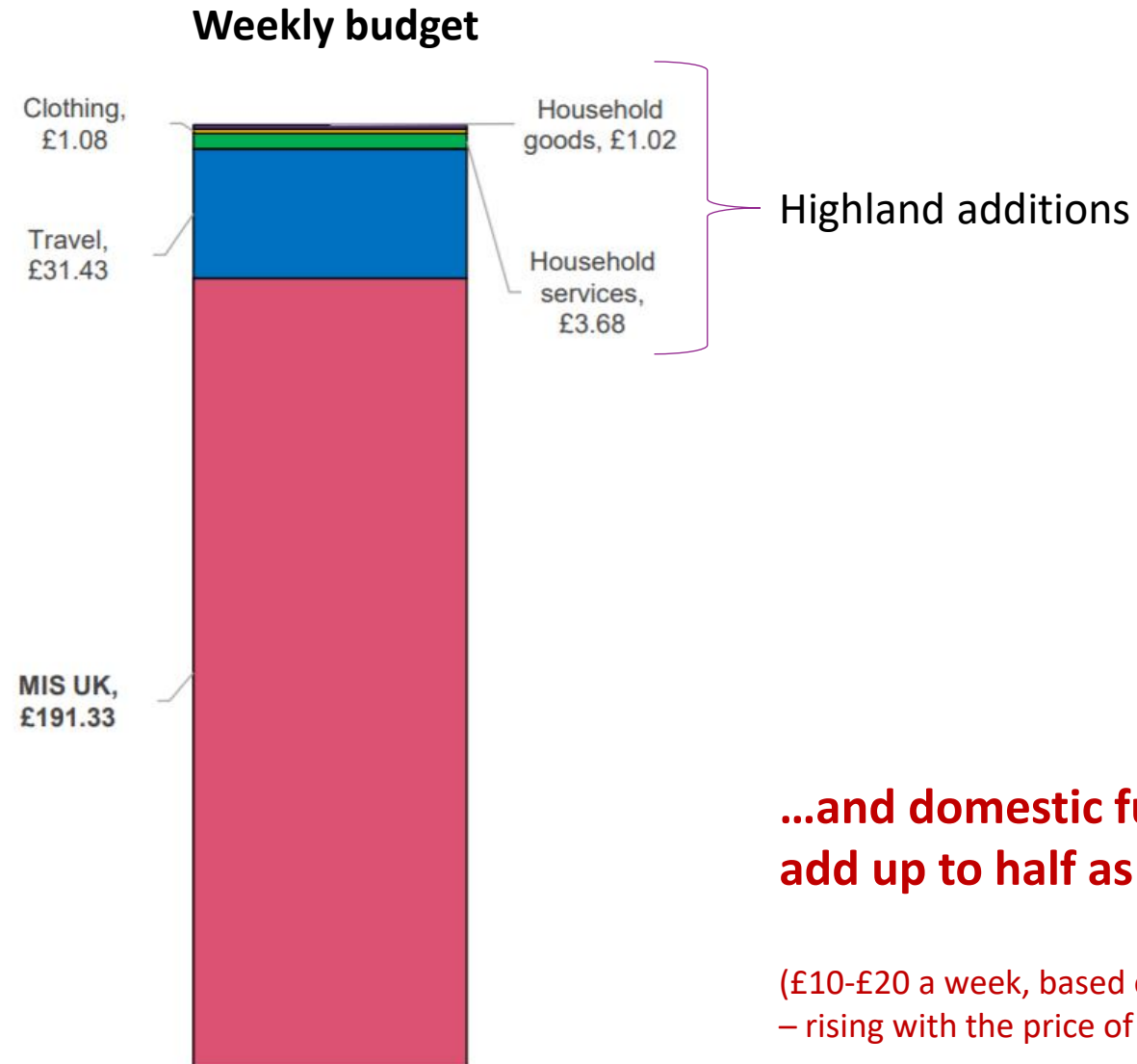
Purposes and approach

- Simplified study: purpose is to work out the uplift in the fuel poverty measure
- Percentage uplift for three demographic types, one set for mainland and one for Islands
- NOT a complete description of variations in additional costs
- Nevertheless, acknowledgement by SG that these costs should be taken into account.

Key findings

- Uplift of 15-30% needed to MIS threshold when measuring fuel poverty
- Biggest single item is travel - to work, shop, reach amenities - overwhelmingly by car
- Other items make smaller contributions, e.g.,
 - Local food shopping
 - Some additional clothing
 - Some postage/delivery costs
 - Purchase of fridge freezer, oil heater

A single person in a Highlands town has 20% higher minimum household costs than someone in the urban UK....

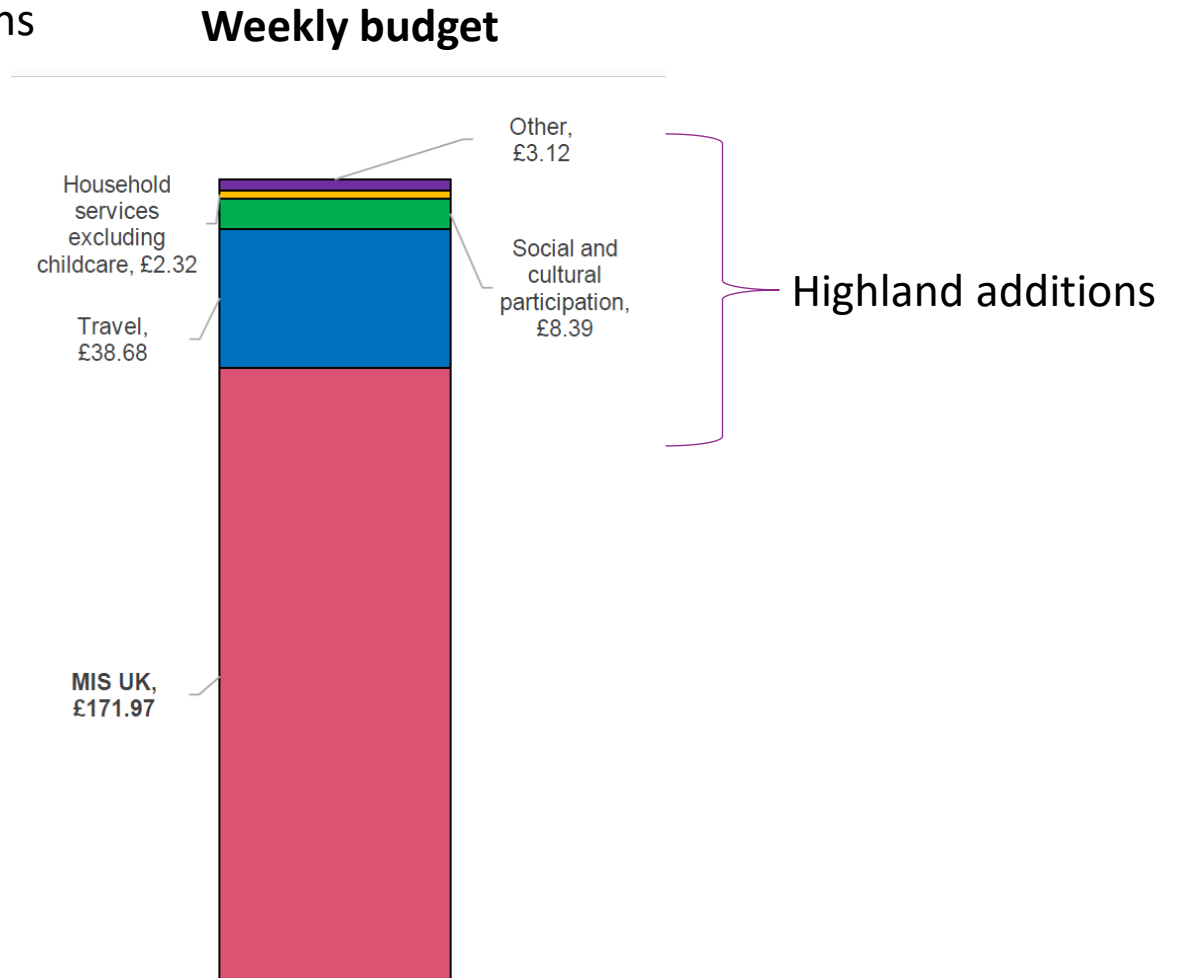
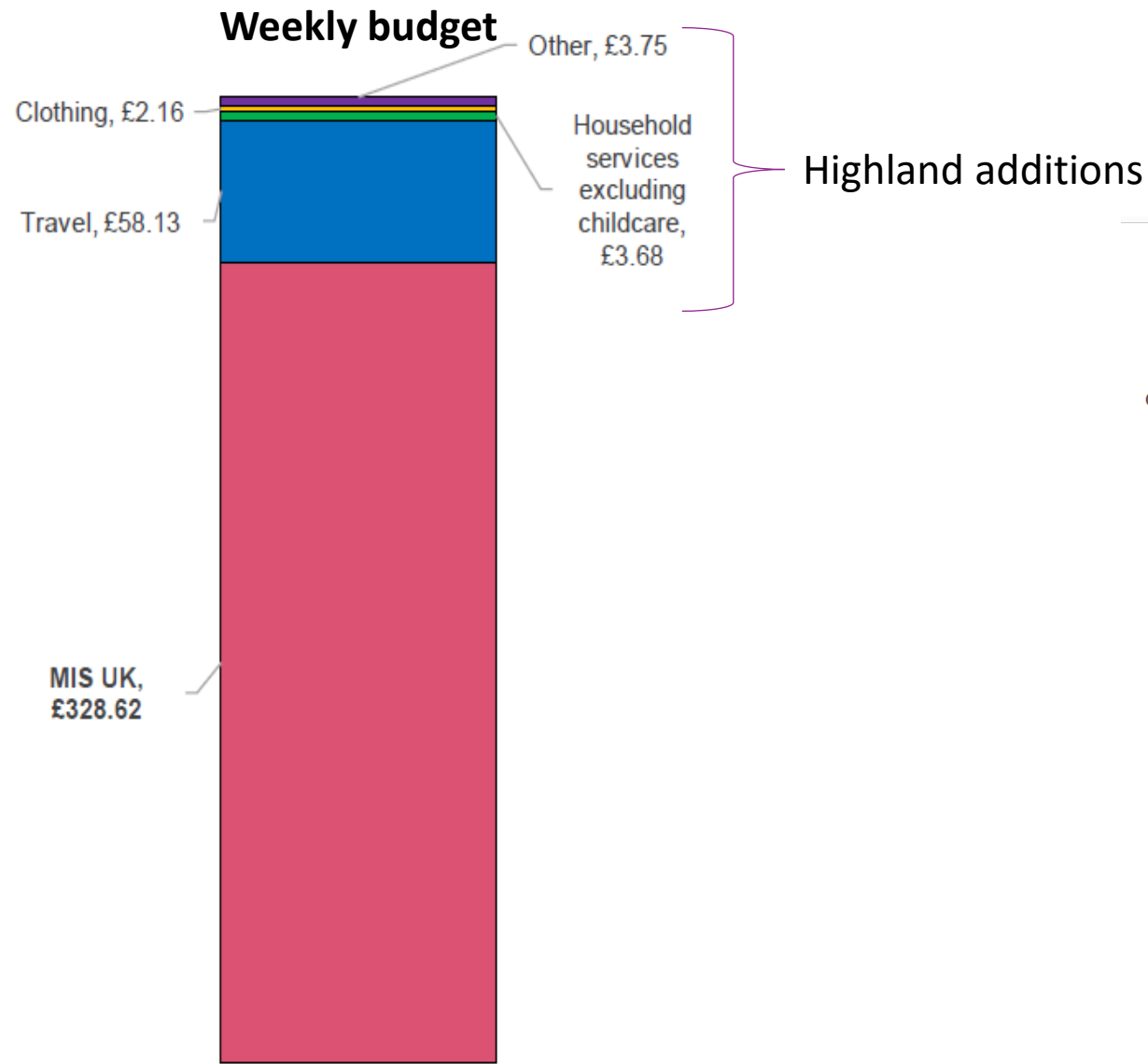


...and domestic fuel could add up to half as much again

(£10-£20 a week, based on previous study – rising with the price of fuel)

For a couple with two children,
it's a 21% uplift...

...and for a single pensioner it's
31% more



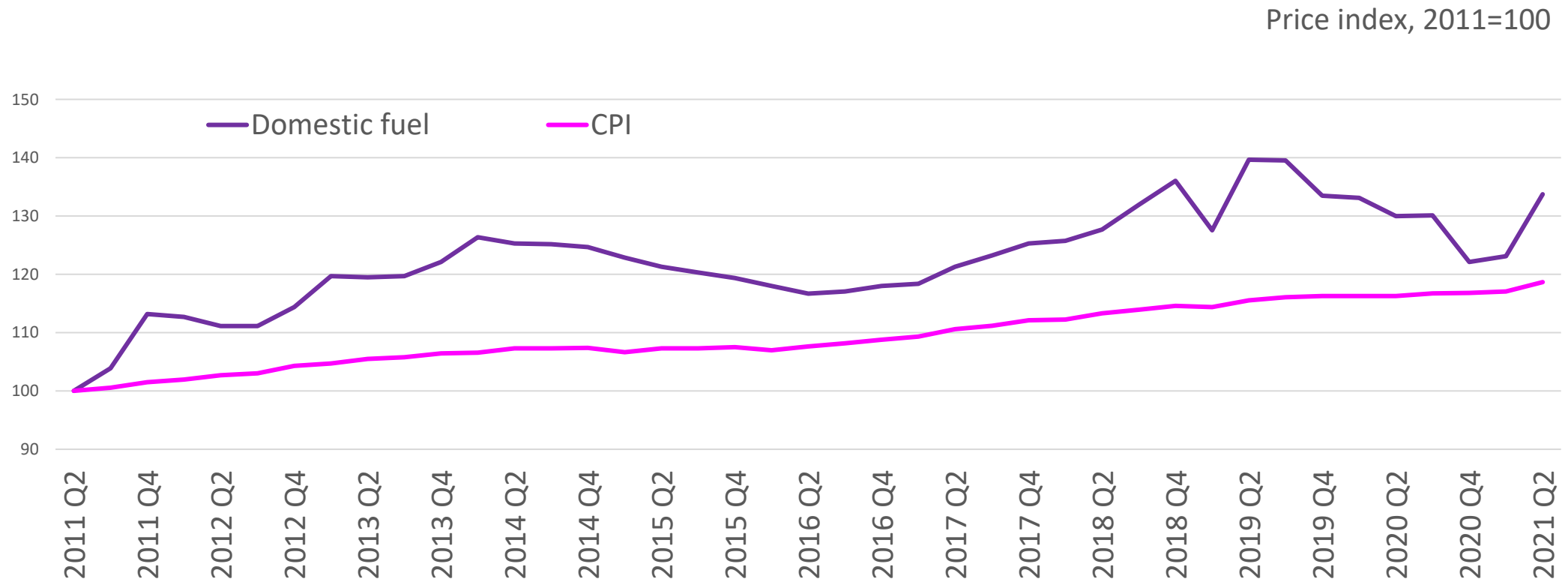
Six key influences on fuel poverty: what is the trend?

1. Energy required to heat a home:

- Depends on energy efficiency measures, home design, climate (?)

Six key influences on fuel poverty: what is the trend?

2. Cost of domestic fuel

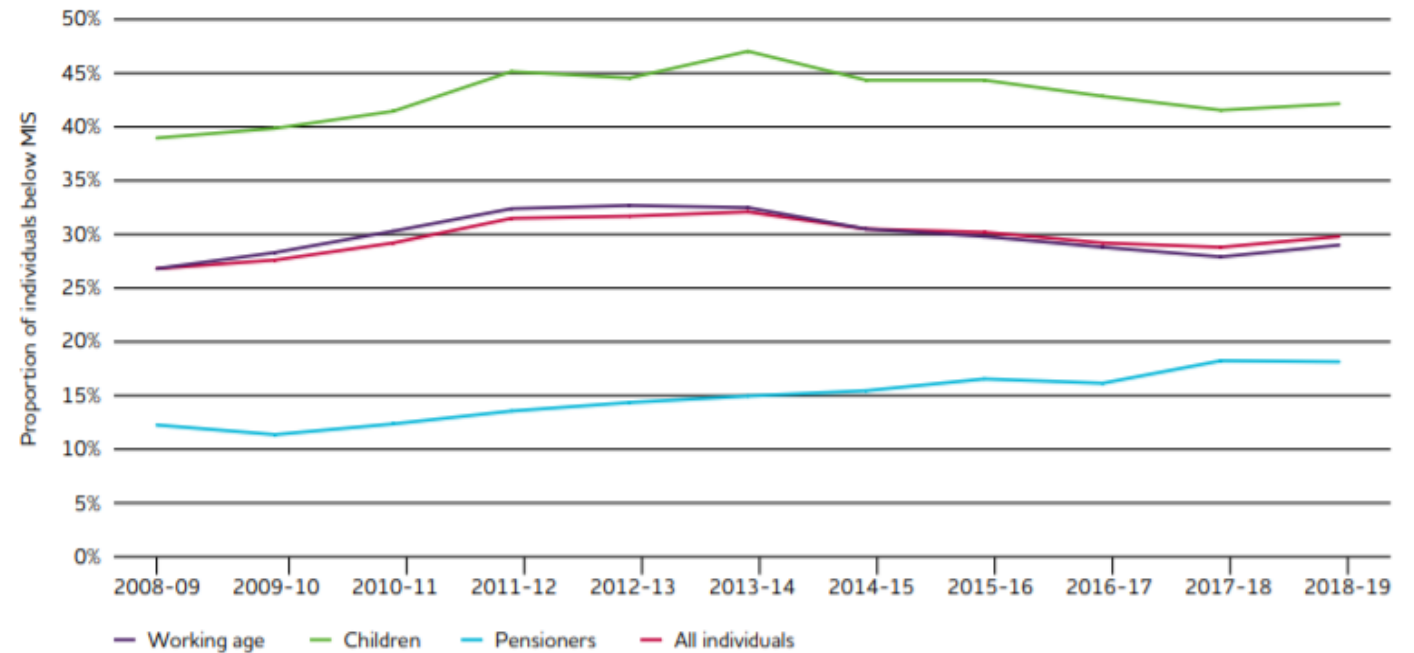


Six key influences on fuel poverty: what is the trend?

3. Adequacy of incomes

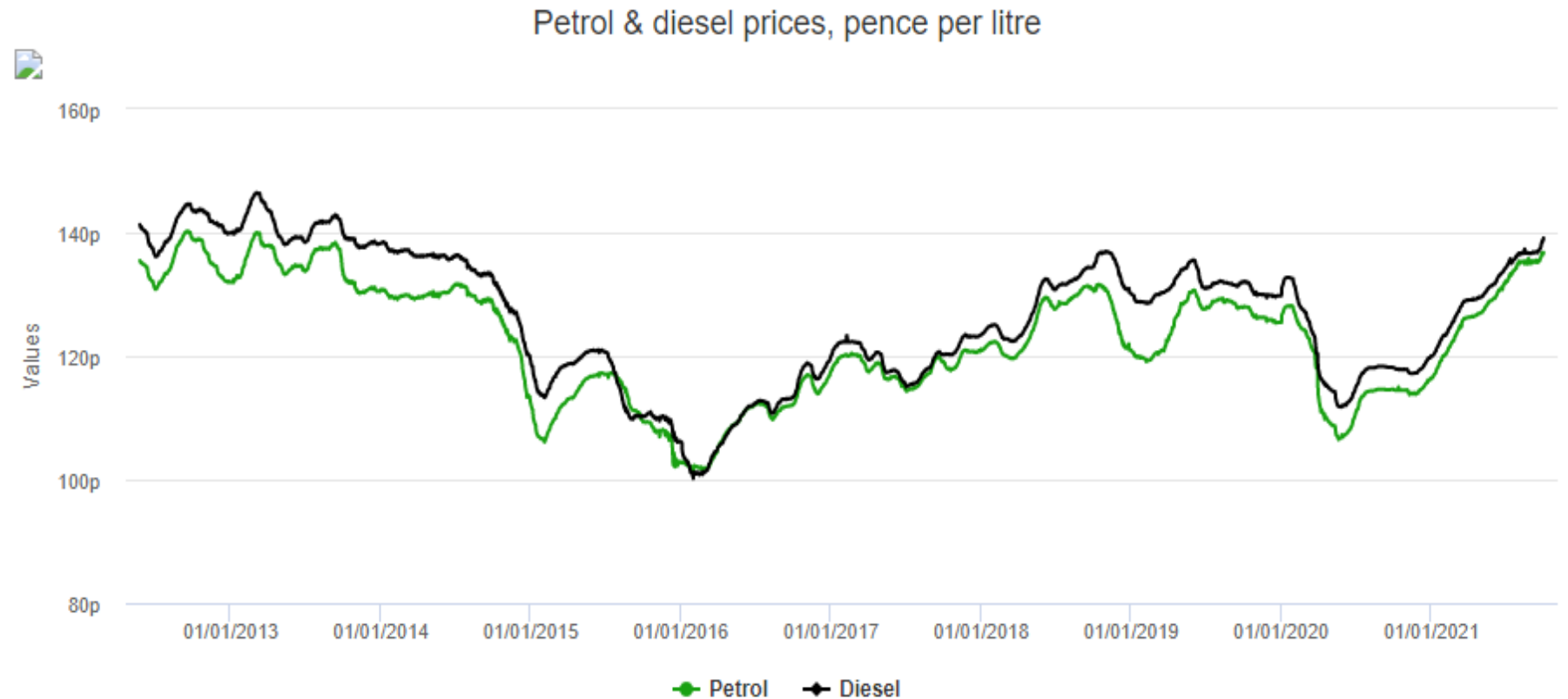
UK population in households below MIS

Proportion of individuals in households below MIS, by demographic group, 2008/09 to 2018/19



Five key influences on fuel poverty: what is the trend?

4. The price of car fuels



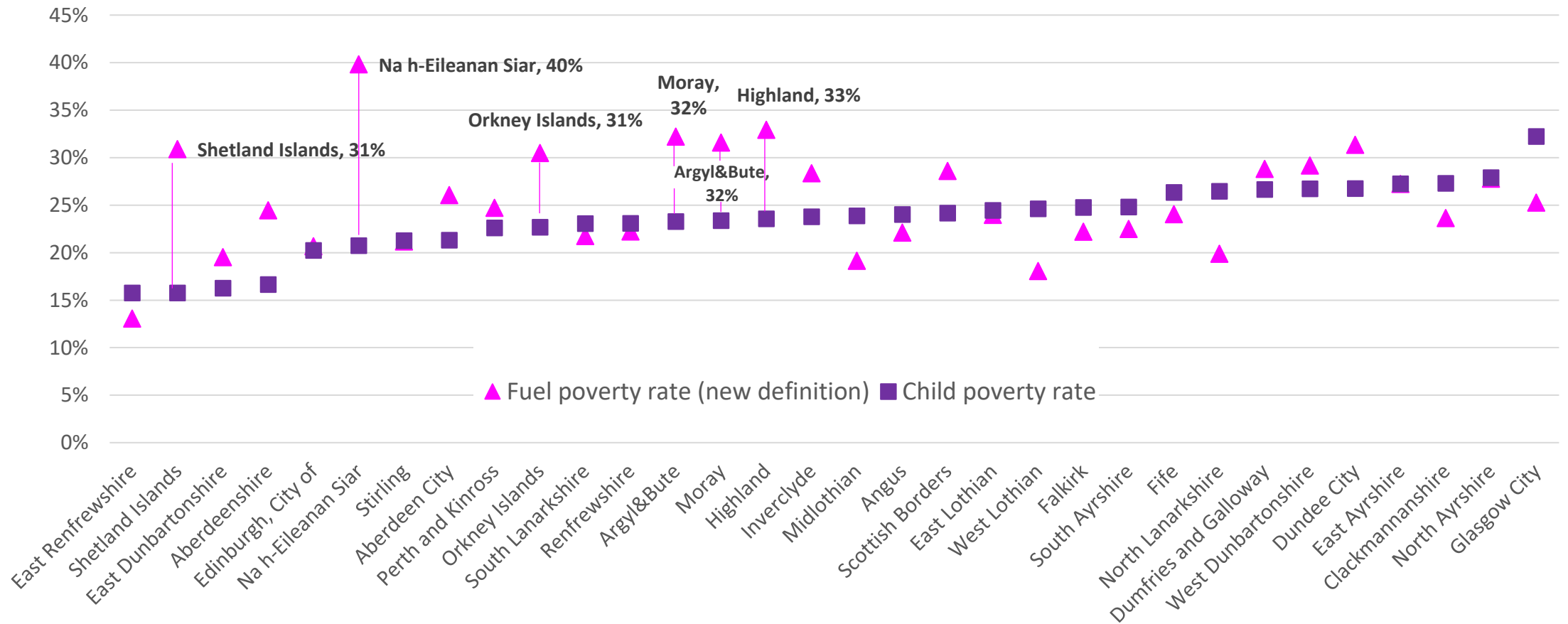
Five key influences on fuel poverty: what is the trend?

5. Knock-on effect of higher energy costs on:

- General food prices?
- Delivery prices?
- The cost of shopping locally?

The punchline: why this is worth doing

Fuel poverty compared to child poverty rate, Scottish local authorities



Conclusion

Fuel poverty is influenced by some controllable factors and some harder to control

It's not just about what you pay for your household fuel, but other household costs as well

Energy costs have an especially big impact via travel costs

An integrated anti fuel poverty strategy needs to address all these things.

Final thought:

Fuel poverty may be tackled by making your home energy efficient, but being able to work from that home may be just as important.