

Argyll and Bute

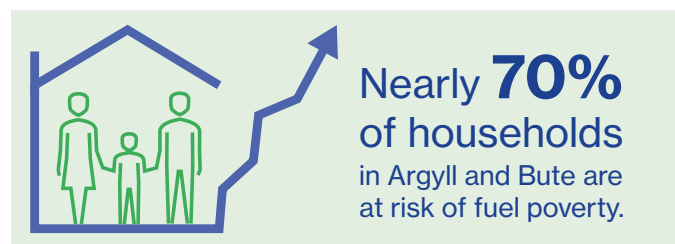
– cost of living crisis case for support



OUR SITUATION IN BRIEF

This is a great part of the world to live, key to the economic success of Scotland and the UK more widely. However average income is lower, costs are higher – nearly 70% of households are at risk of fuel poverty or extreme fuel poverty.

Key points



The price cap announcement does not help Argyll and Bute – the cost of heating homes here is estimated to be **more than double** the price cap figure for an average household.



To avoid fuel poverty an average all-electric household would need an **income of at least £72,200 per annum, or to avoid extreme fuel poverty £39,600**; this compares to a median household income of just under £33,000 (and excludes impact of increased costs elsewhere such as food).

Food, clothing, travel – these cost between **13% and 185% + more than in urban UK** however **disposable income** in Argyll and Bute is **10% less** than the UK average.

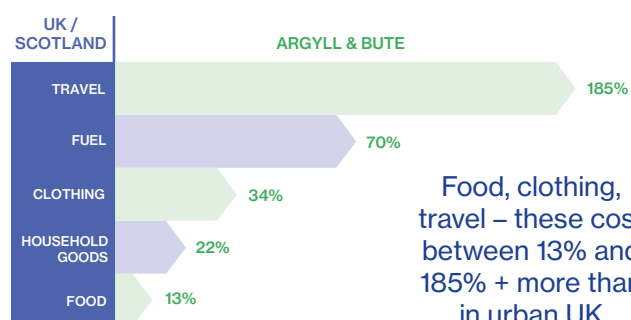
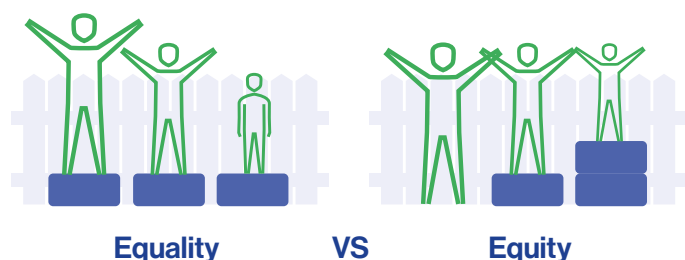
Supporting Argyll and Bute is supporting Scotland and the wider UK economy – we are a key location for industries vital to the immediate and longer term economic success of the country (eg tourism, food and drink, renewable energy)

Scotland and the UK need people to live and work here – people need support, equitable with the rest of the country, to live and work here.

Actions

We call on the Government to:

- Urgently provide information on funding for people who do not get their energy through typical means: 50% of our households are non-gas compared to 14% of all Scottish properties.
- Apply price caps to oil, LPG and solid fuel to ensure all households are given the support they need to heat their homes.
- Remove the variable standing charge rate that compounds the already higher costs for households in remote and rural areas. This must be changed to a uniform charge.
- Deliver equity in all support for the cost of living and fuel cost crisis by making sure that support measures are pivoted to take account of the additional costs of remote, rural and island living.



BACKGROUND INFORMATION

Economy

- The **economic impact of rurality** on spending power is recognised as considerable. A recent Scottish Government Report: [‘The impact of Rurality and Remoteness on the cost of living’](#) highlights the additional costs incurred by rural households in comparison to urban UK.
- Argyll and Bute Council serves the second highest mainland area of Scotland’s councils, and the highest number of inhabited islands – and we have the highest percentage of population living in Remote Rural Areas of all mainland Local Authority Areas, at 43% ([Scottish Government Urban Rural Classification](#)).
- In addition, Argyll and Bute has the third lowest median weekly pay rate (gross) of all Scottish Local Authority Areas (Source: [Nomis](#), covering the period Jan-Dec 2021).
- Argyll and Bute was ranked most vulnerable in the [Vulnerability Index 2020](#) in terms of economic shock from the covid pandemic.

The price cap / fuel poverty

- The £2,500 figure is based on a ‘typical’ household on a dual-fuel (80% gas/20% electricity) deal with ‘median consumption’; it does not address costs of households using higher levels of energy and/or households that are all-electric or dependent on other sources.
- Non-gas households have been struggling with fuel poverty long term: in 2017, before COVID and cost of living crisis, Citizens Advice said:

“Households in rural areas are particularly likely to use unmetered fuels for heating. Households without mains gas are more likely to be in fuel poverty; in Scotland, 56% of off-gas households are in fuel poverty, compared with 29% that use mains gas.”

Sources

Findings in this report come from a variety of sources with some correlated with estimations calculated by council services.

- Increased costs of food, clothing and travel in rural areas – [‘The Impact of Rurality and Remoteness on the cost of living’](#)
- Lower disposable income in Argyll and Bute: [Office for National Statistics](#)
- Percentage of non-gas households: various sources indicate around 50% and above (Scottish House Condition Survey /2011Census/ Department of Business, Energy and Industrial Strategy/Citizens Advice)
- Nearly 70% of households at risk of fuel poverty and incomes required to avoid fuel poverty:
- We took figures from the most recent [Scottish House Condition Survey](#) (2019) showing Argyll and Bute Council is in the top 3 local authority areas in Scotland with the highest percentage of fuel poverty 32% , looked at how prices have increased since then, and considered relevant information from a range of other sources – CACI Paycheck data/Ofgem price cap figures (2019 to October 2022)/Scottish House Condition Survey analysis conducted by [Energy Action Trust/Home Analytics](#). The figure we reached is in line with estimates from another source – the Energy Saving Trust which calculated their figures using information in home energy certificates.