

Article

# Investigating household expenditure in island communities

Research undertaken to investigate whether there are differences in household expenditure in UK island communities, specifically the Isles of Scilly and Orkney, compared with the mainland.

Contact:  
Sarah Harris  
regionalaccounts@ons.gov.uk  
+44 (0)1633 456878

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# 1 . Overview

This article provides an overview of the outcomes from research visits to two UK island communities, the Isles of Scilly and Orkney, aimed at understanding whether household spending patterns of island communities are different to the rest of the UK. The research consisted of discussions with members of the island communities and this article synthesises the outcomes of these discussions. The evidence provided is primarily opinion-based and in many cases the opinions expressed have not been directly validated by Office for National Statistics (ONS), therefore the conclusions drawn should be treated with caution.

## 2 . Background

### Regional household final consumption expenditure

Within regional accounts we have been developing estimates of regional household final consumption expenditure (HFCE), hereafter referred to as household expenditure. Our first [experimental estimates of household spending](#) were published in September 2018 for Wales, Scotland, Northern Ireland and nine English regions. Work is ongoing to produce estimates at lower regional levels, with the ultimate aim of producing local authority-level data.

One of the data sources that is being used in the regional allocation of household expenditure is the [Living Costs and Food Survey](#) (LCF), an Office for National Statistics (ONS) survey. The LCF is a survey of households, collecting data on spending patterns on a residential basis. The LCF collects data about spending on the following commodities:

- food and non-alcoholic drinks
- alcoholic drink, tobacco and narcotics
- clothing and footwear
- housing, fuel and power
- household goods and services
- health
- transport
- communication
- recreation and culture
- education
- restaurants and hotels
- miscellaneous goods and services

There is, however, an issue of undercoverage of certain geographic areas covered by the LCF, for example, the Isles of Scilly and Scottish islands. This becomes a problem when producing estimates at a lower geographical level, especially at local authority level. The sample has recently been doubled in Scotland, with addresses north of the Caledonian Canal introduced for the first time as part of the sample boost. However, data collection is still dependent on the accessibility of the address and location of interviewers, which will impact on the coverage of island areas.

With these gaps in the data it is necessary to use an alternative data source. If an alternative source cannot be found, a modelling approach will be needed. As the Isles of Scilly and the Scottish islands have been identified as areas of undercoverage, this project was undertaken to investigate whether household expenditure on these islands may be different to household expenditure on the mainland. Identifying any areas or commodities where there may be differences in spending is the first step to hopefully inform the development of a modelling approach. As this is the first step, this project was not to collect data (figures) to understand differences, but to gain an understanding of what it is like to live on these islands and whether residents feel there are commodities where spending is different. If possible, future work may lead to a modelling approach.

This project focused on the Isles of Scilly and one Scottish island group, Orkney. The following sections provide information on the Isles of Scilly and Orkney, details of who was spoken to and the findings from this project.

The information in this report is based on the opinions of residents living on the islands. These opinions were given specifically for this project. References are given where additional information or data are provided.

## **3 . Investigating household expenditure in the Isles of Scilly**

### **Background**

The Isles of Scilly are an archipelago around 30 miles west of Land's End, Cornwall <sup>1</sup>. There are five inhabited islands: St Mary's, St Agnes, Bryher, Tresco and St Martin's. St Mary's, covering less than 2.5 square miles, is the largest island with a population of 1,800<sup>2</sup>. The other islands are referred to as off-islands. The mid-year population estimate for the Isles of Scilly in 2017 was 2,259<sup>3</sup>.

The majority of the land in the Isles of Scilly is owned by the Duchy of Cornwall Estate <sup>4</sup>, with the Duchy being the biggest provider of private renting. Tresco Island is a privately-leased island, with Tresco Island and Hell Bay Hotel on the island of Bryher being run as the Tresco Estate <sup>5</sup>. Most residents on Tresco live and work on the Estate.

The tourism industry in the Isles of Scilly is the main provider of jobs and income; tourism accounts for 80% of employment in Scilly and 85% of the island's economy<sup>6</sup>.

A five-day visit was made to the Isles of Scilly in February and March 2017 to discuss household expenditure with residents. Discussions were had around living on the Isles of Scilly and whether there are differences in household expenditure compared with Cornwall, with regard to the commodities collected in the Living Costs and Food Survey (LCF). These discussions were had with council employees and residents from St Mary's, St Agnes and Tresco.

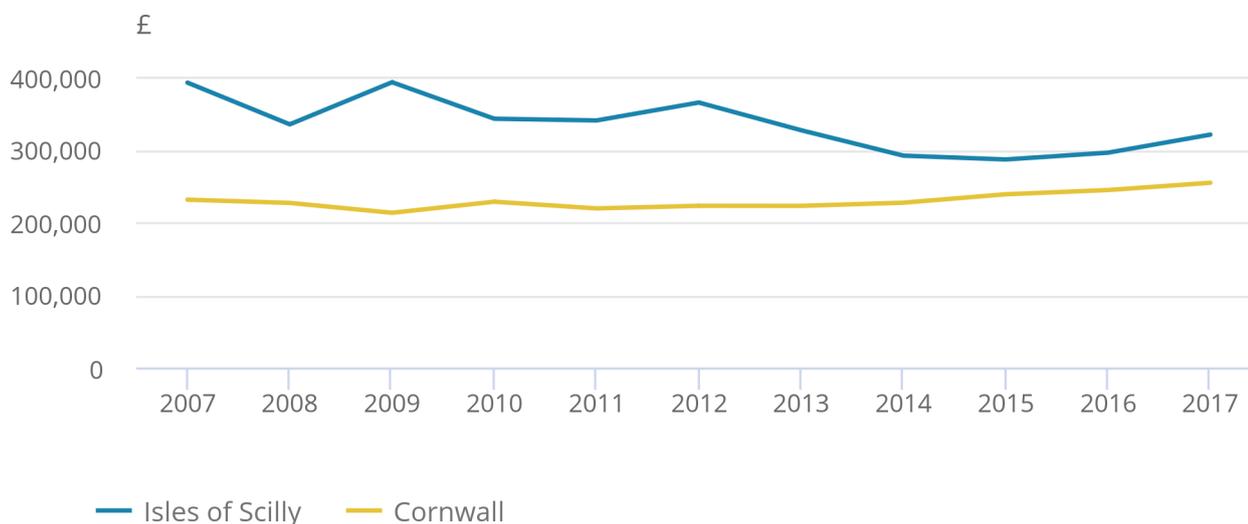
The following paragraphs address areas and commodities where residents felt there are differences in household expenditure on Scilly compared with Cornwall.

## Housing

Overall, residents indicated that housing is much more expensive on the Isles of Scilly, with a resident suggesting the cost is comparable with London prices, but on Cornwall wages. Additionally, the house prices are high “for what you get”, with a resident reporting housing is either “really low quality and affordable or okay and really expensive”. Several figures given by residents include: a three-bedroom house at over £400,000 to buy; a two-bedroom flat between £200,000 and £250,000; and £450,000 for a detached three-bedroom house. Figures from Her Majesty’s (HM) Land Registry show housing on the Isles of Scilly is more expensive than Cornwall, with average prices displayed in Figure 1<sup>7</sup>. In 2017, the average price on the Isles of Scilly for a detached house was £456,800 compared with £343,663 in Cornwall. For semi-detached properties the average in 2017 was £362,500 in Scilly compared with £217,723 in Cornwall<sup>8</sup>.

**Figure 1: Average price of properties in the Isles of Scilly and Cornwall, 2007 to 2017**

Figure 1: Average price of properties in the Isles of Scilly and Cornwall, 2007 to 2017



Source: Her Majesty’s Land Registry

With regard to renting, residents felt social housing is relatively cheap (with council rents “not too bad”), but income is lower. Example social rent prices given were: one-bedroom, £65 per week; two-bedroom £73 per week; three-bedroom £84 per week. There is, however, (very) little social housing. Private renting was described as highly expensive, with example prices given by residents of: £700 to £800 a month for a three-bedroom detached with a large garden (expected rates); a two-bedroom flat at £650 to £750 per month; a one-bedroom for £750 a month (with some three-bedroom properties around the same); £620 a month for a one-bedroom flat; and £200 a month for a shed on a farm (St Agnes). The Duchy of Cornwall has a number of different rentals (for example, regular rental properties and farm and business leases) and a resident indicated that Duchy rent can vary. Some individuals are paying for a mortgage and rent (paying ground rent and leasehold). It may, however, be difficult to confirm rent prices as a resident reported that prices are not published by the Duchy.

There are, however, some situations where rental prices are lower. Some residents mentioned cheap(er) staff accommodation for people working on the Isles of Scilly (for example, in a pub or hotel), otherwise employers would find it difficult to employ staff.

Renting on Tresco is different as the island is run as an Estate. Residents are not charged rent, instead there is a rent calculation as part of their wages. However, residents do still pay for Council Tax and utilities. One Tresco resident highlighted that they pay the same for Council Tax on the Isles of Scilly as they do for a house on the mainland (in South East England), despite the house on Scilly being a quarter the size of the mainland house. Residents identified that there are, however, a few situations where Tresco residents pay rent, for example, school teachers.

Additional considerations regarding housing on the Isles of Scilly are the scarcity of property and the quality of housing. One resident mentioned their 10-year wait for housing to become available, having been living with family before a house became available. The supply of housing on the Isles of Scilly is very limited and there are restrictions on construction, meaning there are serious issues with availability and affordability<sup>9</sup>. The quality of housing on Scilly has been briefly mentioned previously and will be addressed again later in this article.

## Fuel and power

There is no mains gas piped into the Isles of Scilly and residents reported the cost of other fuels being high. The Isles of Scilly, as a local authority, had the second-highest average domestic electricity consumption per household in the UK in 2016 (second to the Shetland Islands)<sup>10</sup>. Although electricity is the main fuel source, residents also reported the use of coal, oil, bottled gas and wood for fuel, which has additional freight costs. Some residents are on Duchy water, with a resident reporting the Duchy prices are more expensive. There is also an added cost of getting water for the other islands. For Tresco, fuel is bought for the whole Estate, which reportedly works out cheaper for residents.

Residents reported that although electricity prices are the same, as they are national rates, residents on the Isles of Scilly are having to use more. Heating costs are higher because of the condition of houses; lots of houses are not well insulated and there were comments about old equipment and the community not benefitting from insulation programmes. A resident on St Agnes highlighted that some properties are drafty, porous granite cottages in a damp, exposed environment. Another resident did, however, comment on the good insulation in their social housing.

Some residents do not have central heating (or storage heaters) and one individual only had central heating installed three years ago. For one resident without central heating they find it hard to heat their house so they do not heat it until needed; they felt fuel would cost more if they were heating their house more of the time.

Statistics show the proportion of households affected by fuel poverty<sup>11</sup> in the Isles of Scilly in 2016 (15.5%) is higher than the proportion in Cornwall (12.8%)<sup>12</sup> and England (11.1%)<sup>13</sup>.

However, expenditure on power in the Isles of Scilly is something that may change. The Isles of Scilly Smart Energy Islands Project aims to “cut electricity bills by 40%, meet 40% of energy demand through renewables, and see electric and low-carbon cars make up 40% of vehicles”<sup>14</sup>. More than 70 homes on the islands will be fitted with solar panels and a new special electricity deal for residents of Scilly will be launched by the Isles of Scilly Community Venture<sup>15</sup>. Therefore, any assumptions or estimations of differences between residents' spending on power (compared with Cornwall) may need to be reconsidered in line with progress on the Smart Energy Islands Project.

## Transport

With St Mary's (the biggest island) being less than 2.5 square miles, one resident commented on the fact that transport on the island is not an issue and car costs disappear. Other residents also commented on how nowhere is that far away on Scilly; if you do not have a car you do not spend much on transport on the island. Additionally, there are not the costs of commuting or paying for season tickets. However, some residents do own cars and comments were made about the cost of petrol and diesel on the Isles of Scilly being more expensive, even with the five pence per litre reduction (a UK government scheme approved by the European Commission). For those with cars, one difference compared with Cornwall is not needing an MOT (if it is certified that the car does not leave the island) with there only being one garage on the island and therefore no facility to get a second opinion from another garage.

Having only spoken to residents on St Mary's, St Agnes and Tresco, the transport on just these islands is addressed. St Mary's residents highlighted that there is no public transport, only taxis, and the community bus service only runs from April to October. There is also no public transport on St Agnes. There are no cars at all on Tresco, with vehicles being golf buggies, tractors and trailers, and a free bicycle for the residents. For those who have boats, a resident highlighted that running your own boat is "notoriously expensive".

Comments were made about how transport on the Isles of Scilly is different to Scottish islands, with all transport on Scilly being private. In comparison, residents discussed how Scottish transport is run primarily by public service, with subsidies on the Scottish islands, including prices for what it would cost on the road (this is discussed in more detail in the Orkney section).

As well as travel on the islands, there is also travel between the islands. Scheduled shopping boats from Tresco reportedly cost £5.50 each way. However, if travel is needed outside of scheduled trips, residents commented on the special services being much more expensive.

Transport to the mainland is by boat during the summer months and by plane all year round (with a new helicopter service launched in May 2018<sup>16</sup>). Travelling to the mainland by boat is (much) cheaper, but this option is not available in the winter. Residents highlighted how expensive it is to fly. A resident gave an estimate that it could cost over £600 for flights and then car hire for four people. This could be just over £100 on the boat. An anecdote was made about the flight from Cornwall to St Mary's being the most expensive flight per mile. Another resident commented on the flight from Gatwick to Newquay being cheap, but flying from Newquay to St Mary's could cost about five times as much.

Residents of Scilly do get a discount on travel, however, they need to be a full-time, permanent resident for at least a year and must in be in residence for the majority of the year<sup>17</sup>. One resident commented on there being a reduction on the boat, but the boat only runs in the summertime when they are working. A resident highlighted that when they have free time in the winter the plane is more expensive and could cost £130 return for residents for a flight to Land's End.

## Freight costs

One important area where residents reported additional costs (compared with Cornwall) is freight (shipping) and carrier (from boat to house) costs. For residents who live on off-islands there is an additional cost to get items delivered from St Mary's.

Residents highlighted the uplift for anything that needs to be shipped over to the Isles of Scilly, such as food, alcohol, fuel, clothing and building costs, with costs adding up when the additional freight costs are on everything. Estimates (given by residents) of the additional cost shipping adds to items were: 8%, 8.5%, 10% (with carrier on top); 5% to 10%, 30% to 40% and one-third more on average. A resident on an off-island presented some figures for items and their freight costs, showing 8% for freight costs on building materials and 30% freight costs on chicken feed. Another resident had bought a washing machine and paid £35 to ship on the boat and £25 for a carrier's fee. One resident who was building their own house commented on the freight costs on building products, with carpets "way more expensive". Another resident had paid £75 freight costs on sand bought for £25. With the additional freight costs on building materials it makes the cost of building houses or repairs on houses more expensive.

Residents highlighted difficulties in obtaining a tariff for freight costs, which may make it difficult to develop a model for expenditure. However, a new freight system is being released, along with a clear and easy to use price list.

One business owner commented on the need to pass on some of the additional shipping costs to the customer (and some for the company). This, therefore, may make the cost of items in shops on Scilly more expensive. Another resident highlighted how they may have to shop in local stores, which may be more expensive, as couriers might be delayed four or five weeks.

Residents also commented on having to think about where to buy products online, looking for companies that pay delivery to their door. For example, items sent by national post are fine, and for some online retailers you do not need to pay for freight costs. However, some companies and couriers do not deliver to the Isles of Scilly and shipping costs need to be paid from Penzance.

## **Food and drink**

Overall, comments were made about the choice of food available and the price of food. Residents on St Mary's highlighted that there is not very much choice of food; food can generally be purchased from the convenience store, the butcher's or the delicatessen. Residents commented on there being no discount shops or basic ranges easily available to them.

There were differing opinions on whether food prices are equivalent to those on the mainland. Some residents talked about prices being competitive compared with the mainland, whilst others thought prices were more expensive. A few years ago one resident compared the prices of items they regularly buy, with purchasing them on the Isles of Scilly costing approximately a third more than on the mainland (at that time). It is possible to do online shopping with some supermarkets, however, as they generally only deliver to Penzance Quay there are additional freight and carrier costs on top. This may outweigh the savings of shopping in a mainland supermarket.

For the off-islands, a resident commented on the island shops not being price competitive as freight costs are added to (some) items and there is less competition. However, one resident mentioned there being less temptation as there is less choice when shopping. A comment was also made about the prices in the shop being reasonable, considering the associated transport costs. However, not everyone will spend the same amount on food; one St Agnes resident indicated they are trying to be self-sufficient by growing their own vegetables and spending very little on food. Another resident noted there is a scheme on Tresco where the shop, pub and restaurant (not including alcohol) are 20% cheaper for residents.

With regard to eating out, residents again highlighted a lack of cheaper options, with no fast food outlets on the Isles of Scilly. Instead you would have to buy more expensive food, for example, buying a burger in a pub. There are fewer options for eating out on St Agnes, especially in winter when not much is open. Residents reported that prices are more expensive when eating out, with one resident commenting it is "aimed at tourism".

## Additional costs associated with medical travel

For Isles of Scilly residents there can be additional costs associated with medical travel. On St Mary's there is a [Health Centre](#) and [Community Hospital](#), but it is necessary to travel to the mainland for operations. Thanks to a National Health Service (NHS) scheme, residents only pay £5 to get to Land's End. However, residents do have to pay for onward travel to reach Penzance and islanders may have to rely on and pay for public transport or taxi services, while mainland residents may have a car or relative to drive them. Additionally, there are only certain situations where the NHS will cover the cost of travel for someone to accompany the patient.

Comments were made about the travel from off-islands for mainland appointments, specifically the use of special services if there are no scheduled boats (which are much more expensive than scheduled services). However, from May 2017 patients travelling from off-islands to mainland medical appointments are able to reclaim their inter-island leg<sup>18</sup> with the NHS paying for a special service if regular boats are not available at the appropriate time for the trip.

Residents highlighted that the additional costs associated with medical travel come from accommodation on the mainland (when needed). During winter the only transport to the mainland is by air and flights can be cancelled due to the weather. If residents have an important appointment and they can afford it, they reported going the day before to ensure they do not miss the appointment. If they do not have friends or family on the mainland to stay with, they need to pay for accommodation (which may typically be £80 per night) and food. If they have children and/or carers the cost is even more. However, accommodation is not always a choice, sometimes residents are stranded on the mainland as flights are cancelled. Additionally, patients may be discharged from hospital too late and miss their flight, causing them to stay on the mainland (which may not be solely in the winter months).

A survey into winter medical travel in 2016 was conducted by Healthwatch Isles of Scilly<sup>19</sup>. Results found that overnight accommodation was arranged by the majority of respondents, largely because of travel planning for the time of their appointment and possible delays. Additionally, the survey highlighted that the cost of overnight accommodation can be an issue and respondents commented that additional costs put a strain on finances.

## Education

Education is only provided on the Isles of Scilly up to 16 years of age. Primary schooling is provided on all islands (with the exception of Bryher children being taught on Tresco) and secondary schooling is only provided on St Mary's, with children from the off-islands boarding on St Mary's in the week<sup>20</sup>. For the boarding there is a voluntary contribution for food and accommodation. Education for those over the age of 16 years is only provided on the mainland.

An off-island resident commented that although the boarding on St Mary's (for secondary schooling) is funded, they still pay a bit. It is minimal, but if they lost the grant it would be unaffordable. However, another resident commented that for off-islanders secondary education is cheaper as food is paid for in the boarding house.

Residents commented that there is an increase in spending for education after the age of 16 years (further education), which could be an independent school, college or state boarding on the mainland. Although the Council provides an accommodation and travel grant of £5,600 a year (of which £600 is for travel), residents highlighted the need to pay more on top of the grant. One resident, with a daughter on the mainland for further education, reported the cost of a state boarding school to be £12,000 a year (including food). An alternative would be to attend Truro College and to stay with a host family. The Council grant will cover or fit with most host family rates, although one resident commented on the need to pay a bit (but not much more). For Scilly residents with family in Cornwall, staying with family provides another option for accommodation.

For the grant to cover travel, students can apply for a maximum of six return visits, allowing travel home each half-term<sup>21</sup>. One resident highlighted how his son is away for the whole term and cannot come back at weekends due to the cost. Another resident commented on the need to find money out of their own pocket if there is a crisis or problem.

When thinking about how these costs may differ compared with those on the mainland, there is a difference with regard to choice. Although residents of Cornwall may pay for boarding schools or education, there is no choice for residents on Scilly; education (or an apprenticeship or traineeship) is mandatory in England until 18 years of age and education after the age of 16 years is only provided on the mainland. Although there are some cheaper options (such as staying with family or a host family) costs on top of the grant need to be met.

## Recreation

Comments made about recreation on the Isles of Scilly indicated that residents are limited with regard to what they can do, with there not being as much access to recreation or places to go out. There is no cinema or theatre on Scilly, so this would involve a trip to the mainland. One resident commented they would go for a walk rather than the theatre, and would “cram in” the recreation on the mainland. Although residents may visit the mainland for culture and recreation, some do not. One resident, however, did feel there is a good range of things to do on Scilly and they are reasonably priced, for example, sewing classes for the elderly.

Activities that were mentioned for recreation included the pub, enjoying yourself on an off-island, the gym, pool, the local Garden, art galleries and visiting artists. A St Agnes resident commented on the hindrance of needing to go to other islands to do things, although in the summer they do have the pub and restaurant (these are closed in the winter). One resident on Tresco felt they suffer “culture wise” as they do not have that element on the island.

One resident who had moved from Cornwall commented on spending less money on recreation; without access to tourist spots in Cornwall they spend less without a subscription. Another comment was also made about a much lower spend on recreation and culture.

## Choice

“There isn’t the breadth of stuff on Scilly.”

One theme that arose from talking to residents was a lack of choice on the Isles of Scilly, which can have an impact on household expenditure. The comments about choice and availability were made regarding specific commodities, alongside more general comments regarding limited choice.

As mentioned previously, comments were made about the range of food, particularly the availability of cheaper options for food. One resident commented on how it would be difficult to spend £100 when shopping on St Mary’s, but you could easily spend this much in a supermarket on the mainland, as it is possible to buy other items at the same time (such as toys). Residents did, however, mention shopping for food online (which may provide them with more choice).

More generally with regard to shopping, one resident commented that Scilly is cheaper (in some respects) as there is no impulse buying due to a lack of shops, whereas it is possible to browse and spend money on the mainland. However, another resident disagreed with the lack of impulse buying, saying they impulse buy online when they receive emails about clothes sales. For clothing there is also a lack of cheaper clothes on Scilly, with comments made about the local clothes shops being (quite) expensive, and therefore shopping for clothes online or when visiting the mainland. A resident commented on not being able to go to a supermarket to buy cheap shoes for their children with growing feet and therefore needing to order online.

The lack of cheaper alternatives was also highlighted with there being no discount stores or pound shops on Scilly. One of the residents commented that they buy goods like toiletries on the mainland as they are £1 there but always full price on Scilly. Another resident also talked about shopping on the mainland, taking an empty suitcase with them to fill up and bring back.

There is also a lack of options when it comes to household goods, with lots of goods not available to buy on Scilly. Therefore, goods need to be bought and shipped, with added freight costs. Additionally, a comment was made about there being no-one easily available on Scilly to repair household goods (such as washing machines) and having to take the item to the mainland for repair. If something is broken it is often scrapped and a new one is bought, or residents mentioned using a social media group for Scilly residents to find used goods that work.

A resident also commented on services being more expensive as there is a limited choice of suppliers. Another comment was made regarding building a house; there are so few providers that prices are pushed up and very few mainland providers want to travel over to Scilly.

Residents also commented on a lack of choice for communications, being limited to one or two phone operators. There were, however, contrasting views on whether broadband is more expensive (as it is not possible to go with certain companies) or less expensive than the mainland. With regard to television, a resident reported having fewer channels on Freeview and having to pay more to get more channels.

Finally, as mentioned previously, there are also limited options for recreation. One resident on St Agnes commented on not having many options, for example, with the pub and restaurant closed in the winter and they therefore do not go out much.

## **Spending and cost of living**

There were some general comments made about the cost of living on the Isles of Scilly compared with the mainland, with contrasting views. Two residents spoken to felt living on Scilly was cheaper. One of these residents, who had moved from Cornwall, felt that although some categories may be more expensive, they are not tempted to eat out so much. Day to day they felt they live more cheaply, for example, having gone from having two cars to none. Another resident felt it does not really cost more to live on Scilly, however, they had previously lived in the East of England and may not have been comparing with prices in Cornwall. By contrast, another resident felt living on Scilly is a 20% to 30% more expensive way of life.

A general comment about the cost of living on Tresco was also made; with the island being a business and nearly everyone being an employee, costs are absorbed by management and expenses are a lot less.

A resident on St Agnes highlighted that costs are more expensive but suggested that people might not be spending as they do not have the money. St Agnes residents also commented on wages being low, not being able to earn such an amount "here" and not having much disposable income to go out much.

## **Notes for: Investigating household expenditure in the Isles of Scilly**

1. [Cornwall guide: Isles of Scilly – getting there](#)
2. [Visit Isles of Scilly - St Mary's](#)
3. Mid-year population estimates, Office for National Statistics
4. Housing Topic Paper 2017; The Local Plan 2015 to 2030, Council of the Isles of Scilly
5. [Tresco – the island](#)
6. Destination Management Plan 2018, commissioned by Islands Partnership, supported by Cornwall and Isles of Scilly Local Enterprise Partnership
7. Standard report run on HM Land Registry Open Data. Average prices across detached, semi-detached, terraced and flat or maisonette
8. HM Land Registry Data
9. Isles of Scilly Housing Growth Plan. Part of the strategic plan for the Isles of Scilly. May 2014. Three Dragons and Ash Futures Ltd.
10. Sub-national electricity consumption statistics 2005 to 2016, Department for Business, Energy and Industrial Strategy.
11. The Department for Business, Energy and Industrial Strategy measures fuel poverty in England using the Low Income High Costs indicator. A household is fuel poor if required fuel costs are above average, and if that amount were spent their residual income would be below the poverty line.
12. Sub-regional Fuel Poverty, Department for Business, Energy and Industrial Strategy.
13. Annual Fuel Poverty Statistics Report, 2018, Department for Business, Energy and Industrial Strategy.
14. [Smart Islands Partnership](#)
15. Smart Energy Islands Newsletter, May 2018, Issue 3
16. [Isles of Scilly Travel](#)
17. [Isles of Scilly Travel Club](#)
18. [Healthwatch Isles of Scilly: How to reclaim costs for off-island medical travel](#) (PDF, 440KB)
19. [Healthwatch Isles of Scilly: Winter Travel Survey Report May 2016](#) (PDF, 981KB)
20. [Five Islands School](#)
21. [Council of the Isles of Scilly: 2018 to 2019 transport policy statement for learners aged 16 to 18 in further education](#) (PDF, 523KB)

## 4 . Investigating household expenditure in Orkney

### Background

Orkney is an [archipelago of around 70 islands](#), 10 miles off the north coast of Scotland<sup>1</sup>, with around 20 of the islands inhabited. The mid-year population estimate for the Orkney Islands in 2017 was 22,000<sup>2</sup>.

The largest of the Orkney islands is Mainland, home to 75% of Orkney’s population and the towns of Kirkwall (the capital) and Stromness<sup>3</sup>. Mainland covers 202 square miles, making it the sixth-largest Scottish island<sup>4</sup>. The outer isles to the north of Mainland are referred to as the North Isles and the South Isles are south of Mainland.

A three-day visit was made to Orkney in March 2017 to discuss household expenditure with residents. Discussions were held around living on Orkney and whether there are differences in household expenditure compared with the Highland region of mainland Scotland (the closest local authority on mainland Scotland), again with regard to the commodities collected in the Living Costs and Food Survey (LCF). These discussions were held with council employees and residents from Mainland (Orkney), Sanday (the largest of the North Isles<sup>5</sup>) and North Ronaldsay (Orkney’s most isolated inhabited island<sup>6</sup>).

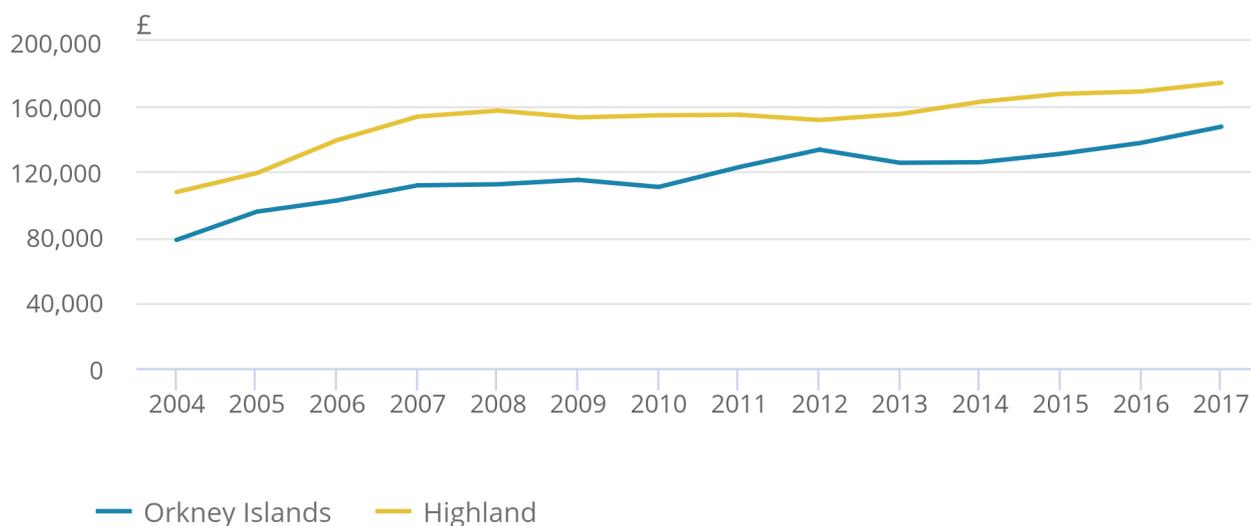
The following paragraphs address specific commodities raised by residents and how these compare with mainland Scotland as well as with other islands.

## Housing

A comment was made about housing not being overpriced in Orkney and buying houses in Orkney being cheaper than in Highland. Statistics from Registers of Scotland show the mean purchase price of residential property in Orkney is cheaper than in Highland (Figure 2), with the mean price in Orkney in 2017 being £147,614 compared with £174,512 in Highland<sup>7</sup>. Data from Registers of Scotland also show the mean purchase price of residential properties in all the Scottish islands to be lower than Highland (Figure 3)<sup>7</sup>. This is the opposite of house prices on the Isles of Scilly, with prices on Scilly being more expensive than those in Cornwall.

**Figure 2: Mean purchase price of residential property in Orkney and Highland, 2004 to 2017**

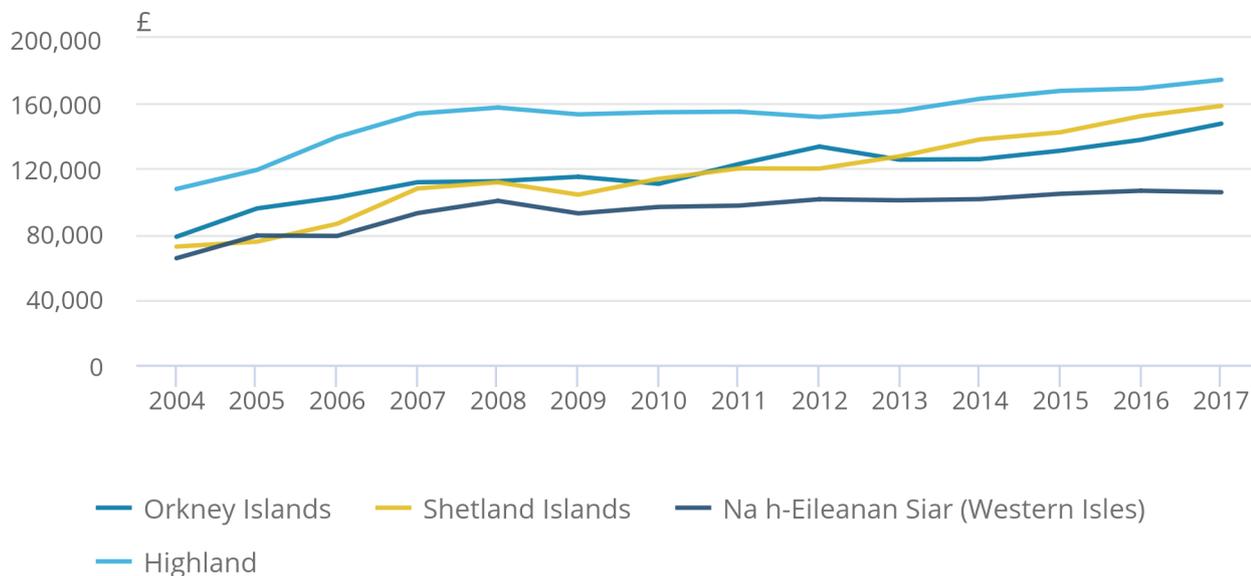
Figure 2: Mean purchase price of residential property in Orkney and Highland, 2004 to 2017



Source: Registers of Scotland

**Figure 3: Mean purchase price of residential property in Highlands and Islands, 2004 to 2017**

Figure 3: Mean purchase price of residential property in Highlands and Islands, 2004 to 2017



**Source: Registers of Scotland**

With regard to rent, a resident commented on the cost of rent on Orkney rising, with housing getting unaffordable. Additionally, a comment was made about rental prices being pushed up by the new hospital being built. A search on the Orkney Leasing website at the end of August found monthly rental prices (for Mainland) of £570 for a three-bedroom property, £550 for a two-bedroom semi-detached house and £370 for a one-bedroom flat. A private rental search on the Orkney Island Council website showed a one-bedroom detached stone cottage on Westray (North Isles) for £300 per month.

Residents commented on the differing quality of houses on Orkney, with houses ranging from “reasonably modern to hovels”. The modern housing is more energy efficient, with social housing being very efficient. However, some houses on the outer isles are old traditional stone houses with no cavity walls; houses that are hard to insulate and heat.

A Sanday couple commented on how it can be expensive to repair houses, particularly as there is a lack of builders on the island. When builders travel over to Sanday they are paid overtime as the ferry back to Mainland is after 5pm. Another Sanday resident agreed, commenting on it being expensive to get a professional across to the island.

## Fuel and power

As with the Isles of Scilly, there is no mains gas piped into Orkney. Residents reported using oil, bottled gas, coal, wood (which is harder to come by) and renewable energy (such as wind turbines).

With regard to cost, one resident commented on oil heating in a big old house on Orkney being more expensive, having noticed how much cheaper gas heating is when in Edinburgh. Another resident also felt they are paying “a fair bit more for heating oil”. Two residents also mentioned freight costs on fuel, with one of the residents reporting they probably pay more for coal because of transport costs.

Residents also talked about electricity being more expensive, with a two pence surcharge per unit. However, this additional surcharge is for the Highlands and Islands region as a whole and therefore does not differ between Orkney and Highland. Also, in comparison with mainland Scotland, one resident highlighted that although they use a lot of fuel and power this could be the same in other exposed places in Scotland.

Residents also talked about the high level of fuel poverty on Orkney. Figures from the Scottish House Condition Survey 2014 to 2016<sup>8</sup> show the percentage of households on Orkney in fuel poverty (required fuel costs greater than 10% of income) is 59%. This is the highest percentage of all local authorities in Scotland. However, the percentages in Highland, Shetland and Na h-Eileanan Siar (Western Isles) are also high, with all 50% or above (52%, 50% and 56% respectively).

Residents did mention government-awarded money for insulation and heating, with the Orkney Islands Council receiving funding from the Scottish Government (for 2017 to 2018) to assist home owners, private sector tenants and landlords with energy efficiency upgrades in the home<sup>9</sup>. Improving the energy efficiency of homes may impact on fuel poverty and spending on fuel.

## Transport

Residents commented on the cost of travel to mainland Scotland, travel on Orkney and travel between the islands. One resident suggested spending on transport could be higher than the Scottish average and the cost of travelling to mainland Scotland was described as “expensive”.

With regard to travelling to mainland Scotland, residents mentioned the road equivalent tariff (RET), where ferry fares are the cost of travelling the equivalent distance by road, thereby reducing fares. RET was first introduced as a pilot in 2008 on routes to the Western Isles and Coll and Tiree<sup>10</sup>. In June 2018, RET was introduced for ferry fares to Shetland (Aberdeen to Lerwick route and Lerwick to Kirkwall route), reducing fares by 20%<sup>11</sup>. However, RET was not introduced on routes between Orkney and mainland Scotland (across the Pentland Firth) as planned<sup>11</sup>. One resident indicated that without RET a return to mainland Scotland can cost £200 for two people and a car. There are still islanders’ rates for Orkney residents (30% discount) on ferry services between Aberdeen and Kirkwall and Scrabster and Stromness<sup>12</sup>, but these islanders’ rates are also applied on top of the RET reductions for Shetland.

There is only one airline that operates flights to Orkney (and between islands). Residents commented that the prices paid vary over time; one resident indicated how a last-minute flight to Aberdeen could cost £300 for a return trip, however, two months in advance could cost almost half of this. There is, however, an air discount scheme for residents of Orkney, which provides 50% off flights to mainland Scotland and other eligible areas in the Highlands and Islands region<sup>13</sup>. There are also islanders’ rates for flights between islands, however, a Sanday resident did comment on the plane being comparatively expensive. Another resident also highlighted that the plane is small and could be full with teachers travelling to and from Sanday.

Although Sanday is only 16 miles long<sup>14</sup>, Sanday residents commented on it being “nearly essential to have a car” and having to own two cars in a family. One resident highlighted how they can be travelling up and down the island four times a day and as they are short journeys they use quite a bit of petrol. A Mainland resident commented that where it is rural there is a high percentage of vehicles, which are using more fuel, saying 16,000 miles a year is not considered a high usage. Another Mainland resident estimated a spend of £400 a month on transport, not including the cost of leaving the island. Other car-related costs mentioned include the additional burden of transportation costs on car parts, labour costs being much cheaper than mainland Scotland and no MOT needed for the North Isles.

As with the Isles of Scilly there is a five pence per litre reduction on petrol and diesel, however, residents reported fuel on Orkney is still more expensive than in mainland Scotland and there is no supermarket fuel. A resident indicated that fuel is five pence to ten pence more a litre compared with mainland Scotland. However, another resident highlighted that there may be places in western Highland where fuel might be more expensive. There is also a difference between islands in Orkney; a Sanday resident commented on petrol being five pence cheaper in Kirkwall and another Sanday resident reported it is worth going off-island to buy fuel, even with the cost of leaving the island.

The transport across the islands differs, especially for the more isolated islands. For North Ronaldsay there is a ferry service one or twice weekly (which is not a roll-on roll-off<sup>15</sup> service) and a daily eight-seat air service<sup>16</sup>. However, for Eday (in the North Isles) the air services are Wednesdays only. With the North Isles vehicle and passenger services it is possible to buy books of tickets up-front to save money (for some vehicles, passengers and routes).

Sanday residents also highlighted that there can be difficulties with transport, for example, transport can be disrupted by bad weather in winter, which may result in a stay in town (Kirkwall). Flights might be delayed, or if it is possible the boat might not go then it is necessary to travel the day before, which can incur an extra accommodation cost. Additionally, transport sometimes does not tie up, for example, the time of a flight into Orkney might mean the resident misses the ferry to another island, so a stay on Mainland is needed.

## **Freight and delivery costs**

As with residents of the Isles of Scilly, freight (shipping) costs were mentioned as “a big cost” for Orkney residents. Again, it costs more to transport items to the outer isles (with double freight), with a North Ronaldsay resident indicating another 5% on costs from Kirkwall.

Comments about freight costs were made with regard to food, online shopping and building materials. For building, a Sanday resident mentioned approximately £200 haulage costs on 60 tonnes of stone.

Comments were also made about much higher delivery costs (from shopping online) and some companies not delivering to Orkney or charging an excessive premium. Residents mentioned looking for national post delivery otherwise “prices are silly on delivery”. There was, however, mention of some companies delivering cheaply or for free (for the most part).

## **Food and drink**

Compared with St Mary’s (Isles of Scilly), Mainland Orkney has more choice to purchase food and drink, including a number of independent food retailers and main supermarkets. Most of the other islands in Orkney have one shop, with Sanday having two.

With regard to the cost of food, residents felt prices “seem” higher. One resident highlighted that other than local products, supermarkets seem generally more expensive. There was agreement from another resident on the supermarket prices being slightly higher in some areas. However, there were also comments about one of the supermarkets being the same as the mainland and another supermarket “probably” matching mainland Scotland.

Sanday residents commented on food being more expensive and there being another level of complication to get the food across to Sanday. For example, when food gets to the island fruit and vegetables can be nearly past their best. One resident talked of paying for two adults and a car to go to Mainland (Orkney) for shopping as not everything they would like is available on Sanday. However, people do grow their own vegetables and a resident mentioned the use of an online retailer to buy cheaper goods such as honey, tuna and dried goods. One resident highlighted that since the community shops have improved, they travel less to Kirkwall. Although the prices are more expensive a resident mentioned there being areas, like commuting, where money is not being spent.

In comparison, Sanday residents did highlight that restaurants are cheaper than in Kirkwall. There is, however, not a culture of going out for dinner on Sanday (there are not many options), instead going to people's houses.

## **Health**

National Health Service (NHS) Orkney provides "a comprehensive range of primary, community-based and acute hospital services"<sup>17</sup>. However, Orkney residents mentioned that sometimes they may need to travel to Aberdeen to attend the hospital there. The cost, however, bar £10, is paid for by the NHS and residents mentioned a very reasonable rate for accommodation, with some accommodation provided by a cancer charity. There is also a new hospital and healthcare facility being built on Orkney.

## **Education**

Unlike the Isles of Scilly, education after the age of 16 years is provided on Orkney. There were only two areas with regard to the cost of education that were mentioned by residents. Firstly, residents mentioned an additional cost for school trips (if away from Orkney) as there is the added transport cost to get off the island. Secondly, a resident mentioned there being no charge in school for the hire of instruments or tuition for music, with this "probably lots cheaper" than in mainland Scotland.

## **Recreation**

A few comments were made about the cost of recreation on Orkney, specifically about recreation being cheaper. Unlike the Isles of Scilly, Orkney does have a cinema. A Sanday resident did highlight, however, that sometimes screenings do not fit with the ferry times so an overnight stay is needed. Some residents are able to stay with family but for those that cannot a hotel stay is needed (hotels do offer islanders' rates during the winter).

With regard to recreational activities, residents also mentioned boating and sailing, festivals, a leisure centre and a swimming pool on Mainland and Sanday. Comments were made about swimming being cheaper than in mainland Scotland, with swimming on Sanday costing £2 for an adult for 45 minutes.

## **Access to service providers**

Comments made by one resident suggest more concerns about being service deprived rather than issues with price, mentioning problems with service and wages, rather than the cost of living in Orkney, and not having an economy to scale. Other comments on services made by residents from Mainland, Sanday and North Ronaldsay were regarding communication, specifically the internet. Some residents noted limited choice for broadband (for example, not being able to have fibre services), slow internet, and spending much the same but getting worse coverage. Residents did, however, mention the 5G (5th Generation) roll-out, with Orkney having been chosen as a test site for the roll-out of 5G technology, meaning residents will have faster broadband connections<sup>18</sup>.

## **Notes for: Investigating household expenditure in Orkney**

1. [Where is Orkney?](#)
2. Mid-year population estimates, Office for National Statistics
3. [Walk Highlands: Orkney Mainland](#)
4. [Scotland Info Guide: Orkney](#)
5. [Visit Orkney: Sanday](#)
6. [Visit Orkney: North Ronaldsay](#)
7. Calendar year market review 2017, Registers of Scotland
8. Scottish House Condition Survey: 2014 to 2016 Local Authority Tables, Scottish Government
9. [Orkney Islands Council Service Directory, funding for energy efficiency upgrades](#)
10. [Transport Scotland: Road Equivalent Tariff](#)
11. [BBC News: Scottish Government fails to meet its RET deadline, 29 June 2018](#)
12. [NorthLink ferries: Islander fares 2018](#)
13. [Orkney Transport Guide Summer 2018\(PDF, 4.7MB\)](#)
14. [Explore Orkney: Sanday](#)
15. A vessel that carries wheeled cargo
16. [Visit Orkney: inter-island transport](#)
17. [NHS Orkney](#)
18. [The Scotsman: Scottish testbed announced ahead of the 5G mobile broadband revolution, 10 March 2018](#)

## 5 . Considerations

Although it was possible to speak to residents across several of the islands in Orkney and the Isles of Scilly, not all off-islands or outer isles were covered in this project. Additionally, some of the more rural parts of Mainland Orkney were not covered. Unfortunately poor weather restricted the project, with a day lost on the Orkney visit due to snow and a cancelled flight, and a trip to an off-island in Scilly cancelled due to the weather.

Some residents spoken to had no personal experience of living in Cornwall or Highland and some do not make regular visits to the mainland. This may have made it harder for them to compare the cost of living on the islands to the cost of living in Cornwall or Highland. Furthermore, Highland averages for the commodities in the Living Costs and Food Survey were not available to provide to the residents as part of the discussions. Scotland averages were taken to discuss with residents but there was limited focus on these figures.

## 6 . Conclusions

This project was conducted to investigate whether there are areas or commodities where household spending on the Isles of Scilly and Orkney may differ significantly to household spending on the mainland. There are several areas highlighted by this project, including housing, freight costs, fuel and power, and food.

Residents highlighted that there are some areas where island communities spend more money (such as freight costs) but also areas where money may not be spent (for example, commuting or recreation). As this project was to identify areas and not to collect data, we do not have figures to enable us to start to develop a model of the relationship or differences between the islands and the mainland. More work is needed to investigate the areas identified in order to quantify the differences.

However, it is clear that there are some commonalities in spending differences across both the Isles of Scilly and Orkney, which suggests that certain commodities could be modelled across all island communities in order to provide more accurate estimates of household expenditure.

## **7 . Acknowledgements**

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