

A rural and island Minimum Income Guarantee pilot: Briefing on Poverty Alliance's members' seminar

January 2025

1. Introduction

The Minimum Income Guarantee (MIG) is a chance to secure everyone in Scotland a decent and dignified standard of living. But what about people who need higher incomes to secure that standard? In rural and island Scotland the cost of living is between 14 and 32% higher than in urban Scotland.¹

An uplift in the MIG payment would be one way of responding to the needs of rural communities. However, the transformational potential of the MIG lies in the relationship between the three spheres of social security, fair work and public services. Our critical public services, such as childcare and public transport, are key to achieving an adequate standard of living. In rural and island Scotland many of the key services which people rely on to access work, education, healthcare and family and social lives are less accessible.

In November 2024, Poverty Alliance members came together as part of the second phase of the Poverty Alliance's 'Drawing a Line Under Poverty' project to discuss the key considerations relevant for designing a MIG for rural and island Scotland. With representation from both organisations and individual activists, this session provided an opportunity for members to share their thoughts on the specific needs of rural and island communities, including: the ways in which a possible rural and/or islands pilot could learn about the interaction between the MIG payment and key services like transport; and how a pilot programme could successfully engage low income groups in rural and island Scotland. This briefing summarises the key points from speaker contributions and small group discussions.

1. Emerging themes and recommendations from the Expert Group Report: Seona Carnegie, Minimum Income Guarantee Policy Manager at the Scottish Government

Seona Carnegie, Minimum Income Guarantee Policy Manager at the Scottish Government provided an overview of the work of the Expert Group in defining a MIG, a

¹ Hirsch, D. Bryan, A. Davis, A. Smith, N. Ellen, J. Padley, M. (2013) [A Minimum Income Standard for remote rural Scotland](#)

recap of the vision for the policy and its key principles and potential features, and a focus on the Expert Group's 'roadmap' approach to the MIG.

The specific steps needed to build the guarantee for rural and island communities were framed within the broader roadmap for the MIG. Seona set out that to deliver transformational and lasting change, steady steps towards a MIG are needed and that this would include crucial interventions such as ending the two child limit; improving support for childcare costs for low-income families and setting the groundwork for expanding childcare; expanding concessionary travel; increasing national wages to match the real Living Wage and seeing Living Hours and Living Pensions adopted by more employers.

Focussing on the specific interim steps for rural and island communities, Seona set out key areas of focus where the Expert Group would be making initial recommendations but which will also require additional research, engagement and action to ensure the MIG is able to meet rural needs. Potential areas of action and recommendations, include:

Premium: The MIG should have premiums in place to recognise the unique needs of disabled people, carers and island and rural communities to ensure they can live with dignity, despite differences in costs and income. Classification and the definition of "remote" and "rural" may need reviewed to ensure the premium applies to those experiencing higher costs due to geography. Further analysis should be undertaken to identify the appropriate MIG level for remote, rural and island communities. However, it should be at least 15% higher than the standard MIG payment level.

Services: Improving access, quality, availability and suitability of existing services will be a key first step for a MIG, this includes consideration of alternative approaches to meet the needs of rural and island communities. Longer-term steps may include travel or energy allowances to reduce household costs with greater flexibility.

Piloting: The delivery and impact of a MIG needs to be tested on a subset of the Scottish population prior to national roll out. The details of the pilot will need to be explored further by the Scottish Government, but the Expert Group will propose care leavers, unpaid carers and rural and island communities as potential test groups.

2. Feedback from discussion

Attendees were then given an opportunity to discuss each of these three focus areas exploring what they would like to learn from a potential rural and island pilot, and, what should be taken into account in the planning and delivery of a successful pilot.

Premium Payment

Attendees were supportive of the idea of a premium payment, in principle, as a recognition of the additional costs faced in rural communities. However, they raised a number of questions about how exactly the premium would work as well as principles they felt would be important for making a premium payment fair and effective.

- *Limitations of a premium*

Despite broad support for a premium, attendees also pointed out that a premium payment could merely function as a ‘sticking plaster’ if underlying services and infrastructure are not available or strengthened. For example, a premium payment designed to reflect the higher costs of childcare would not be useful if there is no suitable childcare available.

- *Eligibility*

Attendees felt that clarity on what or who counted as ‘rural’ will be important. Not everyone who lives rurally necessarily experiences the same additional high costs. Equally, a focus exclusively on ‘remote’ rural, or islands, would risk creating cliff edges and disadvantaging people in less remote rural communities who nonetheless may face higher costs.

Beyond the question of eligibility criteria, attendees also focused on the ‘how’ – i.e., whether or not people would automatically receive the premium (e.g., based on postcode) or would need to apply and, if so, whether this would introduce barriers to uptake and costs in assessing and processing claims. These potential barriers would be a particular problem for groups who are digitally excluded, such as older people.

When designing a pilot for rural and island Scotland, attendees felt it would important to reflect the diversity of rural and island experiences, reflecting specific issues in specific areas. The best learning would come from multiple small pilots run in different areas concurrently to account for this diversity in experience and costs.

- *Premium level*

It will be vital for payments to keep up with the real cost of living with regular evaluation of the premium and its effectiveness at accounting for additional costs. Attendees pointed out that this would need to include how the premium (and the wider MIG) responded to short-medium term fluctuations, or price shocks, such as those seen in energy markets in recent years.

- *Energy*

Some questions were raised about the role of the premium in meeting core additional costs faced by rural households, such as energy, and how this would work alongside ideas such as ‘an energy allowance’. There were concerns raised that without simultaneous reform and regulation of energy markets, energy companies could respond by raising prices.

Services

Discussion of services focused on the question of which services should be prioritised for ‘testing’ when piloting a MIG in rural and island Scotland. Specifically, attendees were asked to prioritise action from: travel allowances; energy allowances; or childcare provision.

Discussions also brought up questions about the purposes of the MIG, and how this related to the services element. For example, whether or not the MIG will be designed to “*compensate for unfairly expensive services in rural and island communities*” or whether the focus should be on efforts to bring the cost of services down. Some attendees expressed discomfort at the idea of ‘subsidising’ private transport and energy companies instead of fixing public transport or tackling the root causes of high energy costs.

- *Priorities*

There was a lack of consensus on the question of prioritisation and people found it difficult to separate out the identified policy areas, recognising their inherently interconnected nature. The conditions which often shape the needs of rural communities for services (such as fuel poverty, or a lack of public transport) are also the conditions which make it hard to secure the workforce that would transform those services.

Some other key points raised included recognising the centrality of transport as a way to access other services and ensuring that any travel allowance is inclusive of air and ferry travel for those that need it. When looking at energy, the impact on reducing energy costs should be viewed in a holistic way as possible: measuring the financial impact but also the effect on physical and mental wellbeing.

When thinking about priorities for testing, the Scottish Government will need to weigh up what is possible within timeframes and existing powers. For example, a travel and energy allowance might be easier to implement and have an impact on a wider range of people, whereas childcare would require investment in training and provision. On the other hand, an energy allowance would likely require significant intervention and regulation to implement which may be unworkably complex in the short term.

Nonetheless, it was felt by some attendees that a social tariff for energy would be worth exploring within the context of the MIG.²

Attendees also pointed out that wider services such as access to affordable, healthy food, good quality, affordable housing and social care should also be considered as priorities. In some rural and island communities, the lack of social care services is contributing to depopulation as people are having to move away to gain access to services. As noted in the recent Scottish Human Rights Commission report, this is one example of many spaces in which human rights are not being met in rural and island Scotland.³

Making a success of a rural and island pilot

Attendees discussed what they thought would make a pilot successful in a rural or island community, including what role they felt the third sector should play; what groundwork Scottish Government should lay with communities; and what mistakes they could avoid.

- *Key stakeholders*

Attendees were clear that co-production with communities was vital, including with those with lived experience of living on a low income and struggling with the additional costs of living rurally. Alongside this, the role of local organisations as partners was also emphasised, including as an initial short cut to understanding need in an area. Attendees also emphasised the crucial role of employers in key rural sectors such as tourism, hospitality and agriculture.

- *Design processes*

The design of the pilot would need to be highly place-based and concurrent pilots across different rural and island communities would provide the strongest possible learning. It was recognized that which elements of a MIG, particularly in relation to services, would be focused on may need to respond to the needs as well as the capacity and opportunities in a particular place. Other factors to consider in design would include the impact of poverty-related stigma; how payments would work alongside pre-existing support and entitlements; and ensuring that there is not a cliff-edge at the end of the pilot

Ultimately, attendees urged the Scottish Government to balance the aspirational and the deliverable with the clear mantra *“don’t let perfect be the enemy of the good”* emerging from discussions.

² The Poverty Alliance – [Securing Our Future, Poverty Alliance Manifesto 2024](#), page 8

³ Scottish Human Rights Commission - [Economic, Social and Cultural Rights in the Highlands and Islands](#), 2024

Evaluation

The focus and design of measurement and evaluation approaches for a pilot will be crucial in building useful learning to inform future design. Attendees raised the question of how any evaluation could attempt to capture the broader impact of a MIG on communities, as opposed to just on individuals and families. This was felt to be particularly important for rural settings, where the MIG could have a strong role in stemming depopulation.

Messaging

Finally, attendees discussed the importance of clear and positive messaging to secure buy in for the pilot and the policy as a whole. There was some skepticism about the current name, with a lack of clarity as to what a 'MIG' entails or constitutes. It was also felt that, given a pilot would inevitably focus only on some elements of the MIG, it would be important to manage expectations about its impact and not set the policy up for perceived failure.



The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups



abrdn Financial Fairness Trust has supported this project as part of its mission to contribute towards strategic change which improves financial well-being in the UK. The Trust funds research, policy work and campaigning activities to tackle financial problems and improve living standards for people on low-to-middle incomes in the UK. It is an independent charitable foundation registered in Scotland (SC040877).