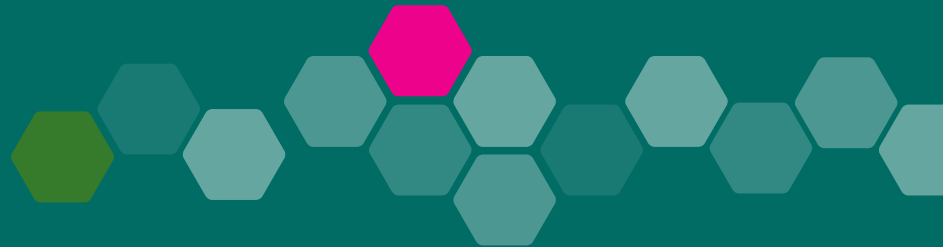




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Poverty in Rural Scotland: a review of evidence



AGRICULTURE, ENVIRONMENT AND MARINE



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1. Executive summary

This report reviews current evidence and research on rural poverty in Scotland. The Scottish Government's two-fold Urban-Rural classification defines rural areas as settlements of less than 3,000 people.

The main findings are listed below:

- Income-based measures of poverty have found that 15% of people living in rural Scotland (or 170,000 people) are in relative poverty, compared to 20% (850,000) of urban residents. What is more, fewer people living in rural Scotland are living in the most deprived areas in Scotland.
- Child poverty is also lower in rural Scotland. 19% of children living in rural areas are living in relative poverty, compared to 26% of children living in urban areas.
- Fewer children in rural areas are living in families with limited resources, compared to children in urban areas. This is higher in remote rural areas than in accessible rural areas. There are also fewer children registered for free school meals within rural areas.
- The economic activity rate (people employed or looking for work), employment rate and the rate of working-age population that are either employed, in education or training, are all higher in rural areas than in the rest of Scotland.
- The median hourly rate of pay is highest, for both males (£16.19) and females (£16.27), in accessible rural areas but is lowest, however, in remote rural areas (£14.14 for males and £14.29 for females). Similarly, annual pay is lowest for females living in remote rural areas (£27,231) and highest for males living in accessible rural areas (£35,556).
- Part-time hours can contribute to in-work poverty and the highest rate of part-time workers can be found in remote rural areas (28%). Women are

considerably more likely than men to work part-time in all areas of Scotland, however, the highest rate is again in remote rural Scotland (46%).

- It is estimated that the cost of living is considerably higher in rural Scotland than it is in urban Scotland. Research has found that the cost of food, clothing, household goods, housing, transport and household fuel bills are higher in rural areas. Households in rural Scotland, therefore, require a higher income to attain the same minimum living standard as those living in urban areas.
- It is estimated that a third of households in remote rural Scotland are in extreme fuel poverty, compared to 11% of households in the rest of Scotland. Rural households are more at risk of fuel poverty as they are more likely to be dependent on alternative, and more expensive fuel types, such as electric storage heating and oil powered-heating; and dwellings tend to be larger and, thus, more expensive to heat in rural areas.

The report concludes by suggesting that, although rates of poverty are lower in rural Scotland, rural poverty may not be easily identifiable within income and deprivation measures as they do not take into account the higher cost of living. Indeed, the evidence suggests that many rural households are at risk of poverty due to their high expenditure on travel and fuel.

2. Rural poverty in Scotland

Summary:

- 15% of people in rural areas are living in relative poverty and 11% are living in severe poverty.
- Just 2% of people living in remote rural areas, 1% of people living in accessible rural areas and 3% of people living in remote small towns live in Scotland's most deprived areas.
- 19% of children living in rural areas are living in relative poverty.
- 12% of children in accessible rural areas and 13% of children in remote rural areas are living in families with limited resources.
- Fewer pupils in accessible rural and remote rural areas are registered for Free School Meals than in urban areas.
- These indicators of poverty have been criticised for failing to take into account the dispersed nature of rural poverty and the cost of living in rural Scotland.

People in Scotland are typically considered to be living in poverty if their income is below 60% of the UK median income. They may also be said to be experiencing multiple deprivations – that is, a lack of resources and opportunities. Poverty has often been considered an urban issue given that poverty and deprivation are more concentrated in these areas. Rural poverty, thus, tends to be harder to identify in the most commonly used poverty measures which focus on income and areas of deprivation.

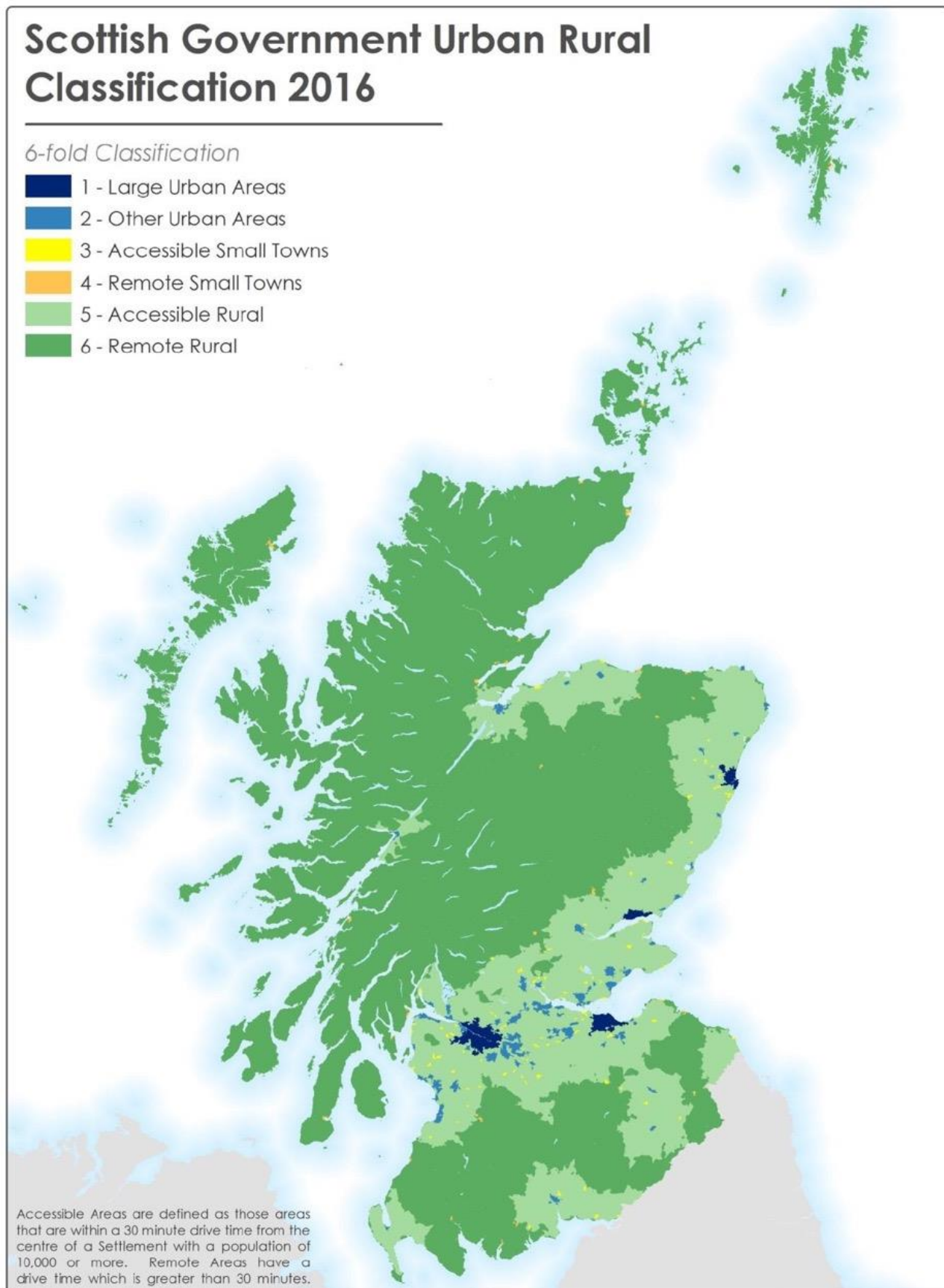
Just over 5.4 million people live in Scotland, with over 930,000 of them living in rural areas (Scottish Government, 2021b). The Scottish Government's two-fold Urban-Rural classification (Scottish Government, 2016), defines rural areas as settlements of less than 3,000 people, though there are many other definitions of rurality which complicate the picture. Our most commonly used classification is the 6-fold classification, shown in the table 3 below. Within this rural category, there may be important differences between places closer to, or further from, urban centres, particularly in relation to employment opportunities, transport and cost of living.

This report aims to look beyond the income and deprivation measures which are commonly used to measure poverty and will review the current evidence on rural poverty in Scotland.

Table 1: Scottish Government 6 fold Urban Rural Classification

1 Large Urban Areas	Settlements of 125,000 or more people.
2 Other Urban Areas	Settlements of 10,000 to 124,999 people.
3 Accessible Small Towns	Settlements of 3,000 to 9,999 people and within 30 minutes drive of a settlement of 10,000 or more.
4 Remote Small Towns	Settlements of 3,000 to 9,999 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.
5 Accessible Rural	Areas with a population of less than 3,000 people, and within a 30 minute drive time of a settlement of 10,000 or more.
6 Remote Rural	Areas with a population of less than 3,000 people, and with a drive time of over 30 minutes to a settlement of 10,000 or more.

Image 1. Scottish Government 6-fold Urban Rural Classification 2016



2.1 How many people in rural Scotland are in poverty?

Research indicates that rural areas have lower poverty rates than urban areas. As can be seen in Table 2, 15% of people (170,000) in rural areas were living in relative poverty in the period between 2016/17 and 2018/19, compared to 20% (850,000) of people living in urban areas. A further 11% (130,000) of the rural population were living in severe poverty, compared to 15% (600,000) of the urban population. Nevertheless, the number of people in severe poverty has grown more rapidly between 2006/17-2008/09 and 2016/17-2018/19 in rural areas (increased by 30% in rural areas compared to 11% in urban areas).

Table 2: Percentage of people in poverty and severe poverty after housing costs (AHC) by urban/rural classification

	200 6/07	200 7/08	200 8/09	200 9/10	201 0/11	201 1/12	201 2/13	201 3/14	201 4/15	201 5/16	201 6/17
	-	-	-	-	-	-	-	-	-	-	-
	200 8/09	200 9/10	201 0/11	201 1/12	201 2/13	201 3/14	201 4/15	201 5/16	201 6/17	201 7/18	201 8/19
People in relative poverty AHC (below 60% of UK median income)											
<i>All people</i>	19%	19%	18%	18%	18%	18%	18%	19%	19%	20%	19%
<i>Urban</i>	20%	20%	19%	18%	19%	19%	20%	20%	20%	21%	20%
<i>Rural</i>	15%	14%	14%	14%	14%	13%	13%	14%	14%	15%	15%
People in severe poverty AHC (below 50% of UK median income)											
<i>All people</i>	13%	13%	12%	12%	12%	12%	13%	13%	13%	14%	14%
<i>Urban</i>	14%	14%	13%	12%	12%	13%	13%	14%	14%	15%	14%
<i>Rural</i>	9%	10%	9%	9%	9%	9%	9%	9%	10%	11%	11%

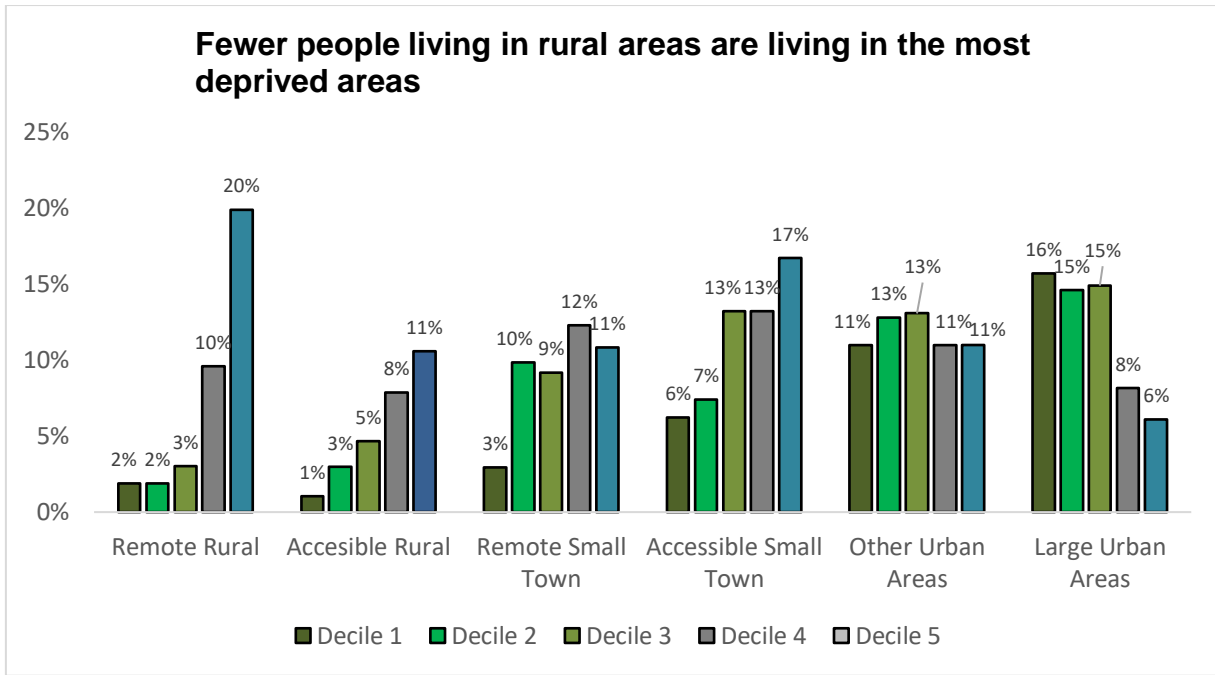
Source: Poverty and income inequality statistics, Scottish Government (2020a)

This data uses low income poverty measures. That is, people are said to be living in poverty if their income is below a certain level. The critique of income based measures is twofold. Firstly, 'they measure resources which a household has, not the standard of living which it achieves' (Bailey et al. 2016, 6). Secondly, they do not take into account differences in the cost of living across Scotland and may, therefore, paint a misleading picture of poverty (Bailey et al. 2016). As is discussed in section 4, the cost of living is often higher in rural areas and disposable income will not, therefore, go as far.

An alternative measure of poverty is deprivation. Measures of deprivation differ from measures of income in that they measure standards of living. Deprivation can be considered the outcome of a lack of income and other resources, such as housing, household amenities, education and healthcare. The Scottish Government measures deprivation using the Scottish Index of Multiple Deprivation (SIMD). The SIMD identifies small geographic areas where there are high concentrations of individuals who are experiencing low income and multiple forms of disadvantage. It currently measures seven separate domains: income, employment, health, crime, housing and access to services.

Figure 1 shows the percentage of the population living in SIMD deciles 1-5 (where ten is the least deprived and one is the most deprived) by the Scottish Government's 6 fold Urban Rural Classification (Scottish Government, 2016). The most deprived communities are not evenly spread across Scotland. Just 2% of all people living in remote rural areas, 1% of people living in accessible rural areas and 3% of all people living in remote small towns live in the most deprived decile. In comparison, 6% of all people living in accessible small towns, 11% of all people living in other urban areas and 16% all people living in large urban areas live in the most deprived decile.

Figure 1: Population by SIMD20 decile and six-fold urban/rural classification



Source: Scottish Index of Multiple Deprivation 2020, Scottish Government (2020b) (using the Scottish Government Urban Rural Classification)

This indicates that fewer people living in rural areas are living in the most deprived areas. The SIMD has, however, been criticised from a rural perspective. As Bailey et al. (2016, 6) point out, ‘place-based measures of deprivation...tend to fail to identify the localised pockets of poverty in rural areas, which are both dispersed (unlike poverty which may be concentrated on urban housing estates for example) and interspersed amongst pockets of wealth’. Rural areas infrequently feature, therefore, in lists of most deprived areas.

2.2 How many children in rural Scotland are in poverty?

Data shows that rural populations also have lower child poverty rates than urban areas. As can be seen in Table 3, 19% of children living in rural areas were living in relative poverty in the period between 2017-2020, compared to 26% of children living in urban areas. This figure has increased from 16% in the period between 2016-19.

Table 3: Proportion of children in relative poverty after housing costs by urban/rural classification, Scotland, 2017-2020

Children in relative poverty AHC (below 60% of UK median income) (2017-2020)		
Urban	Rural	All
26%	19%	24%

Source: Poverty and child poverty data, Scottish Government (2021a)

Again, these figures use low income poverty measures which do not take into account wider deprivation measures.

2.3 Limited Resources

Another way of measuring child poverty is by looking at data of children in Scotland living in families that have “limited resources”. The limited resources measure looks at children in families that have both low income and cannot afford three or more out of a list of 22 basic necessities. The list of necessities includes having: a damp-free home; money to cover unexpected expenses and repairs; money to save regularly; enough money to take part in sport and leisure activities; and money to take a holiday away from home at least once a year. Families are defined as being on a low income if the household income is below 70% of the Scottish median income after housing costs (Scottish Government, 2017).

Table 5 shows the percentage of children living in families with limited resources by the Scottish Governments 3 fold Urban Rural Classification (Scottish Government, 2016). The 3 fold classification is set out in Table 4.

Table 4: Scottish Government 3 fold Urban Rural Classification

1 Rest of Scotland	Settlements of 3,000 or more people
2 Accessible Rural	Areas with a population of less than 3,000 people and within 30 minutes drive of a settlement of 10,000 or more.
3 Remote Rural	Areas with a population of less than 3,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.

Table 5 shows that fewer children are living in families with limited resources in rural areas than in urban areas. Indeed, 12% of children in accessible rural areas

and 13% of children in remote rural areas are living in families with limited resources, after housing costs, compared to 20% in urban areas. This again suggests that child poverty is lower in rural Scotland.

Table 5: Percentage of children who live in families with limited resources by 3-fold urban rural classification, 2017

	Before housing costs %	After housing costs %
Accessible rural	13.9	12.3
Remote rural	15.8	13.6
Urban	23.1	20.4
All areas	20.4	18.0

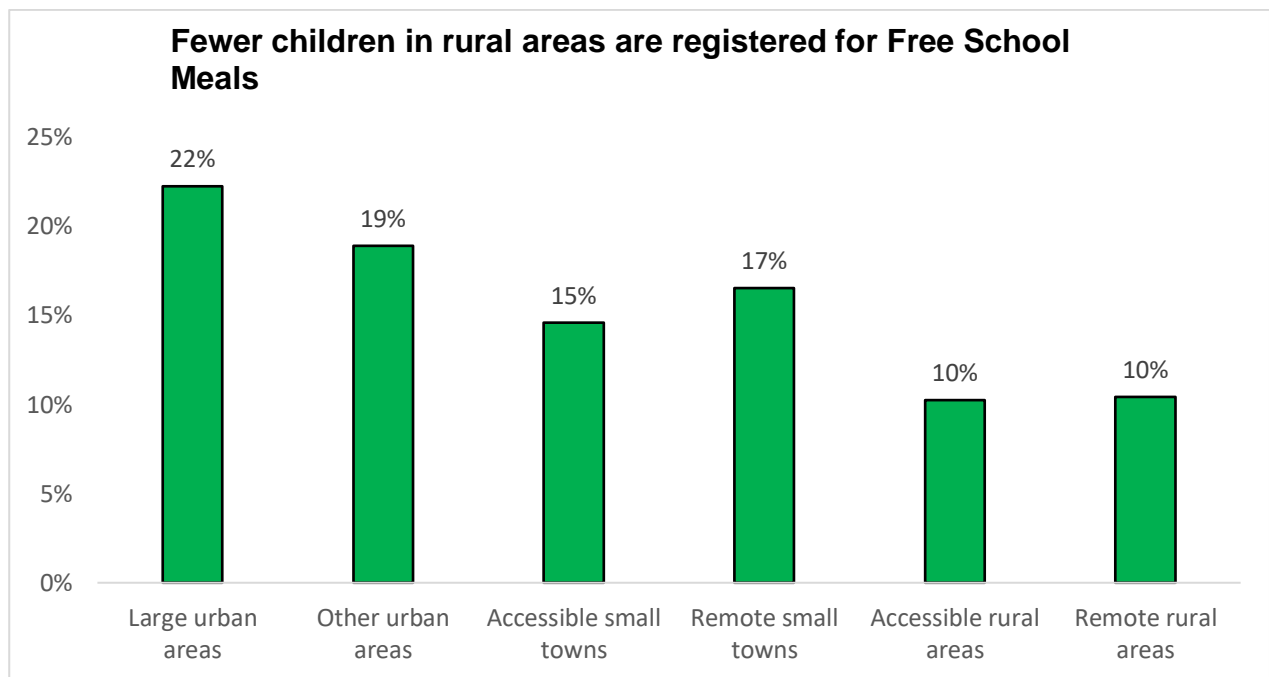
Source: Scottish Government (2019b)

2.4 Free School Meals

The number of pupils eligible for free school meals is often used as a proxy for identifying levels of poverty and deprivation within the school setting. This is because, generally, schools in which more pupils are registered for free school meals are situated in areas with higher levels of poverty and deprivation.

Figure 2 shows that fewer pupils in accessible rural and remote rural areas are registered for Free School Meals than in urban areas. Although this indicates that there are lower levels of poverty and deprivation in rural areas, using free school meal entitlement as a measure of deprivation has been criticised. Research by the Child Poverty Action Group (2020) argued that at least two in five school age-children who live below the UK's poverty line are not entitled to free school meals. This equates to 45,000 children in Scotland. The research suggests that the strict income thresholds for eligibility mean that many families do not receive support, in particular those living in in-work poverty.

Figure 2. P5-S6 pupils registered for Free School Meals (FSM) by six-fold urban/rural classification, 2020



Source: September 2020 Pupil Census¹, Scottish Government (2021d) (using the Scottish Government Urban Rural Classification)

¹ Only includes pupils based in mainstream local authority schools with the following stages: P5, P6, P7, S1, S2, S3 S4, S5, S6. All pupils in P1-P3 receive free school meals under the universal provision. All P4 pupils in Glasgow City, Inverclyde and 10 schools in South Ayrshire receive FSM under local initiatives to expand eligibility.

3. Employment

Summary:

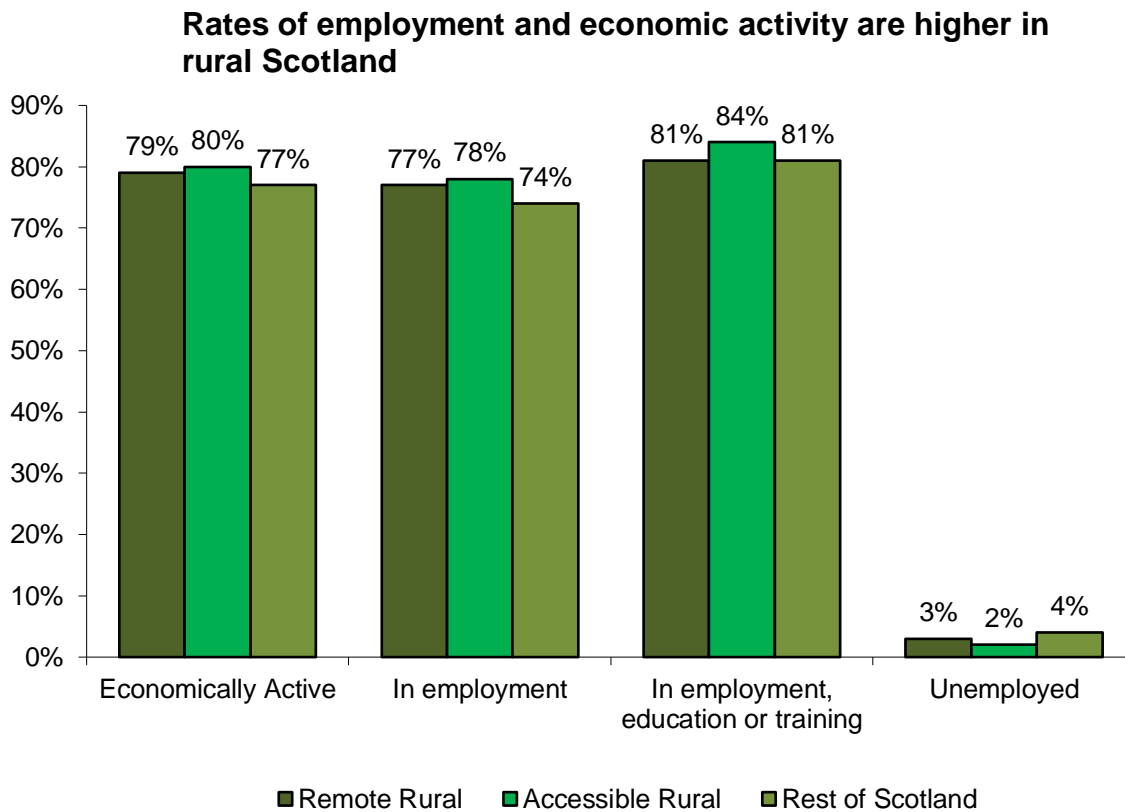
- Rates of employment and economic activity are higher in rural Scotland.
- The rate of working-age population that are either employed, in education or training is higher in accessible rural areas and equal to the rest of Scotland in remote rural areas.
- The median hourly rate of pay is highest, for both males and females, in accessible rural areas and lowest in remote rural areas.
- The median gross annual pay is highest for people living in accessible rural areas and lowest for people living in remote rural areas.
- The highest rate of part-time workers can be found in remote rural areas.

There is a strong relationship between unemployment and poverty, both in Scotland and internationally. Poverty rates for households where all adults are in employment are considerably lower than in households where adults are unemployed. Employment, however, does not necessarily lift households out of poverty. The majority (59%) of working-age adults in poverty in Scotland are in 'in-work poverty' – that is, they are living in households with at least one adult in employment. In addition, almost half (47%) of all working-age adults in working poverty were parents of dependent children (Scottish Government, 2019a). Employment data is, therefore, not an infallible measure of poverty but may strengthen our understanding of rural poverty.

3.1 Economic Activity

Figure 3 shows that rates of employment and economic activity are higher in rural Scotland. The economic activity rate (people employed or looking for work) and employment rate (the number of people employed as a percentage of the total population of working age) are higher in rural areas than in the rest of Scotland. The rate of working-age population that are either employed, in education or training is also higher in accessible rural areas and equal to the rest of Scotland in remote rural areas.

Figure 3: Economic activity of population aged 16 to 64 by geographic area, 2019

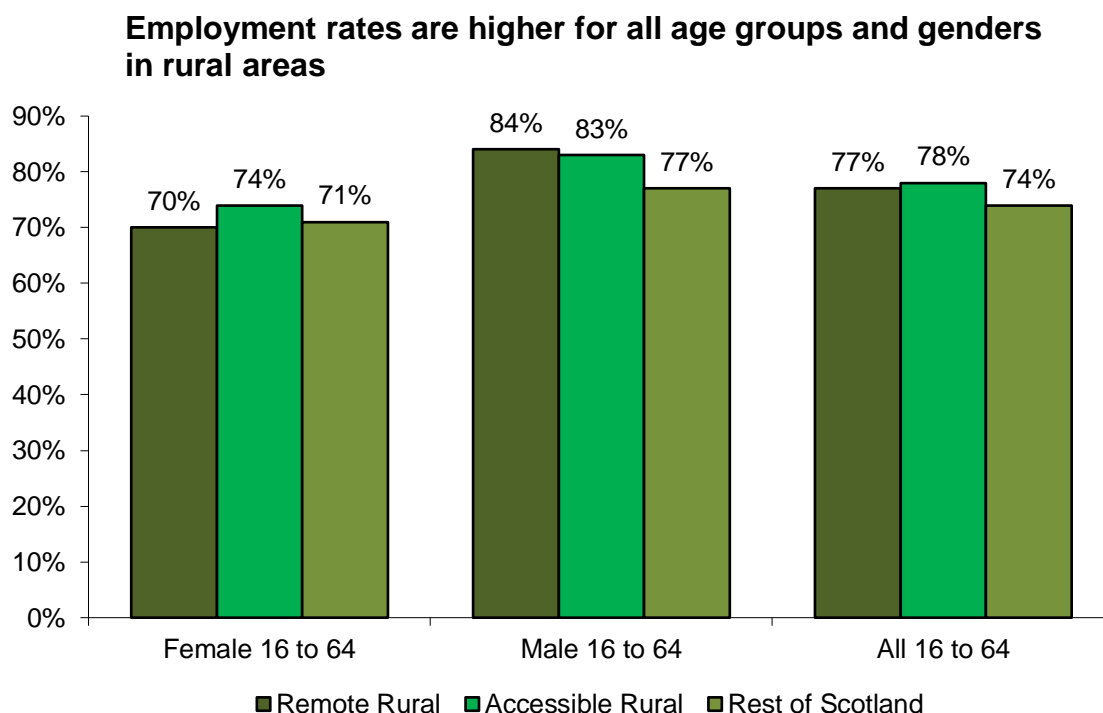


Source: Annual Population Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

Figure 4 shows that the employment rates are higher for all age groups and genders in rural areas compared to the rest of Scotland. Within rural areas, accessible rural areas have the highest employment rates for all sub-groups, apart from males aged 16 to 64 where the employment rate is higher in remote rural areas.

The highest employment rates in all areas of Scotland are for males aged 16 to 64, with the highest rate being 84% in remote rural areas followed by 83% in accessible rural areas. In the rest of Scotland, the employment rate for males aged 16 to 64 is 77%.

Figure 4: Employment rates by geographic area, 2019



Source: Annual Population Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

High employment rates do not necessarily suggest that there are lower rates of poverty in rural Scotland. Indeed, factors such as rates of pay and patterns of employment can contribute to in-work poverty.

3.2 Pay

Low-paid workers face a higher risk of poverty than workers who are not on a low hourly rate of pay. Among full-time, full-year employees in the UK, those that are low-paid are twice as likely to be in relative poverty than all employees (Scottish Government, 2019a).

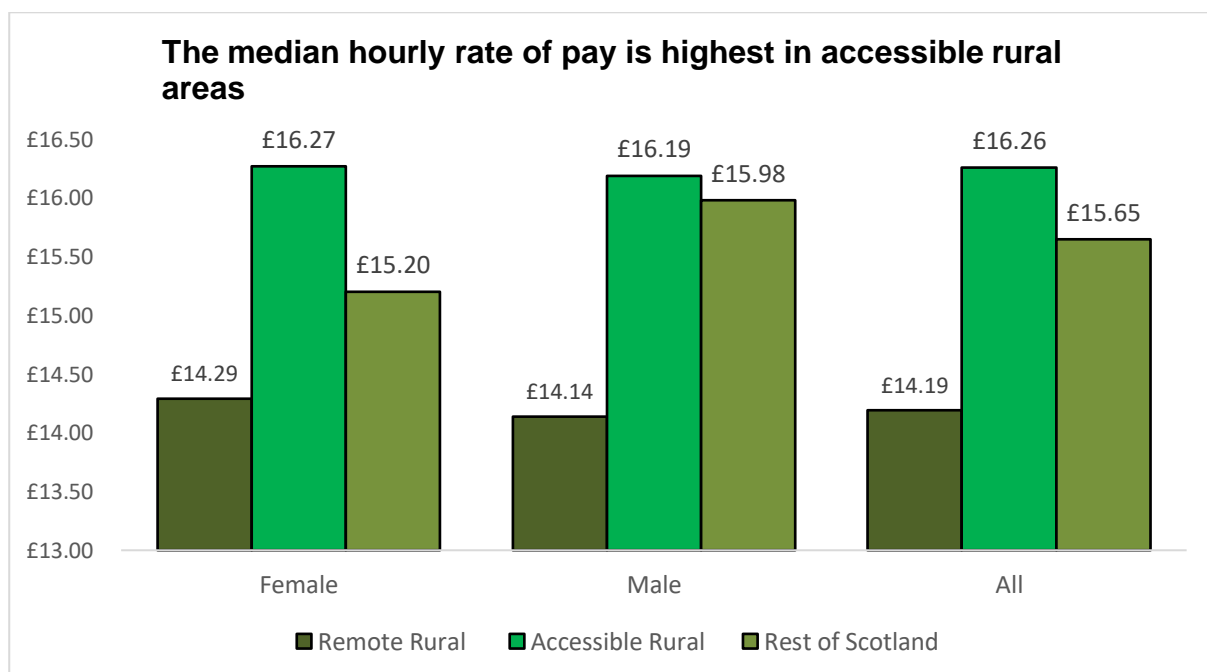
While labour market statistics look at individuals, poverty is generally experienced and measured at a household level. The assumption is that, although individuals are the recipients of earnings, those earnings go into a 'household pot', together with income from a range of other sources. This means that low pay does not always result in poverty. Indeed, in almost 3 in 10 Scottish households in working

poverty, between 2014-2017, no one in paid employment is in low pay (Scottish Government, 2019a).

Similarly, poverty among working families is not always the result of low pay. Around a third of adults in working poverty are not paid below the living wage (Scottish Government, 2019a). For many households, therefore, it is the number of hours of paid work completed by adults in the household that seems to matter. In Scotland, families in part-time employment only and couples where one is in full-time employment and one is not in employment make up over half of families in working poverty (Scottish Government, 2019a). This makes it difficult to use data on rates of pay to determine the extent of poverty in rural Scotland.

Figure 5 shows the median hourly wage rate for all male and female employees residing in rural and urban areas. The median hourly rate of pay is highest, for both males and females, in accessible rural areas and lowest in remote rural areas.

Figure 5: Residence based median hourly rates of pay by geographic area, 2020



Source: Annual Survey of Hours and Earnings 2020, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification).

Table 6 shows that the median gross annual pay (that is, before tax and other deductions) for all full-time employees is highest for people living in accessible rural areas and lowest for people living in remote rural areas. Annual pay is lowest for

females living in remote rural areas and highest for males living in accessible rural areas.

Table 6: Residence based median gross annual pay for full-time employees by geographic area, 2020

	Remote Rural	Accessible Rural	Rest of Scotland
Female	£27,231	£31,678	£28,405
Male	£32,021	£35,556	£34,044
All	£29,652	£34,311	£31,531

Source: Annual Survey of Hours and Earnings 2020, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification).

Research conducted by Atterton et al. (2019), however, shows that the gender pay gap in mainly rural local authorities has declined substantially in recent years, to the point at which women earn more than men in these areas in 2018. The research found that while the gender pay gap in islands and remote rural local authorities was very high in 2016 (20%), it has since declined substantially. Indeed, in 2018 the gender pay gaps in larger cities and urban with substantial rural local authorities (10.0% and 10.3% respectively) were higher than in islands and remote rural (4.5%) and mainly rural local authorities (-1.9%)².

These findings are generally positive for rural Scotland, however, the report is unable to explain why the rural pay gap is declining. Though the study explored some of the potential reasons for the decline – for example, differences in hours

² This research uses the fourfold RESAS classification (Scottish Government, 2018) which distinguishes local authorities according to their level of rurality based on key variables, such as population size and age, access to services in the least and the most deprived areas and broadband connectivity. It categorises Scotland's 32 local authorities into four groups:

- **Larger Cities:** Glasgow, Edinburgh, Aberdeen and Dundee Cities;
- **Urban with Substantial Rural:** North Lanarkshire, Fife, South Lanarkshire, West Lothian, Renfrewshire, Falkirk, East Renfrewshire, Inverclyde, West Dunbartonshire, Midlothian, North Ayrshire, East Dunbartonshire and Stirling
- **Mainly Rural:** East Ayrshire, Aberdeenshire, Clackmannanshire, East Lothian, South Ayrshire, Moray, Angus, Perth and Kinross, Highland, Dumfries and Galloway and Scottish Borders.
- **Islands and Remote Rural:** Argyll and Bute, Shetland Islands, Orkney Islands and Na h-Eileanan Siar.

worked, employment rates, distribution of women across occupational groups and industrial sectors in different geographies - none were considered major factors.

3.3 Patterns of employment

Low-paid workers are more likely to work part-time (33% - working less than 30 hours per week), compared to all workers (20%). Additionally, low-paid workers who are in poverty are more likely to work part time (41%) than all workers in low pay (Scottish Government, 2019a). As can be seen in Table 7, the highest rate of part-time workers can be found in remote rural areas (28%). Women are considerably more likely than men to work part-time in all areas of Scotland, however, the highest rate is again in rural Scotland (46%).

Table 7: Patterns of work by geographic area, 2019

	Remote Rural	Accessible Rural	Rest of Scotland
Percentage of employed males who are:			
Self-employed	29%	19%	14%
Working part time in main job	12%	12%	13%
With a second job	6%	3%	3%
Homeworkers	10%	9%	3%
Percentage of employed females who are:			
Self-employed	16%	15%	8%
Working part time in main job	46%	46%	40%
With a second job	10%	5%	4%
Homeworkers	12%	10%	4%
Percentage of all employed who are:			
Self-employed	23%	17%	11%
Working part time in main job	28%	28%	26%
With a second job	8%	4%	3%
Homeworkers	11%	9%	4%

Source: Annual Population Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

4. Cost of Living

Summary:

- Weekly food, clothing and household goods costs are higher in the islands and remote rural Scotland, compared to urban areas in the UK.
- Individuals in remote rural areas pay substantially higher prices for home delivery than individuals in urban areas.
- Travel is the greatest source of additional costs for residents of remote rural Scotland and can add over £50 a week to costs for rural households.
- Residents in rural Scotland are more likely than those in the rest of Scotland to spend over £100 per month on fuel for their cars.
- A third of households in remote rural areas are classed as 'extreme fuel poor', compared to only 12% in accessible rural areas and 11% in the rest of Scotland.

A Scottish Government (2021e) report estimates that the minimum cost of living in remote rural Scotland is between 15% and 30% higher than urban parts of the UK. The research suggests that this is on account of significant additional costs, such as food, clothing, household goods and holidays. The cost of travel, however, was identified as the dominant extra cost. It is likely, therefore, that households in remote rural Scotland require a higher income to attain the same minimum living standard as those living elsewhere in the UK.

4.1 Food, clothing and household goods

The report (Scottish Government, 2021e) found that weekly food costs are up to 13% more for island communities and up to 4% higher in remote rural Scotland, compared to urban areas in the UK. While the cost of food is not significantly higher in rural and island supermarkets, at local community stores, costs were 44% higher on the mainland and 27% higher on islands than the equivalent in a supermarket.

Table 8. Weekly food costs in different Minimum Income Standard budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£112.43	£117.08	4%	£126.70	13%
Working age single	£49.69	£50.60	2%	£52.06	5%
Working age couple	£83.13	£84.64	2%	£87.06	5%
Pensioner single	£47.10	£48.30	3%	£51.97	10%
Pensioner couple	£75.25	£77.04	2%	£79.57	6%

Source: The cost of remoteness. Additional minimum living costs in remote rural Scotland, Scottish Government (2021e) (using the Scottish Government Urban Rural Classification)

Weekly clothing (see Table 9) costs were also estimated to be higher in rural and islands areas, ranging from between 18% (remote rural) and 34% (islands) higher for pensioner couples and between 10% (remote rural) and 12% (islands) higher for families with children. For household goods (see Table 10), costs are again significantly higher in islands (between 10% and 22%) than in remote rural areas on the mainland (between 4% and 10%). The single biggest source of these differences are the higher costs of larger items bought locally.

Table 9. Weekly clothing costs in different Minimum Income Standard budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£44.66	£49.26	10%	£50.20	12%
Working age single	£7.99	£9.07	14%	£10.63	33%
Working age couple	£15.98	£18.14	14%	£21.25	33%
Pensioner single	£6.99	£8.24	18%	£9.34	34%
Pensioner couple	£13.98	£16.47	18%	£18.67	34%

Source: The cost of remoteness. Additional minimum living costs in remote rural Scotland, Scottish Government (2021e) (using the Scottish Government Urban Rural Classification)

This is often exacerbated by significantly higher delivery costs to rural and remote areas. Research published by Citizens Advice Scotland (2015) suggests that rural consumers often find that they are excluded from home delivery options or face high delivery surcharges. A Scottish Government (2020d) report found that individuals in remote rural areas pay substantially higher prices than individuals in urban areas. The most prominent differences in prices and delivery probability are for next-day door-to-door deliveries where the price for islands is almost double than in the rest of the country and 75% more expensive in remote rural Scotland. According to the findings, the Highlands and Islands face the highest delivery prices on average among all regions and the lowest delivery probability. Similarly, surcharges are concentrated in the councils of Moray, Argyll and Bute, Highland, Na h-Eileanan Siar, Orkney Islands and Shetland Islands. More recently, Scottish Government (2021e) research found that delivery costs were most significant for island pensioners, for whom they added around £3 a week on average to household budgets.

Table 10. Weekly cost of household goods in different Minimum Income Standard budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£27.56	£28.64	4%	£30.34	10%
Working age single	£10.05	£11.07	10%	£12.25	22%
Working age couple	£12.22	£13.46	10%	£14.89	22%
Pensioner single	£15.39	£16.39	7%	£18.04	17%
Pensioner couple	£17.55	£18.69	7%	£20.58	17%

Source: The cost of remoteness. Additional minimum living costs in remote rural Scotland, Scottish Government (2021e) (using the Scottish Government Urban Rural Classification)

4.2 Transport

As can be seen in Table 11, adults in remote rural (75%) and accessible rural areas (82%) are more likely to drive to their place of work or education than adults in the rest of Scotland (60%).

Table 11: How adults usually travel to work/education by geographic area, 2019

	Remote Rural	Accessible Rural	Rest of Scotland
Walking	14%	6%	13%
Driver of a car or van	75%	82%	60%
Passenger in a car or van	3%	4%	5%
Bicycle	1%	1%	3%
Bus (ordinary or works)	3%	2%	11%
Rail	1%	4%	6%
Other	2%	2%	2%

Source: Scottish Household Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

Evidence suggests that transport costs are much higher in rural areas, particularly for working-age households. A Scottish Government (2021e) report found that travel is by far the greatest source of additional costs for residents of remote rural Scotland. Greater travel distances (especially for work, but also for shopping leisure/holidays and accessing services), the greater need to own at least one car and higher fuel costs, can add over £50 a week to costs for rural households. As can be seen in Table 12, weekly travel costs are estimated to be up to 251% higher for pensioners living in remote rural areas on the mainland.

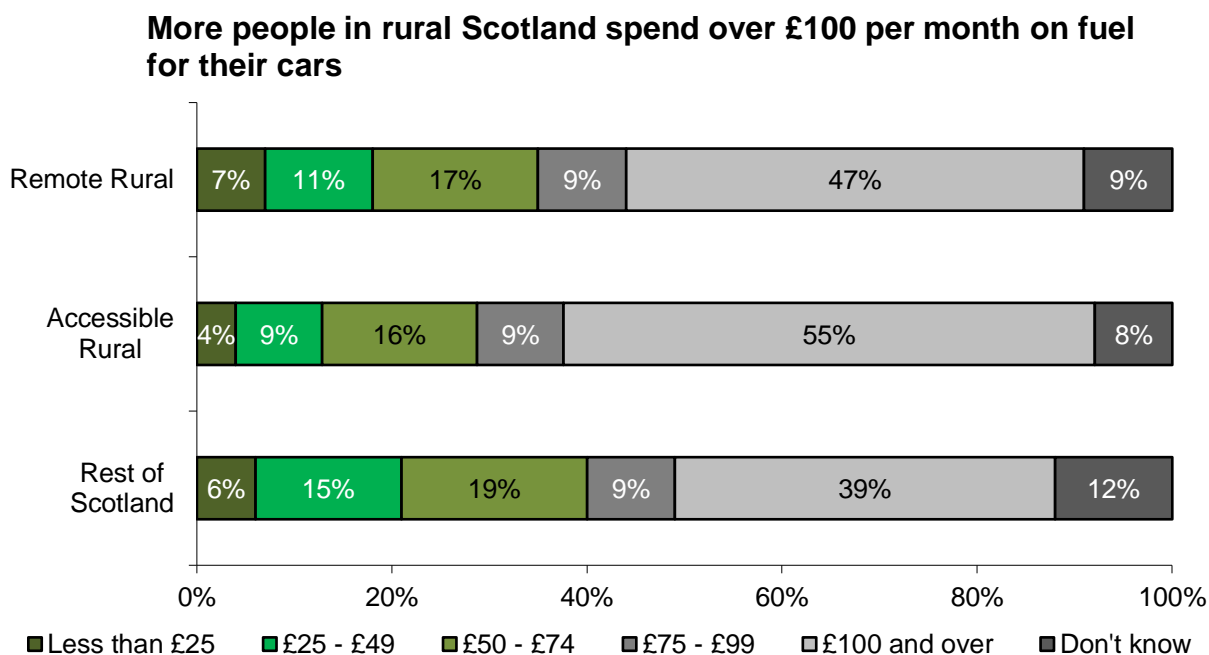
Table 12: Weekly travel costs in different MIS budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£102.10	£157.01	54%	£130.52	28%
Working age single	£43.30	£74.73	73%	£60.78	40%
Working age couple	£86.65	£144.78	67%	£117.34	35%
Pensioner single	£15.42	£54.10	251%	£43.89	185%
Pensioner couple	£19.16	£53.84	181%	£44.44	132%

Source: The cost of remoteness. Additional minimum living costs in remote rural Scotland, Scottish Government (2021e) (using the Scottish Government Urban Rural Classification)

As can be seen in Figure 6, residents in rural Scotland are more likely than those in the rest of Scotland to spend over £100 per month on fuel for their cars. The proportion of those spending more than £100 per month on fuel for their cars is highest in accessible rural areas at 55%. The proportion is 47% in remote rural areas. In the rest of Scotland this falls to 39%. A higher level of expenditure on fuel for cars is likely to be, in part, due to longer driving distances to key services, as well as the distance travelled to work.

Figure 6: Total expenditure on fuel for cars per month by geographic area, 2019

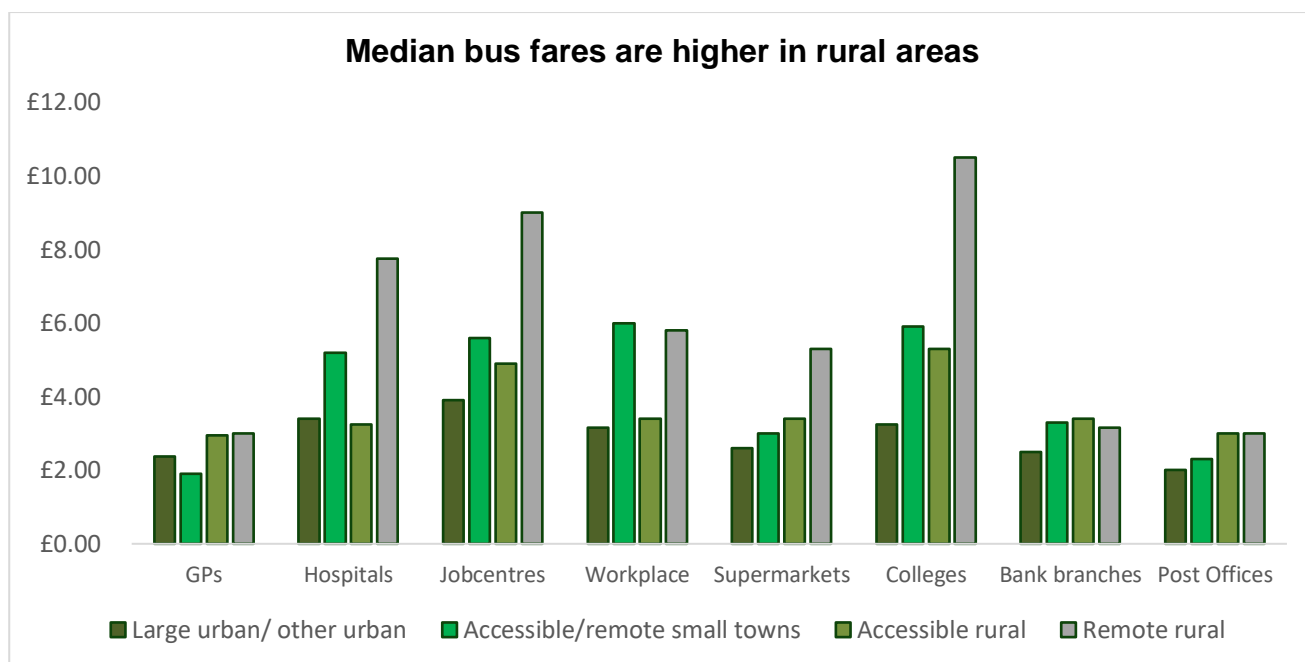


Source: Scottish Household Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

Research suggests that people living in rural areas also pay higher bus fares than people living in urban areas (Citizens Advice Scotland, 2016). As can be seen in Figure 7, the median return bus fare paid to access essential services is largely higher in accessible rural and remote rural areas. The median return bus fares to colleges, jobcentres and hospitals are especially higher in remote rural areas.

This poses a number of challenges for rural residents who rely on public transport. Travel to Jobcentres, for example, is necessary for many people receiving certain social security payments. Regular meetings with work coaches are an essential requirement in the Universal Credit system, for instance. Repeated trips could, thus, be costly for remote rural residents. Similarly, access to hospital-based health and social care may be restricted for those relying on public transport. Indeed, the report notes that the infrequency of rural bus services may require rural residents to use more expensive forms of public transport, such as taxis, or restrict their availability for in-person medical appointments to times when public transport is running.

Figure 7: Median return bus fare to essential services



Source: Citizens Advice Scotland (2016)

The cost of transport is also a particular issue in the islands. Research by the Scottish Government (2021c) found that less than half of island residents agree that local bus and ferry fares are good value. Additionally, less than one in five residents feel that the flights to and from the mainland are good value for money.

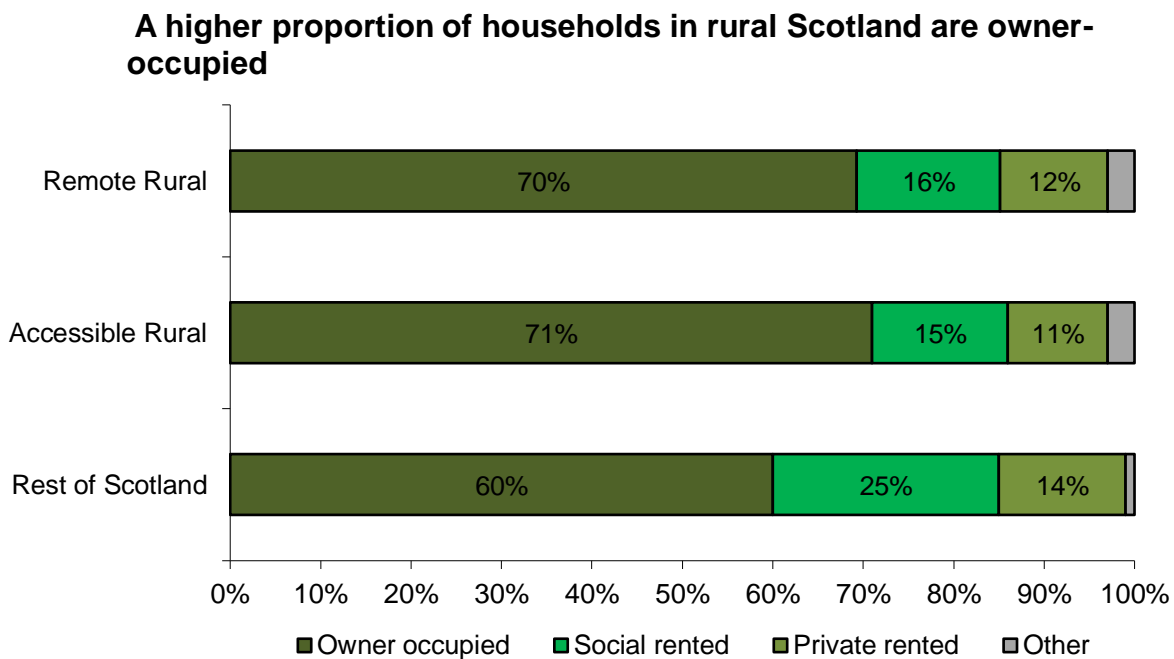
4.3 Housing

Data suggests that housing in rural Scotland is more expensive than the housing in urban areas. Indeed, the average (mean) residential property price was £198,908 in remote rural areas (up by 6% since 2019) and £228,556 in accessible rural areas (up by 9% since 2019), compared to £171,362 in the rest of Scotland (up by 4% since 2019) (Scottish Government, 2021b). This does not necessarily indicate that housing is unaffordable. Rather, household incomes may be substantial enough to cover higher housing costs. However, in the islands, for example, only a third of residents agree that there is affordable housing locally (Scottish Government, 2021c).

Similarly, according to a recent report - 'Rural Lives- Understanding financial hardship and vulnerability in rural areas' (Shucksmith et al. 2021) - a lack of

affordable housing in rural areas has meant that it remains difficult for financially vulnerable groups to access suitable housing in rural areas. The report argues that rural residential housing stock is often not appropriate for the needs of young people and single person households, and there are issues with the quality of private rented accommodation.

Figure 8: Housing tenure by geographic area, 2019



Source: Scottish Household Survey 2019, Scottish Government (2021b) (using the Scottish Government Urban Rural Classification)

As can be seen in Figure 8, a higher proportion of households in rural Scotland are owner-occupied (70% of households in remote rural areas and 71% of households in accessible rural compared to 60% in the rest of Scotland). A smaller proportion of rural households rent from local authorities or housing associations (16% in remote rural areas and 15% in accessible rural areas, compared with 25% in the rest of Scotland). The rate of private renting is higher in the rest of Scotland at 14% compared to 11% in accessible rural areas and 12% in remote rural areas.

According to the Skerrat et al. (2014, 73), ‘drivers for this can include a lack of social housing; a lack of availability of homes to rent, a high number of second homes/holiday lets...; planning challenges and a lack of available land.’ They also argue that rental properties in rural areas are unaffordable and that available

properties may only offer seasonal and short term leases. They link this to tourism industries, second homes and the seasonal nature of agricultural employment. Indeed, remote rural areas had the highest proportions of second homes, with 6.3% of dwellings being used as second homes (National Records of Scotland, 2020). This goes some way to explain why 71% of island residents agree that there is a high proportion of local holiday lets and second homes (Scottish Government, 2021c).

The condition of rural housing stock also contributes to the cost of living in rural Scotland, as is discussed in 4.4.

4.4 Household fuel bills

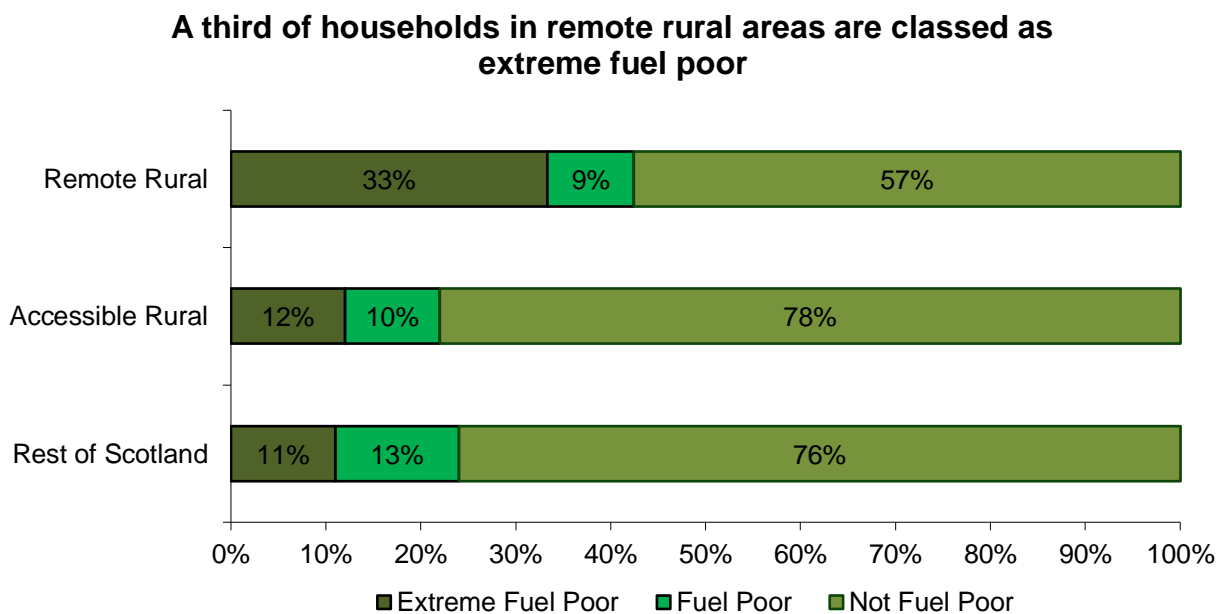
The Scottish Government (2020e) states that households should be able to afford the heating and electricity needed for a decent quality of life. A household is in fuel poverty if in order to maintain a satisfactory heating regime, total fuel costs necessary for the home are more than 10% of the household's adjusted (i.e. after housing costs) net income; and if, after deducting those fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living.

Extreme fuel poverty follows the same definition except that a household would have to spend more than 20% of its remaining income to pay for its energy needs.

Figure 9 shows that around a third of households in remote rural areas are classed as 'extreme fuel poor'. This compares to only 12% in accessible rural areas and 11% in of Scotland. Between 2018 and 2019, rates of fuel poverty increased in remote rural areas (from 33% to 43%), increasing the gap when comparing overall urban (24%) to overall rural areas (29%). Similarly, levels of extreme fuel poverty increased in remote rural areas (from 23% to 33%), meaning that extreme fuel poverty rates in rural areas (19%) were higher than in urban areas (11%).

Research in Scotland's (2021c) islands showed that 73% of islanders agreed that their heating bills have increased in the past year, with 13% stating that they could not afford to keep their home warm in the past year. Over a third of island residents also stated that their home sometimes feels uncomfortably cold in the winter, with 8% having had to choose between keeping their home warm and buying food or essential for themselves and their family.

Figure 9: Fuel poverty in 2019 by rural/urban classification



Source: Scottish House Condition Survey 2019, Scottish Government (2021c) (using the Scottish Government Urban Rural Classification)

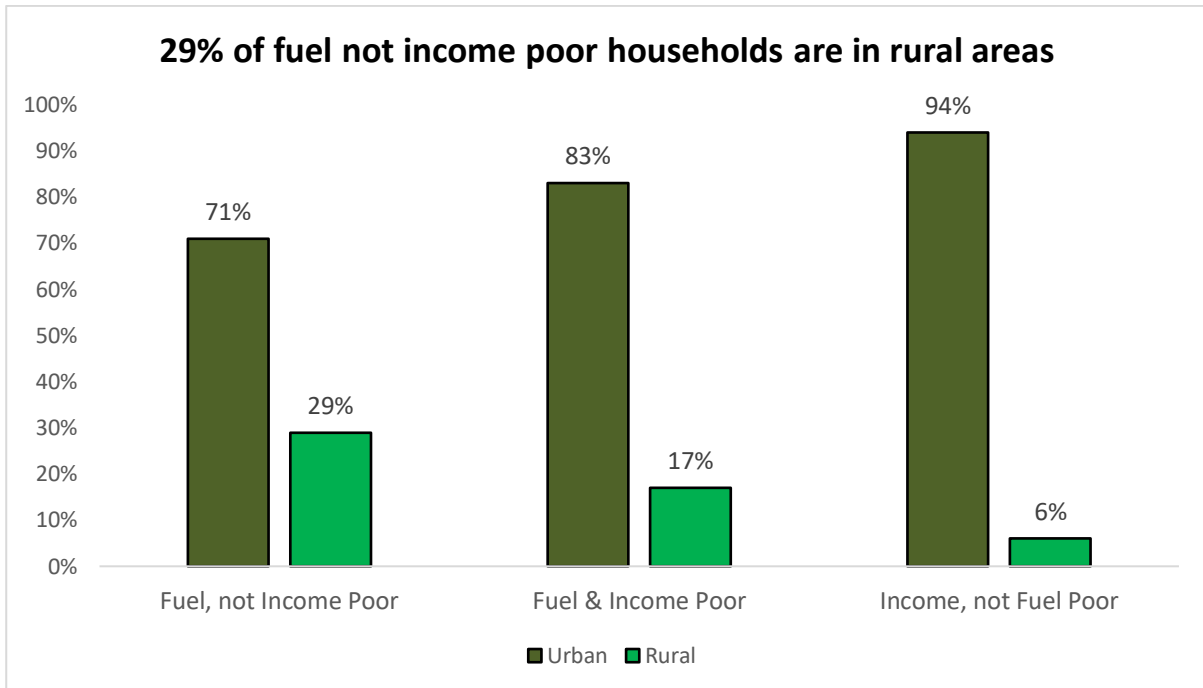
According to the 2019 Scottish House Condition Survey (Scottish Government, 2020c), rural households are at risk of fuel poverty for a number of reasons:

- 65% of rural dwellings are not within the coverage of the gas grid. They are, thus, dependent on alternative fuel types, such as electric storage heating and oil-powered heating, that are substantially more expensive. Consequently, the rates of extreme fuel poverty for households outwith the coverage of the gas network (19%) are higher than for households within coverage of the gas network (11%).

- There are higher rates of electricity and oil as primary heating fuel in rural locations, 20% and 28%, respectively, compared to urban locations where electricity is used in 9% and oil in less than 1% of dwellings.
- Properties heated by mains gas have, on average, higher energy efficiency ratings, with dwellings heated by other fuels (including electric and oil) having, on average, considerably lower ratings.
- As dwelling characteristics associated with lower energy efficiency are disproportionately represented in rural areas, the average energy efficiency profile of rural properties is lower than that for urban.
- Rural dwellings are, on average, 31% larger than urban dwellings. They, thus, require greater heat inputs and cost more to heat.

Although fuel poverty is linked to low income, it is not to be confused with income poverty. The Scottish House Condition Survey (Scottish Government, 2020c) shows almost three-quarters of fuel poor households would be considered poor in terms of their income (73% or 448,000) while the other quarter have incomes above the relative poverty threshold (27% or 165,000 households) in 2019. Those who are not income poor but experience fuel poverty have a higher likelihood of living in low energy efficiency properties, using electricity for heating, and living in rural areas compared to fuel poor and income poor households and Scotland overall. As can be seen in Figure 10, 29% of fuel not income poor households are in rural areas.

Figure 10: Households by Fuel Poverty and Income Poverty Status, 2019



Source: Scottish House Condition Survey 2019, Scottish Government (2020c) (using the Scottish Government Urban Rural Classification)

5. Conclusion

Income and area deprivation measures suggest that there are lower levels of poverty and areas of deprivation in rural Scotland. Rural Scotland has higher rates of employment and economic activity, with accessible rural areas having the highest hourly and annual pay. Although remote rural areas have the lowest rates of pay, this tells us very little about household resources overall.

These indicators of poverty have been criticised for failing to take into account the dispersed nature of rural poverty and the cost of living in rural Scotland. Indeed, it is estimated that the cost of living is notably higher for rural residents than it is for their urban counterparts. Research suggests that rural residents are paying considerably more for food, clothing, household goods, transport and housing. Rates of fuel poverty are rising steadily in rural areas, with twice as many households experiencing fuel poverty in rural areas than in urban.

With poverty measures focusing on income and place, as opposed to outgoings, it is possible that rural poverty is not easily identifiable. Though rural households may have higher incomes and are likely situated in less deprived areas, there is compelling evidence that many rural households are at risk of poverty due to their high expenditure on fuel and travel.

To better understand the impact of the cost of living on rural poverty, it may be useful to conduct further research into the feasibility of applying a rural cost-of-living adjustment to the poverty threshold (currently 60% of the UK median income). Such an adjustment may present a more accurate picture of rural poverty.

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This document is also available from our website at www.gov.scot.
ISBN: 978-1-80201-676-5

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

Produced for
the Scottish Government
by APS Group Scotland
PPDAS980046 (12/21)
Published by
the Scottish Government,
December 2021



Social Research series
ISSN 2045-6964
ISBN 978-1-80201-676-5

Web Publication
www.gov.scot/socialresearch

PPDAS980046 (12/21)