

## Responses to the Cost of Living January 2023

### Introduction

Scottish Rural Action (SRA) is a registered charity (SC048086) which supports the rural movement in Scotland. Our vision is for vibrant and connected rural and island communities which have control over their future, and which contribute to building a society that is inclusive, just and sustainable.

Our mission is to deliver a rural movement which connects rural and island communities of place and of interest, enabling them to share their expertise and ideas, and advances two-way dialogue between rural communities and decision-makers. We want to ensure that policy at all levels of government is enacted in response to expert input from those living and working in rural and island places.

We work with our members and partners at national, regional and community levels to:

1. build a grassroots-led rural movement in Scotland that connects rural communities with each other and with politicians and decision-makers;
  2. collaborate with seldom-heard groups to create platforms that better enable their participation in the rural movement;
  3. collectively develop a cross-sectoral, locally-informed understanding of rural Scotland's economy, society and culture that shapes local practice and national policy;
- deliver the biennial Scottish Rural and Islands Parliament (SRIP) and a Rural and Island Manifesto for Scotland.

### Cost of Living: Rural and Island Experiences

The United Kingdom has witnessed an increasing 'cost of living' and this has become a crisis for many in late 2022 and early 2023. Unsurprisingly, this is having a dramatic impact on rural and island areas in Scotland and government responses are not fully appropriate to tackle the unique challenges facing communities.

*In Britain, unlike in many other countries, poverty is widely thought to be a predominantly urban phenomenon. Superficially, there is evidence to support this view: the latest government figures for England in 2018/19 show 17 per cent of residents of urban districts in poverty, compared to 14 per cent of those in rural districts. This has led to rural poverty and financial vulnerability often being neglected by research, policy and practice. However, analysis of the British Household Panel Survey shows that 50 per cent of rural households experienced poverty at some point between 1991 and 2008 (compared to 54 per cent of those in urban Britain). Surveys by the Financial Conduct Authority revealed that 54 per cent of rural dwellers were financially vulnerable in 2018. Poverty in rural areas is therefore a serious issue and more widespread than often assumed. Moreover, it is now widely accepted that the indicators used to measure poverty and therefore target resources are less appropriate to a rural context.*

- [Atterton and Shucksmith, 2023, p. 14, Fabian Report Policy.](#)

In Scotland, research by the [Scottish Government in 2021](#) found the cost of living in remote rural areas was between 15 and 30 per cent higher than in other parts of the UK; Scottish Rural Action anticipates this statistic to be much higher now, and despite the overall trend towards a rising cost of living across the United Kingdom, there are particularly stark implications in rural areas. Accordingly, specific interventions are needed to support the resilience of communities during these turbulent times.

However, it must be noted nor can it be overstated that these communities are inherently resilient despite the difficulties facing them. For example, during the covid-19 pandemic, [rural and island communities banded together and the social fabric of these places prompted innovative solutions and a culture of support](#). A similar pattern is playing out with the rising cost of living, with communities finding solutions in the most challenging of situations; from ‘warm afternoons’ with free soup and tea in church halls, to providing locally sourced and dry fuel for log burners, communities are supporting each other.

## A Glance at Sectoral Impacts from the Cost of Living in Rural and Island Scotland

### Energy and Fuel Poverty

SRA and its membership notes that a significant issue for many communities is rising fuel poverty and energy costs.

15% of the UK’s energy consumers are unable to get mains gas and are subsequently much more heavily reliant on using electricity, heating oil, LPG or solid fuel. In rural areas and communities in Scotland, the great majority of households cannot get mains gas, and therefore many households are wholly reliant on using electricity, heating oil, LPG or solid fuel to heat homes. This factor alone is the predominant reason for the highest rates of fuel poverty in rural areas: electricity is much more expensive than gas prices (28p versus 7p, as of April 2022 and 33p vs 10p as of October 2022), whilst the cost of oil and other solid fuel has exponentially increased.

Many off-gas consumers in rural and island areas subsequently ‘switch off’ to save money by restricting their consumption levels to an annual average 7,500 units i.e., *half* that of the assumed UK average energy consumption level of 15,000 units a year. This is stark, particularly given that rural and island Scotland has a challenging maritime climate with wind, rain and cold temperatures where much of our housing stock is cold, leaky and uninsulated.

This situation becomes even more unjust if the region’s energy production is considered: predominantly off-gas rural areas of the UK are the principal UK suppliers of clean, green renewable energy.

Some interesting figures from the University of the Highlands and Islands (2022) include:

- The Highlands and Islands as a region produced 412% of electricity consumption from renewables. This is up from 327% compared to 2019. However, in this region, one third of all households are considered to be living in extreme fuel poverty<sup>1</sup>.
- Shetland produced 23% of electricity consumption from renewables, with no change since 2019.
- Orkney produced 124% of electricity consumption from renewables, down 139% in 2019.

---

<sup>1</sup> An Act from the Scottish Parliament in 2019 defined fuel poverty as when: after deducting house costs, households spend more than 10 per cent of their net income on fuel costs, and their remaining income is insufficient to maintain at least 90 per cent of the UK Minimum Income Standard. This Act is known as [The Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act](#).

- Highland produced 552% of electricity consumption from renewables, up from 418% in 2019.
- Eilean Siar produced 97% of electricity consumption from renewables, with no change from 2019.
- Argyll and Bute produced 326% of electricity consumption from renewables, up 281% compared to 2019.
- Interesting, however, despite Glasgow's net zero by 2030 aspirations, Glasgow produces 4% of electricity consumption from renewables.

The inequity in this situation is clear: rural and island Scotland contributes greatly to renewable energy across the country, but it has some of the highest rates of fuel poverty.

### **Private, Community and Public Transport**

The following has been prepared by our colleagues from the Scottish Rural and Islands Transport Community (SRITC):

The sharp increase in the cost of living driven by a combination of national and international shocks has exacerbated the problems associated with rural transport. Evidence shows that transport in rural areas is more expensive, and a lack of access to increasingly remote services (especially for households without a car) can cause significant issues with isolation. [Data on family spending in the UK from 2019](#) shows that the average urban family spend £76.40 a week on transport, compared to £105 for families in rural areas. Data from Scotland indicates that the additional 'cost' to rural households of transport [can be over £50 a week](#). A report undertaken by the Scottish Rural and Island Transport Community (SRITC) for the Scottish Government has identified that public and private modes of travel are both becoming less affordable to many people in rural and island communities. There is now a secondary knock-on effect, caused by the cost of living crisis, of the series of rail and other sector strikes, which are making transport networks more unreliable, and changing trip demands, often at short notice. There is also an impact on freight, which impacts on the other sectors identified in this paper, eg Food and Business.

As in other areas, the full impact of the cost of living crisis - whose full duration and extent is not yet known - is still emerging. Without minimising the real hardship, suffering and deprivation the crisis is causing, it may drive an acceleration to less energy intensive, and therefore more sustainable, - transport behaviours and formal and informal mobility networks. For example, it may provide impetus to developing the concept of "untravel"; or find efficiencies in local Demand Responsive Transport systems. Nimble, targeted and innovative interventions would help to support rural and island communities, mitigate the worst of the impacts, and help shape the changes that are organically occurring. On the other hand, some of the move to decarbonise or 'lowcarbonise' transport in these areas will be held back.

SRA considers that adopting the recommendations contained within SRITC's ["Spotlight on Rural and Island Transport" report](#), would provide an effective suite of mechanisms with which to address the problems (and opportunities) arising. SRITC is currently actively seeking funding to develop an Integrated Rural & Islands Mobility Plan, but other recommendations include: a Rural & Islands Transport Leadership Group, and Innovation Fund; supported by a Procurement Framework and Open Data Framework. While these recommendations were developed in a Scottish context, SRA considers that they would be transferable in some form to a UK wide context.

### **Food, Business and Social Care**

Food outlets are having to up their prices due to rising costs incurred, but there is a challenge in educational awareness from visitors that things cost more in rural areas. Furthermore, organisations including GrowBiz have mentioned there is a 'cost of business' crisis among those operating in a rural environment, with implications for business owners' health and well-being. There has also been increased pressure on health and social care services – Atterton and Shucksmith report that some carers can no longer afford the fuel they need to reach patients.

In order to respond to this crisis holistically, SRA is calling for more **localised democracy** and **more appropriate policymaking in rural and island areas**. It is not only about getting funding, or more capital investment; it's also about making legislative changes so that communities have more ownership over some of their local resources, that they have more ability to take control and support their own resilience.

## Call for Evidence Response: UK Parliament

SRA organised a member-led event on the 24<sup>th</sup> of January 2023, where a range of members from across rural and island Scotland joined to contribute their concerns about the cost-of-living crisis and offer some solutions. The geographic spread of these contributions covered areas including the Highlands, the Western Isles and the South of Scotland.

Their contributions are as follows.

### ***The particular challenges facing Scottish rural communities in relation to the cost of living compared with other areas of the UK***

- As noted above, there are higher cost of living generally across rural and island areas: food, energy, transport, childcare and social care;
- Least democratic control and service provision not adequately resourced: local authorities are some of the biggest in the United Kingdom. For example, the Highland council region is the size of Belgium and members continuously highlighted the importance of localised service provision.
- There is a strong reliance on volunteers for community participation and service provision, which often means that service provision is locally culturally aware, and contributes to supporting thriving and resilient communities. However, this reliance on volunteers amidst a cost of living crisis can pose challenges, including volunteer burnout and volunteers being unable to afford their time;
- Relatedly, voluntary bodies, including charities, sometimes do not have the expertise to manage challenging financial situations. Recruiting sufficient financial skills, such as a treasurer, can be challenging and is increasingly so; there is a lack of capacity building in communities;
- There are increasing onerous 'hoops to jump through' in order to carry out services: e.g. increasing challenges of ascertaining insurance, and planning permission for managing buildings.
- Rural and island communities are particularly challenged with rising inflation and increasing capital costs: for example, building homes, retrofitting community spaces, and buying land (community buy-outs) becoming more challenging due to rising costs (see [Rural Land Market Insights Report: A report to the Scottish Land Commission, April 2022](#)).
- Running costs for buildings and services in rural and island communities are increasing, which can pose barriers in these communities. For example, it is becoming much harder to heat and maintain community spaces including village halls, which are often central focal points for

communities and are integral for service provision and community cohesion. We heard that one hall in Dumfries and Galloway rents its space for £16.00 an hour, but spends £12.50 per hour on electricity;

- Poverty is frequently perceived to be an urban challenge, perhaps because this is where it is most visible, but part of the challenge of addressing rural poverty and adequately responding to the cost of living crisis in rural areas is that poverty is hidden. There can be cultural barriers in smaller communities of coming forward and asking for help and so many people do not.
- Incomes in rural areas are often seasonal, irregular and can be volatile in some cases; it can be challenging to ensure income throughout the calendar year and some people do not have 'buffers' to support them through challenging times.

***To what extent recent UK Government cost of living support measures meet the needs of rural populations in Scotland?***

- Members of SRA concluded that *some* UK Government interventions may support individuals and families through challenging times, but essentially we heard that these measures are not sufficient. Policy interventions fail to grasp the particular impact this has on **areas** across rural and island Scotland and on **specific communities**; areas are not homogenous and different interventions are needed. In general, the welfare system is not well adapted to rural lives, and policy intervention that centres on urban first, rural second is problematic and not fit for purpose.

***Whether UK Government cost of living support could be better tailored to meet the needs of rural communities in Scotland?***

- SRA members concluded overwhelmingly that the UK Government's cost of living support could be better tailored to meet the needs of rural communities in Scotland. This includes, for example, rural proofing;
- Policy development and measures to support people through the cost of living should be informed by local knowledge and local practice from rural areas, not only through the involvement of local stakeholders in rural proofing as policies are being developed and piloted but also through mechanisms within national government for continuous learning and policy refinement from local experience;
- Local government needs to be adequately resourced in order to meet the extra costs and needs during the cost of living crisis.

***Any further steps the UK Government could take to support Scottish rural communities in relation to the cost of living;***

- Support local democracy in rural and island Scotland. The UK government should consider its budget towards supporting local democracy and look to its taxation measures in order to ensure there are sufficient funds, resources and capacity for local service providers to ensure they are providing the services needed during hardship;
- The UK Government needs to enable small-scale local energy generators to become providers to their locality, recognising that this is a reserved matter which must be addressed as urgent in order to better alleviate fuel poverty;
- The UK Government should work with its independent regulator Ofgem (the Office of the Gas and Electricity Markets) to readjust the levy components of regulated energy bills, fairly reflecting the vital contribution that many off-gas areas are making towards the achievement of climate change targets;

- The UK Government should provide more support for voluntary and community organisations to continue their work in rural areas and to maintain essential social infrastructure;
- A lack of affordable housing opportunities in rural areas should be addressed through greater investment in social housing in villages and towns. Although this is a devolved issue, the UK Government and the Scottish Government should see this as a matter of priority.

***How effectively the UK and Scottish governments have worked together to coordinate and provide support in relation to the cost of living for the people of Scotland;***

- Collaboration is key: the UK and Scottish governments must continue to work together and coordinate and provide support. There needs to be mutual understanding and shared responsibility despite party lines and devolved powers;
- There must be a greater recognition of the contribution rural and island areas in Scotland make to the wellbeing and, indeed, the GDP of the UK. This must be considered and appreciated in policymaking.