

Additional effects in rural areas:

- **People in rural areas such as Highland and Argyll and Bute typically spend 10% – 20% more on everyday essentials than their urban counterparts**
- **There is a gradient in the gross annual income required to achieve the Joseph Rowntree Foundation Minimum Income standard, depending on whether people live in urban settings, rural towns, villages or hamlets.**
- **Rates per thousand of disability are highest in Remote Small Towns (7 per thousand) and Very Remote Small Towns (6 per thousand) in Highland and Argyll and Bute (overall rate 5.2 per thousand) and, assuming the government achieves its proposed 20% reduction in this funding stream in DLA, communities in these areas stand to be particularly hard-hit by changes to DLA. Provision of services in these areas is significantly more expensive than in urban areas.**
- **Changes to Housing Benefit, particularly the new requirements in relation to occupancy, are also likely to be particularly felt in remote and rural communities due to the general unavailability of appropriately-configured housing in these areas.**
- **Healthy food is more expensive and less available in rural than urban areas.**

A series of studies carried out between 2001 and 2003 for Highlands and Islands Enterprise looked at differences in costs between rural and urban areas and found that while food and fuel were significantly more expensive in rural than in urban areas housing costs and the overall costs associated with motoring were significantly lower (the benefits of, for example, cheaper car insurance outweighing excess fuel costs). (Rural and Environmental Analytical Services, 2009)

However, since 2003, the last year of the study, fuel costs have risen significantly, with no concomitant reductions in other motoring costs. Over the period from 2003 to 2012, general inflation stood at 28% while fuel price inflation was 77.9%

It is likely that differences in the way money is spent, particularly in poorer rural households, mean that the overall cost of living will be higher for poorer families living in rural areas. This reflects the fact that, for those in receipt of housing benefit, additional housing costs are of less consequence because these benefits are already largely tied to actual local housing costs, albeit at the 30th percentile. At the same time, the higher costs of food and fuel are particularly salient because a larger proportion of income is likely to be spent on these items.

Attempts have been made to establish a Minimum Income Standard (MIS), the budget required to cover the cost of a basket of goods and services for a specified household type to meet a minimum socially acceptable standard of living. The MIS was developed for the Joseph Rowntree Foundation in 2008, and there is an ongoing programme of research to maintain the standard.

However the MIS applies to urban settings.

In their paper on rural income Smith et al (2010) say:

“people in rural areas typically spend 10% – 20% more on everyday requirements than those in urban areas. The more remote the area the greater these additional costs” (Smith et al 2010 p1)

Smith et al gave more a more detailed exposition of their costings:

Additional weekly rural costs for four illustrative rural household types, compared with UK MIS: cash difference and rural cost as percentage increase on corresponding urban budget (excluding housing costs and childcare) as at 2010

	<i>Rural town</i>	<i>Village</i>	<i>Hamlet</i>
<i>Pensioner couple</i>	£2.26 1%	£43.00 19%	£48.08 22%
<i>Single working age adult without children</i>	£15.98 9%	£31.92 18%	£41.37 24%
<i>Working-age couple with two children</i>	£46.67 12%	£59.52 15%	£72.20 18%
<i>Lone Parent with one child</i>	£21.98 9%	£33.65 14%	£36.81 16%

(Smith et al, 2010)

They go on to explain that the largest area of disparity lies in fuel costs and in transport, urban-dwellers having greater access to public transport while their rural counterparts have to rely on personal transport to a much greater extent.

In terms of MIS this translates as follows:

Gross annual earnings required to meet rural and UK MIS, taking into account tax and in-work benefits and housing and childcare costs (£) as at 2010

	<i>Urban</i>	<i>Rural Town</i>	<i>Village</i>	<i>Hamlet</i>
<i>Single working-age adult without children</i>	14,436	15,644	17,863	18,577
<i>Working-age couple with two children</i>	29,727	37,841	40,073	42,277
<i>Lone parent with one child</i>	12,454	17,773	19,431	19,980

(Smith et al, 2010)

The current benefit level for a single working-age adult without children on income-based Jobseekers Allowance is £7181. This assumes that the person is 40, lives in social rental property at a cost of £50 per week and pays Council Tax for a Band D property in Highland of £872 per annum (after incorporating the 25% Single Occupant Reduction).

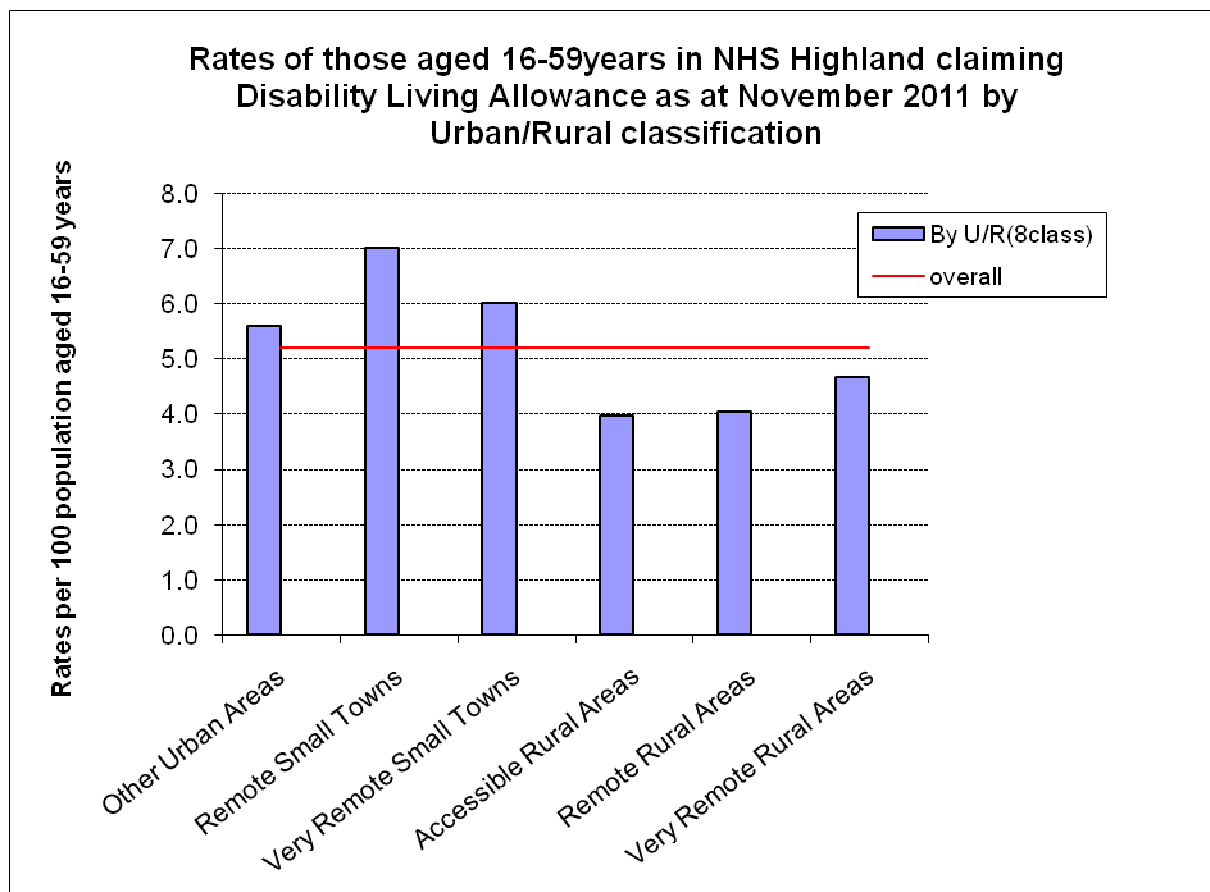
The effect is that people who are in receipt of benefits in rural areas such as the Highlands and Argyll and Bute are already likely to be disadvantaged by comparison to their urban counterparts who may be receiving exactly the same income.

Reductions in household income are, therefore, likely to have more profound effects for those living in rural areas.

The amount people currently receive on benefits, before any reductions, falls far short of the levels of Minimum Income Standards

“among those on basic out-of-work benefits in rural areas, single people get only about one third of the required minimum income, families with children about one half and pensioners are typically 20% short of the minimum.” (Smith et al 2010, p10)

Disability Living Allowance



**Data source: DWP activity data for DLA claimants as at November 2011
Data was matched to the Scottish Government Urban Rural Classification 2009-010
and the NRS Small Area Population Estimate for 2010**

Table/charts compiled by Health Intelligence and Knowledge Team, NHS Highland

Remoteness is a particular issue for NHS Highland in terms of those currently receiving Disability Living Allowance (DLA). Though there would be an expectation that claimants

might cluster in urban areas due to the provision of residential and other care services for people who have disabilities, this does not appear to be the case in the Highlands and Argyll and Bute. The highest rates per thousand are to be found in Remote Small Towns (7.0 per thousand) and Very Remote Small Towns (6.0 per thousand) by comparison to the overall NHS Highland rate (5.2 per thousand). These are also amongst the more expensive areas in which to deliver services. If the government is successful in making savings of 20% in the DLA budget, the costs to NHS Highland of additional service provision required as a consequence is also likely to reflect the additional expense of providing services in such areas.

This may be offset, to some extent, by the lower rates of DLA claimants in Very Remote Rural Areas.

Housing Benefit

Throughout all parts of NHS Highland's area there is considerable pressure on smaller houses within the socially-rented sector, particularly one-bedroom houses. Social landlords build very few one-bedroom houses and most of these are earmarked for sheltered, supported or other forms of housing for people who are elderly or disabled.

Finding smaller houses will constitute a considerable challenge for those deemed to be under-occupying social housing, as there are also few properties of this size available in the privately rented sector.

The problem is compounded in remote and/or rural areas where it may take several years for an appropriately-sized house to become available and where there is likely to be considerable pressure from the elderly, homeless adults and first-time occupiers for the same property. In remote and rural areas there is also less opportunity to offset costs by (for example) taking in a lodger.

In the light of these constraints, some may maintain their benefits by choosing to move to cheaper accommodation. As outlined above, it is unclear where cheaper accommodation could be found, particularly in remote and rural areas, but there a clear history within housing in the rural Highlands of:

- Caravan dwelling
- Winter use of holiday lets
- Occupation of sub-standard property

In remote and rural areas it is unlikely that people would readily find alternative accommodation of acceptable standards of habitability of permanence within travelling distance of their workplaces. This may mean working recipients of housing benefit having to choose between maintaining their benefit levels or maintaining their jobs. Where people lose their jobs in remote areas, it is often difficult to find a suitable replacement worker. This can lead to entire businesses closing or being forced to relocate.

A proportion of those in receipt of housing benefit in relation to "under-occupied" property will be carers, providing unpaid care to neighbours, friends or relatives. Where people are forced to move outwith their own local area, the care they provide will be lost. Moving outwith the area is likely to be more common amongst rural than urban dwellers.

It will also be more difficult for families to maintain normal family caring arrangements. For example, grandparents will be unable to take their grandchildren overnight or for weekend holidays to give parents a break. This will be particularly difficult in the case of providing family respite for main carers of sick, elderly or disabled relatives.

The proximity of family members and other factors to do with local connectedness have, historically, been taken into consideration in the allocation of housing.

Fuel Poverty

Living in a rural area is one of the risk factors relating to fuel poverty (Palmer, 2008)

Food

Remote and rural communities face additional challenges due to lack of choice between food retail outlets, higher prices, and the lower range of stock carried in small local food shops.

A study carried out for the Foods Standard Agency between 2005 and 2007 found a very clear difference in the price of the Healthy Eating Indicator Shopping Basket (HEISB) between small general stores of the sort normally found in remote and rural communities on one hand and medium and larger shops typical of urban settings on the other. (Dawson et al 2008)

Carers

In addition, some of the changes to Housing Benefit, particularly those relating to occupancy, may affect carers and caring relationships. It

is not clear what level of care would be required to entitle a person to benefit for an additional room in which a carer could stay overnight.

In rural areas households who under-occupy their socially-rented homes may have to move out of the area to find more appropriately-configured accommodation. As people are often housed because of connections within the community (for example, elderly parents) this requirement is likely to interfere with both the current and, particularly, future supply of informal carers as rural communities family connections are dissipated.

References:

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