

# Rural Lives

## Understanding financial hardship and vulnerability in rural areas

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March 2021

## Executive Summary

Recent analysis shows that half of all rural residents in Britain fell into poverty at some time during 1991-2008, and the Financial Conduct Authority found in 2018 that more than half of rural residents exhibit financial vulnerability. This project investigates why and how people in rural areas experience (and negotiate) poverty and social exclusion, with a focus on financial hardship and vulnerability. It examines the roles of societal processes, individual circumstances and various sources of support (markets; state; voluntary and community organisations; family and friends). Interviews were conducted with individuals experiencing financial vulnerability and representatives of organisations offering support in 3 case study areas between October 2019 and September 2020, so both before and during the Covid-19 pandemic. The study areas were Harris, East Perthshire and Northumberland.

Rural economies now have far fewer jobs in land-based activities and manufacturing with most people employed in services such as health, education, tourism and retail, although there is much potential for new rural enterprise. While some residents commute to (or tele-commute to) well-paid, secure professional jobs, much local employment is precarious, low-paid or seasonal, with volatile and unpredictable incomes creating financial vulnerability. Contrasts between rich and poor, long-term residents and in-migrants, are accompanied by powerful narratives of social change and loss.

Apart from earnings, people receive support from the state in many ways, including welfare and pensions. There is evidence that the benefits system (both legacy benefits and Universal Credit) is unable to deal fairly with the volatility and irregularity of rural incomes: this is a serious cause of financial hardship and vulnerability not only because it makes household budgeting hard but also because it increases the risk of debt and destitution. Centralisation and digitalisation of the welfare system creates further difficulties, given the inadequate broadband and mobile coverage of rural Britain and loss of public transport. Centralisation of advice and support services exacerbates these difficulties for those without the digital and other skills required to negotiate complex and confusing systems, especially for people with literacy problems and/or poor mental health. Related to this is the distance unwell people are required to travel for work capability assessments. Apart from central government's welfare provision, the local state provides many important services such as education, health, social care and housing, all of which tend to have been centralised or reduced in rural areas despite the best efforts of many rural councils to maintain them. Notwithstanding the financial pressures, we found examples of innovative practices, often in collaboration with voluntary and community organisations (VCSEs).

Public spending cuts also reduce the funding available to support rural VCSEs while leaving them to try and fill emerging gaps in state social provision across huge rural areas. Indeed, rural VCSEs provide services which, in an urban context, would be the state's responsibility. This research shows that the support and advice offered by VCSEs is valued highly by, and invaluable to, those in rural areas experiencing financial hardship or vulnerability. VCSEs are most people's "first port of call" in hard times, regarded by some as their sole source of support. The advice of Citizens Advice Bureaux (CABx) is of crucial importance to people needing to claim state benefits, or to appeal against adverse decisions or sanctions. For some, advice by phone or online is acceptable or even preferable, but for others face-to-face support remains essential. Foodbanks are a vital source of emergency support in all three rural areas, mainly for people of working age who have been let down by the state's system of welfare provision – whether because of delays in receiving welfare benefits, a result of repayments or imposition of sanctions, or because of mental health or literacy issues which limited their capacity to claim benefits successfully.

Family, friends and neighbours are another important source of support, but people's ability to draw on this source varies according to the characteristics of the community they live in, its social norms, social capital and personal relationships. There is a tendency to idealise rural communities as places where everyone looks after one another, and this was evident especially in smaller communities for those who are well embedded in social networks: but this may be more difficult for those who do not understand local social norms and lexicons or who have not made the social contacts. On top of this, there is stigma attached to seeking 'charity' or to those thought to have behaved badly.

It is evident that living in a rural area affects local opportunity structures in many ways, both positive and negative, and that these affect different people's lives unevenly. Importantly, the cost of living in rural, remote and island areas is substantially higher than in towns and cities, partly because of distance to services and larger shopping centres (with lower prices), but also because of the costs of heating homes which are often off-grid and less well insulated. Fuel poverty is therefore more prevalent. Yet only housing costs are typically reflected in official poverty statistics.

Among the other ways in which living in a rural area affects wellbeing, access to well-paid work and secure, affordable housing may be more difficult in rural areas without an income from commuting or tele-commuting. Access to public services, whether face-to-face or digital, is also likely to present challenges. Private, public and third sector organisations all face difficulties in reaching into rural areas and, while digitalisation may help some, it can exclude others. These difficulties all relate to distance, mobility and access and may be more severe in remote and island areas. People eligible for welfare benefits face barriers of distant sources of advice and help, digitalisation and centralisation of welfare support, inaccessible assessment centres and perhaps social stigma. Concerns were also raised about support for elderly people requiring social care. While the social care system is under great strain across the UK, this research suggests that social care in rural areas faces specific rural challenges relating to greater distances that care workers need to travel (often while unpaid), leading to growing staff shortages and higher costs of provision.

These findings help in understanding how people in need can access support, what strategies they themselves pursue, who may be excluded from each of these sources of support, and how support could be improved. Changes in markets alongside welfare reforms have redistributed social and societal risk towards the most vulnerable, with young people, people with mental or physical illness and lone parents particularly disadvantaged. VCSEs have provided crucial support to many of these groups, despite challenges of reach into rural areas and funding pressures.

It is striking how often people's awareness of, and application for, national person-based measures, such as welfare entitlements, has been facilitated by local place-based measures, such as advice and support from CABx and other VCSEs or through local partnership working. It is also evident that national policies could be improved with the benefit of local place-based knowledge. This raises questions about how to design effective combinations of person-based and place-based measures.

A final section shows how the Covid-19 pandemic highlighted and amplified these issues, while also offering glimmers of hope. A fuller report on Covid-19 and Rural Poverty will be published shortly.

This report concludes by articulating some policy challenges arising from these findings and suggesting opportunities for policy interventions to address each of these challenges:

- **Many rural residents are at risk of poverty, while poverty is perceived as an urban issue.**
- **The welfare system is not well adapted to rural lives.**
- **Much rural work is not 'good work', with incomes often volatile and irregular.**
- **There are barriers to entering self-employment and developing rural small businesses.**
- **It is challenging for organisations to 'reach' into rural areas.**
- **It remains difficult for financially vulnerable groups to access suitable, affordable housing.**
- **Framing narratives of place and change are important to the wellbeing of rural communities.**
- **There is an imminent crisis in rural social care delivery.**

Full report available at

[www.rurallives.co.uk](http://www.rurallives.co.uk)

