

Written evidence submitted by NHS Highland and University of the Highlands and Islands (COL0029)

Inquiry into the cost of living in rural communities in Scotland, 2023

Evidence jointly developed and presented by:

Dr Tim Allison, Director of Public Health, NHS Highland

Dr Hugo van Woerden, Visiting Professor, University of the Highlands and Islands

Executive summary

- A higher proportion of older people live in rural Scotland, particularly in remote rural areas;
- Those in rural areas are less likely to live within 15 minutes' drive of key services, particularly those in remote rural areas;
- People in rural areas are more likely to drive to work/education;
- Rural households are more likely to spend over £100 per month on fuel for their cars than households in the rest of Scotland;
- Rural areas have less energy efficient housing than the rest of Scotland, with a median energy efficient rating of 53, compared to 61 in accessible rural areas, and 68 in the rest of Scotland;
- In remote rural areas 33% of households are in extreme fuel poverty compared to 12% in accessible rural areas and 11% in the rest of Scotland.

A range of potential solutions that could be used to address these issues are also provided.

Introduction

Thank you for the invitation to present evidence to the Scottish Affairs Committee on the Cost of living: impact on rural communities in Scotland. Our response has been presented under two of the headings in the 'call for evidence' (as below). We have no particular evidence to submit in relation to the following questions:

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

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

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

Population

The Scottish Government class as ‘Remote’, those settlements that are more than 30 minutes’ drive time from a town of 10,000 people or more. Very remote areas are defined by the Scottish Government’s Urban Rural classification as being over 60 minutes’ drive time from a settlement of 10,000 people or more. The population breakdown for these categories is provided in Table 1.

Table 1: Percent of population by urban classification, Scotland

	Argyll and Bute %	Highland %	Scotland %
Large Urban Areas	0.0	0.0	37.6
Other Urban Areas	17.6	34.4	33.6
Accessible Small Towns	4.3	1.2	8.6
Remote Small Towns	0.0	8.1	1.4
Very Remote Small Towns	30.5	7.3	1.2
Accessible Rural Areas	4.4	11.8	12.1
Remote Rural Areas	4.3	13.7	2.7
Very Remote Rural Areas	38.8	23.6	2.8

Source: Scottish Government Urban Rural Classification (2020) and National Records of Scotland Small Area Population Estimates (2021) Available from: [Scottish Government Urban Rural Classification \(2020\)](#)

Argyll and Bute and Highland Council areas (which are jointly coterminous with NHS Highland) have the highest proportion of the population living in rural and remote (including very remote) areas of all mainland local authorities at 78% and 63% of the population respectively.

Geography

Highlands and Islands Enterprise have defined many of the areas across the north of Scotland as ‘Fragile’, characterised by declining population, under-representation of young people within the population, lack of economic opportunities, below average income levels, problems with transport, and other issues reflecting their geographic location. Similar challenges are faced by Orkney, Shetland and the Western Isles. Ambient temperatures are lower, and high wind speeds in winter are common affecting heating requirements.

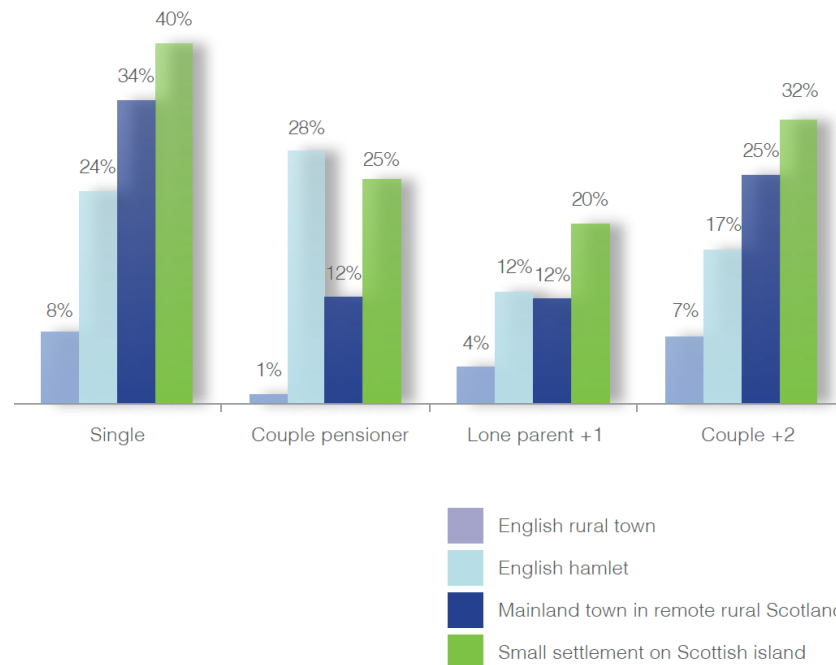
Housing

Some rural housing stock is poor and anecdotally, there is little expertise in insulation improvement technologies in rural tradesmen. Standards in rural 'conservation areas', which place a high priority on appearance over efficiency of design may have a greater impact in an adverse northern climate. The lack of access to mains gas supplies in rural areas has already been alluded to, increasing reliance on oil fired heating, which is more expensive. Solar panels are also less effective in northern latitudes, increasing the time required to recoup the initial investment.

Although overall loneliness and social isolation is less in rural areas, we have found that this pattern is reversed in the elderly in very remote contents, where the prevalence of some degree of loneliness was highest in 'very remote rural areas' (72%) and 'accessible small towns' (71%) and lowest in urban areas (60%). The prevalence of intense loneliness was greatest within 'very remote small towns' (10%), and lowest in accessible rural areas (5%) [1].

The committee may wish to consider the evidence presented in a report by Highlands and Islands Enterprise, *A minimum income Standard for remote rural Scotland* [2]. Figure 1 replicates key information from that report.

Figure 1: Cost of living comparison between rural Scottish and English areas



Source: <https://www.hie.co.uk/media/3191/aplusminimumplusincomeplusstandardplusforplusremoteplusruralplusscotlandplusplussummaryplusandpluskeyplusfindings.pdf>

The main finding is that the budget that households need to achieve a reasonable living standard in remote rural Scotland are typically 10-40 % higher than elsewhere in the UK. For households living in the most remote island locations additional costs

can be even greater. There were three principal sources of this premium: higher prices paid for food, clothes and household goods; much higher fuel bills; and cost of travel to access work and services.

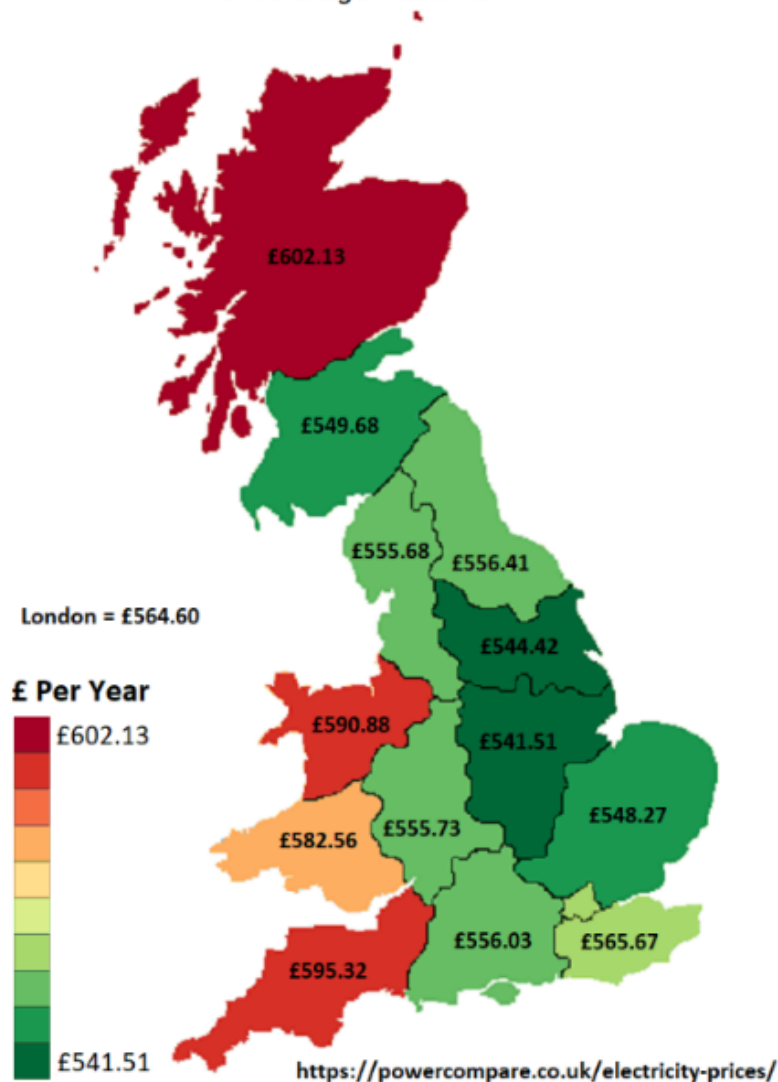
Heating

Levels of fuel poverty in remote, rural areas are at around 43% of households, and the population of the Highland has the 4th highest bill for electricity and gas across Scotland ([Scottish Energy Statistics Hub](#)). Average fuel poverty levels in Highland were 33% compared to across Scotland at 24%.

Reasons are varied but are associated with impacts of more severe weather and climate; lower energy efficiency of houses; more expensive fuels due to being off mainline gas. The average size of annual electricity bills for different areas is shown in the figure below. The north of Scotland clearly has the highest average annual costs.

Average Annual UK Electricity Bills

UK Average = £557.94



Source: Highland Community Planning Partnership

Travel and Transport

A useful report is *Improving our understanding of child poverty in rural and island Scotland* [3], which references several studies which reported the contribution to child poverty of several barriers to employment faced by rural and island areas, including specific rural barriers such as greater distances to employment/childcare providers, limited access to social housing and more expensive transport costs.

In remote areas cars are often essential rather than a luxury as it is impossible to effectively use public transport systems. Fuel for cars is often more expensive, second-hand car prices are generally higher, and there is little access to electric charging points and a limited range of electric cars, which also do not perform as efficiently in the hilly terrain in the north west of Scotland.

Access and amenities

The report, *Rural Scotland Key Facts 2021* [4] presents a detailed review of people and communities, services and lifestyle, economy and enterprise for rural Scotland. The majority of indicators report data for 2019 and are based on the 2016 version of the Urban Rural Classification. The key points include:

- A higher proportion of older people in rural Scotland, particularly in remote rural areas.
- Those in rural areas are less likely to live within 15 minutes drive of key services, particularly those in remote rural areas.
- People in rural areas are more likely to drive to work/education.
- Rural households are more likely to spend over £100 per month on fuel for their cars than households in the rest of Scotland.
- Rural areas have less energy efficient housing than the rest of Scotland. In remote rural areas, the median energy efficient rating is 53 compared to 61 in accessible rural areas and 68 in the rest of Scotland.
- In remote rural areas 33% of households are in extreme fuel poverty compared to 12% in accessible rural areas and 11% in the rest of Scotland.

The higher than average cost of travel to amenities such as local food shops, GP etc, mounts up over time. There is little price competition for local services in remote areas. Some online companies charge extra to deliver to "the Highlands and Islands" and anecdotally there are instances where there have been higher broadband costs.

Enterprise and Employment

The Highlands and Islands Enterprise (<https://www.hie.co.uk/>), which was set up as an economic and community development agency for the north and west of Scotland has played an important part in the development of the region. This has helped to draw in investment, and support the growing of local businesses. Overhead costs can be high for small rural employers, with a shortage of young people entering the

employment market. Some employment is seasonal, resulting in some individuals who have no work in winter months, for example, those involved in the tourism industry. The health and social care system has had major difficulty recruiting home care workers in rural areas, which affects the provision of health and social care to older citizens.

In traditional crofting communities, rural people have sometimes diversified, holding down several jobs or drawing upon several sources of income (e.g. crofting, plus part time public sector contracts, plus some tourism activities and perhaps part time fishing industry work). There is anecdotal evidence that current legal structures and tax regimes do not adequately recognise the fragility of such self-employment, particularly in the very rural agricultural sector, where the level of income in a number of cases is below the minimum wage. Hugo van Woerden is currently involved in publishing research into suicide prevention in farmers and agricultural workers, which provides some evidence that financial pressures in this industry contribute to poor mental health [5]. Less than 50% of farmers currently make a living from farming [6, 7].

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

The comments provided in relation to potential steps that could be taken are based on personal experience of working in remote and rural areas, rather than on a systematic literature review or primary research.

A key step would be the recognition of rural poverty in policy development. A “Remote, rural and island health proofing checklist” was developed by the North of Scotland Public Health Network, [8] and is recommended for wider use.

It is also important that government policy and financial support does not inadvertently create a culture of victimhood, which some have suggested has happened in some parts of the world with the creation of dependency [9]. A case can be made for structural investment to create a more level playing field, and the use of targeted short-term funding, which is arguably more effective than permanent subsidy. An example might be rural housing improvement grants to improve the housing stock [10].

It would be helpful if transport strategy recognised that a low-cost car is essential in remote areas [11], perhaps via exemption from car tax for rural households, as is recognition that electric cars will not work in the near future in rural areas due to infrastructure costs of setting up and managing electric charging points [12].

Although speculative, investment in local rural renewable energy schemes for clusters of houses (hamlets) using geothermal energy to provide heating or small scale electricity generation could be considered [13].

There is a case for greater collaboration between the public sector and the third sector, for example 'warm hubs' in churches, which have been very successful in some areas [14].

There is a case for subsidising access to education for remote and rural populations, to address the 'brain drain' and rural depopulation associated with young people leaving to obtain post-secondary education [15]. This would allow rural communities to capitalise on the trend to remote working, and bring more job opportunities to rural areas, for example, by providing specific grants to matriculate in universities whilst living in a remote or rural area.

Although out with the remit of UK legislation, there is a case for simplification of crofting law [16].

The Empowerment Act in Scotland has allowed some areas to buy collective ownership of tracts of land. Would it be possible to use the equivalent of the more recent 'free port' scheme to create a freeport equivalent for very remote and rural areas? [17]

There is a trend to develop legislation across all areas of the UK to increase rights for tenants in private sector owned housing. This is understandable, but may inadvertently destabilise the tourism sector, which is a major source of employment in remote and rural areas [18]. This issue is related to 'second homes' and Airbnb type tourism, which can feed significant monies into the local economy [19].

There is a need to ensure sustainable fishing policy in local waters around the UK, which address the employment of coastal populations [20].

There may be an opportunity to support smaller forestry schemes linked to local community ownership [21], creating sustainable employment and income over decades. Access to forestry is a feature of many remote and rural areas, anecdotally providing low cost access to a source of heating for some of the poorest people in these settings. There is some concern that very stringent wood burning stove legislation in remote and rural areas, may remove the only affordable and accessible heating source available in these settings.

National parks and sustainable tourism are a key economic driver, and ongoing support for the Cairngorm National Park [22] and further development of the North West Highlands UNESCO Global Geopark are important.

There is a longstanding view that investment in high quality infrastructure is a key method of reducing poverty [23]. On that basis, there is a strong case for investing in good road and rail infrastructure and for the roll out of rural broadband.

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