



Cost of Living Crisis in Remote and Rural Areas in Scotland

*Mags Currie, Jon Hopkins, Ruth Wilson and
Valentina Farinelli*

The James Hutton Institute

Introduction

Researchers at the James Hutton Institute have been asked to provide evidence to the UK Parliament's Scottish Affairs Committee about the impact of the cost-of-living crisis in remote, rural and island areas of Scotland. We have undertaken two new pieces of research not previously published to develop the findings reported in this note:

1. Identifying factors linked to potential fuel poverty in rural areas, using a large survey of Scottish island residents (data collection: 2020).
2. Rapid qualitative interviews with seven key stakeholders across rural and island Scotland (2023).



"Things have always been expensive here and this is another x% on top of that and it just is defeating people."

Understanding potential fuel poverty in rural areas using large-scale survey data

The National Islands Plan Survey (2020) was a large survey of island residents (total responses: 4,347), commissioned by the Scottish Government. It collected information on perceptions and experiences of multiple aspects of island life, including topics relevant to fuel poverty. This information on perceptions is particularly valuable due to its rural focus, as the survey collected data from residents of islands in six Scottish council areas (North Ayrshire, Argyll and Bute, Highland, Na h-Eileanan Siar, Orkney Islands, Shetland Islands). In the following analysis, we investigate fuel poverty in remote and rural areas by, firstly, identifying **potential fuel poverty** using respondents' attitudes to three statements about domestic warmth, and its affordability, in the past year:

- "I could afford to keep my home warm"
- "My home sometimes felt uncomfortably cold in the winter"
- "I have had to choose between keeping my home warm and buying food or essentials for myself and my family"

38% of survey respondents (n = 4,160, unweighted figure) indicated difficulties in at least one of these statements, while **4%** (n = 4,239) did so for all three. We focus on the former definition in this summary. This definition is described as '*potential*' fuel poverty as it is an indirect judgement based on expressed perceptions.

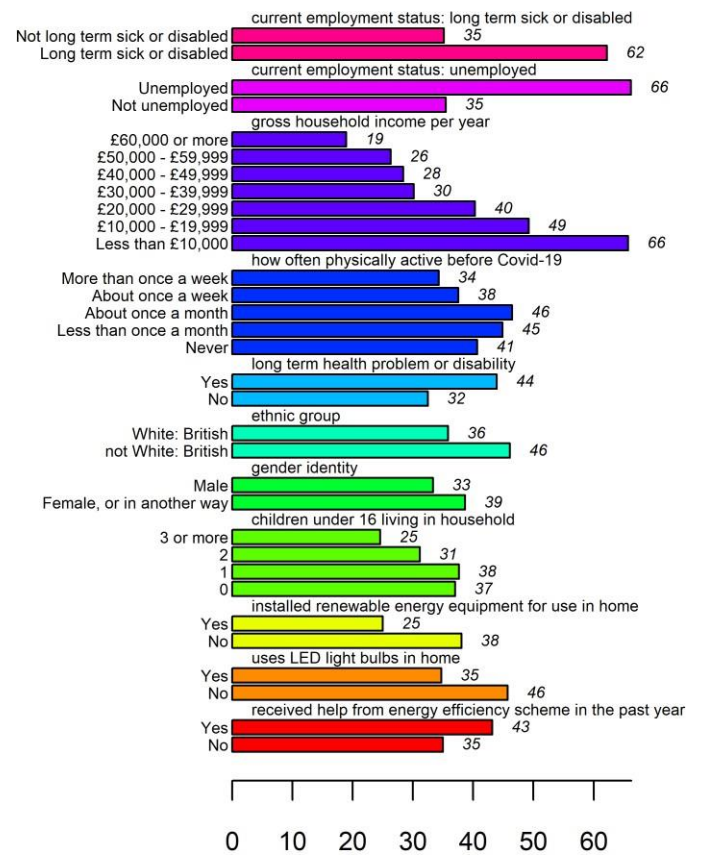
We explored the **characteristics which affect vulnerability to fuel poverty** in the islands of Scotland, considering factors related to housing, local climate, demographic and economic characteristics. This choice of factors was informed by a literature review of energy- and fuel-poverty related research.

Figure: The effect of single variables, in turn, on potential fuel poverty in the Scottish islands. Group differences are shown for variables significantly associated (at the 95% confidence level) with potential fuel poverty. Percentage values (in italics) are rounded,



unweighted, and based on 3,352 respondents with no missing data.

Potential fuel poverty rate of group (%)





Statistical observations

Considering the effect of single variables, in turn, on potential fuel poverty (see *Figure*):

- **Economic disadvantages** have, as expected, a considerable effect. The likelihood of potential fuel poverty increases if a respondent reported a lower household income or being unemployed.
- Self-reported **disability and poor health** was associated with a higher likelihood of potential fuel poverty, although the rate of this was somewhat higher for the cohort of respondents who identified their economic status as 'Long term sick or disabled' than it was for residents who reported having a long-term health problem or disability. Similarly, cohorts of people who reported that they were relatively **rarely physically active** had higher rates of potential fuel poverty.
- While the survey did not consider key characteristics of housing likely to influence energy poverty (e.g. tenancy, and building type and age), **pro-environment household decisions** (using LED light bulbs, and having installed equipment to generate renewable energy) were associated with potential fuel poverty, with a lower likelihood of this for groups making these adaptations. However, people who indicated that they had received help from an energy efficiency scheme were more likely to have potential fuel poverty.
- **Key demographic characteristics:** having dependent children in the household, gender identity, and ethnicity, were significantly associated with potential fuel poverty, although the size of differences in fuel poverty rates appear small compared with other variables. The likelihood of fuel poverty was higher for respondents a) not identifying as male ('female' or 'in another way'); b) in ethnic groups other than 'White: British'; and c) households with no (or a low number) of children. No significant difference in age was found between respondents who were potentially fuel poor, and those who were not, although a separately developed (incomplete) analysis (which considers multiple variables and has assessed variable importance using classification trees) suggests that age is a relatively important predictor of potential fuel poverty.
- Some indicators of economic activity: being retired, working multiple jobs, and living and/or working on a farm or croft, were not significantly associated with potential fuel poverty. Similarly, mean annual temperatures and windspeed (calculated at the island level, using climate data for 1991-2020) did not significantly differ between fuel poor and non-fuel poor residents. However, the relative effect of these characteristics should be better appraised in a separately developed multi-variable analysis.

Summary message:

- Although lower household incomes and economic disadvantages are key drivers of fuel poverty, the implications of combinations of multiple attributes and characteristics on the risks of fuel poverty could be better understood. We intend to progress further analysis in this area.



The River Spey, Aviemore.



and the contributions of informants to interviews. Views expressed are not necessarily those of any funders and any errors are the responsibility of the authors



interviews

In June and July 2023, we spoke to seven informants¹ to understand current impacts of the cost-of-living crisis in rural and island Scotland and what communities need.

¹ Jackie Brierton, Growbiz Scotland; Kirsten Gow, Scottish Islands Federation and resident of Jura; Josephine Heger, PhD Student in Socially Just Food Systems in Rural Scotland; Jim Hume, Change Mental Health; Ewen McLachlan, Assynt Development Trust; Emmie Martin, Urras Thiriodh; and Kieran Sinclair, young person and resident of Hoy.

- Rural economies are characterised by small and micro-businesses, higher levels of self-employment, low wage economies, high levels of seasonal employment and reliance on tourism.
- Small and micro-businesses struggle to access finance as a result of public sector cutbacks and the decimation of the bank networks in rural places.
- Tourism is struggling to recover from successive lockdowns, rising costs and labour shortages.
- A ferry service that is not fit for purpose is severely impacting island economies.
- A paucity of public transport hampers access to services and support, e.g. attending a Universal Credit interview can entail a 10-hour journey each way.
- Universal Credit can be complicated for self-employed people to obtain.

- Rural residents are paying a “rural poverty premium”.
- Shopping prices are higher and delivery costs can be exorbitant.
- Often, it is not possible to shop around locally for cheaper alternatives or requires a trade-off in fuel costs.
- Rural foodbanks are increasingly used by middle-income people who are in work. Some need to use a food bank on a regular basis to get by.
- Heating or eating is not a choice; it is a decision between being cold or hungry/eating less well.

Impacts of

the cost-of-living crisis in rural and island communities



- Food, fuel and essentials have always been more expensive and are now even more so.
- The cost-of-living crisis is one of many simultaneous crises, e.g. depopulation, housing supply, availability of staff, local authority cuts and ferry shortages.
- The longer-term impacts of the cost-of-living and other crises have yet to be fully realised.



- Housing stock tends to be older and is difficult and expensive to keep warm.
- Local residents are priced out of buying or renting modern, well insulated housing.
- People are living in homes that are cold, damp and draughty.
- Heating options are often limited to expensive coal and oil, which incur transport costs and need to be bought in bulk. As a result, people are scrimping on heating or going without, increasing dampness.
- Extreme weather exacerbates poor housing conditions.
- Energy efficiency measures cost more. Approved contractors are expensive and many do not serve remote and island areas.





- Increasing financial pressures are affecting wellbeing.
- Mental health support is difficult to access due to poor public transport, lack of anonymity and stigma.

- Social infrastructure is stretched and the impacts of local authority cuts are expected to worsen.
- Communities have rallied to help residents through the cost-of-living crisis.
- This help relies on a stock of volunteers (often older people), which – where available – is dwindling.
- Community spaces are more important than ever but have become very expensive to heat and light, threatening their viability.

- The Scottish Index of Multiple Deprivation does not identify people living in poverty in rural communities.
- The stigma associated with accessing help with food or finances can be greater than in cities, due to the inability to do so discreetly and a desire not to take resources away from others.
- This makes it difficult to identify and tackle rural and island poverty.

Rural and island communities need...

- Support directed to single people, low-income families, self-employed people and those relying on tourism.
- Long-term measures, such as a universal basic income or a London Weighting Equivalent, rather than short-term measures, such as winter energy payments.
- A multi-faceted approach to disadvantage that includes housing, energy, childcare, public transport and digitalisation.
- Support for areas that do not receive benefits from renewable energy.
- More detailed and focused attention on rural and island places in national and regional policy (they should not be “asterisked”).
- Ferry services that are fit for purpose: the ongoing turmoil of existing services is challenging the viability of some islands.
- More and better data about rural and island poverty and the value of these areas to the (wellbeing) economy.
- Support for community spaces and outreach services.
- Warm spaces and accessible emergency support that are available to all to help overcome stigma.

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