

Rural Policy Centre
**RESEARCH
REPORT**



SAC Advisory Activities

Special Study on Living in Poverty in Rural Areas

**Report to The Scottish Government Rural and
Analysis Research and Analysis Directorate
(RERAD)**

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Executive Summary

1. Statistics on poverty in rural and urban Scotland have recently been published which show the percentage of individuals in low income households to be broadly similar in both rural and urban areas. Understanding rural poverty is a key component of rural development. Yet there is no clear understanding of what living in poverty in rural areas is like and how that might differ from the experience of living in poverty in urban areas.

2. The objective of this special study is to conduct a study reviewing the literature on poverty in rural areas. The study reviews the following key issues relating to living in poverty in rural areas:

- I. Explore the characteristics of living in poverty in rural areas and how it is similar or different to that of living in poverty in urban areas.
- II. Based on the findings from (i) identify policy options and examples of success/good practice in moving people out of poverty in rural areas.

2. This study reviews the literature on poverty in rural areas, which is defined as households whose equivalised income is less than 60% of the UK median. This report recognises the need to consider poverty more broadly than income alone and explores the characteristics of living in poverty in rural areas. The key factors contributing to rural poverty have been identified, from the literature, as employment, income, housing, health and access. Though these are also factors of urban poverty the evidence points to there being characteristics that are particular to rural areas which makes rural poverty different to urban poverty. This therefore indicates that the experience of living in poverty in a rural area would be a distinct experience from living in poverty in an urban area. The report then considers how rural poverty is experienced at different points in the lifecycle, as different stages of the lifecycle will require different policy solutions.

3. The key findings regarding *employment* and the experience of living in poverty in rural areas:

- a) Although employment levels are high, rural employment is often low paid, seasonal, part-time and in low productivity sectors, and it is common to have more than one job
- b) Thus the problem of “working-poor” is a factor in rural Scotland
- c) Workers may be more reluctant to speak out about poor/illegal working conditions
- d) A higher than average number of people are self-employed compared to the rest of Scotland

4. The key findings regarding *income* and the experience of living in poverty in rural areas:

- a) Average earnings are lower in rural areas than in the rest of Scotland

- b) The cost of living in rural areas is often higher than in urban areas across certain key indicators: house prices, fuel costs, transport costs and food
- c) Low income households may not identify themselves as living in poverty

5. The key findings regarding *housing* and the experience of living in poverty in rural areas:

- a) There is a shortage of affordable housing in rural Scotland, particularly smaller properties such as flats.
- b) There may be a higher prevalence of “asset rich cash poor” and “mortgage poor” in rural areas due to more people being home owners and owning their own businesses

6. The key findings regarding *access* and the experience of living in poverty in rural areas:

- a) Access is a key factor in making living in poverty in a rural area a distinct experience to living in poverty in an urban area
- b) Access is a cross-cutting issues and is a significant aspect of living in poverty at all stages in the life cycle
- c) Access is not just about the distance to travel to local services but about a wider ability to access the services that enables a person to participate in society

7. The key findings regarding the *health of* individuals and the experience of living in poverty in rural areas:

- a) Though overall health status is on average better in rural areas than elsewhere health inequalities are increasing amongst the elderly population in rural areas meaning implications for service delivery
- b) Issues of mental health, suicide and alcohol misuse are experienced differently in rural areas than urban areas, due to rural culture and the higher "visibility" of individuals in rural communities, thus a differentiated approach to tackling these problems in rural areas needs to be successfully implemented

The report considers how rural poverty is experienced differently over the lifecycle (children, young people, families, older people and communities) and identifies policy issues and uses a case study approach to identifying examples of success/good practice in moving people out of rural poverty.

The report recommends that further research be under-taken into the experiences of people living in poverty in rural areas. This report has explained why rural poverty is a distinct phenomenon but relatively little is known of the true reality of rural poverty and of individuals' and communities' perceptions and experiences of living in poverty in rural areas.

1. Background

Understanding rural poverty is a key component of rural development. Yet there is no clear understanding of what living in poverty in rural areas is like and how that might differ from the experience of living in poverty in urban areas. A better understanding of this would allow identification of what factors trigger poverty and what the particular barriers are to moving out of poverty in rural areas. This information would then inform policy on how poverty can be tackled most effectively in rural areas.

The agreed definition of poverty is households whose equivalised income is less than 60% of the UK median. Statistics on poverty in rural and urban Scotland have recently been published which show the percentage of individuals in low income households to be broadly similar in both rural and urban areas.¹

Whilst the poverty figures reported above are measured at a household level there remain some concerns that rural disadvantage is under-reported due to statistical analysis that focuses on geographic concentrations of deprivation or on indicators being inappropriately used such as car ownership as an indicator of wealth. Such limitations are increasingly recognised.² Furthermore, some work has been done to explore some of these measurement issues³ and to better understand poverty in rural areas.^{3 4}

Notwithstanding these measurement issues, a gap still remains in our understanding of living in poverty in rural areas. There are concerns that rural poverty is a distinct experience from urban poverty and that different policy initiatives are needed to tackle it.

1.1 Objectives of Special Study

The objective of this special study is to conduct a study reviewing the literature on poverty in rural areas. The study reviews the following key issues relating to living in poverty in rural areas:

- (i) Explore the characteristics of living in poverty in rural areas and how it is similar or different to that of living in poverty in urban areas.
- (ii) Based on the findings from (i) identify policy options and examples of success/good practice in moving people out of poverty in rural areas.

1.2 Methods

The study reviews and analyses academic literature, policy and guidance documents and practice-orientated documents. The study includes international perspectives on living in poverty in rural areas. It is felt that most can be gained by looking at examples in 'developed' rather than 'developing' countries.

¹Sub-population poverty estimates 2005/06 (2007) <http://www.scottishexecutive.gov.uk/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/subpopulation/Q/EditMode/on/ForceUpdate/on>

²Rural Scotland Better Still Naturally (2007) <http://www.scotland.gov.uk/Publications/2007/03/27152428/0>

³Poverty and Social Exclusion in Rural Scotland (2001). <http://www.scotland.gov.uk/Resource/Doc/159178/0043304.pdf>

⁴House of Commons Scottish Affairs Committee. Poverty in Scotland (2007). <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmsscota/128/128.pdf>

1.3 Definitions

The Scottish Government's Urban Rural Classification defines rural as settlements with a population of less than 3,000. This is further broken down by considering proximity to larger settlements and defined as Accessible Rural: Rural settlements within a 30 minute drive to a settlement with a population of 10,000 or more and Remote Rural: rural settlements more than a 30 minute drive from a settlement with a population of 10,000 or more.

Rural Scotland is not homogenous and the experiences of an individual living in poverty in a remote rural community 35 minutes drive to a town with a population of more than 10,000 will differ to an individual living in a remote island community. Also areas of rural Scotland vary, for example, in terms of economic performance with the Highlands and Islands improving its relative performance whereas areas like the south of Scotland have declined over the past 20 years in relation to the performance of the Scottish Economy (South of Scotland Alliance 2005).

Poverty is defined as households whose equivalised income is less than 60% of the UK median. Poverty is distinct from deprivation as it is solely a measure income. This report recognises the need to consider poverty more broadly than income alone and therefore also explores the wider characteristics of living in poverty in rural areas, which are highlighted in the literature.

2. Characteristics of Rural Poverty

2.1 Overview

This section examines the characteristics that make rural poverty different from urban poverty, and how living in poverty in a rural area compares to living in poverty in an urban area.

What is poverty? A common measure of poverty is households whose equivalised income is less than 60% of the UK median. Recently published statistics show that the proportions of people living below this threshold are broadly similar in urban and rural areas, as show in Table 1 below:

Table 1: Number and percentage of individuals in low income households by urban/rural classification¹, Scotland 2005/06				
RELATIVE LOW INCOME				
	Before Housing Costs		After Housing Costs	
	%	000s	%	000s
Urban areas	18	710	20	810
Rural areas	17	160	18	170
Total	18	880	20	990
ABSOLUTE LOW INCOME				
	Before Housing Costs		After Housing Costs	
	%	000s	%	000s
Urban areas	11	440	13	510
Rural areas	12	110	10	90
Total	11	550	12	600

Source: Scottish Executive: Family Resources Survey, Households Below Average Income 2005/06 dataset.

The urban rural indicator was matched to the Households Below Average Income dataset by the Office for National Statistics who bear no responsibility for the present analysis. Urban includes large urban areas, other urban areas, accessible small towns and remote small towns. Rural includes accessible rural and remote rural areas. For information on the Scottish Executive urban rural classification see: <http://www.scotland.gov.uk/Publications/2006/07/31114822/0>

These figures may indicate that poverty is as prevalent in rural areas as in urban areas. Rural poverty has received less attention than urban poverty from both policy makers and researchers (Weber et al 2005). This may be because it has not been perceived as a significant problem until recently (Milbourne 2004) or because numerically there are less poor people living in rural areas than in urban areas (Weber et al 2005), this is particularly true in Scotland where the vast majority of the population is concentrated in the central belt region. However, rural Scotland covers 98% of Scotland's geographic land mass and is home to over 20% of the population and if poverty is as prevalent in rural Scotland as urban Scotland then effective policy initiatives must be implemented.

Examining how living in rural poverty in rural areas compares to living in poverty in urban areas necessitates going beyond the statistics and reviewing qualitative literature on people's experiences. However literature regarding people's experiences of rural poverty is limited, with few recent comprehensive academic

works and most of the up to date information coming from campaigning organisations such as the Scottish Consumer Council, the Citizen's Advice Bureau, The Joseph Rowntree Foundation and Government's own analysis. This is supported by Amato and Zuo's research of rural poverty in the USA: "... perusal of the literature reveals that the majority of studies of poverty and well-being examine urban settings; comparatively little is known about the implications of rural poverty versus urban poverty for personal well-being" (Amato & Zuo 1992: 230). The Joseph Rowntree Foundation's published "Voices of People Experiencing Poverty in Scotland. Everyone Matters?" (2007). The work conducted focus group research into poverty and some of the focus groups were conducted in rural areas, providing up to date information of people's experiences. However, the report did not investigate rural poverty as a distinct phenomenon but rather focused on the common problems of poverty.

The first section of this report discusses the key characteristics of rural poverty and the following elements of poverty have been identified through the literature as being most pertinent to rural areas:

1. Employment
2. Income
3. Housing
4. Health
5. Access

Though these 5 categories may also be factors of urban poverty the literature indicates that due to unique rural characteristics (rural socio-economic conditions, rural culture etc) they are experienced differently in rural areas. Thus, the literature does indicate that living in poverty in a rural area is a distinct experience than living in poverty in an urban area. Therefore, these categories are assessed in this report from the rural perspective and conclusions are drawn regarding the significance of these issues for people living in poverty in rural areas and how they shape their experience of poverty. Nonetheless, "certain groups in society are more likely to experience multiple deprivation regardless of whether they live in urban or rural locales" (Pacione 2003: 377). The unemployed, low paid, part-time workers, young people, pensioners, single parents, those suffering from poor health and disabilities (Pacione 2003, Walker 1978) are disproportionately more likely to experience poverty but does their experience of living in poverty differ in rural and urban areas?

Similarly to urban areas rural areas are also affected by structural changes in the economy, economic down-turns, unemployment, housing problems, declining services and social amenities (Pacione 2003, Milbourne 2004). These common problems are exacerbated in rural areas by accessibility (Scottish Executive 2006). Access is not just about distance but about being a barrier to full participation in economic, social and community life. In Scotland rural areas have distinct socio-economic conditions resulting in lower than average income levels, employment concentrated in a small number of low productivity sectors, limited affordable housing, restricted access to services, poor public transport and greater 'enforced' dependence on private car ownership (Pacione 2003). Though it is clear from the literature that living in poverty in rural areas is a distinct experience from living in poverty in urban areas; issues regarding employment, income, housing and health

affect people living in poverty in urban areas too but these issues become a distinct experience in rural areas due to the combination of accessibility and what can be termed rural public life.

In urban areas poverty is visible. Urban poverty is often geographically concentrated and visible in the form of run down areas. Whereas in rural areas due to low population densities poverty is geographically dispersed with often poor and affluent living in the same area (Payne et al 1996). Therefore, rural poverty is often hidden (Commins 2004) and the true extent of the problem is not so obvious as in an urban setting. Additionally there remains the perception that the poorer quality of life in urban areas compounds the problem of living on a low income: "The urban poor, in particular, often cluster in inner-city neighbourhoods with substandard housing, high crime rates, excessive noise levels, and inadequate services. The stress associated with city living may make poverty particularly debilitating for these individuals" (Amato & Zuo 1992: 230). This perception contrasts strongly to the enduring myth of the "rural idyll" (Newby 1985, Pacione 2003, Milbourne 2004, Commins 2004) where the better quality of life in rural communities compensates for life on a low income. Newby discusses "happy poverty" and the concept of a kind of psychological income that comes from the benefits of rural life out-weighting material deficiencies is outlined by Milbourne (2004: 41).

Rural poverty is further hidden in Scotland's rural communities due to the particular socio-economic conditions, such as high labour market activity levels, higher than average self-employment and low unemployment, which contrasts with the low activity rates and high rates of unemployment and worklessness in parts of urban Scotland. There is anecdotal evidence (Scottish Rural Affairs Committee 2007) that there is lower take up of benefits in rural areas vis-à-vis urban areas; even though statistical evidence of this is lacking this view is supported by Commins' (2004: 61) with conclusions that the dominant values of rural culture include "hard work; and antipathy towards welfare state dependency". These factors concur with the image of rural communities being more self-reliant (Cloke et al 1994) and sorting out their own problems (Policy Studies Institute 1998) but may also contribute to the isolation of poor people in rural areas. Although poverty may be culturally hidden (Commins 2004) in rural areas individuals are more visible, thus may feel this self-reliant culture prohibits them from seeking help. These factors contribute to a culture particular to rural areas in Scotland which may create different research questions to the investigation of poverty. Such as "Do individuals/groups in rural Scotland identify rural poverty as a problem and how is this expressed - income/participation in community life/failure to address ones' own problems? Do they themselves view their own problems within the domain of rural poverty/deprivation/social exclusion or does the fear of stigma, the wish to be seen as self-reliant, and the acceptance of certain problems as just part of rural life generate a different perspective? (Cloke et al 1994: 17)

It is recognised that poverty goes beyond income levels and is multi-faceted. Much work has been done by the Scottish Government, UK Government and other agencies to improve definitions and measures of rural development, including poverty, social exclusion and deprivation but there remains a gap in the knowledge relating to the experiences of people living in rural poverty. This report provides contextual information regarding the current situation in rural communities in

Scotland, identifies the key characteristics of rural poverty, highlights the triggers and experiences of rural poverty across the lifecycle, and offers policy solutions for moving people out of poverty in rural areas. The report also identifies gaps in the literature and outlines areas of future research.

The literature highlights employment, income, housing, access and health as being major factors contributing to rural poverty. The key issues regarding each of these factors and the impact they have on the experience of living in poverty in rural areas are discussed below. Then, rural poverty is examined across the lifecycle, which is a useful tool of analysis as experiences of poverty vary across the lifecycle meaning that policy responses need to consider poverty across the lifecycle.

2.2 Employment

Employment in rural areas is concentrated in traditionally low paying sectors of agriculture, tourism and the service sector. These industries are not only lower paying but they have lower productivity. GDP or GVA per capita is the most common indicator of economic performance and measures productivity/output per person. The Gross Value Added (GVA) in rural Scotland is below that of Scotland as a whole, as shown in the table below:

GVA per head BY RURAL NUTS 3* AREA** 2005	£m
Aberdeen City, Aberdeenshire and North East Moray*	22 315
Angus and Dundee City*	15 506
Scottish Borders	11 763
Perth & Kinross and Stirling	15 073
Dumfries and Galloway	12 355
Caithness & Sutherland and Ross & Cromarty	11 374
Lochaber, Skye & Lochalsh and Argyll and the Islands	11 497
Eilean Siar (Western Isles)	13 060
Orkney Islands	14 176
Shetland Islands	16 899
South Ayrshire	14 974
Inverness & Nairn and Moray, Badenoch & Strathspey	15 570
Scotland	16 943

* Rural NUTS3 consistent with rural NUTS3 areas listed in Scottish Government (2007)

**NUTS 3 area includes urban element

Source: Office for National Statistics

In terms of sectoral employment in the primary industries of agriculture, forestry and fishing are the most significant in remote rural areas (in terms of number of employees) followed by predominantly public sector jobs in education, health, social work and other community, social and personal services, and then wholesale, retail and repairs. Manufacturing is the most significant sector in accessible rural areas followed by financial intermediation, real estate, renting and business activities.

There is still, however, a high reliance on traditional primary industries, particular in remoter areas. The primary sector is vulnerable to economic shocks, for examples adverse weather, higher global fuel prices, bird 'flu, and foot and mouth. Dumfries and Galloway Enterprise estimate that the foot and mouth outbreak and the related movement restrictions cost the area 6,500 jobs in 2001 and 2002, with 2,300 of those job losses in the hotel and restaurant sector and 1,800 job losses in manufacturing.

2.2.1 Types of Employment

A higher proportion of people in rural areas are economically active (those employed or looking for work) than in the rest of Scotland. Inactivity rates are lower in rural Scotland than in the rest of Scotland. The main reasons for being economically inactive are long-term sickness or disability, being a student and looking after family. The employment rate is again higher in rural Scotland than in the rest of Scotland and the unemployment rate is lowest in rural areas. Significantly, self-employment is higher in rural Scotland than in the rest of Scotland (Scottish Executive 2007b).

The low unemployment rate in Scottish rural areas is an important factor in off-setting poverty. The high employment areas, particularly in accessible rural areas is a positive indicator. However, the number in employment does not tell us about the types of employment on offer in rural Scotland.

In recent years there has been significant jobs grow in the traditionally low paying service sector industries including hospitality and tourism. Also it is more common to have more than one job in rural areas with 8% of people in remote rural areas having more than one job compared to 3% in large urban areas (Scottish Government 2007c)

Despite higher employment rates in rural areas, individual earnings in rural areas are marginally lower than in the rest of Scotland (in 2005, median weekly pay in rural areas was £406.7 compared to £412.4 in the rest of Scotland (ONS: Annual Survey of Hours and Earnings): "Recent research has indicated that the main causes [of low pay] include: the rundown in oil-related employment; a low share of national employment in higher-paying sectors; a lack of private-sector head offices; employment growth in lower-paid sectors; and out-migration of young people for higher education" (Highlands & Islands Enterprise Evidence to House of Commons Scottish Affairs Committee 2007).

In their evidence to the Low Pay Commission the Citizen's Advice Bureau reported a disproportionate level of queries about the national minimum wage (NMW) coming from rural areas: "Case evidence from rural bureaux account for 17% of all the evidence we receive on all issues. This reflects the fact that the majority of bureaux are in urban locations. With regard to evidence on the NMW, however, 47% of all the evidence we have received is from bureaux that are either primarily or exclusively advising clients in rural settings. This represents a significant increase and demonstrates that enforcement of the NMW is a particular problem in rural areas" (Citizen's Advice Bureau 2002: 12). The CAB's evidence also states that as employers tend to be smaller in rural areas and employment options limited workers may be reluctant to complain about under-payment or non-compliance with minimum

wage laws as it can make it difficult for them to obtain other work. A further deterrent to complaining identified is that employment tribunals can be reported in the local press, naming those involved. “These factors can compound the difficulties that rural clients face in addressing low pay issues” (Citizen’s Advice Bureau 2002: 12). Evidence on minimum wage compliance in Scottish rural areas should be revisited, particularly in light of the recent increases in the employment of migrant workers.

2.2.2 Experience of Finding Employment in Rural areas

It is intuitive to think that finding employment in remote rural areas would be more difficult than in urban areas, due to there being less employment opportunities, fewer employers, limited number of employment sectors, barriers to accessing to places or work: distance, transportation and cost. Yet the high employment levels and low unemployment in remote and accessible rural areas contradict this. Research into job search strategies in rural Scotland highlight the importance of informal social networking, and “it has been suggested that informal search methods, and particularly social networking, can play an important role in linking job seekers with vacancies. This may particularly be the case in rural areas, which tend to be characterised by small pools of opportunities, informality in labour market relations and weak public service infrastructures on the ground” (Lyndsay, Greig, McQuaid 2005: 53). The literature also points to the importance of “[n]etwork diversity and the heterogeneity of contacts is therefore important to job search success and labour market participation, and can be crucial to the integration of potentially excluded groups, such as ethnic minorities (Ooka and Wellman 2005), young people (Holzer 1988) and women returners (Chapple 2002)” (Lyndsay, Greig, McQuaid 2005: 54).

2.2.3 Key Findings Regarding Employment and the Experience of Living in Poverty in Rural Areas

- Although employment levels are high rural employment is often low paid, seasonal, part-time and in low productivity sectors.
- Thus the problem of “working-poor” is a factor in rural Scotland
- Workers may be more reluctant to speak out about poor/illegal working conditions
- A higher than average number of people are self-employed
- Informal social networking and informal job search strategies are important in the rural labour market

2.3 Income

2.3.1 Living on Low Income In Rural areas

As noted above, income from employment in rural Scotland is lower than the national average with respect to earnings. Additionally, anecdotal evidence points to a low take up of benefits in rural areas (Scottish Rural Affairs Committee 2007) and a culture of antipathy towards dependency on state benefits (Cloke et

at 1994), which indicates that rural households may not be maximising their incomes by applying for benefits they are entitled to. Some state benefits are highly visible such as taking up free school meals, whereas other benefits can be paid directly into banks accounts reducing the stigma or embarrassment. However, Bramley, Lancaster and Gordon's (2000: 507) research into benefit take up and the geography of poverty in Scotland concludes: "Marked differences are found in the extent to which benefits are claimed and the coverage of poverty provided by benefit eligibility between elderly and other households and between areas which are more and less affluent. Urban-rural differences are less marked once allowance is made for these other characteristics". Thus finding little evidence that rurality is the main driver of benefit take up, rather it is household composition and income.

The extent to which lower than average incomes are problematic in rural areas is dependent on the cost of living, and as Weber et al (2005: 386) states: "The most common critique in this regard is that the official poverty thresholds do not account for cost-of-living differences across space (e.g. region, metro/nonmetro county)". It is often assumed that the cost of living is cheaper in rural areas, however the evidence below regarding house prices, transport and fuel costs and food costs, which are calculated to be 8% higher than the rest of Scotland shows that costs can be higher in rural areas (though there is evidence that other goods cost less in rural than urban areas) (Scottish Government 2007b, see also Rural Scotland Prices Survey).

Those living on a low income, even if it is significantly below the 60% of median household income threshold, may not identify it as a problem. The literature indicates that "many people normatively defined as living in poverty contest such categorisations and do not recognise the presence of poverty within their household or in their areas" (Milbourne 2004: 36).

2.3.2 Key Findings Regarding Income and the Experience of Living in Poverty in Rural Areas:

- Average earnings are lower in rural areas than in the rest of Scotland
- Anecdotal evidence suggests there may be lower take up of benefits in rural areas further contributing to lower household income
- The cost of living in rural areas is higher across certain key indicators: house prices, fuel costs, transport costs and food
- Low income households may not identify themselves as living in poverty

2.4 Housing: Affordability, Supply and Quality

More people own their homes in rural Scotland than in the rest of Scotland. The fact that a higher percentage of people in rural areas own their homes outright may be interpreted in several different ways, for example: as a sign of affluence; or it may reflect it is more common to inherit property; or it may reflect the fact the rural population is generally older; or that alternatives to home ownership are more

limited. The fact that more people are home owners may mean the recent phenomenon of “mortgage poor” or “asset rich cash poor” may be more of an issue in rural communities. Often cash is tied up in the family business or in the family home and whilst wealth may register as high income and particularly disposable income may be low. Being asset rich cash poor is most acute in retirement (McCarthy, Mitchell and Piggott 2002).

Renting housing from Local Authorities/Scottish Homes or Housing Associations/Co-op is less common in rural Scotland relative to the rest of Scotland but renting from a private landlord is slightly more common (Rural Scotland Key Facts, Scottish Executive 2007: 29).

Housing Tenure	Remote Rural	Accessible Rural	Rest of Scotland
Owned outright	43%	36%	27%
Buying with help of loan/mortgage	29%	38%	37%
Rent – Local Authority/Scottish Homes	11%	13%	19%
Rent – Housing Assoc/Co-op	3%	3%	9%
Rent – Landlord Private	9%	7%	7%
Other	5%	3%	1%

Source: Scottish Executive 2007

Average prices of property being sold in rural Scotland, particularly accessible rural, are significantly higher than the rest of Scotland. Average house prices in 2007 were £156,679 in remote rural Scotland, £164,695 in accessible rural Scotland and £128,642 in the rest of Scotland. However this reflects the differences in the types of property being sold. 60% of properties in remote rural areas are detached houses compared to only 16% in the rest of Scotland. In remote rural areas only 12% of properties are flats/maisonettes compared to 38% in the rest of Scotland (Scottish Government 2007: 30). Though housing affordability is also a problem in urban areas the above figures highlight the need for affordable rural housing, particularly smaller properties such as flats. The affordability of housing has consequences for sustaining the vibrancy of rural communities and requires multi-sector intervention, as well as the creation of opportunities through planning at local and regional levels (SAC 2007).

2.4.1 Key Findings Regarding Housing and the Experience of Living in Poverty in Rural Areas:

- There is a shortage of affordable housing in rural Scotland, particularly smaller properties such as flats.
- There may be a higher prevalence of “asset rich cash poor” and “mortgage poor” in rural areas due to more people being home owners and owning their own businesses

2.5 Access to Amenities/Services

In 2004, the Scottish Executive set a key “Closing the Opportunity Gap” target to improve the accessibility and quality of services available in rural areas. This was in response to the lack of services being identified as a ‘defining feature’ of many rural areas, and a problem that impacts upon ‘the quality of life of communities and individuals’ (Scottish Executive, 2006, Scottish Natural Rural Partnership 2001). The SIMD 2006 shows that in general, those in rural areas are less likely to live within a 15 minute drive to key services, than are those in the rest of Scotland. This is particularly true for those in remote rural areas, where only 53% live within a 15 minute drive of shopping facilities, compared to 87% in accessible rural areas and only 86% live within a 15 minute drive of a GP, compared to 99% in accessible rural areas. The only service of which everyone lives within a 15 minute drive, regardless of area, is the Post Office (though it is likely that the recently proposed closures will alter that). Access to amenities/services by public transport show that a lower percentage of those in rural areas than those in the rest of Scotland are within a 15 minute drive by public transport of key services. For those in remote rural areas the percentage is particularly low, with only 38% within 15 minutes of a GP by public transport and 20% of shopping facilities. In all geographic areas, some areas are not within 15 minutes by public transport of the key services of a GP, Post Office and shopping facilities.

Access to service provision is changing in rural areas with the increasing centralisation of health, transport and education resources, many rural residents have perceived a decline in their services (SAC 2007). For example, Scottish Government surveys highlight that only 43 per cent of people in remote rural areas and 46 per cent of people in accessible rural areas find access to hospital outpatient departments “very or fairly convenient”. Similarly, only 55 per cent of people in remote rural areas and 64 per cent of people in accessible rural areas find access to public transport “very or fairly convenient”. Service provision in rural Scotland is challenged by demand and supply side problems that affect the viability of many services that are taken for granted in urban areas. In rural areas, more flexible and innovative routes of service delivery - such as co-locating services - may therefore be required (see Scottish Executive 2006).

Service provision presents difficulties as well as significant opportunities and rural Scotland is not unique within northern countries in needing to generate innovative ways to address the service needs of scattered, low-density populations (others facing similar problems include Scandinavia, Greenland, Iceland and the Faroes) (SAC 2007).

Access is not just about the distance to travel to local services but about a wider ability to access the services that enables a person to participate in society. Access will be experienced differently across the lifecycle with factors such as income, childcare, transport and community integration affecting people more acutely at certain points in their lives.

2.5.1 ICT - Problems and Opportunities

As broadband (of differing speeds) is rolled out to 99.6 per cent of Scotland's households, there is evidence emerging that this facilitates home-working, remote home-learning and the establishment of small and medium online enterprises in rural areas. Broadband can also influence property prices as buyers 'follow the bandwidth'. These changes are heralded as being the saviour of remote rural areas, but the challenges over digital divides within rural areas remain all too real. Issues remain with the costs of connection and online time (due to lack of competition from a choice of providers), relatively slow connection speeds (due to poor infrastructure), intermittent service and very dispersed informal support networks for learning how to use information and communication technologies (ICTs). Although the Scottish Government, together with the telecommunications industry, has made advances in access provision, there is a need to see ICTs in their 'offline' context: if road and rail communications remain relatively poor in Scotland's rural areas, then enterprises selling goods online face ongoing logistical challenges of higher haulage costs and times for delivery. The challenge is not to consider ICTs in isolation from their physical and social environment, but as one component of territorial development (SAC 2007).

2.5.2 Transport

Access to transport and the cost of transport are essential factors in living and doing business in rural areas and the Scottish Government has recognised inadequate public transport as a major cause of social exclusion in rural areas (Scottish Executive 2001) and research in 2006 continued to highlight access to public transport (including the integration of different services) and the rising cost of private transport (cost of fuel and the lack of petrol stations) (Scottish Executive 2006).

2.5.3 Key Findings Regarding Access and the Experience of Living in Poverty in Rural Areas:

- Access is a key factor in making living in poverty in a rural area a distinct experience to living in poverty in an urban area
- Access is a cross-cutting issue and is a significant aspect of living in poverty at all stages in the life cycle
- Access is not just about the distance to travel to local services but about a wider ability to access the services that enables a person to participate in society

2.6 Health

The life expectancy of males and females in Scotland is higher in rural areas than in the rest of Scotland. For males, the life expectancy in remote rural and accessible rural areas is 76 years, over 2 years more than in rest of Scotland. For females, the life expectancy in remote rural is 81 years, which is also 2 years more than in rest of Scotland (Rural Scotland Key Facts Scottish Executive 2007: 27).

The fact that people are expected to live longer in rural areas in Scotland adds to the view that the well-being and quality of life are also therefore better in rural communities.

However, the remote rural population of Scotland appears to have experienced the greatest rise in health inequalities, particularly in recent years. Health inequalities amongst those aged over 65 years are greater in rural areas when compared with an equivalent urban population (Levin & Leyland 2005). This may be due to the socio-economic difference between local lower class elderly and the non local middle class in-migrants in rural areas (Lowe, 2003). Two such disparate groups are likely to have differing needs in terms of health service provision (Levin & Leyland 2005: 1457).

2.6.1 Mental Health and Alcohol Misuse in Rural Communities

Urban areas are generally considered to experience poorer health than rural areas. However, mental health issues, suicide and alcohol misuse are issues in rural communities that need to be further researched and understood and this point was highlighted by the Rural Poverty and Inclusion Working Group in 2001. The report highlights that physical isolation from social networks and support services, combined with a heightened culture of self-reliance, was thought to contribute to stress, anxiety and depression in rural areas. Problems in accessing alcohol and drug treatments were identified and the issue of being more visible in rural communities often resulted in families and neighbours being more likely to support an individual rather seek or accept professional help in order to avoid social stigma (Scottish Executive 2001, Levin & Leyland 2005).

Studies have highlighted that mental health issues are particularly prevalent in Scotland: "Bunting and Kelly (1998) found the suicide rate in Scotland over 50% higher than that of the UK as a whole in 1995 and in 2001 it was twice that of England (Scottish Executive Health Department, 2003). The Health in Scotland 2002 report noted that 40% more per head was spent on antidepressant prescriptions than in England and 30% of all GP consultations in Scotland were for mental health problems. Furthermore, suicide was recognised as the leading cause of death among young men in Scotland" (Levin & Leyland 2005: 2877). There exists in Scotland a "significantly greater risk of male suicide in remote rural areas relative to urban areas" (Levin & Leyland 2005) and this is supported by recent studies in the USA and Australia showing that rural areas have higher rates of suicide.

This evidence suggests that due to the distinct culture and the nature of rural public life separate strategies for tackling mental health, suicide and alcohol misuse and addiction may need to be implemented.

2.6.2 Key Findings Regarding *Health* and the Experience of Living in Poverty in Rural Areas:

- Though overall health status is on average better in rural areas than elsewhere health inequalities are increasing amongst the elderly population in rural areas meaning implications for service delivery
- Issues of mental health, suicide and alcohol misuse are different in rural areas than urban areas and a differentiated approach to tackling these problems in rural areas need to be successfully implemented

3. Triggers and Experiences of Rural Poverty Across the Lifecycle

Examining rural poverty over the lifecycle is important because poverty affects people differently at different stages of their lives. This implies that different policy interventions are required at different stages of the lifecycle to move people out of poverty. Communities were included as part of the lifecycle analysis in the 2001 report by the Rural Poverty and Inclusion Working Group (Scottish Executive 2001) and communities has been added as a part of the lifecycle analysis in this report as people are part of communities over the course of their life and it encapsulates everyone, including people who may not be included in the traditional lifecycle categories, and it is useful to consider how communities and the individuals within the communities can be better supported.

3.1 Children

Recent research shows that people in rural areas do believe that access to childcare has improved in recent years: “While this participant was pleased that new mothers have more childcare opportunities now, her employability continues to be affected by the fact she could not access childcare when she had a young family and therefore could not pursue further education. On the other hand, the problems accessing childcare reported in other groups indicate that while there may have been improvements in this area, it is still a problem for some”. The uptake of free nursery school places in rural areas appears to be consistent with the rest of Scotland (Social Inclusion Working Group Report 2001).

3.2 Young people

A slightly lower percentage of the working age population are in full time education or training in rural areas compared to the rest of Scotland (Rural Scotland key Facts). This may reflect that it can be more expensive for young people from rural areas to attend college/university as identified by the Joseph Rowntree Foundation (2007: 14) “The problem of being unable to afford to attend university is not unique to rural areas. This participant said it was more difficult for people in rural areas because they were often unable to live with their parents and commute while they studied and were more likely to need to take on expensive rented accommodation”. The research also recommends that “access to further education in rural areas should be reviewed” as focus group participants “complained that provision in some rural areas was not sufficiently vocational. Many participants said they wanted to be able to actually attend a class, and that distance learning was potentially isolating and not an attractive alternative” (Joseph Rowntree Foundation 2007: 45).

The Scottish Executive identified that “Together with older people and low income households, young people are consistently affected by rural social exclusion” (Scottish Executive, Social Research 2002), and highlighted the need for action to reduce social exclusion in rural areas and to empower young people in the Scottish Executive report: “Poverty and Social Exclusion in Rural Scotland (2001)”

Young people are often disadvantaged no matter where they live, often simply due to age discrimination, for example 16-18 year olds receive a lower minimum wage rate and arguments in favour of this include: their lack of experience and to protect their labour market prospects but if these same arguments were used to implement a lower minimum wage for say women returners or older workers wishing to continue working past retirement age then it would not as socially acceptable. However, young people in rural areas might be “additionally disadvantaged and excluded, and for them in particular access to transport and leisure, issues of identity and the visibility of living in small communities might be added to the list” (Shucksmith 2006: 45)

Young people in rural areas may have the advantage of growing up in a “close knit community” (Scottish Executive 2002) , but teenagers often want to act independently and may become alienated from older members of the community. The wish to be independent may be more difficult in rural areas due to simple issues such as young people being reliant on parents to drive them to activities. In households without access to a car or money for petrol young people may be excluded from social activity and sports that most urban young people take for granted (Scottish Executive 2002) . “Young people in a rural area with no bus service in the evening said they felt particularly isolated because they were unable to visit friends or take part in activities” (Joseph Rowntree Foundation 2007: 24).

3.3 Families

Families living in poverty in rural areas experience “lack of access to services; education, training and employment opportunities; and affordable transport and housing” (Scottish Executive 2001). Higher visibility in the community also affects families in rural areas since a whole family can become stigmatised, either because they face a specific problem or because the family has a bad reputation within the community (Scottish Executive 2001).

Rural Scotland is changing due to in-migration and cultural shifts therefore it is important to consider non-traditional households that might not fit into the “families” definition. In rural Scotland women’s participation in the labour market is high therefore enduring images of rural family life may no longer be accurate. A policy brief by UHI (2006: 1) identifies “ a number of key issues for women in rural Scotland: the changing role of women in the rural economy; women’s role as carers; and issues for women facing domestic violence and abuse” and finds that “Substantive areas identified where more information/research was needed were: women in business and women’s work, including unpaid work; the engagement of women in the rural policy process, including exploration of the evidence base on gender issues; the identification of the extent of domestic violence and other sensitive research issues such as mental health and stress; and older women in rural communities”.

3.4 Older People

Rural Scotland has a lower proportion of young adults (15-29 year olds) and more older people than the rest of Scotland. This ageing population is associated with the out-migration of younger people to cities and in some more accessible areas the in-migration of retired people. In addition, there is urban-to-rural in-migration by 'lifestyle migrants', commuters and new arrivals from the new European member states, creating a diverse, multi-cultural population base. Between 1996 and 2006, for example, there have been population declines in remote island populations of Na h-Eileanan an Siar (by 7.9 per cent) and Shetland (by 4.3 per cent), but population increases in accessible areas such as the Borders (4.1 per cent) and the Highlands (3.2 per cent). The General Registry Office for Scotland predict that these trends will continue over the next 20 years and further population losses (or increases) may have significant impacts on community life in these areas.

A key issue in the future will be an ageing population, which implies an increasing number of people in need of services. Further, migration patterns mean there is likely to be an increasing polarisation between those who are mobile and have enough assets to be self-sufficient and those who remain less mobile and require support. This differentiation highlights the need for a more refined, disaggregated evidence base such that we understand the scales and implications of these population changes (SAC 2007).

3.5 Communities

The Scottish Consumer Council's Rural Advocacy report (2007: 7) highlights that "there are excellent examples of community organisation and empowerment at grass-roots level across Scotland. Rural communities are finding creative ways of sustaining and developing local facilities and services. They are harnessing the strong social bonds, skills and innovation of rural residents to find ways of meeting their own needs that can be sustained". The report, however, criticised the "institutional and funding framework" that supports rural development and finds uneven community development across Scotland, often reliant on short-term and project based funding.

This report emphasises again the heterogeneous nature of rural Scotland and for communities experiencing poverty this report paints a mixed picture of strong community engagement but weaknesses in terms of how that community engagement is supported by local, regional and national institutions and funding. The report finds that "Learning between communities has been limited by the lack of a rural network" (Scottish Consumer Council 2007: 7). This would indicate scope for improving dissemination of best practice in terms of poverty alleviation measures.

4. Policy Solutions

4.1 Why and How it Should Be Tackled Differently from Urban Poverty

The literature reviewed for this report has demonstrated that rural poverty is distinct from urban poverty therefore suggests that the experience of living in poverty in rural areas is a distinct experience from living in poverty in an urban area. Thus, rural poverty needs distinct policy solutions, which are appropriate to rural settings, from remote rural through to accessible rural.

As the Scotland Rural Development Programme (SRDP) 2007-2013 continues to be implemented across Scotland, there are significant opportunities at the levels of national and regional strategic planning, as well as through local planning (through the LEADER Local Action Groups and their integration with the 32 Community Planning forums), to integrate innovative proposals to "rural proof" or "mainstream" some of the suggestions made in this section.

The case studies selected below offer diverse strategies, which can contribute, directly or indirectly, to moving people out of poverty in rural areas.

4.2 Case Studies

4.2.1 Case Study: Alleviating Rural Poverty Through Government Policy: Canada's "Rural Lens"

Canada's decision to apply a "rural lens" to its policies, programmes and services aims to ensure that rural priorities are taken into consideration in developing government policy and that there is policy coherence between ministries about rural objectives. The Community Futures Program promotes bottom-up economic development in rural areas (OECD 2007).

Part of this commitment is the Rural Lens, a way of viewing issues through the eyes of rural Canadians. The Rural Lens raises awareness of rural and remote issues across federal government organizations by asking them to assess the effect of new policies, programs and services on Canadians living in rural and remote areas. The Lens also highlights rural and remote implications for consideration by the Federal Cabinet when assessing the impacts of new federal initiatives. Consequently issues such as rural poverty are responded to effectively by all levels of government.

For more information on applying the Rural Lens, contact:

Rural Secretariat
Tower 7, 6th Floor
1341 Baseline Road
Ottawa, Ontario, K1A 0C5
Tel: (613) 759-7112
Fax: (613) 759-7105
E-mail: RuralLens@agr.gc.ca
Internet: www.rural.gc.ca

4.2.2 Case Study: Alleviating Rural Poverty by Improving Incomes: Micro Credit Financing in Rural Canada

The experience in North America with micro credit lending programs is that they are often not financially sustainable in rural areas. Rural populations are too dispersed for these programs to issue and service enough loans to cover operating costs. At the same time, chartered banks have been withdrawing from retail banking in rural areas, leaving a demand for very small amounts of business credit (micro credit) as well as other forms of small business support.

The Micro Credit Financing model aims to develop a sustainable micro enterprise development/ micro credit program by attempting to tap into existing community based institutions, such as credit unions, rather than by constructing such a program from scratch. By assuming a central role, credit unions would also be supporting the credit union movement's recent strategy of becoming the main provider of small business financial services in rural settings. Through such a program, the community can increase their ability to cultivate its small enterprise sector. Indeed, this model will show how rural communities can use their own financial resources to develop the micro enterprise sector, rather than depending on outside government agencies and financial resources. This model would be particularly useful for alleviating financial hardship in rural Scotland by assisting new business start-ups and helping the self-employed gain access to finance.

The Micro Credit Financing model will be implemented in Nova Scotia and in another Atlantic site through the Nova Scotia Co-operative Council.

For more information, contact:

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4.2.3 Case Study: Alleviating Rural Poverty Through Supporting Young People: Place aux Jeunes – Encouraging Young People to Return to Rural Areas

A recent study by the Institut National de Recherche Scientifique notes that while the departure of youth from rural communities still poses a problem, many are not leaving rural regions for job opportunities. They are leaving for education opportunities and a change of lifestyle. Indeed, many youth do not consider the move permanent and the option of returning is always kept open.

The Place aux Jeunes has been designed to assist rural communities in moving away from trying to keep youth at all costs to a process that will build ties with them to the community and eventually see their return to rural regions.

Fifteen years ago, Quebec created Place aux Jeunes to help communities respond to rural youth out-migration. Today, close to 70 Place aux Jeunes projects are active throughout rural Quebec. The model saw positive results in youth retention and identified the reasons for youth departures. Moreover, it assists in the social and economic integration of youth and has helped communities address rural youth issues.

The model targets those currently enrolled in or those who have completed post-secondary studies but it also allows for activities with those who are 18 to 35. While activities are determined by the needs of local youth, education, economic development and entrepreneurship play key roles.

The project seeks to define the pattern of youth out-migration and identify conditions that favour the retention and integration of youth within rural regions. This information will help to develop youth strategies adapted to rural communities. This project will be of particular use in Scotland as has been identified in the report young people are often socially excluded in rural communities and this project actively encourages young people to participate in the decision making.

The research activities supported by the Rural Secretariat's Models for Rural Development and Rural Community Capacity Building Program (The Models Program) will contribute to the understanding of what approaches (models) to community development and capacity building work in rural, remote and northern communities.

The Place aux Jeunes model is being implemented in Nova Scotia, Manitoba and Yukon through Place aux Jeunes du Québec.

For more information, contact:

Johanne Martin, Acting President
Place aux Jeunes du Québec,
265 De la Couronne Road, Room 205
Québec, Québec G1K 6E1
Tel.: 418/523-1117
Fax: 418/523-0386
E-mail: developpement@placeauxjeunes.qc.ca

4.2.4 Case Study: Alleviating Rural Poverty Through Community Engagement - Pulteneytown People's Project, Wick, Caithness, Scotland

Pulteneytown Peoples' Project in Caithness began in 1995. It is seen as leading the way in tackling hard to reach people and families, and those in fairly extreme poverty in a rural area in northern Caithness.

The residents of Pulteneytown in Caithness have developed a dynamic 'multi-tasking' regeneration initiative addressing a wide range of the problems facing their deprived neighbourhood, in one of the remotest areas in Scotland. Following a resident led survey of local needs, the project's portfolio includes a Breakfast and

After School Club providing 80 places per day, an annual summer school for 5-14 year olds, a support project for 16-25 year olds living in their own tenancies, an annual summer school for 5-14 years olds, a hobby group for older adults offering coffee and crafts activities, bus outings, and a skateboard rink. In 2006 they were given the go-ahead on a state of the art £2m Community Centre. They have created 17 local jobs, they prioritise skills training for staff and residents, and are determined to supplement their grant income by generating revenue to sustain and develop their work.

The project's success was recognised by SURF, winning a highly commended award in 2005. The Pultneytown People's Project is producing projects that are getting things done in a short period of time and show what can be achieved once you begin to use the resources of local people to improve and regenerate their area.

For further information contact:

Katrina McNab, Project Manager
Pultneytown People's Project
44 Murchison Street, Wick KW1 5HW
Tel 01955 606950

4.2.5 Case Study: Alleviating Rural Poverty Through Improving Employment: Ettrick Riverside Business Factory, Scottish Borders

The Ettrick Riverside Business Factory in the Scottish Borders was chosen as a case study as it was highlighted by the European Commission as an example of good practice. Ettrick Riverside Business Centre was an innovative business community designed to attract and support new and existing knowledge based businesses to locate and create jobs and wealth in the Scottish Borders.

The centre was set up in a refurbished Victorian mill building in the Scottish Borders rural market town of Selkirk. It was reconstructed to provide business space and ICT infrastructure supported by business development support and "can do" facilities management infrastructure. In the framework of the project, informally called "Business Hotel", 27 businesses were located in the property creating 58 full time equivalent (FTE) jobs and EUR 2.14 million (£2.5m) gross sales, the information and international trade service library centre was open, 3 dedicated business incubation units and hot desk facilities were established and broadband telecommunications infrastructure was installed and is available to all tenants at the Broadband demonstration centre.

This is an example how rural employment and in particular the self-employed can be better supported through the provision of adequate "hub" facilities.

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4.2.6 Case Study: Alleviating Rural Poverty Through Improving Access: The Mainstreaming of Australian Rural Transaction Centres

A Rural Transaction Centre (RTC) provides rural communities with access to a range of government information and services, private sector services and products, and office space for community uses. The primary objective of the programme is to assist small rural communities to establish locally run and self-funding centres that improve access to basic government, financial and other services, which may have been lost or never available to that community. Each RTC is individual, responding to the needs of the specific community.

The wide range of services that may be offered through an RTC includes:

- Financial services
- Post, Phone, Fax, Internet
- Medicare Australia Access Point
- Insurance, taxation
- Federal, State and Local Government services
- Library Services

The origins of the initiative emerged from the Australian Federal Government who believe that access to services in the health, education and telecommunication areas needed to be improved in rural and remote Australia in order for these areas to prosper. The Programme also emerged as a direct response to community concerns about the withdrawal of banking services from regional Australia. The Australian Government allocated \$70 million between 1 July 2000 and 30 June 2005 to put services back and introduce new services to smaller rural towns. From 30 June 2005 funding ceased to be available under the RTC programme and the Rural Transaction Centres programme were mainstreamed into the Australian Government's new streamlined Regional Partnerships programme.

Transferability to the Scottish Context was first considered in 2002 (Scottish Executive) and the fact that the initiative has now been mainstreamed in Australia points to the success of the initiative.

This is a very promising initiative from the Scottish perspective, providing a single rural centre for mixing the information and support roles of the State, the private (commercial) sector and the NGO's. The project puts the onus on self-funded facilities (although start-up and early years of the RTC can be fully funded by the federal government), managed by the local community, but provides a framework for the involvement of all other parties interested in providing and using these services. The initiative ensures ongoing support for delivering local and national government basic services and information, while using this as a means to "bolt-on" a wide range of retail, and community services. This is a very advanced example of public-private partnership for development in rural and remote areas, with an ongoing commitment

from the State towards the capital costs of start-up and also for the provision of business planning, feasibility studies, and basic management tasks. This model may operate well in Scotland due to the strong tradition of grassroots involvement, and close public private-community sector co-operation. It is also an advantage that Scotland has many potential local access points (Local Authorities, Councils of Voluntary Service, Local Learning Centres etc.) Difficulties may exist in the plethora of agencies and organisations that might become involved, so a clear operational remit is required, along with core responsibilities of participants. The model will require careful co-ordination of the network, and this will have some core costs, though the integration of services between agencies, together with a good and constantly improving internet coverage, may ease start-up difficulties.

Contacts

Website: <http://www.regionalpartnerships.gov.au/rtc/general.aspx>

4.3 Benefits, Subsidies and Taxation

Some have called for there to be special benefits for those living in poverty in rural areas (Scottish Rural Affairs Committee 2007). The distinct nature of public life in rural Scotland means that providing benefits to people/families categorised as poor may further stigmatise these people in their communities and there may be a lower take up of any additional benefits than expected. Therefore universal benefits, such as free school meals for all, whereby poorer individuals are not singled out may be more appropriate for rural communities.

Subsidies to rural areas in the past have been predominantly in the form of agriculture grants. However, agricultural grants appear to do little for *wider* rural development, with some commentators stating that they are a narrow policy solution for a particular problem (see consultation responses to SRDP, Scottish Executive 2006).

Due to the higher levels of self-employment in rural communities and employment still being the best route out of poverty greater assistance should be given to support the self-employed in rural areas. As regulation and taxation have been identified by rural businesses themselves as being the main obstacles to business success (Scottish Executive 2007) thought should be given as to how these obstacles can be reduced for rural businesses.

Low pay is a key factor of rural life therefore action should be taken to tackle it through encouraging more higher value-added jobs, reducing the costs to employers hiring staff and directly increasing wages, which can be done through taxation and even increasing the minimum wage in rural areas or for key industries in rural areas. There has been no regional variation in the British national minimum wage yet but the minimum wage varies across States in the USA and attempts have been made to introduce a living wage for public sector contractors (Schoenberger 2000), where in approximately 30 cities living wage ordinances are in place obliging public sector contractors to pay their employees a living wage – significantly above the state minimum wage. Radical policy solutions such as this should be further examined particularly in light of the growth of low paying jobs in rural Scotland.

4.4 Networks - Building the Social Capital

People living in poverty in rural areas need to be able to access social networks. This is not just important for individual well-being but essential for accessing job opportunities, business contacts and opportunities to participate in community life. There have been suggestions that a national rural network for Scotland is needed (Scottish Consumer Council 2007, Scottish Rural Affairs Committee 2007), to ensure that rural Scotland has sufficient representation at the policy-making table. However, as previously discussed rural Scotland is diverse so any new networks must reflect the regional diversity in Scotland and all rural networks must encourage non-traditional members such as migrant workers, women, young people, and older people.

4.5 Population and Sustainability

Some advocate that increasing the population makes rural services more viable by reducing unit costs, this "...means increased rural population in the smallest of our communities, where their very viability will rely on attracting more residents to create demand for, and sustain, local service provision. The implications for housing and infrastructure investment are potentially large, but without creation of the required capacity, even modest population growth may prove difficult" (HIE Evidence to rural Affairs Committee 2007). However, as we have seen population growth often results in lags in adequate service provision, and demand for services does not automatically create supply therefore the number of the population is not as significant as the contribution the population is making to creating a fairer, more prosperous and sustainable rural Scotland.

5. Conclusions and Recommendations

To conclude this report has explored the characteristics of rural poverty and the key factors contributing to rural poverty have been identified from the literature. **The key factors contributing to rural poverty have been identified as employment, income, housing, health and access**, which are distinct in rural areas due to the rural culture and the public nature of rural life. Though these are also factors of urban poverty the evidence points to there being characteristics that are particular to rural areas which makes rural poverty different to urban poverty. This therefore indicates that the experience of living in poverty in a rural area would be a distinct experience from living in poverty in an urban area.

The key conclusions regarding **rural poverty and employment** are that: Although employment levels are high rural employment is often low paid, seasonal, part-time and in low productivity sectors, and it is common to have more than one job. Thus the problem of “working-poor” is a factor in rural Scotland. Workers may be more reluctant to speak out about poor/illegal working conditions due to having less employment options in rural areas. A higher than average number of people are self-employed compared to the rest of Scotland.

The key findings regarding **income and the experience of living in poverty** in rural areas: Average earnings are slightly lower in rural areas than in the rest of Scotland; the cost of living in rural areas is often higher than in urban areas across certain key indicators (house prices, fuel costs, transport costs and food); Low income households may not identify themselves as living in poverty.

The main conclusions regarding **housing and the experience of living in poverty** in rural areas are that: There is a shortage of affordable housing in rural Scotland, particularly smaller properties such as flats and there may be a higher prevalence of “asset rich cash poor” and “mortgage poor” in rural areas due to more people being home owners and owning their own businesses.

Access is a key factor in making **living in poverty in a rural area** a distinct experience to living in poverty in an urban area. Access is a cross-cutting issues and is a significant aspect of living in poverty at all stages in the life cycle. Access is not just about the distance to travel to local services but about a wider ability to access the services that enables a person to participate in society.

The key findings regarding **the health of individuals** and the experience of **living in poverty** in rural areas are that: Though overall health status is on average better in rural areas than elsewhere health inequalities are increasing amongst the elderly population in rural areas meaning implications for service delivery. Issues of mental health, suicide and alcohol misuse are experienced differently in rural areas than urban areas, due to rural culture and the higher “visibility” of individuals in rural communities, thus a differentiated approach to tackling these problems in rural areas needs to be successfully implemented.

Based on these findings **experiences of poverty across the lifecycle** were examined (as different stages of the lifecycle will require different policy solutions) and **policy issues highlighted options and examples of success/good practice** in moving people out of poverty in rural areas.

The report additionally recommends that **further research** be undertaken into the experiences of people living in poverty in rural areas. This report has explained why rural poverty is a distinct phenomenon but relatively little is known of the true reality of rural poverty and of individuals' and communities' perceptions and experiences of living in poverty in rural areas.

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