

Scotland's Rural College

## Financial hardship and social exclusion in rural Britain

Atterton, Jane; Shucksmith, Mark; Glass, Jayne; Chapman, Polly

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## Financial Hardship and Social Exclusion in Rural Britain – A Review of Existing Evidence

Jane Atterton, Mark Shucksmith, Jayne Glass and Polly Chapman

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### 1. Introduction

This literature review summarises existing evidence relating to poverty and financial hardship in rural areas. It is key to informing the fieldwork and subsequent analysis undertaken in the ‘Rural Lives’ project.

The review starts by defining some of the key terms from this literature (Section 2) and then it moves on to review existing evidence on the extent of poverty and financial hardship in rural Britain and how these challenges have affected different demographic groups (Section 3). Section 4 then reviews some of the specific factors contributing to rural poverty, while Section 5 discusses the reasons why poverty and hardship often remain ‘under the radar’ in rural areas. Section 6 concludes the review by setting out the analytical framework for the approach taken in the ‘Rural Lives’ project.

### 2. Defining key terms

Before reviewing existing evidence on rural poverty, social exclusion and financial vulnerability, it is important to explain briefly the meaning of some of the key terms used in this literature.

**Poverty** tends to be conceived in a one dimensional and static way, referring to an individual’s income or financial situation, perhaps stemming from low wages, casualisation of the workforce or unemployment (see Pacione 2004, p.376). In short, poverty tends to refer to an ‘outcome’ and to imply a ‘victim’. In 1984, the EU Council of Ministers (after Townsend 1979, 1987) defined ‘the poor’ as “persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life” (CEC 1993). From a statistical point of view, in Europe, people are regarded as relatively poor if their household income is less than 60% of the median household income nationwide (Vera-Toscano et al. under review).

**Deprivation** is a more multi-dimensional, if contested, term. It gained currency during the 1970s when indicators of deprivation were used to target resources, leading councils in rural areas to point to rural deprivation as part of what became known as ‘the arithmetic of woe’. Nevertheless, Shaw’s study of rural deprivation (Shaw 1979) was influential in conceiving of three dimensions of household deprivation, opportunity deprivation, and mobility deprivation. Hiw work influenced CRC’s work on rural disadvantage

(CRC 2006) and Bernard et al's (2019) concept of local opportunity structures. Sophisticated indicators of multiple deprivation (IMD and SIMD), combining several domains, are still used to allocate resources, though these are often criticised for an apparent urban bias in their construction (see below).

**Social exclusion** is a more dynamic as well as multi-dimensional concept, referring to the processes of change and power relations operating at various scales from the local to the global, which allocate resources in societies and through which advantage and disadvantage are conferred and people are included or excluded from the mainstream of society and their life chances improved or reduced (i.e. a focus on causes rather than symptoms) (Philip and Shucksmith 2003). This takes the focus beyond the labour market and employment to consider a much wider range of processes, including markets (such as labour and housing), state (bureaucratic), community (associative) and friends and family (reciprocal) logics of resource allocation and integration in societies (see Shucksmith and Chapman [1998] for a more detailed discussion of this). These are also the opportunity structures in which capacity, agency and agility may be built, supported and exercised. In practice, deprivation has been associated with a narrower emphasis on living standards and the financial or material resources which play a significant part in determining these, while social exclusion has been associated with a broader focus which emphasises the importance of relational aspects of life – social, cultural or political – as well as distributive or material (Bailey et al. 2004).

For Room (1994) the distinction between poverty and social exclusion represents a three-fold change in perspective: (i) a shift from focusing on income/expenditure to multi-dimensional disadvantage; (ii) a shift from a static account of states of disadvantage to a dynamic analysis of processes; and (iii) a shift from a focus on the individual or household to a recognition of the importance of a local context. A study of social exclusion allows for a focus on pathways and system failures experienced by an individual; social exclusion may not be poverty-based.

It is perhaps just worth considering the term disadvantage. For the CRC (2006), disadvantage refers to “an inability to participate fully in society”. It is about how individuals and households can participate in either having, or doing, the things that the majority of people have, or can do. Being disadvantaged is about much more than not having money. Whilst poverty and financial disadvantage are important, the CRC's understanding of disadvantage suggests that someone may have adequate financial resources but may be unable to participate in other aspects of life, therefore also being disadvantaged.

The literature on financial wellbeing is reviewed comprehensively by Kempson et al (2017). They point to many studies of financial literacy and financial capability but only one empirical study of financial wellbeing in the US (CFPB 2015), and with few linkages made between these areas. Kempson et al (2017, 17) note that “there is only fragmented evidence on the key drivers of financial wellbeing, and how, if at all, the other factors interact to influence it.” Much of the work emphasises individualising explanations of financial wellbeing, rather than systemic and structural factors, the exceptions being studies by Kempson et al (2017) and the CFPB who “view both behaviours and social and economic environmental factors as the key drivers of financial wellbeing” (Kempson et al 2017, 25).

Reanalysis by Kempson et al of the CFPB qualitative data identified several key aspects to financial wellbeing, namely being “able to meet all their current commitments and needs comfortably, and have

the financial resilience to maintain this in the future” (ibid 2017, 19). They also note that “participants in the focus groups were quite emphatic that financial wellbeing is determined by social and (especially) economic environmental factors that lie largely outside the control of the individual. (ibid, 2017, 23). This review by Kempson et al has heavily influenced the SLF’s understanding of financial wellbeing and financial hardship.

**Financial wellbeing** - for the Standard Life Foundation (SLF), this term refers to “improving *people’s ability to meet financial commitments and needs comfortably and a situation whereby an individual has enough income for more than life’s essentials and is not struggling to make ends meet. It means having the capacity to do this in future, including the ability to deal with financial shocks and to have saved enough for when they retire.*”

**Financial hardship** is understood by the SLF as the counterpart to financial wellbeing, i.e. a situation in which people are unable to meet financial commitments and needs comfortably. This might also be considered in relation to definitions of poverty used in the UK, viz. an inability to share in the lifestyles of the majority, or a household income below 60% of the national median.

**Financial vulnerability**, according to the Financial Conduct Authority (FCA) “refers to those adults who may suffer disproportionately if things go wrong because they have low financial resilience.” It also covers those who may be less able to engage with their finances or financial services. The reason for this may vary, from experiencing a particular life event (such as a bereavement or redundancy) or from having low financial capability. “In-difficulty” refers to adults who are the least financially resilient, as they have already missed paying bills or meeting credit commitments in at least three of the last six months. FCA analysis in 2018 found that 54% of all rural consumers [sic] in the UK were financially vulnerable, defined as having one or more of these characteristics.

### **3. The extent of poverty and financial hardship in rural areas**

In the UK, rural populations overall have been shown to have somewhat lower poverty rates than their urban counterparts (Milbourne 2016), and it is usually argued that rural poverty is confined to a small number of “pockets of deprivation”, or particular rural sub-groups, rather than spread throughout the countryside (Bulman 2017). A 1980 study of rural deprivation in case study areas of England (McLaughlin 1986; Bradley 1987) and a follow-up study of in 1990 (Cloke and Milbourne, 1992; Cloke et al. 1994, 1995) each found around 25% of rural households living in or on the margins of poverty<sup>1</sup>. A higher proportion – roughly one in three people - were found to have experienced poverty between 1990 and 1996 in a much more comprehensive study of the 7,000 households in the British Household Panel Survey (BHPS), as part of the Joseph Rowntree Foundation’s Action in Rural Areas programme (Chapman et al 1998).

The main groups found to have experienced poverty were elderly people living alone (predominantly elderly widows), generally with the state pension as their sole source of income, and low-paid manual

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<sup>1</sup> Poor households were defined by McLaughlin as being those whose incomes equated to the household’s supplementary benefit and households on the margin of poverty were defined as those with an income up to 139% of their supplementary.

worker's households. Rural incomes were also found to be highly polarised and that the disparity between men's and women's earnings was also greater than the national average.

In rural areas of Scotland too, at that time, "a disproportionate number of the poor are elderly, and a disproportionate number of the elderly are poor" according to Shucksmith (1994, p. 2). This study also found that, as in England, the other main element of rural poverty derived from the disproportionate number of people in low-paid occupations, notably in agriculture and tourism. Often the self-employed were also found to have low incomes. A third element of rural poverty in Scotland, not found in the English studies, derived from local concentrations of unemployment. Single person households were also found to be reliant on low incomes, as was a significant proportion of the self-employed. In some remote areas, such as Harris, almost the whole population was considered as a low income group. In general, rather than concluding that pockets of disadvantage exist, poverty was revealed to be rather widespread in rural Scotland (Shucksmith and Chapman 1994, 1998).

Chapman et al. (1998) in their study using British Household Panel Survey (BHPS) data to follow individuals in rural Britain over five years from 1991 found that not only were proportionately fewer individuals affected by low income in rural areas, but that spells of low income tended to be shorter with the proportion of those who were 'persistently poor' significantly less. Nevertheless, a third of those in rural areas were likely to have experienced at least one spell of low income (below half of mean household income) during the five years. The low income 'problem' was more acute for those over 60, with persistently low income significantly higher for this group in both rural and non-rural areas. The analysis also confirmed the role of migration in affecting poverty levels in rural areas, in that the rich were generally moving into rural areas, while those on low incomes moved out (often not through choice). Those in rural areas were found to be less at risk of falling back into poverty than those resident in non-rural areas.

The study also found that, while the incidence of persistent unemployment was less in rural areas, the incidence of persistent low pay was significantly greater. The relatively low escape rate from low pay for individuals employed in small rural workplaces, combined with the dominance of microbusinesses in rural areas, suggested that the lack of opportunity to move to work for larger employers may be an important explanatory factor. This finding was echoed by Shucksmith two decades later in 2018, who argued that poverty in-work because of low pay is typical of rural areas in many countries, and is compounded by poor access to transport, services, employment and training.

Pacione's (2004) work also confirmed that certain groups in the population were more likely to experience multiple deprivation regardless of whether they live in a rural or an urban location. This included the unemployed, workers on low pay, part-time workers, people with limited disposable income such as the young, pensioners, elderly men and women, lone parents, people suffering ill-health or disability. However, this work also found that contextual factors were important in conditioning the nature and impact of disadvantage, with the poor in rural areas disadvantaged by limited accessibility to services, due to the friction of distance and inadequate public transportation.

Palmer's (2009) analysis of official data on low income in England indicates that 19% of households in rural England were living in poverty in 2006/07 (cited in Milbourne 2014, p. 568). Studies in Scotland have also

confirmed high levels of financial stress in rural areas, with fewer than half those in the Highlands and the Western Isles 'coping well or very well financially' (SHS 2012), and particular challenges with widespread fuel poverty in rural areas (Scottish Government 2018). In rural Wales, Milbourne's (2014) study, found that 18% of households were living below the official UK poverty threshold of 60% of the national median income in 2007.

Recent analysis of BHPS data from 1991-2008 found that rural poverty is not a rare experience, affecting only a minority of people. On the contrary, 50.2% of rural households experienced poverty at some time during this 18 year period, compared to 55.2% in urban Britain (Vera-Toscano et al. under review). The study found a disproportionately high risk of persistent poverty among women, with those aged 65+ also over-represented amongst the persistently poor. Half of the rural population experiencing poverty at some point during this longer period of 18 years is consistent with these authors' earlier finding that around a third experienced poverty during the shorter period of 1991-96 (see Chapman et al. 1998).

Another, Welsh, study revealed significant geographical variations in poverty levels across rural Wales, and found that older people were a particularly significant poverty grouping (36% of poor households contained at least one person aged at least 65 years). The close relationship between low paid employment and poverty was also revealed, with 29% of low income households containing at least one person in work. The survey also revealed the high reliance of poor households on the private sector for the provision of key goods and services, and on private transport due to inadequate public transport provision (with households often found to be making major sacrifices in other aspects of their lives in order to own and run a car [Children in Wales 2008]).

Finally, while much of the research has revealed the particular prevalence of poverty amongst the older age population (see for example Commission for Rural Communities 2006), it is perhaps worth just noting the extent of poverty experienced by rural young people and the way in which this situation hampers their life chances. The JRF's (2000) Action in Rural Areas Programme found evidence of young people being integrated into two very different labour markets: the national (distant, well-paid, with career opportunities) and the local (poorly paid, insecure, unrewarding and with fewer prospects). Level of education and class were the two key elements which enabled some young people to access the national labour market but not others; those lacking educational qualifications effectively became trapped in the local labour market with fewer opportunities for employment, education or training leading to reduced life chances. This research also found a particularly strong interplay between employment, housing and transport. Often young people could not afford to live independently and run a car on the generally low rural wages; plus for many young people a car was a prerequisite to having a job.

Recent work by Black et al. in 2019 in a rural area of northern Britain found that the poverty challenges faced by this demographic group before the 2008 financial crisis still persisted but were also being exacerbated by several new factors, specifically in terms of transport and connectivity; reduced opportunities to secure a reasonable livelihood locally; an increasing focus on family to fill the gaps in social protection provision (and the extent of this family support can vary for young people); digital exclusion reflecting the patchy provision of high-speed broadband and also the high cost for low income families; a more significant issue is the stigma attached to claiming state welfare support when compared to 2002; the changing nature of the labour market with the shift towards less secure forms of

employment; ongoing welfare reforms; and the reduced provision of services with (these latter challenges exacerbating the dependency on family for support).

Earlier work by Shucksmith (2004) and Jentsch and Shucksmith (2003) also explored the ways in which the life experiences of rural young people have been changing, as a result of processes such as globalisation, the rise of the 'risk society', increasing individualisation and ever more complex and protracted youth transition processes. Their research found that rural young people often find themselves and their needs invisible, that they are denied spaces for social interaction, that they have particularly poor access to transport – with the cost of private transport a particularly significant barrier to finding work – and often face additional challenges such as inadequate careers advice, poor access to affordable housing and the disappearance of support services (see also McKee et al. 2017).

#### **4. What are the factors contributing to poverty and financial hardship in rural areas?**

There are some factors contributing to apparently rising financial hardship and social exclusion which apply to both rural and urban locations, including overall economic decline, unemployment, poor educational facilities, inappropriate housing and changing/declining welfare and other services. Alongside these factors, as Philip and Shucksmith (1998, 2003) argue, there has been a general rise in individualist values at the same time as a decline in established institutions leading to changing social relations.

However, other factors specific to rural areas contribute to poverty and social exclusion (accepting that meanings of rurality are socially constructed [Shucksmith and Chapman 1998, p.230]). Curtin et al. (1996) suggest that the historical dominance of agricultural production in rural areas has created differences in the generation of poverty compared to urban areas. Secondly, they point out that rural areas have a distinctive organisation of space, namely sparsity of population and spatial peripherality, which may also generate distinctive manifestations of poverty (as cited in Philip and Shucksmith 2003, p.10).

There are many other features of rural areas and rural economies which may contribute to experiences of poverty and financial hardship, including inaccessibility, a limited supply of affordable housing, a decline in informal support from family and friends combined with a reduction in public service availability, a loss of public spaces for maintaining social networks, unreliable and slow broadband access, poor public transport and therefore higher dependence on (more expensive) private transport (Pacione 2004, p. 378; see also CRE 2014, PPIW 2016; Shucksmith 2016; JRF 2000) and low levels of benefit take-up and fear of stigma in small communities. A report by the Commission for Rural Communities in 2006 organised these factors into four groups: financial poverty (referring to no wages, low wages or small pensions); access poverty (referring to the challenges of accessing transport and services); network poverty (referring to the lack of informal contact with, and help from, friends and neighbours); and attitudes and perceptions (referring to a belief in the rural idyll which prevents recognition of others' disadvantage).

The particular characteristics of employment in rural places may also contribute to levels of in-work poverty (see for example, Shucksmith 2016, 2018), including the significance of under-employment and self-employment, fragile economies with limited employment choice, the dominance of low-paid, low-

skilled and often seasonal jobs, which lack training and career progression opportunities (PPIW 2016), individuals' reliance on poor public transport which may limit employment options (as private transport is too expensive), and the divisive effects of 'word of mouth' and informal methods of recruitment and job search (as opposed to formal job search strategies). A lack of childcare and/or eldercare in rural places may also act as a barrier to employment.

Fuel poverty is another characteristic of rural areas (especially remote rural and island areas) due to the higher price of fuel for off-grid properties and the generally older rural housing stock such that more fuel is required on average to heat properties (see for example, Skerratt and Woolvin 2014). Other evidence suggests particular challenges of accessing affordable food with reasonable shelf life and the unavailability of certain foodstuffs (including quality fresh produce) in remote rural areas (Citizen Advice Service 2018).

Rural areas have undergone considerable structural change in recent decades, not least in terms of their economic structure, as employment in primary sector activities (notably agriculture and forestry) has declined while employment in service sector activities has increased (Shucksmith and Chapman 1998, p.226), resulting in underlying economic and social change. As Pacione (2004, p.387) argues, the effects of economic globalisation and the marginalisation of some less favoured areas may intensify the problems of deprivation experiences for remoter rural areas and populations. While rural areas are usually regarded (positively) as having relatively flexible labour markets, for many people this may mean finding themselves in fragile situations, through a reliance on low-paid, seasonal jobs with limited employment opportunities and few training and career advancement opportunities.

Fundamental demographic change is also occurring in most rural areas as populations age more rapidly than those in urban areas, due to people ageing in situ, older people moving in (at either retirement or pre-retirement life stages), and continued youth out-migration. The majority of older people moving into rural areas are relatively wealthy and this has contributed to artificially raising house prices in many rural places, leaving housing beyond the reach of many local residents, and particularly younger people.

Declining service provision is a significant contributory factor for social exclusion in rural areas – including diminishing availability of local welfare advice and other services (as provision is centralised or moved online) and reduced public transport services. The decline of such services leaves people either without access to any services or with long distances to travel to reach the nearest market town where services are available, either by public transport (if it is available) or by more expensive private transport (see also Children in Wales 2008). The closure of libraries and other meeting spaces reduces the opportunities for local people to come together potentially contributing to social exclusion.

Before moving on to the next section, it is perhaps worth returning to the challenge of higher costs in rural areas. The Minimum Income Standards work – which has been carried out across the UK as a whole (see for example Smith et al. 2010) and in specific areas, such as the Highlands and Islands (see Hirsch et al. 2013) – has revealed that, with some limited exceptions (such as leisure activities for primary school children), overall, rural households face additional costs. The additional costs for a family with two children were particularly large in rural areas when compared to urban areas, though they were also larger for pensioner and single working-age person households too. Transport was found to make up the most significant proportion of these additional costs (Smith et al. 2010) – between 60% and 100% of the



difference, reflecting the need for rural households to have a private car. Domestic fuel costs were found to make up the next largest proportion of the difference, with other items such as food, household goods and social participation making up smaller proportions of the difference (Smith et al. 2010).

Hirsch et al. (2013) found that households in remote rural Scotland require significantly higher incomes to attain the same standard of living as those living in other parts of the UK (between 10% and 40% higher, with additional costs potentially exceeding 40% for households in more remote island locations). This is partly due to the cost of additional travel, but is mainly caused by the higher cost of buying the same things (including food, clothing and household goods) as elsewhere, and the extra cost of keeping warm (due to climatic differences and differing fuel sources and costs). In the 2016 update to the original work a similar pattern was observed although the lower price of petrol and diesel had reduced the additional cost for people having to travel long distances, particularly regular travel for work (Hirsch et al. 2016).

The following section of this review highlights that, despite some evidence as to the existence of poverty and financial hardship in rural areas (as reported in Section 2), and some knowledge of contributory factors as reported in this section, they often remain hidden and under-reported.

## **5. Why are poverty and financial hardship often hidden and under-reported in rural areas?**

Researchers have long argued that poverty and financial hardship are relatively 'hidden' in rural areas and less visible than they are in urban centres (see for example, Shucksmith 2003; Pacione 2004) and that this may be due to a variety of different reasons.

First, the existence of the "enduring myth" of the (power-infused and backward-looking) 'rural idyll' (Pacione 2004; Shucksmith 2018) creates a particular social construction of the countryside which strongly influences perceptions of rural life. In a study carried out by Shucksmith et al. (1996), the majority of respondents of rural areas presented rural society as inherently good, caring, safe and advantaged, while urban society was perceived as inherently degenerate, dangerous and disadvantaged. A number of studies have directly blamed the 'rural idyll' for effectively acting to deny the presence of poverty in rural places (see for example, Cloke and Milbourne 1992; Shucksmith 2000, 2018; Milbourne 2004, 2014, 2016). It also attracts wealthy incomers who then seek to preserve and even enhance it by constructing rurality in particular ways. In practice, this may mean opposing plans for new (affordable) housing locally, for example (see also Halfacree 1993; Shucksmith 2012). This process of wealthy incomers displacing less affluent locals has been termed 'spatial apartheid' or 'rural gentrification' by different authors (see for example, JRF 2000).

For Pacione (2004, p.377), when the term 'rural disadvantage' entered policy debate in the UK in the 1970s, it suffered from a serious lack of credibility. Many people saw it as a contradiction in terms, as popular perceptions of rural areas and of rural society were generally characterised by images of an unchanging, comparatively affluent environment where the policy priority was the protection of the rural way of life. By contrast, deprivation was firmly identified as an urban phenomenon, characterised by highly visible poor housing, unemployment and dereliction.

Second, are a set of related data issues. The indicators that are often used to highlight poverty and therefore target resources are often not appropriate in a rural context. For example, the number of people living in flats or in social rented accommodation, the number of people officially classified as homeless, or the number of people who were born outside the UK, are very much features of urban deprivation rather than rural deprivation (Gloyer 2002). Conversely, car ownership, which is usually higher in rural areas due to inadequate - or a complete lack of - public transport, is not an adequate indicator of relative prosperity. In terms of accessing data, it can also be difficult to find income and employment statistics at small enough scales to identify problems due to anonymity and confidentiality concerns.

Place-based measures of poverty, such as the Index of Multiple Deprivation (IMD), are generally accepted to under-estimate the scale and extent of rural disadvantage and to be better suited to identifying and measuring urban deprivation. Even where such indices include a domain relating to access and distance, this is outweighed by the other domains which favour urban aspects of deprivation (Shucksmith 2016).

In addition, such indices usually incorporate benefit claimant rates as a proxy indicator. In rural areas, levels of benefit take-up in rural areas tend to be lower (note that Bailey et al. 2016 disagree). However, beyond this, the SIMD has also been criticised for not being able to appropriately capture poverty when there are low population numbers and dispersed settlement patterns (Skerratt and Woolvin 2014). Poverty is more dispersed amongst relatively affluent households in these areas (see for example, PPIW 2016; JRF 2000), in contrast to the more obvious concentrations of poverty in urban housing estates for example, and thus the problem is under-reported (and area-based interventions tend to be inappropriate). In short, those experiencing poverty in rural areas simply do not have the physical visibility accorded to their counterparts in the city (Cloke et al. 1997, Milbourne 2004; Shucksmith 2000). While in urban centres those in poverty may rely heavily on public sector-provided services, many in rural areas may not have access to such services and may therefore be forced to rely on informal support from friends and family or private sector services, which may be more expensive (Cloke et al. 1997; Milbourne 2004).

Third, there may be differences in terms of how rural people subjectively view their situation in contrast to how it may be objectively measured. For example, in Shucksmith et al.'s work (1994, 1996), rural respondents looked back to a point in their past where poverty had been much more commonplace and obvious; in effect, rural people compared their current lifestyles to those of the past and to those of their urban counterparts, rather than to the lifestyles of the majority of people around them. Added to this, personal characteristics and differing individual adaptation levels mean that contrasting evaluations may be made of the same objective environment (Pacione 2004, p.379). For some people, it is just accepted that certain difficulties, such as a lack of employment choice, are inevitable aspects of rural life (Cloke et al. 1994).

Linked to this, for many people, the benefits of living in a rural place outweigh the disadvantages. In Pacione's (2004) study, rural people reported being "*rich in spirit, but poor in means*" (see also Shucksmith et al. 1994), with many residents placing a high value on the non-monetary aspects of rural life, such as the low levels of crime, higher levels of wellbeing and quality of life, strong traditions of community solidarity and self-help (Sherman 2006; Sharf and Bartlam 2008) and high quality landscapes and scenery (see also Cloke et al. 1994).

Fourth, rural areas are often characterised by different patterns of employment when compared to urban areas. Although they tend to have lower levels of unemployment, rural areas often have larger proportions of people working in low-paid part-time, temporary and seasonal jobs (often with poor training and career progression opportunities) rather than full-time stable employment meaning they are at greater risk of in-work poverty (Chapman et al 1998). On the other hand, the flexibility of the rural labour market in offering such short-term employment options is often regarded as a strength and those who find themselves out of work may find it relatively easy to find a temporary job, albeit perhaps only on a seasonal or part-time basis (presuming they can also find appropriate childcare, if relevant).

Finally, evidence suggests that there may be a greater reluctance amongst rural dwellers to claim benefits for which they are entitled, compared to their urban counterparts. Previous research focusing on benefit take-up in the UK has tended to find that take-up levels are lower in rural areas than in urban (see for example, Shucksmith et al. 1994, 1996; Bramley, et al. 2000; Commission for Rural Communities 2007a and 2007b; Pugh et al. 2007). Research for CRC (2007a) analysed the DWP's Family Resources Survey data linked with actual administrative data on Pension Credit uptake and found a statistically significant difference: overall take-up was lower in rural areas with 42% of those eligible in rural areas failing to claim compared with 35% in urban areas. In landward areas, non-claimant rates were much higher (54% in villages and isolated dwellings)<sup>i</sup>. Partly this may be because rural dwellers are less willing to take up their benefit entitlements (Rank and Hirschl 1993; Shucksmith et al. 1994, 1996; Shucksmith 2001) for various reasons. It is important to understand these factors, as claimant levels are often used as an indicator of economic and social need, such that rural needs may therefore be underestimated. However, this is a difficult area to research since we need to find out about those who are not claiming benefits and the reasons for this, rather than those who are.

Some factors have already been mentioned, including the differences between individuals' objective definition of poverty in relation to a defined level of income, and their subjective judgement of their situation as being better than in the past (Shucksmith 2000). Added to this, there is the value placed on non-material aspects of rural life (such as a strong sense of community, high quality landscape and nature, etc.) which mean that people may regard themselves as having a reasonably high quality of life and again may not feel entitled to claim support (Cloke et al. 1994; Shucksmith et al. 1994, 2000; Milbourne 2014). Instead, evidence suggests that rather than claim benefits, rural individuals may prefer to seek a second or third job or to work informally, or prefer to live a more spartan, self-sufficient or self-reliant existence compared to urban dwellers (Sherman 2006; PPIW 2016). This was found to be the case for older people in the Commission for Rural Communities' (2006) research. They found evidence of older people managing their finances with great care, avoiding seemingly unnecessary expenses or incurring debt, and having very modest expectations in relation to their finances. Even where finances were stretched there was evidence that people sought to manage without seeking additional support from the state, relying instead on the help of informal sources. This reflected a widespread resistance to becoming dependent on the financial support of the state. More negatively, however, the research revealed the extent of change in rural communities recently, with a general deterioration in the quality of social relationships (as well as a loss of local services) perhaps threatening the availability of informal sources of help and leading to increased isolation.

Another reason for lower benefit entitlement take-up in rural areas that has been suggested in previous research is that rural residents often find themselves geographically and socially apart from others in similar situations who might act as informal sources of information (see for example, Shucksmith 2000). This is not usually the case in urban areas where those in poverty are more likely to be concentrated in particular areas, and often in social housing. Social housing is lacking in rural areas, so poorer households are most likely to be in private housing, without social landlords to provide an effective channel for information on benefits and rights and appropriate services to reach those eligible for state support - as well as the challenge of private rented housing often being more expensive, placing an additional financial burden on rural households. Accessing advice and information in distant urban centres has also been found to be problematic (see for example, Shucksmith 2000), alongside a general lack of local information and advice about eligibility for benefits<sup>2</sup>. This may be one reason why research has suggested that rural people are more often confused about the benefits available and their entitlement to them.

Added to this, research suggests that many people in rural communities feel a stronger social stigma attached to claiming benefits (perhaps due to values which tend to be associated with rural areas such as a strong work ethic and self-reliance), whether they are required to do so at a potentially intimidating benefit office (which may be costly to travel to in a town centre by public transport or private car) or at a local village post office. In short, there is more visibility and less anonymity – and therefore more potential for stigmatisation – when claiming benefits in a rural location (Rank and Hirschl 1993; Shucksmith 2001). This is the more negative implication of having a strong sense of community and, related to this, a sense in which people should conform to local cultural norms. This may be particularly the case for older people, who form the largest group experiencing low income in rural areas (see for example, National Audit Office 2002; Lowe and Speakman 2006; Commission for Rural Communities 2007a; Moffat and Scrambler 2008; Vera-Toscano et al. under review). This demographic group may show a stronger desire than other groups in the population to be independent and may be more anxious about protecting their privacy.

The challenges of distance to travel to access advice, information and the benefit payments themselves, as well as social isolation, have also been found to be an issue for rural dwellers, and particularly for older people. Added to this, research has found that pensioners' lack of information on benefits may be due to their limited contact with service providers. They may only infrequently come into contact with GPs or district nurses who may have limited understanding of, and little time available to discuss, benefit entitlements (Bramley et al. 2000). One of the key 'risk factors' explaining why there is a high likelihood that older people will be experiencing low income in retirement and old age is that they were in jobs with low incomes during their working life, commonly with no occupational pension scheme. Such low wage jobs, with limited opportunities for progression, are particularly prevalent in rural areas.

It is also worth noting that the majority of those of working age facing low incomes in rural Britain are in work and experience poverty or unemployment for relatively short spells (alongside groups such as older people and lone parents who tend to face longer-term poverty). While for some people, benefits payments are vital in assisting them to cope in these periods (Chapman et al. 1998), others may choose not to claim for these times in-between (for example, seasonal) jobs, given the delays involved and

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<sup>2</sup> The Western Isles Poverty Action Group Survival Guide is an interesting exception to this. For more information see: <https://www.cas.org.uk/news/western-isles-survival-guide-and-video-launches>

perhaps a fear of sanctions. Indeed, research has found no evidence of welfare dependency in rural areas; on the contrary, people are eager to find work and be independent (Phimister et al. 2000; Shucksmith 2000; Vera-Toscano et al. under review). As Vera-Toscano et al. (under review, p.20) conclude, the policy challenge is less about 'scroungers' and more about increasing claimant rates amongst those eligible during short periods of hardship: *"Stigmatisation of welfare benefits, tightening welfare conditionality and sanctions will reduce the effectiveness of social policy during such short spells of need."*

Finally, it is just worth noting the challenges with benefit take-up amongst one particular group in the rural working population, migrant workers working in some of the key rural sectors, including agriculture and tourism. 'Seasonal' workers (who may be in the UK for a few weeks during one summer or a few months of every year, perhaps bringing with them dependent children) may lack information and understanding of the benefits to which they are entitled, resulting in under-claiming.

## **6. The current situation**

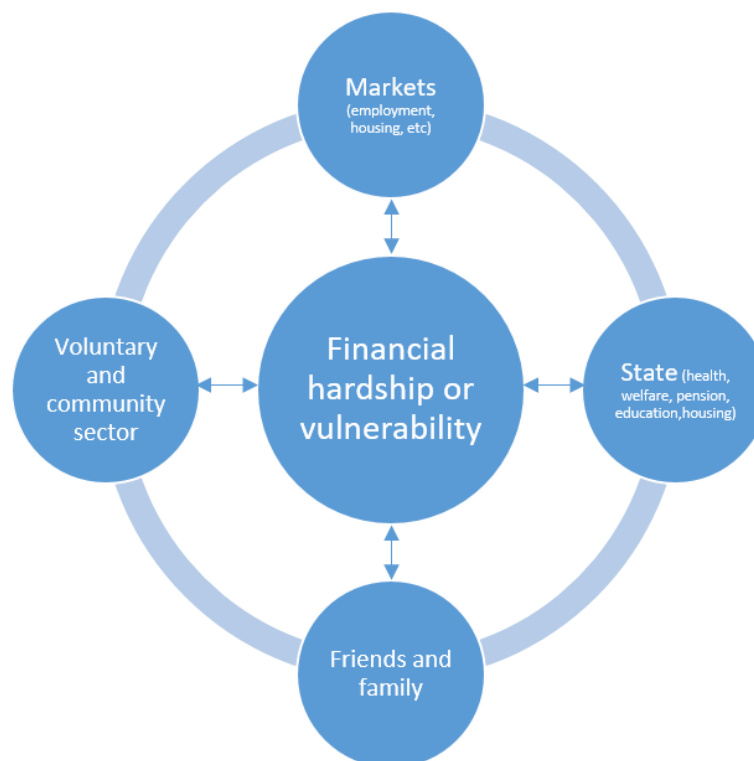
As Asenova et al. (2015) argue, over recent years, local communities across the UK - rural and urban - have faced a range of challenges related to the combined impact of the economic recession, slow economic recovery, sustained government spending cuts and welfare reform. They argue that, collectively, these factors have impacted adversely and acutely on already disadvantaged communities and groups within society. They also refer to a process by which risk has been re-distributed in society, as the responsibility of the state shrinks, its relationship with its citizens is altered, with increased responsibilities for dealing with social risks placed with individuals and local communities, regardless of their ability or capacity to absorb such risks.

The research found particular concerns caused for older people, lone parents and people experiencing in-work poverty. Across all three groups, Asenova et al. (2015) found an increased level of insecurity and instability concerning their income and about changes yet to come. Overall, this research suggested that the combined consequences of austerity, including service cutbacks, welfare changes and an increasingly unequal labour market, have added pressure and insecurity to vulnerable individuals. Individuals' personal networks are also negatively affected, as they are eroded by multiple levels of risk transfer.

This study was not explicitly focused on rural areas, but (limited) other work has addressed more recent rural poverty trends. For example, Shucksmith (2016) notes that cuts in public spending since the 2008 crisis threaten not only public services but also voluntary provision, particularly in rural places where the costs of providing such services are generally higher. While rural economies have generally proved resilient during the years since the 2008 financial crisis there is evidence of widening inequality in both rural and urban areas (see for example, Shucksmith 2012), particularly as in-work poverty increases. Work by Wilson and Copus (2018) has also revealed the acceleration of public service cuts in rural areas in Scotland and the extent of population decline in some more remote areas (see also Highland Council 2019; Rural Services Network 2018).

### Approach taken in this study.

In this study we seek to understand the experiences of, and especially the processes underlying, financial hardship and social exclusion in rural areas. To that end, our focus will be on the interconnections between individuals' and households' experiences of financial hardship/wellbeing and the structural and external processes bringing changes, for example, in local economies, employment, housing markets, welfare support and services. This necessitates analysis at both the individual/household level, enquiring about experiences and causes of financial hardship and vulnerability and revealing strategies and sources of help and support, alongside analysis of the economic, social and policy context through which processes of social exclusion operate to generate or redistribute financial hardship and vulnerability (or vice versa for processes of social inclusion). This context surrounding financial hardship and vulnerability is presented in diagrammatic form below.



The processes which operate in each of these contextual elements are distinguished for analytic purposes as markets (access according to market forces); state (access according to need or other bureaucratic criteria), voluntary and community sector (access according to charitable or associative criteria), and family and friends (access according to reciprocity). Our research will explore how changes in each of these four systems of resource allocation affects individual/household financial hardship, wellbeing and vulnerability in rural Britain, through work in 3 study areas and through analysis of secondary data.

Our emphasis is on individual/household experiences and impacts of financial hardship and understanding the multi-dimensional dynamic surrounding processes which underlie their hardship or vulnerability. This focus, and the literature reviewed above, has informed the topic guide for our interviews and the thematic analysis of the interview transcripts.

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