

## The cost of living in rural areas

May 2023

### Summary

Since the pandemic, the global economy has struggled to recover and in 2022, market pressures including an increase in the commodity price of energy initiated a bout of price inflation for everyone, but especially those on low incomes.

At face value, the cost-of-living crisis would appear to affect those living in the countryside in much the same way as everyone else. But in our experience, poverty and deprivation not only exists in rural communities; it is being experienced differently and it is largely hidden from view.

To dispel common misconceptions, our briefing demonstrates how the cost-of-living crisis is being felt most keenly in the countryside with respect to fuel poverty, a lack of affordable housing and the costs of accessing services. These specific concerns should be seen against the backdrop of underlying economic factors which often mean rural residents do not benefit as much from market competition, compounding disadvantage.

Addressing the consequences of the cost-of-living crisis and long-standing disadvantage in rural communities requires a concerted and comprehensive response from government that extends beyond the short-term measures put in place in 2022. As such, we recommend:

- Resourcing community and voluntary sector organisations so they can help people access the cost-of-living support already on offer from government.
- Sustaining financial support for household energy bills.
- Investing in household energy efficiency improvements.
- Introducing a Local Energy Bill.
- Re-defining what is meant by 'affordable housing'.
- Encouraging more rural community-led affordable housing schemes.
- Introducing a 'Rural Exception Site Planning Passport'.
- Requiring developers to use zero-carbon technologies when building new homes.
- 'Rural proofing' policy changes impacting geographical provision of public services.
- Investing in rural broadband and 5G.

### Introduction

At a time of widespread concern about rising prices and diminishing living standards, it's important to understand the different geographical contexts in which this is happening, and how such circumstances are being felt locally.

We are concerned that prevailing narratives about the cost-of-living crisis fail to adequately recognise the full extent of the challenges being experienced by those living in the countryside. Whilst it is a reasonable assumption that current market conditions are being felt by everyone, in our experience people living in the

## Action with Communities in Rural England

countryside are often disadvantaged by where they live and we are seeing worsening pressures – particularly upon lower income households.

This common misunderstanding is largely driven by popular conceptions of rural communities. Often people think of the countryside as an idyllic place to live, characterised by beautiful landscapes where people live happier, healthier lives. But this imagination conceals rural households living in relative poverty, who struggle to access many things that others take for granted and who are being priced out of their communities. Such circumstances don't show up as extreme pockets of need in national datasets, however policy makers must be aware of, and act upon the hidden poverty and disadvantage that exists.

Our briefing looks at how the cost-of-living crisis is playing out in the countryside, and how low-income households are feeling this most keenly with respect to fuel poverty, a lack of affordable housing and the costs of accessing services. Such pressures, we argue, must be seen in the context of underlying economic factors which often place rural residents on the periphery of urban-centric markets, compounding disadvantage.

The following observations are based on the ACRE Networks' experience of the challenges facing rural communities and evidenced with recent published datasets wherever possible.

### What we know

A cost-of-living crisis is being felt across all parts of the country. Many national indicators point to downward economic pressures putting strain on households. ONS released [data](#) showing that inflation rose by 8.9% in the 12 months to March 2023, down from 9.2% in February. At the same time, it is [forecast](#) that disposable income will have decreased by 3.7% in the 2022/23 fiscal year, representing the biggest fall in living standards since 1956 when this type of data was first produced.

### Long-standing economic vulnerabilities in rural communities

Disadvantage in the countryside long predates the current cost-of-living crisis. This is because rural communities are often peripheral to urban-centric markets which fall short of providing the jobs and services that people need, whilst driving up the costs associated with living in such places.

The following economic factors typically play out and create disadvantage in rural communities, with households often experiencing a combination of these pressures.



**Fewer, more expensive services** – Due to population density in rural areas, there is less demand for goods and services which results in many suppliers neglecting rural communities, or simply charging more in these areas. This not only applies to commercial enterprises such as broadband providers but also public services which are run along market-based principles such as buses and social care. Scant competition and less choice leaves people vulnerable to businesses taking advantage of a captive market.



**Wages in the rural economy are lower** – In 2020, [median workplace-based earnings](#) in urban areas (excluding London) were £25,400 while rural areas were lower at £22,900. Despite this, the costs of many essentials are the same, if not more than in urban areas.



**Basic infrastructure can be lacking** - Many households are not connected to the gas mains, lack reliable broadband or are poorly served by public transport links.

## Action with Communities in Rural England



**Higher transport costs** – People living in rural communities often need to travel further to get to work, access services, go shopping or see friends and family. In the absence of reliable public transport options, many households rely on private transport.



**Benefits are harder to access** - Some people do not take up entitlements due to the difficulty they experience in meeting administrative and attendance requirements, either in urban centres or online.



**Self-reliance is the norm** – Due to remoteness and lack of service provision, rural households must bear the cost of preparing for contingencies in ways that are not required in urban areas, for example needing to have a car to access hospital appointments in the absence of public transport.



**Transition to Net Zero is costly** – Adaptations required to transition to Net Zero are likely to be costly for rural households. For example, individual electricity supplies will often need to be upgraded to accommodate electric vehicle charging and before fossil fuel boilers can be replaced.

This is the context in which rural households are experiencing the current cost-of-living crisis, arguably making them more vulnerable to inflation, especially with regards to fuel poverty, housing costs and access to services.

### Rural fuel poverty

According to official [fuel poverty statistics](#) published in February 2023, 3.26 million households are on a low income and reside in homes with poor energy efficiency using the Low Income Energy Efficiency (LIEE) metric. But the [End Fuel Poverty Coalition](#) (EFPC) estimates the real figure is much higher on the basis that from April 1 2023, there were 7.5m households spending more than 10% of their income on fuel bills even after government support. This is up from 3.2m households in 2020.

Both sources however concur that rural communities are experiencing the greatest vulnerability to rising fuel prices. The recent government fuel poverty report states “households living in rural areas have [sic] the highest fuel poverty rate of 15.9% in 2022 [compared to the England average of 13.4%]”. EFPC believes this is more like 27% of the rural population using its calculations.

Two characteristics seem to define the rural experience of fuel poverty, namely:

- Rural buildings are typically older, less energy efficient, more expensive to heat and harder to modernise. According to the [figures](#) from government, it is estimated that the cost of lifting a household out of fuel poverty in a rural area is £956 compared to the national average of £443.
- 56% of properties in rural communities are off the gas grid, compared to just 9% in towns and cities. Those who are not on mains gas must either have enough cash flow to buy fuels such as heating oil in advance of need (which are highly susceptible to market price fluctuations), or heat with electricity which is much more expensive than gas. Such households are nearly twice as likely to experience fuel poverty.

*27% of rural households are estimated to experience fuel poverty in England.*

(Source: EFPC)

In [our view](#), recent government energy support schemes have failed to address this gap, demonstrated by the fact that the average subsidised cost of heating a home with just electricity is now £5,000 compared £2,500 for those on dual tariffs.

It unsurprising therefore that by the end of 2022, 62 out of 84 local [Citizens Advice](#) operating in predominantly rural areas said that energy concerns had become the most prevalent debt issue presented to them.

## Action with Communities in Rural England

### Housing costs

Whilst the housing crisis is not a new or uniquely rural phenomenon, there are specific drivers, characteristics and consequences that make this cost-of-living issue particularly felt by those on lower incomes in the countryside.

A recent [UCL research publication](#) provides a useful narrative account of how housing has come to be unaffordable to many in rural communities. It details how in the second half of the 20<sup>th</sup> century, planning protections were strengthened in the countryside whilst demand for rural living gathered pace owing to cultural factors such as the perceived advantages of rural lifestyles and urban escape, alongside structural economic changes such as widening access to mortgages, preferential tax treatment for private housing consumption and the discounted sale of social housing stock. This, the authors argue, has “pitted adventitious buyers, with their wealth rooted in property and salaried occupations, against rural wage-earners – a competitive mismatch that has since produced gross housing inequalities in many villages”.

Official data recognises that housing is less affordable in the countryside. The most recent [Rural Statistical Digest](#) demonstrates that in 2022, the average lower quartile house price was 8.8 times the average lower quartile earnings in predominantly rural areas. This compares with 7.6 times in predominantly urban areas (excluding London). Whilst there is no official comparable data for the rental sector, data published by [Right Move](#) in late 2021 showed that rental prices in suburban and rural areas had jumped by 11% since before the pandemic started, compared to just 2% in urban areas. This is attributed to increased demand from renters to live further away from cities, combined with a significant drop in the number of available homes to rent in the countryside. It is unclear whether this trend will continue.

*Between 2020 and 2021, rental prices in suburban and rural areas jumped by 11% compared to just 2% in urban areas.*

(Source: Right Move)

Many ACRE members either employ or work with Rural Housing Enablers who support communities to identify people in need of housing locally and liaise with planners and housing associations (amongst others) to deliver small scale developments that include affordable homes. The surveys produced by such endeavours provide useful insight into the scale of the housing challenge facing some rural communities. For example, in Essex, the parish of Bicknacre & Woodham Ferrers conducted a housing needs survey in January 2023 completed by 259 households, equivalent to 23% of the population. 33 households (13%) self-identified as needing alternative accommodation in the next few years whilst also expressing a desire to stay in the parish. More than half of these households (*n.* 18) met criteria for affordable rented, shared ownership and discounted market sale homes. Strategic planning policies typically deny development opportunities in small settlements like this on the basis they lack suitable infrastructure, so it often takes local communities to be proactive in identifying alternative ways of securing new homes, such as pressing the council to designate rural exception sites which allocate small parcels of land for housing development that meet identified local need.

The limited availability of affordable housing and the impact on rural communities should not be understated. Unlike urban areas where it's easier to move to a different part of the city or find alternative accommodation such as house shares, people who are unable to secure a home in the countryside are more likely to have to move away altogether. This is typically resulting in the loss of younger people and families on lower incomes which in turn can jeopardise the viability of rural services and the availability of labour for rural business. At its most extreme, it is increasing the number of people who experience rural homelessness. A recent [academic study](#) supported by a range of organisations including ACRE, found that 91% of frontline workers in rural areas have seen homelessness increase in their area over the past five years.

## Action with Communities in Rural England

### Housing strain in Babergh & Mid Suffolk

Babergh & Mid Suffolk are predominantly rural districts with a combined population of 195,000. Information supplied by the Rural Housing Enabler serving the areas suggests that the cost-of-living crisis has significantly compounded housing challenges, particularly in the private rented sector.

Rates of homelessness have increased with January 2023 seeing a record number of homelessness applications taken the council's housing solutions team; a total of 138 across both districts compared to the previous high of 113 in a one-month period. The leading cause of homelessness appears to be the end of a private rented tenancy using a Section 21 notice, of which the vast majority were due to the landlord wishing to sell the property. Indications are that many landlords are leaving the sector.

Household debt is becoming an increasing concern. Although there has not been an increase in the number of council tenants who are behind on their rent, there has been a considerable increase in the level of rent arrears across each district, indicating that those who are behind on rent payments are experiencing a deeper level of debt than previously.

### Access to services

Rural communities have long found themselves at a disadvantage because of their distance from urban centres. For example, [government data](#) shows that average travel time to places of employment, education, primary healthcare and shops was 30 minutes in rural areas, compared to 15 minutes in urban areas. But in the most remote hamlets and isolated dwellings the average travel time was 64 minutes. It is easy to see how such discrepancies can make a big difference to rural households and can even be a matter of life and death – trips to hospital in the countryside take just over an hour on average, whereas in urban areas it is half an hour.

The necessity for people to travel for work and to access essential services is made worse by the lack of regular and reliable public transport provision in the countryside. This means that most people living in the countryside rely on private transport. The last [National Transport Survey](#) conducted in 2020, found that individuals from 'rural villages, hamlets and isolated dwellings' took 17% more trips on average using private transport and travelled 54% further than their urban counterparts. Given the [average price of petrol](#) increased from £1.16 per litre in 2020 to £1.65 in 2022 and £1.19 to £1.78 for diesel respectively, this will have put significant additional strain on rural household finances.

*Rural dwellers took 17% more trips on average using private transport and travelled 54% further than their urban counterparts.*

Source: National Transport Survey

We are also concerned that rural communities are digitally more isolated. Whilst broadband coverage has improved over the years. According to [government statistics](#) from 2020, 8% of rural premises still do not have access to superfast broadband, compared to 3% in urban areas. On top of this, the rural population tends to be older and with this, ACRE members encounter many people who simply lack the digital devices or skills needed to access online services such as banking apps and remote medical appointments. This digital gap exacerbates the cost-of-living crisis in the countryside.

### Cumulative disadvantage

As we have outlined, there are multiple and somewhat unique pressures that are having a profound and cumulative impact on people's finances in rural communities. Lower income households are almost certainly feeling the brunt of this.

## Action with Communities in Rural England

*65% more food parcels were distributed in rural districts in 2022/23 compared with 2020/21*

Source: Trussell Trust

One such example of this is the uptake in food bank usage in rural districts. Data published by the [Trussell Trust](#) shows that the number of food parcels distributed in England between April 2022 and March 2023 was over 2.4million, up 56% on 2020/2021. But in the 31 districts where the trust operates that are classified by the government as 'largely rural', usage had increased by 65% during the same period.

### The change we want to see

The cost-of-living crisis requires a concerted and comprehensive response from policy makers, not least because household deprivation destabilises families and communities, but also because it risks stymieing economic recovery and national prosperity.

Whilst ACRE members are on the frontline providing support to community groups and projects that help the most vulnerable in rural communities, we need government to bring about some structural changes. Policies and support packages must be directed towards those that most need it, be cognisant of local context, and take a much longer-term view than the measures put in place in 2022.

Below is a summary of the changes we think are needed to tackle the cost-of-living crisis in rural communities:



**Resource community and voluntary sector organisations so they can help people access support already on offer from government.** For example, we know that many people on pre-payment energy meters and off grid households are not availing of the energy discounts available to them. There is only so much that national awareness campaigns can do to reach these people and we suggest that a more localised approach to engagement, led by organisations already in touch with these people, would be much more effective.



**Sustain financial support for household energy bills.** Government needs a plan to give support, in advance, to those who must buy energy well ahead of use if prices remain high next winter. In the short term, there should be a lower price guarantee on electricity for those who have no choice but to heat their homes this way and maintain the current price guarantee for gas.



**Invest in household energy efficiency improvements.** It is simply uneconomic to support household expenditure on energy without taking a longer-term view to improving the energy efficiency of homes. A comprehensive package of support targeted at those most at risk of fuel poverty is needed to include grant funding, access to specialist advice and supporting the training and development of people able to provide installation and maintenance services. This must include provision for improvements to older rural homes (especially those reliant on heating oil and liquid gas) which will require more tailored solutions.



**Introduce a [Local Energy Bill](#)** and encourage local groups to develop small-scale renewable energy solutions where they can sell energy back to local households and businesses thereby supporting a just transition to Net Zero and reducing rural communities' dependence on the national grid.



**Re-define what is meant by 'affordable housing'.** The definition of affordable housing needs to change so it takes into consideration local wages rather than just market prices for properties. This would increase the number of affordable homes required as part of existing developments in areas where housing prices significantly outstrip local incomes.



## Action with Communities in Rural England



**Encourage more rural community-led affordable housing schemes.** In our experience, where local residents are engaged in such considerations, they are likely to be much more supportive of development that meets their needs. This needs to be backed up with funding and support for Rural Housing Enablers who play a key role in brokering such initiatives.



**Introduce a 'Rural Exception Site Planning Passport'.** This would speed up and reduce the costs of an existing planning mechanism by which smaller parcels of rural land can be developed on an exceptional basis to provide affordable housing, provided it meets evidenced local need. The passport should be available for sites of up to 15 dwellings in parishes of 3,000 or fewer, including in Areas of Outstanding Natural Beauty (AONBs) and National Parks.



**Require developers to use zero-carbon technologies when building new homes.** We support the Mission Zero recommendation to mandate the Future Homes Standard by 2025, requiring all new build developments to produce 75-80% less carbon emissions than delivered under current regulations. This should include a consultation on ensuring that the planning system is flexible enough to allow new homes to be built with solar technology and comply with the new standard. In rural areas, especially National Parks and AONBs, additional grants should be made available to ensure the design of these buildings maintains the beauty of these spaces.



**'Rural proof' policy changes impacting the geographical provision of public services.** Too often, the needs of rural communities are overlooked because economies of scale are perceived to be the only way in which costs of delivery can be kept under control. To avoid rural residents being disadvantaged, public service provision either needs to be localised or ways found of working alongside communities to improve access through investment in transport, digital infrastructure, or joint working across service boundaries.



**Invest in rural broadband and 5G.** The party currently in government must deliver its pre-election commitment to provide full-fibre broadband, or its equivalent, to every rural premises and at no greater cost than the market offers in urban areas. It must also find ways to ensure that all rural areas are connected to 4G and, as the technology develops, have a pathway to access the benefits of 5G to the same extent as urban areas.

### About ACRE

ACRE (Action with Communities in Rural England) is a national charity speaking up for and supporting rural communities.

We are the national body of the [ACRE Network](#), England's largest rural grouping of community support charities which together reach over 35,000 community groups annually, and lever in over £34 million each year in support of initiatives that equip people with the knowledge, skills, and connections needed to improve their local community.

### Contact

Phillip Vincent

**Public Affairs & Communications Manager**

[p.vincent@acre.org.uk](mailto:p.vincent@acre.org.uk); 01285 425645