Rural Poverty in Wales: Existing Research and Evidence Gaps

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Rural Poverty in Wales: Existing Research and Evidence Gaps

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Public Policy Institute for Wales

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Summary

- This report provides an overview of existing research on the scale and causes of rural poverty with a particular focus on Wales.
- Definitions of rurality and poverty are contested. The most commonly adopted definition of ‘rural’ refers to settlements of 10,000 or less residents. The measure of poverty often used in the UK is 60% of the median income though it is widely acknowledged that people’s experience of poverty is multi-dimensional.
- There is evidence that rural poverty can be masked by the relative affluence of rural areas and by a culture of self-reliance in rural communities.
- Research suggests that whilst the manifestations of rural and urban poverty are sometimes similar, their causes and scale are often different.
- Key contributory factors include the fragility of some rural economies, poor access to employment opportunities and public services, low pay, a lack of affordable housing and social isolation.
- The low skills base of some rural economies is known to act as a barrier to economic growth and limited employment opportunities can result in the out-migration of skilled workers. Lack of training opportunities can also contribute to keeping incomes low.
- The prevalence of low paid and fragile employment contributes to the risk of in-work poverty.
- Lack of access to services makes it difficult for some individuals to secure employment. Public transport in many rural areas is infrequent, inadequate and more expensive than elsewhere. This means that it difficult for those without private transport to travel for work.
- A lack of affordable and available childcare in rural areas and limited access to the internet are also seen as barriers to employment opportunities.
- There is a ‘rural premium’ on some key goods and services because of a lack of competitive markets for food, fuel, energy and transport. This contributes to rural poverty.
- Rural households are known to be susceptible to fuel poverty. Fixed housing costs often absorb a large proportion of low household incomes and many rural areas have a lack of affordable housing.
- The Welsh Government collects a lot of data which sheds light on the distribution of rural poverty. However there are significant gaps in the evidence base. These include understanding of people’s experiences of rural poverty and robust evaluation of the impact of interventions designed to address it.
Introduction

The Public Policy Institute for Wales (PPIW) is a unique collaboration between the Economic and Social Research Council, Welsh Government, and a consortium of research led universities and independent research organisations. Our mission is to improve policy making and delivery by generating independent authoritative analysis and advice on the key challenges facing public policy makers in Wales. The Institute:

- Supports Ministers to identify their evidence needs;
- Works with experts to provide authoritative independent analysis and advice and identify evidence gaps;
- Raises awareness of the Welsh Government’s evidence needs among public policy experts in the UK and beyond;
- Helps researchers to increase the impact of their work by developing stronger links with policy makers; and
- Facilitates learning between countries so that Wales is able to benefit from and contribute to international evidence about ‘what works’ in key policy areas.

The Welsh Government has identified tackling poverty as one of its key objectives. In response to this, the PPIW has undertaken several pieces of work which have analysed existing evidence about the causes of poverty and approaches to tackling it. These have included work requested by Welsh Ministers on:

- international experience of cross-government strategies for tackling poverty;
- the impact of indebtedness on communities and households experiencing poverty;
- provision for young care leavers at risk of homelessness;
- ways to increase the supply of affordable housing in Wales;
- approaches to tackling homelessness; and
- the feasibility of evaluating the contribution of the Supporting People Programme to tackling homelessness.

In addition, we are working with the Economic and Social Research Council and research teams at Aberystwyth University, the University of Cambridge, the University of Warwick and the Young Foundation to advance understanding of:

- alternatives to high interest credit;
- ways to harness growth sectors to create employment opportunities which have the potential to help reduce poverty;
• the role housing providers can play in tackling poverty experienced by young people; and
• innovative approaches to measuring and analysing poverty.

Details of these studies and the reports that we have published to date are available at ppiw.org.uk.

Context

The Welsh Government included a commitment to commission a review of the evidence around interventions that are proven to succeed in rural communities in its 2014 Annual Report on the Tackling Poverty Action Plan (Welsh Government, 2015e), and our own preliminary analysis of existing research together with consultations with officials, third sector organisations and academic experts confirmed that there is a perceived need for better evidence about this important issue. We have therefore undertaken this review internally and will be exploring the evidence around interventions in subsequent papers. Before doing so however we felt it was important that this paper establish what the evidence outlines as the major issues relating to rural poverty before exploring what interventions have been successful in addressing them.

Wales has a relatively large rural population and levels of poverty in Wales are higher than the UK as a whole. Tackling the difficulties posed by limited employment opportunities and access to services in rural areas will continue to be important issues for Welsh policy makers. However, spending cuts imposed by the UK Government mean that Welsh Ministers will have fewer resources available to fund interventions to address the challenges faced by rural communities. It is therefore more important than ever that policy is based on the best available evidence about the nature and causes of rural poverty and what works best in tackling it.

This report aims to help inform future policy in Wales and beyond by reviewing the current state of international (English speaking) knowledge about the causes of rural poverty. In so doing the report provides an analysis of:

• definitions of rural poverty;
• the key differences between the experience of poverty in rural areas and those living in urban areas;
• problems relating to access to services, employment and housing and the rural poverty premium; and
• preliminary conclusions regarding the state of the current evidence base and future evidence needs.

Methodology

This report provides a secondary analysis of the dimensions and causes of rural poverty based on a review of the academic literature. Books and journal articles were identified through an online search using a series of relevant key words and terms together with a series of consultations with the PPIW’s Executive Group and an Advisory Group of leading rural researchers comprising:

- Professor Paul Milbourne, Cardiff University;
- Professor Vanessa Burholt, Swansea University;
- Professor Mark Shucksmith, Newcastle University; and
- Professor Mike Woods, Aberystwyth University.

We have referenced recent Welsh Government statistical analysis but have deliberately sought not to duplicate this work since it is already available to Welsh Ministers, nor have we undertaken primary analysis of data. Instead, in line with the PPIW’s mission, we have drawn on existing work undertaken by academics and other independent experts.

The Welsh Government collects significant amounts of data which shed light on the incidence of rural poverty and its own researchers and analysts have compiled their own analyses of this evidence base. Our work has sought to complement this important in-house research by providing a preliminary assessment of insights from qualitative research on rural poverty and to identify some of the most significant gaps in the existing evidence.

Our report is not a definitive or comprehensive analysis of rural poverty in Wales. Nor does it seek to evaluate what works in tackling rural poverty. But it does summarise some of the existing research on the main dimensions of rural poverty and its interrelated causes.

For practical reasons of time and resources we restricted our search to the English speaking literature and focused on evidence from Western democracies where experiences are most likely to be applicable to the Welsh context. The majority of the research we identified was from the UK and much of it from England.

Our consultations with experts and our review of the literature suggest that in recent years academic interest in rural poverty in the UK has waned, particularly since 2010. Much of the material that we have drawn on is, of necessity, slightly dated. However, to help guard against this we imposed a cut-off on research that was published before the year 2000 (although we
have drawn on some work which references earlier publications). There is also a dearth of robust evaluations of the effectiveness of interventions that have sought to reduce rural poverty. This is an issue which we will seek to address in a separate report which we hope to publish later this year.
What is Rural Poverty?

Definitions of ‘rural’ and ‘poverty’ vary and have been hotly debated by researchers. The Office for National Statistics defines rural as settlements of less than 10,000 usual residents (Office for National Statistics, 2013). However, the term ‘rural’ can have multiple meanings and it has been estimated that 30 different definitions are used across different UK Government departments (Scott et al., 2007).

Rurality is sometimes defined as a residual (i.e. areas that do not have the characteristics of urban areas). However, this disguises the variety of different types of rural area with varying degrees from urban centres ranging from a few miles to hundreds of miles (Hart et al., 2005).

Rural areas can include:

- smaller settlements close to major cities and large towns;
- isolated villages and hamlets; or
- largely unpopulated areas (especially in the international literature).

In addition to remoteness, many measures of rurality also include population sparsity, land use, primary economic activity, community cohesion and governance (Scott et al., 2007). The Welsh Government has recently analysed differences between rural and urban areas in Wales by using both settlement size and a measure of accessibility and remoteness (Welsh Government, 2015a). It differentiates between two categories - less sparse context and sparsest contest - and between three settlement types:

Less Sparse context:

- Large Towns: settlements in the more densely populated areas with a population of at least 10,000 people including Cardiff, Newport and Swansea and the main settlements in South East Wales and along the North Wales coast, Deeside and Wrexham;
- Small Towns: settlements of less than 10,000 people in the more densely populated areas for example Usk, Denbigh, Beaumaris and Monmouth – and also areas of urban fringe around the major settlements; and
- Others: villages, hamlets and dispersed dwellings in the less sparse areas of Wales.

Sparsest context:

- Large Towns: settlements in the less densely populated areas with a population of at least 10,000 people – Holyhead, Newtown, Aberystwyth and Carmarthen;
- Small Towns: in the less densely populated areas that have less than 10,000 people; and
• Others: villages, hamlets and dispersed dwellings in the sparsest areas of Wales. (Welsh Government 2015c).

Table 1 shows the proportion of the Welsh population in each of these six types of rural area in 2001.

**Table 1: Population by classification type:**

<table>
<thead>
<tr>
<th></th>
<th>Definition used for Wales</th>
<th>Count of Population(a)</th>
<th>Percentage of Population</th>
<th>Number of LSOAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Sparse</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Town</td>
<td>Urban</td>
<td>2,026,260</td>
<td>66.1</td>
<td>1,268</td>
</tr>
<tr>
<td>Small Town</td>
<td>Urban</td>
<td>406,853</td>
<td>13.3</td>
<td>252</td>
</tr>
<tr>
<td>Others</td>
<td>Rural</td>
<td>209,399</td>
<td>6.8</td>
<td>129</td>
</tr>
<tr>
<td>Sparsest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Town</td>
<td>Rural</td>
<td>58,319</td>
<td>1.9</td>
<td>35</td>
</tr>
<tr>
<td>Small Town</td>
<td>Rural</td>
<td>123,522</td>
<td>4.0</td>
<td>78</td>
</tr>
<tr>
<td>Others</td>
<td>Rural</td>
<td>239,103</td>
<td>7.8</td>
<td>147</td>
</tr>
<tr>
<td>Wales</td>
<td></td>
<td>3,063,456</td>
<td>100.0</td>
<td>1,909</td>
</tr>
</tbody>
</table>

(a) Where population is a count of all usual residents

According to this classification nearly 20 percent of the Welsh population lives in areas that are broadly classified as rural. Of these rural residents, only 30 percent live in the sparsest large or small towns; the majority (70%) live in either ‘other’ less sparse or sparsest areas (Welsh Government, 2015c). The Welsh Government has conducted a detailed statistical analysis of the breakdown of these differing settlement types exploring these settlements in terms of a wide range of characteristics e.g. access to services, employment rates, income deprivation and other elements of the Welsh Index of Multiple Deprivation (see Welsh Government, 2015 a,b,c, and d).

It is important to understand the differences between rural and urban areas as well as recognising that rural areas are not homogenous and people’s experiences of rurality vary. This needs to be taken into account when assessing what works in reducing rural poverty because interventions that work in one type of rural area may not be applicable in others.

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1 The Welsh Government definition of ‘rural’ differs slightly from the ONS due to the lower percentage of the population living in built up areas in Wales than in regions in England.
Like rurality, ‘poverty’ is a contested concept which has been defined in a variety of ways by researchers and policy makers. The UK Government uses the 60% median income measure as its indicator of poverty and this is often adopted in official statistics and analyses of poverty. However, many experts argue for a much broader definition which recognises that poverty is not simply a measure of income but has wider social and cultural aspects.

The Joseph Rowntree Foundation (JRF) maintains that individuals who lack decent housing, access to community services and amenities and social interaction can be viewed as living in poverty even if they are above the 60% median income measure (JRF, 2008). The Bevan Foundation contends that definitions of poverty should include not just the resources to meet basic needs but also to be part of mainstream society (Bevan Foundation, n.d.). The Welsh Government also recognises a broader definition of poverty. The 2015 revised Child Poverty Strategy, for example, defines poverty as:

“a long-term state of not having sufficient resources to afford food, reasonable living conditions or amenities or to participate in activities (such as access to attractive neighbourhoods and open spaces) which are taken for granted by others in their society.” (Welsh Government, 2015d).

The Welsh Index of Multiple Deprivation (WIMD) takes account of a range of factors when measuring deprivation². It identifies Isle of Anglesey, Powys, Ceredigion, Carmarthenshire, Neath Port Talbot, Bridgend and Caerphilly as the counties with the highest incidence of rural deprivation in Wales (Welsh Government, 2015c).

This report uses the 60 percent of median household income threshold when referring to official statistics but also recognises the broader nature of poverty and in addition to low incomes our literature review included search terms such as ‘deprivation’ and ‘social exclusion’ to ensure that we build up as comprehensive a picture as possible.

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² The WIMD is the Welsh Government’s official measure of relative deprivation for small areas in Wales. WIMD was designed to identify those small areas with the highest concentrations of several different types of deprivation. WIMD is made up of eight separate domains (or types) of deprivation: Income / Employment / Health / Education / Geographical Access to Services / Community Safety / Physical Environment / Housing. Each domain is compiled from a range of different indicators.
Is There a Difference Between Rural and Urban Poverty?

Whilst there are some similarities between rural and urban poverty, particularly in relation to the effect of poverty on the individual, their scale and causes can often differ. Kempson and White (2003) found that in England, broadly similar proportions of rural and urban populations move in and out of poverty. However, there are undoubtedly some types of deprivation which are more prevalent in rural communities than urban areas.

People in poverty in both urban and rural areas are likely to experience a lack of financial resources, however, rural areas are more likely to experience opportunity deprivation (lack of employment and services) and mobility deprivation (access to employment and services) (Scott et al., 2007).

A study by the Welsh Local Government Association (WLGA, 2012) found that the key drivers of rural poverty in Wales include:

- the fragility of local economies;
- access to jobs and the quality of employment opportunities;
- low income and earnings (including in-work poverty);
- access to services;
- access to affordable housing; and
- isolation.

Milbourne (2011) suggests that the social profile of poverty differs in rural areas. He argues that:

- rural poverty is linked to low incomes whilst urban poverty is more commonly associated with unemployment;
- household composition in rural areas typically differs from urban households with more two parent families and older people;
- ethnic minority groups make up a smaller proportion of those in poverty in rural areas; and
- there are very few of the signs in rural areas of the visible poverty present in urban areas (Milbourne, 2006).

Scott et al. (2007) also contend that the rural poverty is complex and multidimensional.

The interaction of rural-specific problems can generate ‘vicious circles’ which reproduce and exacerbate poverty (Bertolini et al., 2008). These include:
the ‘demography circle’ whereby a lower population density, a higher proportion of elderly residents than in urban areas, out-migration of young people and the resulting low birth rates all have adverse economic impacts;

- the ‘remoteness circle’ that results from a lack of infrastructure, which can be detrimental to the local economy, increase outward-migration, and worsen the demographic imbalance, thus creating further barriers to the improvement of infrastructure;

- the ‘employment circle’ refers to the problem of relatively low skills base and educational attainment which result in low employment rates which in turn increases the poverty rate and has a detrimental effect on education and skill levels; and

- The ‘labour market circle’ refers to the way in which limited employment opportunities in rural areas may result in skilled workers migrating to urban areas which reduces the skill level in the rural workforce which in turn discourages future economic investment and leads to further deterioration in the local labour market.

Their analysis relates to a European study but the evidence relating to studies in Wales throughout this report would indicate that the demography, remoteness and labour market circles are relevant to many areas of rural Wales.

Poverty in Rural Wales: A Hidden Problem

There are nine predominantly rural local authorities in Wales: Conwy, Denbighshire, Powys, Carmarthenshire, Gwynedd, Ceredigion, Isle of Anglesey, Pembrokeshire and Monmouthshire (WLGA, 2012). According to the WIMD 2014, these areas are ranked as some of the least deprived areas based on income (WIMD, 2014b) which would appear to indicate that rural areas suffer less poverty and deprivation than urban areas in Wales.

However, a study by the Comission for Rural Communities in 2006, suggested that over the previous 25 years an average of 20-25 percent of rural households across the UK had been identified as living in poverty (Commission for Rural Communities, 2006b). Disagreements over data measurement have led some experts to argue that some statistical measurements may play down the significance of rural poverty (Milbourne, 2006). McSorley (2008) for example argues that national multiple deprivation indices may not capture the true nature of rural disadvantage as they focus on geographic concentrations of deprivation.

This is recognised by the Welsh Government (2015c) which highlights the issues that need to be considered when examining statistics in rural Wales particularly relating to the WIMD. The Welsh Government’s guide to using WIMD for analysing deprivation in rural areas explains
that the overall WIMD Index can be used to identify pockets of multiple deprivation across all parts of Wales. However, the geographical dispersion of deprived people in rural areas is much wider than in urban contexts (Welsh Government, 2015c). The ‘pockets’ of deprivation in rural areas therefore tend to be too small to be recognised by the WIMD as these areas are often submerged by larger less deprived populations (Welsh Government, 2015c).

The Commission for Rural Communities found that this was also an issue in England. It argued that official statistics mask geographical variations in rural incomes and pockets of low income households are obscured by the fact that households and individuals may live among relative affluence in rural settlements which raises the average income (Commission for Rural Communities, 2006).

Despite this, analysis of the underlying indicators by settlement type in Wales shows that significant numbers of deprived people live in rural areas (Welsh Government, 2015c) which illustrates the difficulties in measuring levels of deprivation and poverty in rural areas. These measurement issues represent an important gap in the data and help to explain why some experts believe that poverty in rural areas can often be underestimated.

Milbourne (2006) argues that the hidden nature of rural poverty can cause area based policies or community development to be ineffective in many rural areas including in Wales. McSorley’s (2008) study of rural poverty in Scotland also shows that indicators, such as home and car ownership, are also often unsuitable measures of rural poverty because the lack of social housing and adequate public transport means that low income households in rural areas have are forced to own their own homes and cars.

Milbourne also suggests that the media also underrepresents rural poverty because it does not fit with the idealised image of the countryside and that poverty is often not recognised by residents of rural areas themselves (Milbourne, 2011). Milbourne and Hughes (2005) found that when asked about the existence of poverty in their area, six out of every ten survey respondents in rural Wales denied the existence of poverty and the proportion of ‘poverty deniers’ was actually highest amongst low income residents. This may be partly because rural residents with low incomes tend to conceive their place of residence in a largely positive light.

A larger survey of 4,000 households in rural Wales found similar results. Nine out of ten respondents in the Wales Rural Observatory Household Survey (2007) reported that they were either satisfied or very satisfied with their area as a place to live. Even those who recognised the existence of rural poverty, said that the natural attributes of their area compensated for material hardships and low incomes (Milbourne, 2011). The national survey for Wales 2012-
13 also found that reported wellbeing was consistently higher in rural areas than urban areas (Stats Wales, n.d).

This shows that rural poverty is undoubtedly complex and that it is important to take account of the physical and social environment in which people live and their expectations as well as objective measures of their material circumstances.

The culture of independence and attitudes towards welfare provision in rural communities may also influence perceptions of poverty. Research into attitudes to rural disadvantage in England found that those living in rural areas were less likely to identify themselves as unemployed, instead preferring to use individual coping strategies to get by. A large majority (86%) agreed that ‘people around here are fairly self-sufficient and tend to deal with problems themselves’ (Brunwin et al., 2006, p.12). Sherman (2006), in a study of rural poverty in America, argues that local culture and gender norms can result in a preference for informal work practices and self-sufficiency that can impact upon the coping strategies used by rural residents. Pugh et al. (2007) conclude that rural residents in the UK are more stoical and have lower expectations of service provision or fail to recognise their needs. Researchers in Wales have also found that rural residents may acknowledge the presence of low income groups but most consider their own living standards to be equal to their neighbours (Milbourne & Hughes, 2005).

Jarvis and Gardner (2009) found that in Scotland hidden rural poverty is exacerbated by the lack of qualitative information about the impact of rurality across different equality strands such as disability and gender. Milbourne (2006) reaches a similar conclusion asserting that the experiences of poverty in rural areas are under-researched, particularly the nature of the connection between poverty and social exclusion for different groups. The Poverty Alliance (2012) argues that the lack of reliable evidence about rural poverty has had an impact on its profile and that the focus of UK anti-poverty policy has been predominantly urban. Therefore UK anti-poverty policies have been unable to tackle the specific challenges faced by rural communities.

It is clear then that we need a better evidenced understanding of the nature and causes of rural poverty to inform interventions to tackle it. To assist with this the next four sections of this report present the evidence from a review of the international literature on four key issues relating to rural poverty drawing on evidence from Wales wherever possible:

- transport and access to services;
- the economy, employment and income;
- housing; and
- the rural poverty premium.
Transport and Access to Services

The lack of public transport, poor access to other services and the higher costs of services can all have a significant impact on people living in poverty and their ability to escape from it. It is important not to think about accessibility simply in terms of distance (Penchansky & Thomas, 1981). Accessibility also includes a range of other considerations such as:

- physical accessibility;
- responsiveness to users’ needs;
- affordability; and
- users’ perceptions of its usefulness to them.

Transport

Research undertaken in England on attitudes to rural disadvantage found that the most common reported problem facing rural residents was public transport. Two-thirds (65%) agreed that ‘a lack of public transport in this area forces some people to own a car even though they can’t really afford to’ (Brunwin et al., 2006). Rural car owners also tend to travel further to work than their urban counterparts, increasing their fuel costs, which adds to the financial pressure on those living below the poverty line.

A recent inquiry by the House of Commons (HOC) Transport Committee found that across the UK, people with low incomes or those who are unemployed in rural areas are disproportionality affected by reduced and inadequate transport services (HOC Transport Committee, 2014). The cost and infrequent nature of public transport provision means that private transport is often the only viable option for those living in Welsh rural areas (Moles and Radcliffe, 2011). Therefore most individuals need access to a car in order to gain employment, but some are unable to afford a car without first gaining an appropriate income. Inadequate public transport also makes it difficult for unemployed people to access training and visit job centres in order to access employment opportunities.

Forced reliance on private transport can itself cause a decline in public transport provision. As fewer people use public transport further reductions in provision are made (Moles & Radcliffe, 2011) and this has a particular impact on those on the lowest incomes. Monk et al. (2000) argued that poor access to transport means that some people living in rural areas opt for low paid/unsatisfactory work simply because it is local. This limits their own access to higher wage/higher skilled work and reduces the efficiency of the local labour market, depriving businesses of skilled workers who are unable to travel long distances to work (Monk et al., 2000).
The impact of service deprivation

Rural local authorities in Wales are ranked as some of the most deprived areas in relation to access to services (WIMD, 2014a) and the Welsh Government’s analysis also found that rural areas in Wales are more deprived in terms of services than more urban areas (Welsh Government, 2015c). Moles and Radcliffe (2011) point out that there has been a steady continual decline in rural shops, post offices, leisure centres, police stations and health services. This has a particular impact on people with low incomes who are “disproportionality affected by reduced and inadequate services” (House of Commons Transport Committee, 2014, p.3). It also has implications for local economies since a lack of essential services may make it difficult for businesses in small rural towns to stay viable.

Wood’s (2004) study of the rural health and healthcare in North West of England drew him to conclude that people in rural areas have to travel significant distances to access health services such as GP practices and community health centres and have less choice about whom they see for treatment. The statistics in Wales (Figure 1) show that the time needed to travel to GP surgeries can be longer in rural areas compared to their urban counterparts, particularly in the ‘others’ category.

Figure1: Average travel time by private transport to a GP surgery (minutes)

<table>
<thead>
<tr>
<th>Settlement Type</th>
<th>Definition used for Wales</th>
<th>Average Travel Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Sparse Large Town</td>
<td>Urban</td>
<td>4.3</td>
</tr>
<tr>
<td>Less Sparse Small Town</td>
<td>Urban</td>
<td>4.9</td>
</tr>
<tr>
<td>Less Sparse Others</td>
<td>Rural</td>
<td>10.6</td>
</tr>
<tr>
<td>Sparsest Large Town</td>
<td>Rural</td>
<td>4.4</td>
</tr>
<tr>
<td>Sparsest Small Town</td>
<td>Rural</td>
<td>4.1</td>
</tr>
<tr>
<td>Sparsest Others</td>
<td>Rural</td>
<td>14.4</td>
</tr>
</tbody>
</table>

Source: Welsh Government (2015c)

The average travel time to a GP surgery by public transport is similar in the sparsest large and small towns but considerably longer in ‘other’ rural areas (Welsh Government, 2015c). Wood argues that distance can deter rural patients from utilising health services to the same degree as their urban counterparts which may result in delays in diagnosis and treatment. White et al. (2007) found a positive correlation between levels of satisfaction with service provision and
wellbeing in Wales. It follows that inadequate service provision in rural areas will have a negative impact on the quality of people’s lives if not compensated by other aspects of living in rural areas.

There is also a strong correlation between poverty and other dimensions of disadvantage. Social exclusion in rural areas can be seen as a result of the collapse of systems within society which should actually ensure the social integration of rural individuals (Shucksmith & Phillip, 2000). This can also be said of urban areas but social exclusion in rural areas is further exacerbated by a lack of public transport provision and poor access to other services that enable individuals and households experiencing poverty to engage in the same social activities as the majority of other people.

**Childcare**

Childcare costs are higher in rural areas than in urban areas. The Country Living Index reported that the average price for weekly infant care in rural areas across the UK was £202 compared to £190 in urban areas. Almost a third (31%) of parents in rural areas had just one local nursery or crèche and 25% had no nurseries or crèches located within easy reach of their home. A quarter (24%) reported that they had to pay a premium for childcare service as a result of living in a rural area (Rural Services Network, 2014).

A lack of affordable and accessible childcare is a barrier to parents or guardians gaining employment. It may cut off work as a route out of poverty or contribute to in-work poverty as a significant proportion of household income is absorbed by childcare costs. Limited public transport provision in rural areas also means that families without access to a car may have difficulty travelling to childcare providers and getting to work on time (Little & Morris, 2002).

It has been suggested that there is a widening gap in availability of childcare between the most and least deprived areas and these gaps are worse in deprived and rural areas (Save the Children, 2011). The Family and Childcare Trust's Childcare Costs Survey 2015 found that only one local authority in Wales (twenty one in England and one in Scotland) reported that there was enough childcare in rural areas (Rutter, 2015).

Little and Morris' (2002) study of women in rural economies also found that some women accept jobs they are overqualified for so they can fulfil childcare responsibilities. This issue may affect both urban and rural areas but undoubtedly has implications for the individual as well as the local economy.
Internet access and digital skills

Some commentators see the internet as an important economic driver and a way of delivering services to rural populations, as well as means of increasing social connectivity. It can also help businesses overcome the problem of distance of markets and customers (Country Land & Business Association, 2012). Access to the internet is seen as particularly important to the tourism industry in rural areas since it provides an inexpensive means for businesses to market themselves and take bookings and many visitors expect internet access when visiting areas (Environment Food and Rural Affairs Committee, 2013).

Conversely poor internet connectivity is seen as a key barrier to economic growth in rural areas. A significant urban-rural digital divide exists, with a high percentage of rural residents unable to secure an effective internet connection. Wales had the lowest availability of superfast broadband provision in the UK in 2013 with just 6 percent of its rural areas having access to superfast broadband compared to 88 percent in urban areas and 32 percent in semi-urban areas (The National Assembly for Wales, 2013). The new superfast Cyrmu project set out to address this and has made some significant improvements in both rural and urban areas. However, in its most recent progress report the Counties of Powys, Monmouthshire and Ceredigion still had some of the lowest rates of uptake.

A recent Which? survey found that even where there was access to the internet, rural areas suffered from not getting the advertised broadband speeds. It reports that 98 percent of homes in rural areas across the UK were unable to get the advertised headline broadband speed (NFU, 2015). Therefore digital solutions to service provision in rural areas need to be considered carefully and will require significant infrastructural improvements if they are to play a meaningful role in tackling rural poverty.

The Economy, Employment and Income

There are a number of factors relating to the economy in rural areas which are known to have a significant impact upon rural poverty. The structure of local economies and limited employment opportunities combined with low wages, a lack of training opportunities and low benefit take up, combine to keep incomes low. This section analyses the evidence on these issues exploring employment, local economies and incomes in rural areas.

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The rural economy

Growth in the labour market is often emphasized as a core requirement to reduce poverty because those in employment have a lower poverty risk than those who are out of work (Ray et al., 2014, p.7). Taylor (2008) argues that a strong local economy is critical to sustaining rural communities and can help tackle social exclusion and disadvantage. Strong local economies can prevent the out-migration of skilled workers, and good local employment opportunities reduce the need to pay for transport to the workplace and create positive multiplier effects which benefit local businesses.

However, a high skills economy is difficult to create in rural areas as the small and residual labour markets can enter into a spiral of decline or a low skills equation which is represented in Figure 2 below. Many rural areas in the UK are characterised by low skills and a low wage base and employers can also rely on functional flexibility and informal employment practices to get by. This spiral of decline restricts plans for business expansion or employers may simply move their businesses elsewhere in order to survive or grow (Kitchen & Marsden, 2011). Furthermore, low wages and seasonal or fluctuating work can be significant contributory factors for in-work poverty which is an issue which effects many low paid works across Wales and has risen over recent years⁴.

Figure 2: The spiral of decline and the ‘low skills equation’ in rural Wales

⁴ http://www.jrf.org.uk/data/work-poverty-levels (accessed 9/06/16)
Specific employer-employee relational features, such as preference for word of mouth and informal means of recruitment, support the cycle of small labour markets and underpin a low skills model. Kitchen and Marsden (2011) therefore argue that skills development in rural areas would help provide a solution to the mismatch between labour market supply and demand. However, there are fewer training opportunities for local workforces in rural areas and training courses are often not run in rural areas due to considerations of cost effectiveness with only a small number of attendees.

**Employment**

The structure of local labour markets often creates a mismatch between jobs and skills with a greater disparity between the jobs available and the local workforce. Poor accessibility between homes and workplaces can also prevent people in rural areas gaining suitable employment. Rural poverty can be perpetuated by the lack of available suitable local jobs but also by the stability, pay and nature of employment. Rural employment is often seasonal and poverty rates are above average for part time workers (Ray et al., 2014). Employment in rural areas is often associated with casual, low paid work with few opportunities for skilled workers who are more likely to move to urban areas. However, official statistics in Wales show that rural areas tend to have lower unemployment rates than urban areas but there is still a recognition that rural areas have large numbers of unemployed people in them (Welsh Government, 2015c). Furthermore those who are in work may be suffering from in-work poverty due to the low wages associated with many rural jobs.

Employers’ behaviour and attitudes towards formal recruitment in rural areas can prevent people who are experiencing poverty from entering the labour market. It has been suggested that rural employers tend not to trust formal job applications or job centres as means of recruitment (Kitchen and Marsden, 2011). Many have therefore adopted their own recruitment practices which often result in employing family members, friends or people they know within the local community. This dramatically restricts the opportunities for those looking for work, particularly if they are not well known locally or have a ‘bad reputation’. It can also affect the productivity of local businesses. Family and friends may not be the best suited to a job or the most skilful/innovative workforce available and may not challenge current practices or introduce new ideas. Recruiting the highest calibre and most suitable candidates could help businesses innovate and thrive and allow further employment opportunities (Kitchen & Marsden, 2011).
Levels of self-employment are higher in rural areas and were at 13.8% compared to 8.8% in urban areas in 2013 (Office for National Statistics, 2013). Self-employment is often regarded as an indicator of enterprise, but can be a matter of necessity for those living in rural areas. It can also be precarious and fail to provide a regular income or adequate pension, thus contributing to rural poverty now and in the future when people reach retirement.

**Low income and in-work poverty**

Employment is often seen as the solution to poverty. However, a higher incidence of low pay combined with higher living costs in rural areas increases the risk of in-work poverty. Taylor (2008) found that wages are lower in English rural areas, relative to the rest of the UK, and a decade ago nearly half of those who lived in rural poverty in England were employed (Commission for Rural Communities, 2006a). The lack of large scale employers, dependence on small local businesses for employment, informal working arrangements and the seasonal nature of much of the work all contribute to the prevalence of low pay. The higher costs of transport and other essential services, combined with low incomes also has a significant impact upon people in rural areas experiencing in-work poverty. Those suffering from low pay and in work poverty in rural areas therefore have to rely on benefits to supplement their wages. The predominantly rural region of East Wales for example, has higher numbers receiving in-work benefits compared to Cardiff and the high number of out-of-work benefits claimants in the South Wales Valleys (New Policy Institute, 2013).

However, the Commission for Rural Communities (2006b) found that in England there is a lower benefit take up in rural areas and this may further contribute to in-work poverty. People living in rural areas can also find it difficult to make the most of welfare services due to a lack of available information and advice. Smith et al. (2010) found that even when benefits are being taken among those on basic out-of-work benefits in rural areas, single people get only about a third of the required minimum, families with children about half, and pensioners are typically twenty per cent short of the minimum income standard.

**Housing**

There is significant unmet housing need in many rural areas and a lack of affordable housing is one of the key issues facing most rural communities. The increasing demand for and limited
supply of housing, and inadequate stock of rented houses has led to a rural housing deficit both in terms of quality and affordability (JRF, 2000).

**Affordable Housing**

In general rural house prices in the UK are higher than average. The significant number of properties which are used as second/holiday homes limits the number of available houses for locals and pushes up house prices and the low income economy in many rural areas means the house price-to-income ratio is higher (JRF, 2008).

There is a shortage of social housing in many rural areas and waiting lists for social housing are often very long. Rural areas have lower levels of social housing compared to urban areas and there has been a decline in social housing stock in rural Wales with only ‘2,865 new properties…provided by registered social landlords and 36 local authorities between 1996-97 and 2006-07’ (JRF, 2008). The availability of social housing has also been adversely affected by the ‘Right to Buy’ scheme. The percentage of owner occupied households is also higher in rural areas (74.1%) than in urban areas (61.2%) (Office for National Statistics, 2013).

This lack of affordable housing restricts choice for those on low incomes. A large proportion of household income is absorbed by fixed payments of rent or mortgages forcing households to cut back spending on fuel, essential home repairs, and food or resort to borrowing on credits cards to pay their housing costs. Housing associations in Wales have recognised these issues and have undertaken a number of initiatives in both urban and rural areas to try and support their tenants. A report commissioned by the Welsh Government (2012) outlines a number of the different actions housing associations have taken.

**Rural Homelessness**

Homelessness is strongly associated with poverty. Those on low incomes are more vulnerable to homelessness as they are often less able to keep up with payments if they lose their job or have other unexpected bills and once homeless they can become trapped in a cycle that prevents them making the changes needed to secure accommodation.

There is little less evidence about rural homelessness because research has tended to focus on homelessness in urban areas. The factors which contribute to homelessness are similar in both urban and rural settings – relationship breakdown, unemployment and domestic abuse. However, homelessness caused by mortgage arrears and eviction from rented homes is more
common in rural areas due to higher property prices and a lack of affordable housing discussed in the previous section (Wallich Clifford Community, 2006).

Homelessness can be less visible in rural areas since the absolute numbers of those who sleep rough are smaller than in urban contexts and they can shelter in sheds, woods, fields, barns, sheds and outhouses rather than on the street. However, there is less provision for the homeless than in urban areas where there are day centres and night shelters. Without these it can be hard to keep clean and look presentable which makes it more difficult to secure employment. Alcohol and drug issues are common amongst the homeless community and many homeless people will accumulate debt as a result of their habit. Rural areas have less provision of specialist services to assist them in addressing these difficulties (Evans, 1999).

The Rural Poverty Premium

The poverty premium refers to the way in which the poorest in society often have to pay more for essential goods and services than those who are better off. A lack of internet access or a lack of the skills required to safely use digitally technologies can prevent those living in poverty from finding the best deals, limited access to supermarkets can result in considerably higher shopping bills and using pre-payment gas/electric meters is much more expensive than monthly direct debit payments. These are issues which are shared by people living in urban and rural poverty alike. However, they are often felt hardest by those experiencing rural poverty because their remote location and limited access to support services makes it more difficult for them to be active consumers able to take advantage of competitive market prices (Hirsch, 2013).

The closure of banks in rural areas has meant that some people are excluded from mainstream financial services (Mitton, 2008) and there is also concern about the trend of fee charging cash machines in rural areas. With fewer banks in rural areas, rural bank account holders may rely on cash machines to withdraw money. A third of urban post offices offered free cash withdrawal machines compared to only 10% of rural branches (HM Treasury, 2005). Herbert and Hopwood Road (2006) report that 37% of all rural cash machines charge a withdrawal fee and Brunwin et al. (2006) found that 31% of residents surveyed said they had difficulty getting to a non-charging cash machine. These fees can be a significant outlay for those with low incomes.
Those living in rural areas spend more, on average, on heating fuel, power and transport than their urban counterparts (Commission for Rural Communities, 2006b). They typically need to spend 10-20% more on everyday goods and services including transport. To achieve the same minimum living standard a two children family will need nearly £60 more a week (Smith et al., 2010).

Rural households also experience greater levels of fuel poverty and may have to pay more to heat their homes. A household is considered in fuel poverty if it spends more than 10% of its income on fuel use and heating to an adequate standard of warmth (The Poverty Alliance, 2012). Factors which contribute to fuel poverty include low incomes, high fuel prices and poor energy efficiency of a home. These are all prevalent issues in rural areas.

The proportion of rural households in Wales in fuel poverty was 42% compared to 22% in urban areas (National Assembly Research Service, 2011). The use of liquid gas petroleum and oil not connected to the mains gas supply in rural households, and the use of electric storage heaters significantly increases expenditure. Poor activity/transport provision and low incomes in rural areas means people can also spend more time in their homes increasing fuel usage and cost. Rural houses are often older and larger than urban houses and less likely to have cavity wall insulation and as a result are likely to have inferior heat efficiency compared to modern homes (Smith et al., 2010).

Competition in urban areas drives down the cost of petrol and diesel at filling stations. However, there are fewer supermarket-tied fuel stations in rural areas which increases costs at the pump. Higher fuel costs can be a burden on rural businesses and makes public sector services more expensive to deliver.

All of these different factors led Smith et al. (2010) to conclude that people in rural areas typically need to spend 10–20 per cent more on everyday requirements than those in urban areas and that the more remote the area, the greater these additional costs. Their study of minimum income standards in rural areas found that the most significant contributor to increased cost was greater access to public transport in urban areas whereas rural households were much more dependent on cars. This issue is further exacerbated when fuel costs were also higher in some rural areas. As a result people in rural areas need to work and earn well above the minimum wage to make ends meet. However, since many rural jobs are poorly paid this is an unrealistic expectation for many individuals.
The State of the Evidence

Rural poverty in the UK is an under researched area in comparison to other aspects of poverty and many studies are now out of date. Research on the subject seems to have fallen out of favour in the research community. Much of the research on rural Wales has been conducted by the Wales Rural Observatory (WRO) which has now closed due to lack of funding for the WRO. This begs questions about future research capacity in Wales and means that a significant amount of raw data collected by the WRO has not yet been analysed.

In England, much of the academic work was either commissioned or conducted by the Commission for Rural Communities which examined many areas of rural life including a number of studies on rural poverty. Its funding has also been withdrawn. As a result there has been a dearth of academic studies of rural poverty since 2010 in England and in Wales.

The WLGA’s (2012) report and subsequent analyses by the Welsh Government (Welsh Government 2015 a,b,c,d,e) provide up to date and informative analysis about conditions in rural areas in terms of a wide variety of measures that are relevant to rural poverty including health, employment, access to services and educational attainment. However, there is a lack of data at sufficiently local scale to identify the precise extent and location of rural poverty.

Another evidence gap identified by experts in the field relates to our understanding of the experience of living in rural poverty. With the exception of a small scale study conducted by the Wales Rural Observatory in Wales in 2005, there is little analysis if individuals’ views of poverty and their perspectives on what might be done to help address it. This is true not just in Wales but across the UK and beyond.

A third important gap in our current evidence is robust evaluation of what works in tackling rural poverty. This would be particularly useful to policy makers. However whilst there has been no shortage of rural programmes in Wales, other parts of rural Britain and in the European Union, there have been very few reliable studies of their impacts.

Conclusion

In the UK rural poverty has attracted less attention from researchers, campaigning groups and policy makers than its urban counterpart. But there is sufficient evidence to show that it is a significant issue that requires differing solutions to programmes designed to address poverty in urban areas. This is particularly relevant in Wales, which has a relatively large rural area and high levels of poverty compared to the UK average.
This paper provides an overview of what is currently known about the extent and causes of poverty in rural areas. It highlights a range of problems including:

- Access to public and private services including public transport and internet and mobile connections;
- Low incomes;
- A lack of affordable housing;
- The higher costs of food and fuel and the need for energy saving policies to take account of the fact that many rural areas do not have access to the gas grid and rely on alternative, more expensive, sources; and
- The often hidden nature of rural poverty which means it can be difficult to identify people in need.

One means of addressing these issues is through ‘rural proofing’ which seeks to ensure that the impacts on people and business in rural areas are taken into consideration when creating and implementing policy. Alongside this, governments and others may fund and/or facilitate interventions which seek proactively to address the causes and manifestations of rural poverty identified in this report. This requires an understanding of what actions are most effective in tackling the problems and in what contexts they work best. The existing evidence base that could inform interventions of this kind in Wales has not be systematically evaluated and the Public Policy Institute for Wales will, therefore, be working with experts to begin to identify what is known in relation to interventions, what the evidence gaps are, and how these might be addressed in future.
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