

Rural Cost of Living Survey 2023: Final Report

Rural Services Network and Citizens Advice – Rural Issues Group

Summary of findings

This survey, conducted in early 2023, elicited responses from 6,780 rural residents about the effect on their households of recent, unusually high cost of living increases. Responses were received from a broad range of rural households, including across the income spectrum. Some 23% were from people living in households whose income lies within the bottom quartile nationally, whilst 18% were from households where someone earns at or near the national minimum wage.

In terms of settlement type, the largest group of responses comes from those living in villages. It is unsurprising, therefore, that many live in households which depend on a fuel other than mains gas for heating and where there is high car dependency.

Households that include someone aged 65 or over are the most likely to be low income (bottom quartile) households. However, two-thirds of these households own their own home outright (with no mortgage). Among households with someone aged 65 or over there is, thus, a sizeable cohort which can be described as asset-rich but income-poor.

A majority of respondents (56%) live in households which own their home outright. However, mortgage or rental costs are significant for many, with 20% of responses saying it takes up 30%-to-50% of household net or take-home income and a further 4% saying it takes up more than 50% of household net or take-home income.

After paying for living essentials, most respondents (60%) are in households with a little income left over for other things. However, a fifth of respondents live either in households with no income left over (16%) or in households where the essentials alone exceed their income (4%).

Asked how their household's financial situation has changed over the last year, more than three quarters of respondents say it has got worse, with 51% saying it is a bit worse and 26% a lot worse.

Four (overlapping) groups within the responses score especially badly both for having no left over income after buying essentials and for saying they have become financially worse off over the last year. They are: those in low income (bottom quartile) households; those in housing association/local authority homes; those in privately rented homes; and those where someone up to age 17 lives.

Responses show that rural households are typically cutting back their spending almost across the board. This is especially true for low income (bottom quartile) households, where notable examples

are reduced spending on visits to hospitality venues (91% of such households), home heating (90%), visits to entertainment venues (88%) and clothing or footwear purchases (87%).

Rural households cite many ways they are trying to save on home heating costs, such as wearing more clothing, sitting underneath blankets or duvets, running their heating for shorter periods, living in fewer rooms and turning down the thermostat. Some describe how the constant cold is affecting their physical health or mental wellbeing.

Rural households also cite ways they are trying to save on car running costs, such as dropping non-essential journeys, making fewer visits to family or friends and planning multi-purpose journeys. Some describe how this has left them feeling socially isolated.

Outline of the survey

The two organisations named above ran a survey over a ten-week period from 16th January to 31st March 2023 in order to gather information about cost of living increases that are being faced by rural residents or households in England. The context for this survey, of course, is events that have brought about unusually high levels of inflation by modern standards – with the CPI rate recently peaking at around 11%. Most obvious has been the spiralling cost of energy for home heating, despite government interventions to moderate the impact on consumers.

The survey was designed to shed light on the following points:

- The extent to which rural households are finding their finances squeezed by recent cost of living increases;
- Which types of rural households are being most affected by those cost of living increases; and
- How rural households are adjusting to cost of living pressures. If so, where are they cutting back their expenditure.

From a technical perspective, a further question to test was whether the survey could gather responses from a broad range of individuals and household circumstances.

For reasons of simplicity and cost the survey was managed online using Survey Monkey software (though it was possible for someone without online access to agree to another trusted person inputting their response). Thanks are due to the many organisations which helped to cascade and promote this survey through their networks.

In all there were an impressive 6,780 survey responses from people who said they were residents from rural settlements, up to and including small rural towns. (Another 234 responses came from people who said they lived in an urban area and, as such, those have been removed from the analysis.) This note presents the findings from all of the rural responses. A copy of the survey questions, as they appeared in the questionnaire, can be found at annex A.

Profile of those responding

Information about the characteristics of those who have responded to this survey is as follows.

Settlement type: a majority (61%) are people who say that they live in a village. Among the rest, similar proportions say that they live either in a rural town or in a hamlet/isolated dwelling.

What settlement type best describes where the household lives	
A small (rural) town	20%
A village	61%
A hamlet or isolated dwelling	19%
All settlement types	100%

Demography: there is a fair spread of age groups living within the households of respondents, though it is notable that more than half (60%) contain a person/people aged 65 plus¹.

Whether people from the following age groups live within the household	
Children or young people up to age 17	32%
Adults aged between 18 and 64	74%
Adults aged 65 or over	60%
All age groups	100%

Note: percentages sum to more than 100% because many households contain people in different age groups.

Income: around half (49%) are people living within households whose annual disposable income broadly falls below the national average. That proportion would be higher still if those answering don't know or would rather not say were discounted.

More detail on this, including a table of figures, appears under the 'income and earnings' heading below.

Housing tenure: a large majority (79%) of responses come from people in households which are home owners. Indeed, more than half (55%) are people in homes that are owned outright (with no mortgage). Among the rest, 11% are social renters and 8% private renters. Among the other tenures mentioned are people in employment-related or tied homes, people living in caravans or park homes and some living in housing managed by charities or trusts.

Whether the household owns or rents the property where it lives	
Owens it outright	55%
Owens it with a mortgage or loan	24%
Part owns and part rents it	1%
Rents it from a private landlord	8%
Rents it from a housing association or local authority	11%
Other (please specify)	1%
All housing tenures	100%

Heat source: the most frequent response is that the home is primarily heated by mains gas (42%). As might be expected, this figure is lower for those living in villages or hamlets (33%), where mains gas will often not be available, and is significantly higher for those living in rural towns (81%).

¹ Answers to the age question are complicated by some respondents who part-completed it. Arguably they could be interpreted differently, giving lower percentages, but this would not alter the overall picture.

Another frequent response (30%) is that the home is primarily heated by oil. Among the other heat sources mentioned are some households using biomass.

What the main source of heating is for the household's property	
Mains gas	42%
Bottled or tanked gas (such as LPG)	5%
Electric (including storage heaters)	9%
Oil	30%
Solid fuel (such as wood or coal)	6%
Renewable sources (such as heat pump)	5%
Other (please specify)	2%
All main sources of heating	100%

Car ownership: most respondents (56%) live in households that own or run at least two cars or vans. Again, as might be expected, this figure is lower for those living in rural towns (44%) and higher for those living in villages or hamlets (60%). Only 4% of respondents live in households that have no car or van.

How many cars or vans are owned or available for use by members of the household	
None	4%
One	39%
Two	43%
Three or more	13%
All car ownership responses	100%

The survey has therefore gathered responses from a broad spread of individuals and households, including their income distribution, which is a key factor for this investigation. That said, it is acknowledged there is some over-representation of those living in villages, those aged 65 plus and (no doubt related) those in housing which is owned outright.

Income and Earnings

The survey asked respondents into which of three bands their annual household income fell, asking them to answer based on net (take home or disposable) income and taking account of all sources of income². The lower band broadly equates to the bottom disposable income quartile for UK households. The next band broadly equates to the second quartile (up to median disposable household income). A third band then covers both the third and fourth quartiles, so anything that is above median disposable household income.

As shown by the table below, there is a good spread of household income among those who responded to the survey, with proportions in the quartiles not far from the national picture.

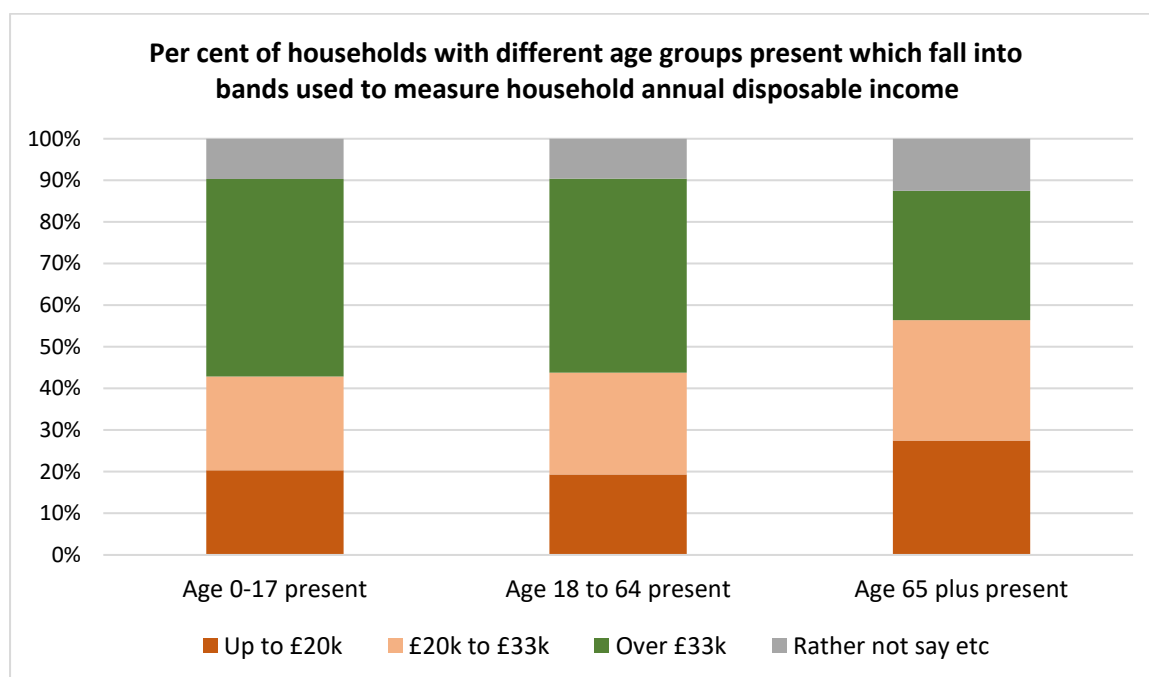
Frequency with which annual household take home or net income falls within bands

Income band	Number of respondents	Per cent of respondents
Up to £20,000 p.a.	1,570	23%

² See annex A for the wording of the full survey question.

20,001 to £33,000 p.a.	1,759	26%
More than £33,000 p.a.	2,724	40%
Not sure or would rather not say	727	11%
Total	6,780	100%

Further analysis, illustrated by the chart below, shows that households which include people aged 65 or over are the most likely to fall into the first and second quartiles – that is, they have a disposable income which is below the national median.



The survey also asked respondents whether anyone in their household earned less than £10.00 per hour from employment. Since the national minimum wage (NMW) in 2022/23 was set at £9.50 per hour for anyone aged 23 or over, this question effectively asks whether anyone is earning the NMW.

The table below shows that 18% of (all) respondents say they have someone in their household earning less than £10 per hour. (Though it also shows nearly three in ten of the working households have someone earning less than £10 per hour.) In short, this survey includes a sizeable sample of such households. It is hard to compare this with official (ONS) statistics since they adopt a different measure: their data shows that over 6% of employees earned less than £10 per hour in 2022.

Frequency with which someone in the rural household earns less than £10 per hour³

Response options	Number of respondents	Per cent of respondents
Yes, someone earns less than £10 per hour	1,200	18%
No, because they earn £10 per hour or more	2,915	43%
No, because no-one in the household is working	2,665	39%
Totals	6,780	100%

A follow up question, which was restricted to households where someone is earning less than £10 per hour, asked if any low earner works regularly in more than one job. The underlying question is whether some people top up low wages by having multiple jobs. In exactly a fifth of cases (20%) this was found to be true. Among low earners having multiple jobs is not uncommon, therefore, but it is certainly not the norm.

From the above, one thing which can be concluded is that attempts to encourage survey responses from low income households were successful: initial concerns that a disproportionate share of replies would come from more affluent households have proved unfounded. Given that the topic focus is cost of living increases that is re-assuring.

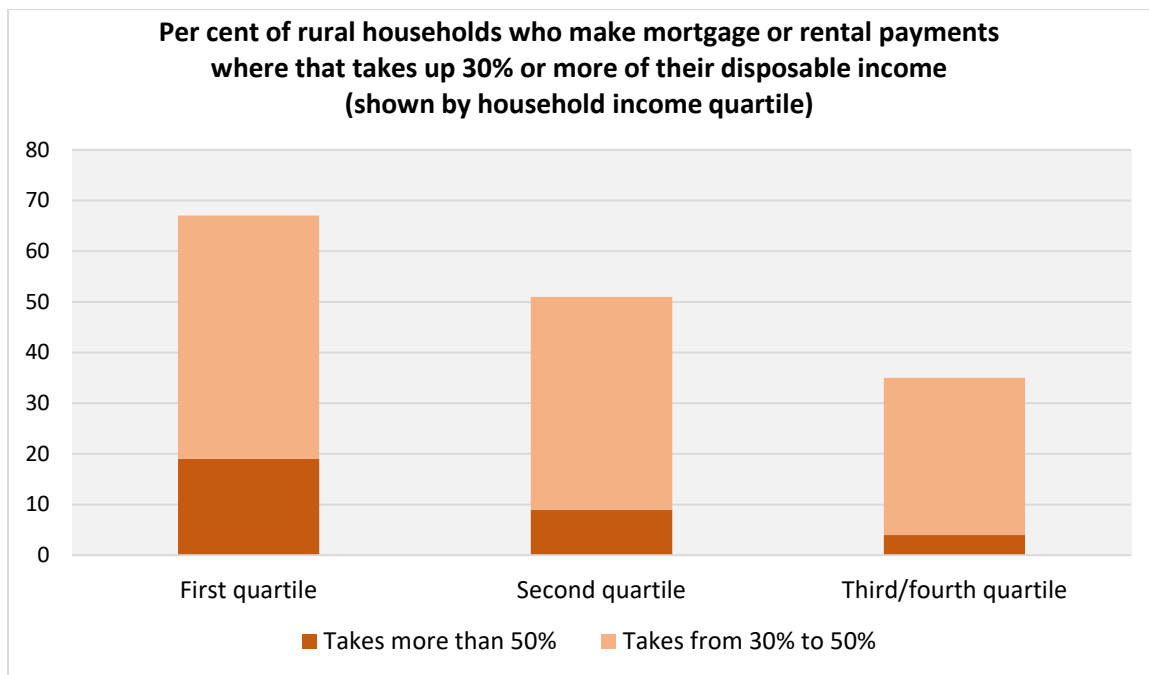
Affording housing costs

The survey asked what share of household take home or net income was spent on paying either a mortgage or rent on the home. A majority (56%) are making no mortgage or rental payment, in nearly all cases because they own the property outright. Nonetheless, 20% of all respondents say they live in households where such payments take over 30% of their income and in 4% of cases it takes over 50% of their income.

Interestingly, it is the better off households (those earning above average disposable income) which are most likely to be making a mortgage or rental payment. Some 51% of them make such a payment, compared to 40% and 37% of those in the first and second income quartiles respectively.

More predictably the chart below shows that, among those making a mortgage or rental payment, that takes a much bigger portion of their disposable income if they live within a poorer household.

³ To aid the accuracy of responses, the full survey question advised that full-time working at £10 per hour was roughly the same as earning £400 per week, £1,700 per month or £20,000 per year.

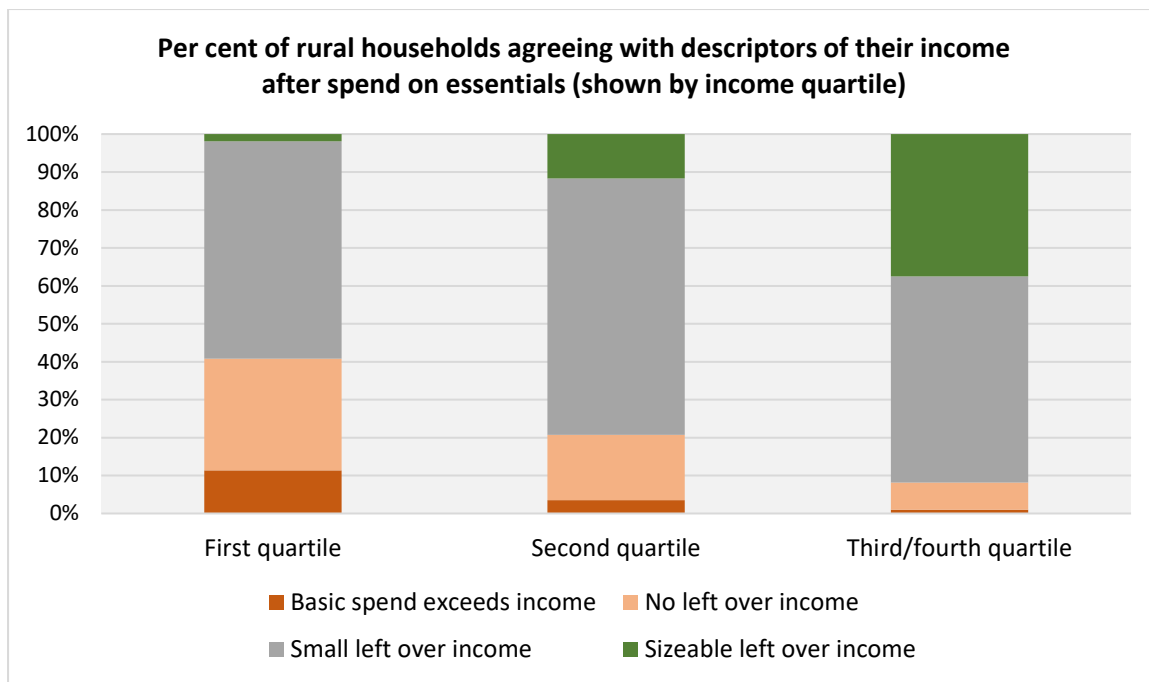


One other group of interest are those who could be described as asset-rich but income-poor households. If we look solely at those households which contain someone aged 65 or over and then drill down further, just to those whose household income falls within the bottom quartile, we find that the tenure for two thirds of them (67%) is outright home ownership. Indeed, these older aged, asset-rich and income-poor households comprise a fair-sized group, being more than 600 of the survey responses.

Wider financial pressures

The survey asked respondents how much of their household income was left over after paying for essentials (including mortgage or rent payments, utility bills, essential food and drink, essential car or travel costs and childcare). The question then gave four descriptions to choose from. Looking at all rural respondents, the largest group (60%) are those who say they have a small income left over. However, 16% say that they have no income left over and a further 4% that their spend on essentials exceeds household income. In short, in financial terms a fifth of the households are bumping along the bottom.

The chart below breaks this down into households within different disposable income quartiles. As might be expected, households that fall in the lower income quartiles are much more likely to have no income left over or to find their spend on essentials exceeds their income. In all quartiles, however, the most common answer is that there is a small amount of left over income.



Further analysis of the responses to this question finds that three other household characteristics are associated with there being a high proportion who say they either have no left over income or that spend on essentials exceeds their income. Those characteristics are:

- Households living in local authority or housing association properties (true for 44%);
- Households living in privately rented properties (true for 36%); and
- Households which contain someone up to age 17 (true for 29%).

Following this was a question asking respondents how their household financial situation has changed over the last year. In this case they were given five descriptions to choose from, which were that it has become: a lot better; a bit better; unchanged; somewhat worse; or a lot worse. The results for all rural respondents are that:

- Over half (51%) say their household financial situation is now somewhat worse;
- Another quarter (26%) say their household financial situation is now a lot worse; whilst
- Only 6% say their household financial situation is now either a bit or a lot better.

As the figures in the table below show, it is the poorest households which have been hardest hit by the financial squeeze. Respondents from households in the first (or bottom) quartile for their disposable income, are by far the most likely to say that their financial situation has become a lot worse. That said, across the income spectrum there are far more households saying they are now worse off than saying they are now better off.

Change over the last year in the financial situation of rural households (by household income)

Income quartiles -->	First quartile	Second quartile	Third/fourth quartile
Per cent saying financial situation is now a lot worse	40%	25%	19%
Net figure for better (a lot or a bit) minus worse (somewhat or a lot)	-82	-75	-63

Further analysis of the responses to this question finds that three other household characteristics are associated with there being a high proportion who say their financial situation has become a lot worse. Once again, those characteristics are:

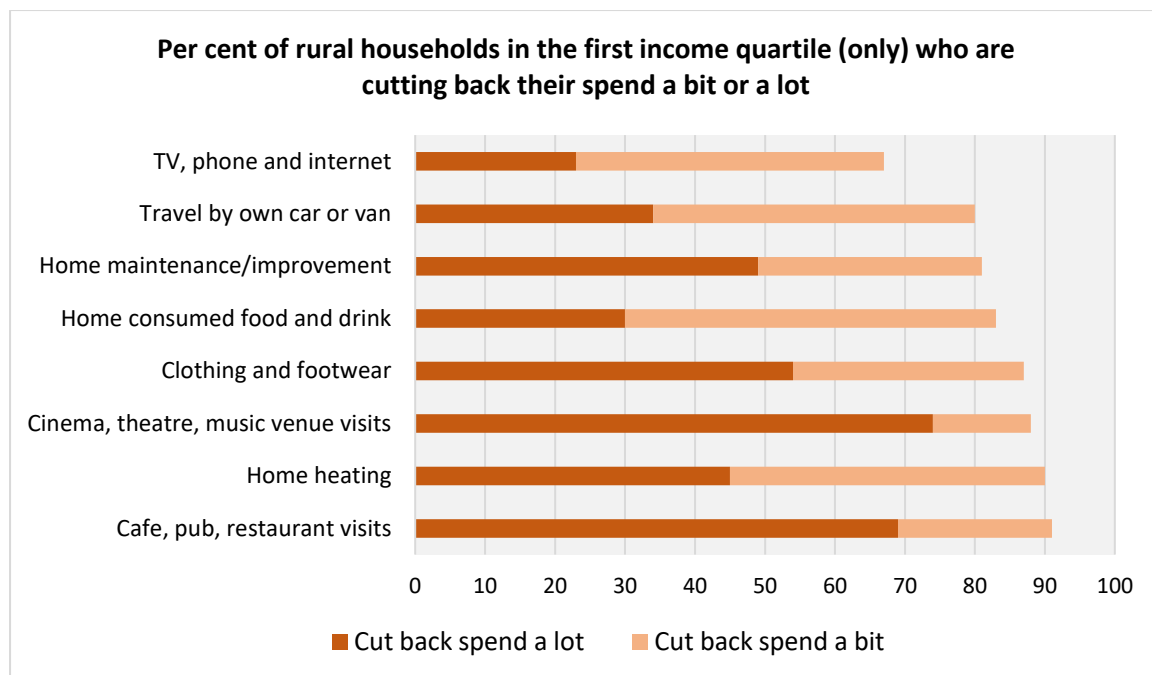
- Households living in local authority or housing association properties (true for 44%);
- Households living in privately rented properties (true for 41%); and
- Households which contain someone up to age 17 (true for 36%).

Cutting back on costs

Survey respondents were asked whether their household is cutting back its spending on various items (see those named in the chart below). Results for all the rural respondents are that:

- A majority are cutting back spend on 7 of the 8 items listed (the exception being spend on TV, phone and internet, perhaps because many are locked into contracts);
- Items with the highest proportion of households making cut backs are visits to cafes/pubs/restaurants (83%), home heating (82%) and visits to cinemas/music venues/theatres (78%);
- Though less marked, it is notable that 67% of households are cutting back spend on food and drink for home consumption and 64% are cutting back spend on travel by own car or van.

More marked still are the cut backs in spend being made by households that fall within the first (or bottom) income quartile, as illustrated by the chart below. These households are cutting back across the board, though most frequently on going out, home heating and clothing purchases.



Those who said their household is cutting back spend on home heating were invited to write a short statement describing how this effects household members. Analysis of a segment of the responses shows by far the most common thing is wearing more clothing at home (including coats), whilst also mentioned often is sitting under blankets or duvets. Quite a few state that the cold is affecting somebody's physical health (some naming arthritis) and quite a few say it is depressing or affecting mental health. Other households say they are variously running their heating systems for shorter periods, heating only one, two or three rooms, turning down the thermostat or switching to an

alternate heat source (such as burning wood). Damp appearing within homes is also mentioned by some. Finally, there are those responses which simply describe being constantly cold or being worried about heating bills.

Similarly, those who said their household is cutting back spend on travel by car or van were invited to write a short statement about the effect on household members. The most frequent response came from those now making only essential journeys and no longer travelling for leisure or social purposes. Another notable response came from those who have reduced or ceased making family visits, especially when family members live some distance away. A third common response came from those who plan multi-purpose journeys to minimise car use. Others variously say they have gone from owning two cars to one car, are walking or cycling more, are working from home more, are now car sharing and are making fewer (larger) shopping trips. Many of the responses describe becoming socially isolated or missing their social life, with some adding they feel depressed as a result. Some also point out how they have no bus service as an option.

In conclusion, it is worth restating that this rural cost of living survey has achieved a high response level and produced a rich set of data. The scale of responses means that cross-tabulating responses to questions has mostly been possible to interrogate and better understand the impacts on different sub-groups within the rural population. Overall, the analysis has found the impacts of such inflation to be wide ranging in nature and often significant. This is especially true for those rural households with the lowest incomes.

Questions asked by the Rural Cost of Living Survey

Q1. Which of the following settlement types best describes where you live? (Select only one)

- A city or metropolitan area
- A large (urban) town
- A small (rural) town
- A village
- A hamlet or an isolated dwelling

Q2. How many people live in your household from each of the following age groups? (Exclude anyone who is a temporary visitor)

Answer options given are: none; one, two, three; and four or more

- Number of children or young people up to age 17
- Number of adults between ages 18 and 64
- Number of adults aged 65 or over

Q3. Does your household own or rent the property where you live? (Select only one)

- Owns it outright
- Owns it with a mortgage or loan
- Part owns and part rents it (shared ownership)
- Rents it from a private landlord
- Rents it from a housing association or local authority
- Other (please specify)

Q4. What is the main source of heating at the property where you live? (Select only one)

- Mains gas
- Bottled or tanked gas (such as LPG)
- Electric (including storage heaters)
- Oil
- Solid fuel (such as wood or coal)
- Renewable source (such as heat pumps)
- Other (please specify)

Q5. How many cars or vans are owned or available for use by members of your household? (Select only one)

- None
- One
- Two
- Three or more

Q6. Adding together all the take-home or net income received by members of your household, into which of the following bands do you think your household's annual income currently falls?

(Please try to take account of any wages, self-employed income, pensions, welfare benefits and savings or investment income. Please try to base your answer on net income or take-home income, after income tax and national insurance has been paid.)

- Up to £20,000
- Between £20,001 and £33,000
- More than £33,000
- Don't know or would rather not say

Q7. Does anyone in your household earn less than £10.00 per hour (either as an employee or as self-employed)? Note, if they work full-time this is roughly the same as earning £400 per week, £1,700 per month or £20,000 per year. (Select only one)

- Yes, someone earns less than £10.00 per hour
- No, because they earn £10.00 per hour or more
- No, because no-one in the household is working

Q8. Does anyone who earns less than £10.00 per hour in your households also work regularly in more than one job?

- Yes, they also work in more than one job
- No, they only work in one job

Q9. Roughly what share of your household's net or take-home income would you say gets spent on paying either a mortgage or the rent for your home? (Select only one)

- None (you pay no mortgage or rent)
- Less than 20%
- Between 20% and 30%
- Between 30% and 40%
- Between 40% and 50%
- More than 50%

Q10. After paying for the following items, which statement best describes what income your household has left over for other things? Items are mortgage or rent, utility bills, essential car or travel costs, childcare and essential food or drink. (Select only one)

- A sizeable income is left over
- A small income is left over
- No further income is left over
- The items listed exceed your income

Q11. Comparing your household's financial situation now with its situation one year ago, which of the following is the best description? (Select only one)

- Our financial situation has got a lot better
- Our financial situation has got a bit better
- Our financial situation is unchanged
- Our financial situation has got somewhat worse
- Our financial situation has got a lot worse
- Don't know or would rather not say

Q12. Is your household having to cut costs by reducing its use of or spend on any of the following? (Tick one option in each row)

Answer options given are: no, it is not; yes, it is a bit; and yes, a lot

- Household heating
- Travel by own car or van
- Food or drink consumed at home
- Clothing and footwear
- TV, phone or internet services
- Home maintenance or improvements
- Visits to cafes, pubs or restaurants
- Visits to cinemas, music venues or theatres

Q13. How did you hear about this survey?

- From the Citizens Advice
- From the Rural Services Network
- Other (please specify)