

Written evidence to the inquiry into the Cost of Living in Rural Areas by the APPG for Rural Business and the Rural Powerhouse.

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Evidence supplied by the Blackdown Hills Parish Network on behalf of the 39 parishes in the Blackdown Hills AONB in Devon & Somerset.

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Theme A: General impact on business and consumer

1. What are the main impacts of the current crisis on businesses and consumers? Are there challenges uniquely faced in rural areas?

BHPN parishes feel that the main impacts of the current crisis on business and consumers are the rise in energy costs, transport costs and the rise in the cost of purchased items for consumers, businesses and farmers. It is pointed out that rural areas are 18% less productive than their urban cousins and this gap is likely to increase as rural businesses are forced to close due to increased costs and get replaced only by urban businesses. Transport, heating, food and communication costs are all higher in rural areas. One parish provided an example of the impact of energy price increases on their village pub which has seen a month on month increase in electricity charges of 283%. (Copy of bill attached in Appendix 1, with the Landlord's permission)

Specific comments:

- Transport costs
- Less spending/people cutting back
- Of course rural areas are hit harder because of their isolation. There is less likely to be any viable substitute for businesses which are forced to close, leaving a total lack of a trade or service.
- Energy costs – particularly with reference to oil. Reduced income from reduced tourism. Local retail businesses closing will, compared to urban areas, disproportionately reduce options for consumers. Farming is energy-intensive with low margins. Farms and supporting businesses are substantially under pressure from a wide range of energy price increases as well as price increases in the supply chain for fertilisers and feedstocks. This is exacerbated with the ongoing subsidy uncertainties post Brexit. For farming, in common with other energy intensive businesses a switch to cheaper and greener direct energy sources would need substantial support". The growth of SME's in rural communities, (a specific characteristic in the Blackdown Hills) to support diversification of employment opportunities is disadvantaged by relatively higher transport costs and continuing poor access to internet services.
- Rural areas tend to be exhibit both ends of the financial divide - wealthy landowners and the retired alongside typically low-income employment. Businesses in the luxury/hospitality sector are likely to be impacted most by the lack of available cash in people's pockets.
- The APPG Report concluded that no government in recent memory has had a program to unlock the economic and social potential of the countryside, resulting in the rural economy being 18% less productive than the national average. If this was reduced, it could add £43bn to the UK economy!

- Generally, without the same levels of Infrastructure that we see in urban communities, affordable, sustainable housing and transport, lack of job opportunities for a living wage, rural areas will be hit harder because of their isolation. Rural businesses play a critical role in sustaining local economic development, creating jobs and offering a range of different products and services, when they fail. They leave behind an empty space, with no other provision, with the owners forced to move to more urban areas with better infrastructure.
- The main impact on business and consumers is most definitely the cost of energy. For example the public house in our parish has seen its electricity bill increase from £1785.40 per month in October to £6844.26 in November, an increase of 283%.

2. How long do you expect the economic downturn to last? Will this downturn be more pronounced in rural areas?

Two years seems to be the general expectation but it is expected that rural areas will take longer to recover without focussed assistance to help the rural community.

Specific comments:

- Not sure of the length of time it will last but probably the effect will take longer to return to some sort of “normal” in rural areas.
- The downturn will last another two years at a minimum. Recovery will be faster in urban areas
- There is no predicting how long an economic downturn may last. Rural areas, with already severely impacted high-streets will see additional shop closures and more small, independently owned businesses shutting.
- Can't see any short-term fix to the financial issues which again will impact rural areas with smaller populations, there will be less people spending what little money is available.
- Difficult to answer this as there appears to be little national cohesion on how to implement growth and until this is backed by positive growth policies being put in place, such as, allowing local energy supplies to get off the ground, improving broadband connectivity in hard-to-reach areas, prioritising smaller scale housing development, with small house builders at the forefront, and identifying and closing skills gaps. Without these basic policies the recession will deepen.

3. Are there ways in which businesses and consumers can mitigate the impacts? Who is best placed to deliver advice for businesses and consumers on this?

Central and local government are seen as responsible for providing advice to rural communities who it is expected will take their own actions to mitigate impacts (in a blitz spirit perhaps). This will only work if HMG tax and subsidy mechanisms are supportive.

Specific comments:

- Government
- Rural businesses have fewer supporting agencies and tend to despair quickly
- Reduce energy usage, retrofit insulation, reduce reliance on farming chemicals (fertilizers etc).
- Common sense plays a huge part in making savings. Take away versus home cooking; walking/cycling versus driving, turning off items not required in the home and very cheap draught exclusion on doors and windows
- During the Lockdown, Parish and Town Councils became more linked in to their

communities at all levels, despite little being offered from the Principal Authorities or indeed the Government. This is what rural businesses/consumers require, that support be provided quickly and efficiently from a more local level channelled from Principal Authorities.

4. What sort of government support would you like to see for rural businesses and consumers? Is the choice between direct financial aid and lower-tax, lower regulation?

Direct aid to rural business and consumers is favoured during the current cost of living crisis and analogies are drawn with the direct financial emergency support provided to businesses and employees provided during the Covid pandemic.

Specific comments:

- Lower taxes less regulations would help
- Direct financial aid (as per COVID) is preferable
- Cap oil prices and include retrospective discounts; provide longer term energy price security; offer additional discounts for businesses and families who have reduced their energy consumption
- Gov. support needs to be across all businesses. Financial aid also needs means testing and not made available to those who just can't be bothered to work, there are work vacancies available.
- During the Pandemic and Lockdowns what rural areas had to cope with was more restrictions that did not improve the sustainability of communities, so lower taxes and lower regulation is not the answer after 12 years of public services being depleted of power and funds, such as to decimate the NHS! Direct financial aid is required to develop sustainability especially to improve insulating rural housing, the worst across Europe! I think that government support on energy prices would be the best and fairest way to help, it will give all business fair competition.

Theme B: Employment

1. What is the impact of the cost-of-living crisis on employment in rural areas?

A vicious circle is depicted where an understandable demand for increased pay for below average rural incomes, driven by 11%+ inflation puts unaffordable demands on employers already facing huge increases in energy costs, increasing the likely hood of business closures and so making employees redundant. If this happens people will then have poor access to skills training even if that is delivered on line because internet connectivity is often poor in rural areas.

Specific comments:

- Higher travel costs; less people willing to travel to less convenient, more remote locations Less business; less additional/retained employment.
- Unequal burden of unsupported energy costs will in the short-term decimate small rural businesses
- Small businesses are less likely to be able to cope with the demand for higher wages
- Rural areas as mentioned often employ lower paid workers which makes the situation worse.
- As the Report says, "On average rural jobs pay less than urban jobs, rural homes are less affordable than urban homes, and poverty is more dispersed in rural areas, while the depth of rural fuel poverty is more extreme than those facing similar circumstances in

towns and cities. Skills training and public services are harder to access, as is good internet connectivity.” So let’s have policies from the Government that back these?

- Due to the cost-of-living crisis employees will be looking for wage increases, many rural businesses are small and will struggle to cope with this increase there for you may find a movement of staff to larger business in urban areas.

2. Do you expect to see wage price inflation?

Wage price inflation is expected although we may still be in “the quiet before the storm” as wage demands lag product and service price increases. Unionised employees able to flex their muscle are expected to come off best in such an era but less organised rural employees would suffer disproportionately.

Specific comments:

- Probably - people struggling, low unemployment could push employers to raise wages to be able to find people willing to travel to more remote areas with less public transport or cheaper means of getting to work
- Yes, but this will preferentially help well unionised employees, but this is not the case in dispersed rural businesses
- Yes
- Yes, bound to for businesses to stay in operation, costs have to be passed on.
- There is no wage price inflation yet, it is all supply side, bringing massive profits to energy companies and after 12 years of council cuts in budgets and spending it won’t help to continue it, nor provide any answers for getting out of this economic issue!

3. Are specific industries being affected more?

Tourism, hospitality and agriculture provide the bulk of rural employment and are just the industries that low economic growth will hit hardest. It has long been expected that the ability to work from anywhere enabled by nationwide fast fibre broadband would level up rural and urban employment but in Devon & Somerset, the abysmal performance of the Connecting Devon & Somerset organisation in getting properties connected means that for many this still remains in the future.

Specific comments:

- Agriculture
- Tourism, catering & hospitality in general, local shops and pubs which have already suffered hugely during the pandemic... those which closed then are very unlikely to reopen, and any more closures will make a poor situation even worse.
- Agriculture as workers are unable to afford rents/mortgages in ‘desirable’ rural locations
- Potentially tourism due to reduced demand, and agriculture due to disproportionate price increases. Of course this could be a benefit as more people “staycation” in the UK, so reduced income from foreign tourists, but an increase from British tourists.
- Hospitality catering and luxury items will be most affected.
- The Report provides solutions for farming to focus on alleviating labour shortages, extending the Seasonal Workers Pilot and the number of visas available increased from 30,000 to 80,000; to address low pricing in supply chains by implementing the Agriculture Act 2020's regulations to limit the influence of major supermarkets. The lack of sustainable and affordable rural housing has a major influence on whether jobs generally can be accessed within the communities.
- We have a specific issue within Devon and Somerset with the lack of Broadband speeds to our area due to issues with Connecting Devon and Somerset (CDS) which continues to

NOT provide a good service for the Community and should be stripped of their governance.

4. Will this crisis lead to a restructuring of rural businesses?

Everyone expects businesses to change in order to survive although some may be forced to close or move to urban locations to survive. Some such changes could have a silver lining as farms become organic to reduce fertilizer and pesticide costs.

Specific comments:

- Possibly yes
- Yes, if they have no solid physical reason for existence, they will disappear altogether or move to an urban location.
- Potentially more farms going organic to reduce fertiliser / pesticide costs (possibly a benefit!)
- Forward thinking businesses will re-structure and find ways to make things work (as in COVID) those just waiting in hope for handouts or things to improve will struggle.
- Yes, if they can't run their businesses from rural locations they will have to go to more urban areas.

5. Are there any opportunities for new labour pools to fill employment gaps in rural areas?

Low wages and transport costs make attracting new labour pools into rural areas difficult to envisage but where this has happened, (e.g. home based start-ups), they need to be nurtured but transport costs and immigration limits are seen as hampering their success.

Specific comments:

- Not sure/probably not
- How, if the local transport systems are cut, properties are unaffordable and the Govt. continues to strictly limit immigration
- Every local business is advertising for staff, perhaps a move to more flexible working patterns may help fill vacancies along with paying a sensible living wage.
- During lockdown we saw a new wave of home-based start-ups that have now taken off, many of which began life as a hobby. All of these flourishing businesses based in rural areas are a vital part of the economy that must be nurtured. But, if the local transport systems are cut, properties are unaffordable and the Government continues to strictly limit immigration how can this be tackled?

6. If industrial action were to continue to increase, how would it affect rural businesses and rural areas?

Whilst industrial action (as is already being seen) has a serious impact on rural business costs and delays for transport, materials/components purchase etc. it is also expected that financial inequalities across the wider population will get larger. (FTSE 100 CEO's saw their pay rise by 39% in the last year while low paid occupations and those in the public sector have seen their pay reduce in real terms with pay rises below the 11% CPI index).

Specific comments:

- Delayed deliveries (in and out)
- Material shortages

- Employee/employer travel issues - costs/bus services etc.
- Health and well being
- It would help concentrated areas of employment rather than rural
- Lack of consistently available rail services will cause problems
- industrial action mainly effects transport links in rural communities where people are reliant on an already sparse public transport network
- It would be an overstatement to believe that this question is even helping! How about paying the workforce properly from the vast sums paid out, unwarranted, to shareholders and CEO's, bringing in a redistribution of wealth, from those who can afford it?
- How about bringing some ethical, organic and co-operative employers into the frame!

7. Would rural areas be disproportionately affected?

It is inevitable that rural areas will suffer disproportionately from the ongoing cost of living crisis as rural infrastructure (transport, broadband, energy distribution etc.) are all less stable and more expensive to deliver in rural areas where populations are more desperate than in urban areas. Over 20 years ago, HMG launched a 5%/litre rural fuel duty relief scheme for remote rural areas but as of today (as far as we are aware) that scheme only applies to one small area in Devon around Lynton. Such schemes should be expanded to include more rural areas.

Specific comments:

- Probably, remote locations/travel/employment/new employment
- Well being - isolation for some, issues with getting daily supplies, increased costs
- Yes
- There is a lack of access to information on grants and support. There is a myriad of different schemes already available for low-income families, the take-up of which is poor. it is highly confusing. Many urban areas have CABs and other community support schemes to help families. These are hard to access or non-existent in our area.
- Yes by the pure fact they are in rural locations.
- Yes, for all the reasons quoted above.

Theme C: Housing

1. How is the cost-of-living crisis affected by the supply of rural housing?

Rural housing supply is stymied by a planning system that restricts rural growth and seems intent on creating more new towns. (For instance the East Devon Local Plan just published defines that vast majorities of rural villages are “unsustainable” where no housing development will be allowed whilst at the same time it calls another new town near Exeter). Whilst Rural housing is typically older and in a poorer condition than urban housing and both are recognised as being worse than in other European countries, it is unforgivable that there is still no coherent UK scheme to improve the insulation efficiency of the current housing stock.

Specific comments:

- Cost of living making rents unaffordable along with other rising costs
- Rural housing might become more affordable by becoming more plentiful, although much of it is in serious need of climate proofing and therefore may fall into disuse altogether due to the expense of upgrades
- What rural housing? since the working from home revolution no local housing is affordable for first time buyers in the local area.
- Rural housing, noted above, is in serious need of climate proofing and is already the worst

- across Europe!
- If the figures on buy to let properties do not add up for the landlords (due to the rise in interest rates) the landlords will be forced to sell.

2. What will be the impact of the cost-of-living crisis on the private rented sector in rural areas?

It is felt inevitable that the number of evictions will increase as landlords are forced to increase rents to keep pace with mortgage increases and/or maintenance costs. The popularity of staycations means the conversion of rented properties to Airbnb rentals in rural areas, paying higher rents, will ensure that ever more properties will be removed from the rental sector.

Specific comments:

- Becoming unaffordable for ordinary working person
- Many new evictions, mental health effects, families separated from roots.
- Rental prices will increase, landlords may be forced to sell up to avoid mortgage cost increases. Not much rental property anyway.
- Private rents will rise like everything else, no landlord will charge a rent lower than their Mortgage payments on the property. Tenants will fail to meet their rent and get evicted putting more of a burden on the state.
- There is already a lack of housing in this sector as seen in the London Region Report published recently and it is leading to more evictions due to wages not being improved nor any legislation to ensure Landlords cannot just evict.
Lack of available properties due to the cost of mortgages being disproportionate to the rent received.

3. What impact have rising house prices caused in rural communities?

Popular south west villages with surging house prices means there is a generational change taking place with the children of local working families forced to move away as wealthy retired residents from the cities and those able to purchase second homes become the majority. This has consequences for the viability of rural retail businesses and schools.

Specific comments:

- Less housing available for local people
- Being priced out of the market
- Booming house sales in popular villages pricing out local purchasers/renters
- Influx of people able to work from home moving from towns and cities, pricing the locals out.
- Forced locals away from the locality, my own son is purchasing in Newport Wales as he can no longer afford the Southwest.
- Profits for those living in popular villages who sell, lack of provision for those who are local renters. The rise of Airbnb in rural areas also has a negative effect on the whole community.
- There is a lot less first-time buyer/starter homes available in rural communities there for the jump to get on the property ladder is always going to be a lot higher than in urban areas.

4. What is needed to help rural landlords support their tenants?

Limits on converting rental properties to Airbnb's and similar holiday rentals are proposed. There is a lack of coherent advice for low income families in rental properties and insufficient help for

landlords and tenants on improving the energy efficiency of rental properties.

Specific comments:

- No holiday rentals
- More government support needed to relieve cost pressures on County Councils Grants to assist retrofitting – there is little incentive for a landlord to improve rented properties to reduce energy costs. Dis-incentivise Airbnb
There is a lack of access to information on grants and support. There is a myriad of different schemes already available for low-income families, the take-up of which is poor. It is highly confusing. Many urban areas have CABs and other community support schemes to help families. These are hard to access or non-existent in our area.
- Difficult question, it is already difficult to evict tenants who fail or refuse to pay, just because someone is a landlord it doesn't automatically mean they are not impacted by the cost-of-living crisis.
- More support to upgrade insulation of properties; recognise that evictions only lead to poverty due to the lack of supply; ensure Local Authorities as landlords have money to build housing again.
Energy schemes to help increase power usage efficiently.

5. Following Scotland's recent announcement on a rent cap, should England follow suit?

Whilst the overall view is that a rent cap in England would help, it is feared that such a cap will result in the number rental properties reducing if the cap is not set at a level that allows landlords to maintain their income. The end of no fault (Section 21) evictions is called for.

Specific comments:

- Yes
- Yes, probably
- Not if it reduces the available housing stock for rent
- Rent caps are OK for the Tenant, if the landlord has outgoings higher than the received rent then the only option is to sell the property and evict the tenant, a double-edged sword.
- Yes, as well as bringing in legislation to restrict evictions without cause and provide finance to provide Housing in rural areas.
- I do not feel that this is a good idea as it will result in rural buy to let properties being put on the market if the rental figures don't add up (e.g. do to the rise in the cost of buy to let mortgages).

Theme D: Energy

1. Is the current energy price cap for consumers appropriately set? Is the six-month support package for businesses enough?

Just like financial markets, rural taxpayers and businesses do not like uncertainty. The current price cap is helping consumers but the uncertainty of what happens when the current schemes end prevents taxpayers and businesses from planning for the future and will likely mean more rural businesses will fail.

Specific comments:

- No - stability required to allow for financial planning for all

- Businesses evidently have insufficient support and will inevitably go out of business
- Obviously not for consumers/people who are all feeling the issue and how they will get through this winter. The same with businesses who have insufficient support and will inevitably go out of business.
- Only having a six-month package in place for business is causing major problems with the inability to plan ahead. It is also causing a massive difference between like for like business trying to compete with each other on massively different tariffs.

2. What support is needed for households not on the gas or electric grid?

Whilst almost all properties take electricity from the National Grid, very few rural properties are connected to the gas grid and have to use oil or in some cases LPG. Heating oil prices need to be capped just as the gas price is. There is a £100 payment expected in the coming months for heating oil users, but as you need to buy oil in bulk and cannot buy as consumed, rural oil customers are already forced to pay large sums to fill their oil tanks. Provision should also be made to encourage oil users to switch to (electrically driven) heat pumps.

Specific comments:

- A Maximum cap (as with electric and gas) on oil and other currently uncapped fuels
- Why cannot the 34p/kWh not be applied as per on-grid homes?
- Many rural properties rely on oil for heating with a promise of £100 towards this. This is disproportionate to the help given to electric and gas customers, however how many council houses are heated by oil? Very few hence the Gov has mainly ignored this issue. It is also a very difficult support package to give as there is no register of properties with oil, most people have accounts with various suppliers so giving the benefit will prove challenging.
- The system of providing energy for rural communities should be totally replaced by local co-operatives owned by the communities to guarantee supply at local levels
A vast majority of households in our parish would use predominately oil for heating their homes. Although this has not seen the same rises as electricity (I can't comment on current gas prices) I feel that there should also be a cap put on the price of oil. Also it would be nice to see some schemes in place to help with the cost of converting to alternative heating for example air source, ground source or bottled gas.

3. Are those living in rural areas more at risk of fuel poverty? What should be done to reduce this?

You are in fuel poverty when you cannot afford to adequately heat your home and in the current cost of living crisis this term could be applied to a majority of rural residents off the gas grid. As well as turning thermostats down and radiators off rural taxpayers are making increased reliance on burning wood. Subsidies (as applied to gas) should be applied in the same way (per kilowatt of heat generated) to all fuels.

Specific comments:

- Yes, more likely to be on uncapped fuels
- We are all equally at risk of fuel poverty until the price system is divorced from wholesale gas price.
- Anyone relying on vehicles having to drive longer distances (which is often the case in rural areas) will be more at risk of experiencing fuel poverty. While caps on fuel prices are one solution, building electric vehicle infrastructure and subsidising EV purchases (with,

for example, tax relief) and supporting homeowners in installing EV charging points could help.

- Mitigating the impact of energy costs needs a national strategy for agriculture, rural housing and rural transport. Currently, there isn't one. It could include specific subsidies or grants for farms to invest in sustainable energy sources for their own operations. Eg. there are many substantial barn and silage clamp roof constructions recently in this area - few if any fitted with solar generation and or energy storage. We would also advocate specific support to encourage investment in national manufacture and use of non-hydrocarbon-burning farm machinery. For rural housing, most of which does not have access to gas, building regulations should be enhanced to ensure better heat retention standards, energy generation and storage. Planning frameworks should be changed to a presumption in favour of sustainable building with these measures. I would advocate wide spread support for low cost energy storage in the form of hot water using energy diverters - particularly applicable to low cost housing - but rarely mentioned and highly cost effective.
- Rural properties tend to be older properties which are less well insulated and consume more energy. Every consumer in the UK has benefited from the gov grant which is possibly as fair as it can be. It could be means tested but the cost of doing this would possibly be higher than the amount being given out.
- We are all equally at risk of fuel poverty until the price system is divorced from wholesale gas price.

4. What impact, if any, will the cost-of-living crisis have on efforts to decarbonise?

When the price of any fuel escalates, the price increase swallows up whatever the consumer may have been prepared to pay for using greener fuels. This will inevitably slow down efforts to reduce carbon emissions and delay any target date for net zero.

Specific comments:

- Likely to slow this process down, affordability for all
- Inevitably the effort toward net zero will be eaten away (as happened in 2014)
- Without specific grants, people are unlikely to want to invest dwindling resources in more modern kit such as heat pumps, PV panels and batteries
- Decarbonisation is ongoing, more and more fields are being turned over to solar farms however with the current energy crisis are we right to have possible blackouts rather than looking at a short-term fossil fuel fix?
- Missing targets even more, probably!

5. What are the main barriers to increasing power and heat security in rural areas? (e.g., through the production of renewable energy, battery storage and local grids)

Capital costs are probably the major barrier to power and heat security in rural areas be that solar/wind generation or energy storage. There has been talk of reduced electricity charges for those within sight of a wind turbine to encourage land based wind generation. Perhaps the same should apply to PV farms? In the same way as any consumer can now buy electricity from any generation company, the prospect of nationwide community solar and wind generation may now be possible, as demonstrated by community ownership schemes like Ripple Energy Ltd.

Specific comments;

- Costs
- Criteria should be made wider
- More grant help for all including tenants and landlords for solar, wind and other renewables and battery storage
- Maybe energy supply to rural areas should be divorced from the massive urban demands, thus increasing local low cost renewable supply
- heat pumps may be more expensive in many rural houses which are old and suffer poor insulation. What is needed is a systemic approach to assess the specific needs of individual homesteads which may need a variety of different solutions. Listed building consent needs relaxing to allow more sustainable sympathetic modernisation (for example on the use of double glazing) and planning permission for solar panels in the vicinity of listed buildings needs relaxing similarly
- Cost! Solar and battery storage come at a cost with several years to recoup the outlay. Perhaps interest free loans to install may be a better option than just paying peoples bills. However, it is now nearly Impossible to source the equipment if you do wish to go ahead.
- All of those, together with owned by the communities as employee co-operatives!
- A lot of rural properties would struggle with installing such products as the current electricity export capacity is not adequate, this is causing problems for many farms and business who wish to increase their renewable output but are severely limited for the same reason.
- Additional suggestion: Planning authorities could require renewable power generation to be a part of all new developments.

Appendix 1: Electricity bill for the Sidmouth Arms Pub in Upottery, Devon, showing a 283% month on month price increase. (Reproduced by permission of the landlord)

Your business electricity bill	
Site address: Upottery, Upottery, HONITON, Devon EX14 9PN	
Billing period: 1 October 2022 to 31 October 2022	
Your account	
Since your previous bill	
Outstanding balance - 1 October 2022	£1,785.40
Payment received - 13 October 2022, thank you	£1,785.40 CR
Balance from last bill	£0.00
New charges this bill	
Electricity charges	£6,060.78
Total discounts	£425.57 CR
Standing charges	£18.75
Climate Change Levy (CCL)	£49.59
Total charges exc VAT	£5,703.55
VAT	£1,140.71
Total new charges this bill inc VAT	£6,844.26
Total amount due	£6,844.26

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