

## **Accounting for Rural Deprivation**

This article provides detail of the results of the study on rural deprivation undertaken by Pion Economics and funded by five rural councils: Highland, Aberdeenshire, Angus, Dumfries & Galloway and Scottish Borders. The purpose of the study was to influence the review of the role of deprivation in GAE called by the former Finance Minister.

### ***Measuring rural deprivation***

It is now accepted elsewhere in Europe and the UK that deprivation, whether urban or rural, is a multi-dimensional concept that extends beyond the confines what tends to be labelled 'poverty'. The bulk of recently published studies focus on the construction of isolation, peripherality and accessibility measures as appropriate indicators of rurality. At the forefront of this work lie indicators based on 'nearest neighbour' concepts and distance to points of service provision such as post offices and GP surgeries. The study developed accessibility and isolation indicators for potential use in resource allocation as follows:

*Accessibility* - Each of the project sponsoring authorities supplied details on the location of food shops, post offices, GP surgeries, primary schools and petrol stations. This information was used to construct an average weighted population distance measure for the resident population within each authority, and for residents living both within and outwith settlements.

*Isolation* – The consultants constructed a nearest neighbour measure for Scotland. The construction of this indicator is very similar to that of the dispersion indicator that currently plays a role in resource allocation. This again demonstrates the much higher isolation that exists in some rural areas and, even within such areas, the extensive isolation that can exist outside settlements.

### ***Using Indicators of rural and urban deprivation***

A new wave of analysis and thinking is emerging due to recognition of weaknesses in attempting to use traditional deprivation indicators to accommodate both urban and rural aspects of deprivation.

There are a number of key features that are important to any debate about rural deprivation. In the first instance, it must be recognised that the definition of deprivation is 'contextually dependent'. The way that deprivation is defined invariably determines the way that it is measured. This makes definition a key feature in any discussion.

Since many traditional deprivation indicators have been designed (for policy reasons) to assist identification of urban 'stress', it is inevitable that they reflect 'an urban gaze'. Therefore traditional deprivation indicators may effectively underestimate the scale of rural deprivation. This line of argument leads to at least two options, namely the development and use of separate urban and rural indicators or the development and use of composite indicators.

### ***Rural Deprivation and Resource Allocation***

The deprivation measures currently used in resource allocation are, at best, unlikely to prove capable of reflecting both urban and rural deprivation faithfully and, at worst, may prove to misrepresent the subtle and complex manifestations of rural deprivation.

Recent policy developments at national level have placed deprivation and social inclusion at the heart of social policy in the UK. The proliferation of special funds and schemes to address these concerns have again been guided by traditional sets of indicators with the result that the broader dimensions of rural deprivation may have been overlooked to some degree. If this is the case then rural areas may be experiencing two forms of 'resource deprivation' as resources are allocated to urban areas through both central and local government mechanisms, making it more difficult to combat rural deprivation.

A particular difficulty arises in relation to GAE when service levels vary between authorities. If rural authorities find it 'uneconomic' to deliver a comparable service in the light of existing resources, then the resulting lower expenditure will be interpreted as lower costs and any secondary indicator process may even allocate resources away from such areas to urban counterparts. An important point here is that it does not require urban authorities to provide a higher than average standard of service to set this process running. It merely requires rural authorities to provide a lower than standard service.

Thus, if the concept of a common service standard is sustained as a guiding principle of GAE then in some circumstances sparsity costs and service deprivation are effectively two sides of the same coin for services where dispersion or economy of scale effects are relevant. In such circumstances either one or the other but not both, must exist.

What this discussion points to is that the only truly effective way to accommodate the variety of potential pressures outlined is to ensure that expenditure comparisons are balanced by level of service considerations. The difficulties of the latter are widely recognised and acknowledged but failure to do so may risk perpetuation of any reduced access that exists in rural areas.