



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 24 AUGUST 2021**

SUBJECT: POPULATION ANALYSIS

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To inform the Committee of the most up to date population projections for Moray, aligning different sources of information and to examine the confidence decision makers can have in the projections when developing strategy. The report does not examine in detail the implications of the projections for Moray Council services and the wider economy.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee note that the inherent flaws in the methodology for population projections mean they can only be relied upon to inform policy and decision making following publication of the next census. Local knowledge related to MOD activities and the housing market can help to provide a better context of the local forecasts and members should note the actions outlined in paragraphs 3.3-3.6.**

3. BACKGROUND

- 3.1 The demographic trajectory of Moray is of particular interest to Moray Council and its partners. The composition of the population affects a range of issues from how future service delivery is planned to how both the public and private sector will be able to employ the skills they require to operate.
- 3.2 Much of the focus is on young people and how to attract and retain them to the area. This is identified as a key area for concern as youth out-migration is a well-documented issue in both Moray and the wider Highlands and Islands

and population projections often show this to be the case. The implication is that the region will go into decline as businesses cannot invest here as they cannot access the workforce they need and the sectors that will look after the elderly population will not be able to get the workforce they require. Unless we actively work to sustain the population through opportunity and talent attraction and grow the economy the predictions of decline will become a reality.

3.3 According to population projections the population of the UK and Scotland has been largely stable however a post COVID economic slump and stricter immigration rules post Brexit may cause a decline in the population over time. The implication of this is that an active strategy of talent attraction and retention may be required in what will be an ever more competitive internal market for skills. These issues form part of the LOIP and Moray Economic Strategy and Moray Growth Deal to deliver actions that will promote the retention of young people and talent attraction

3.4 On 15 March 2021 the Scottish Government published their population strategy '*A Scotland for the future: opportunities and challenges of Scotland's changing population*'. The strategy has a national focus and is not designed to specifically focus on rural depopulation issues. The strategy can be accessed at the following link <https://www.gov.scot/publications/scotland-future-opportunities-challenges-scotlands-changing-population/documents/>

3.5 The strategy focuses on 5 key themes.

1. Family Friendly
2. Healthy living
3. Migration
4. Balance
5. Building engagement and evidence

3.6 There are 36 actions to achieve these themes. 8 of these actions specifically require local authority participation to deliver. These 8 actions are detailed below with a description of the work ongoing to deliver these.

1. *We commit to build more affordable homes as well as shared equity schemes for those who really need to buy a home*

The Council has committed to a programme of affordable homes through the strategic housing investment plan.

There may be further need in relation to certain sectors and talent attraction to find ways to incentivise migration to Moray in the future and housing opportunities may play a part in this.

2. *We will ensure our housing options allow our population to live independently at home for longer*

The Moray Growth Deal Digital Health project led by the Digital Health and Care Innovation Centre aims to support more people to live independent lives in their own homes for longer. This is in addition to creating test bed 'living labs' in Moray to trial new technology. This

project will partner with the Housing Mix project to deliver more homes that will enable this.

3. *We will work with local government partners to develop proposals for a remote and rural migration service pilot to present to the UK Government*

Moray Council influences this work through the Convention of the Highlands and Islands where population has been on the agenda of the past 2 meetings. The Council Leader and Chief Executive attend these meetings. The work focusses on 5 key themes which are:

1. Live Local – Work Global: Public Sector Jobs Dispersal
2. Influence Partners to Ensure Infrastructure and Housing Provision
3. Development of New Interventions
4. Grow Access to Higher Education (HE) and Further Education (FE)
5. Evidence Gathering

4. *We will champion the call for regional models of economic development and recovery and ensure place is at the forefront of all Government developments*

Moray Council influences this work through the Convention of the Highlands and Islands as set out above.

5. *We will continue to drive forward planning reform to improve how we plan our future places and support local government in considering planning as a strategic tool to respond to population change.*

The Moray Local Development Plan 2020(MDLP2020) has endeavoured to reflect strategic themes emerging from the Planning (Scotland) Act 2019 regarding quality placemaking, infrastructure co-ordination and the role of planners as enablers. National Planning Framework 4. A Draft is expected to be published Autumn 2021 and will provide guidance on these themes and push net zero ambitions.

MLDP2020 has strong policies and processes to create high quality places which help to attract business and people to Moray, it plans and secures sites and developer obligations towards new health, education and transport infrastructure, which contributes towards Moray being an attractive place to live and work and safeguards Moray's diverse natural and cultural heritage. The Council are also actively working with partners on Town Centre Regeneration projects, aiming to increase the number of people living in Town Centres, regenerating vacant and derelict sites and increasing their attractiveness for investment.

6. *We will consider community work hubs for people to work in who may no longer need to work in offices every day, but to reduce the impact of home working*

The Council is reviewing the property asset management strategy, working styles and estate footprint as part of the recovery plan from COVID 19.

7. *We will consider the role of our anchor institutions and national partners and ensure their work is aligned to the population programme*

The Council is looking at its role as an anchor institution through work being undertaken by the recently appointed Community Wealth Building Officer as well as through the Moray Economic Partnership where partners have agreed to embed Community Wealth Building in their work. Anchor institutions are one of the five pillars of Community Wealth Building.

8. *We will explore opportunities to support Local Authorities in the short-term deal with the demographic pressures of the present*

As with actions 3 and 4 Moray Council influences this work through the Convention of the Highlands and Islands. In addition to this there is a talent attraction sub group of the Moray Economic Partnership and a dedicated media budget to promote the area with the aim of attracting people to live, work and invest in the region.

4. DATA

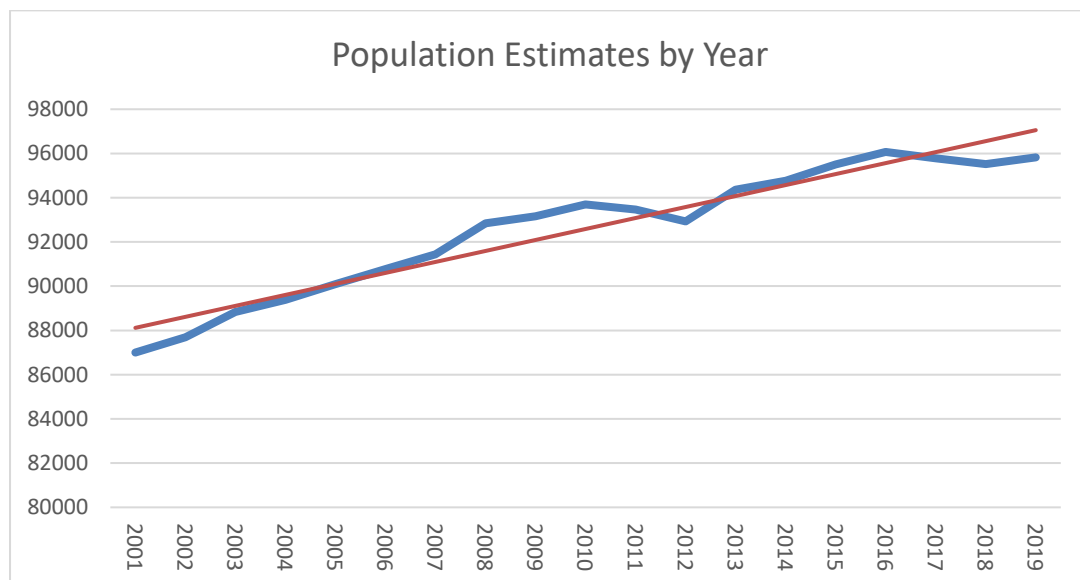
- 4.1 Both population estimates and projections are compiled by the National Records of Scotland at the Local Authority and health board level. At the national level population estimates and projections are compiled by the Office for National Statistics.
- 4.2 These estimates and projections both use census data as their starting point, so all population estimates and projections are currently based on 2011 census data.
- 4.3 Both national and sub national datasets for population estimates use the Cohort Component Method summarised below:
1. Take the previous mid-year resident population estimate and age by one year.
 2. Then estimate the population change between 1 July and 30 June.
 3. Then add births occurring during the year
 4. Then remove deaths occurring during the year
 5. Make adjustments for internal and international migration.
- 4.4 It is important to note that the estimates and projections are cumulative from the 2011 start point and therefore the errors in original census data and projections are also cumulative. The implication of this is that with the 2021 census due (but delayed) we are now at the most inaccurate year of estimate and projections.
- 4.5 An area of specific importance to Moray is the calculation of what is termed special populations, which includes armed forces. This is calculated by

removing armed forces personnel before step 1 in 3.3 and adding them back in after step 5 in 3.3. The numbers are updated by statistics provided by the ministry of Defence.

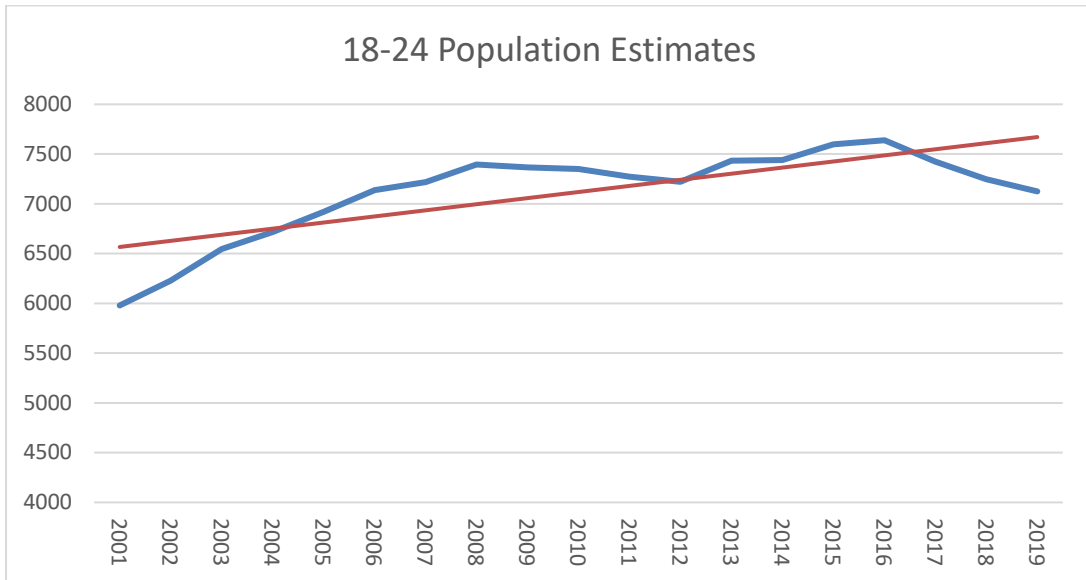
- 4.6 When looking at projections for population the method is slightly different. Each year's armed forces population is an average of the previous 5 years. The implication of this is that the figures are likely to become static over time. This is because the NRS make the assumption that armed forces numbers are themselves static over time, which is why they are removed and then added during the cohort component method.
- 4.7 As an example the 2019 population projection would include an average of the number of armed forces personnel in Moray over the 2014-18 period, which itself would be an estimate of the 2011 data which is combined with the Ministry of Defence data discussed in 3.5.
- 4.8 The NRS update their population projections every 2 years with the next projection set based on 2020 to be released in 2022. This will not include 2021 census data.

5. **NRS POPULATION ESTIMATES**

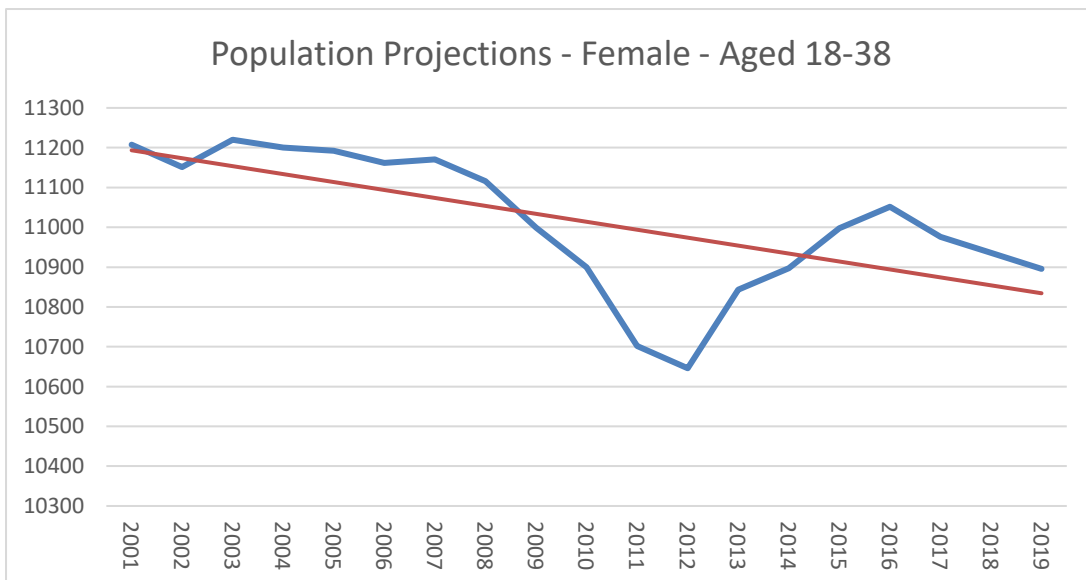
- 5.1 Population projections for Moray from 2001 to the present are as shown in this graph. It is important to distinguish between population estimates which are annual and retrospective and population projections which are based on the estimates and look into the future.



- 5.2 The trend line in red shows a large increase in population over the period from 2001. Although conclusions can't be based on one event alone it does show that the post 2011 census correction on estimated population was not large. Post 2011 census the projected growth is clearly less than was the case between the 2001-2011 census periods.
- 5.3 The below graph shows the populations projection for the same period as 5.1 for the 18-24 population:

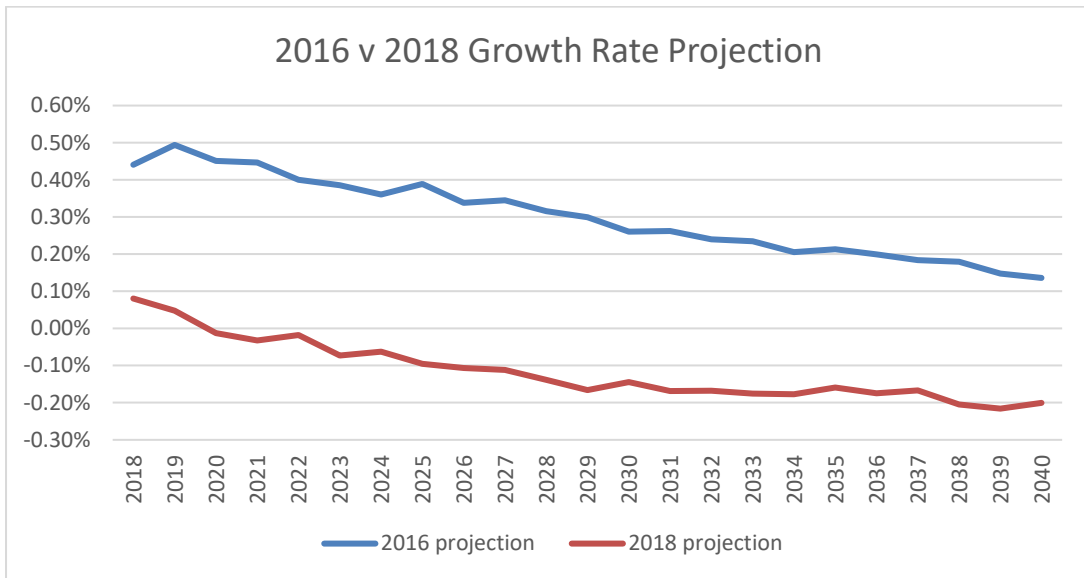


5.4 The general direction of travel for this age group is similar to that of the population as a whole, with a small correction after the 2011 Census. It is worth noting that for this age group the estimates have been showing a decline since 2016. The following graphs shows the trend for women aged 18-38 which has a direct impact on the birth rate (not the fertility rate).



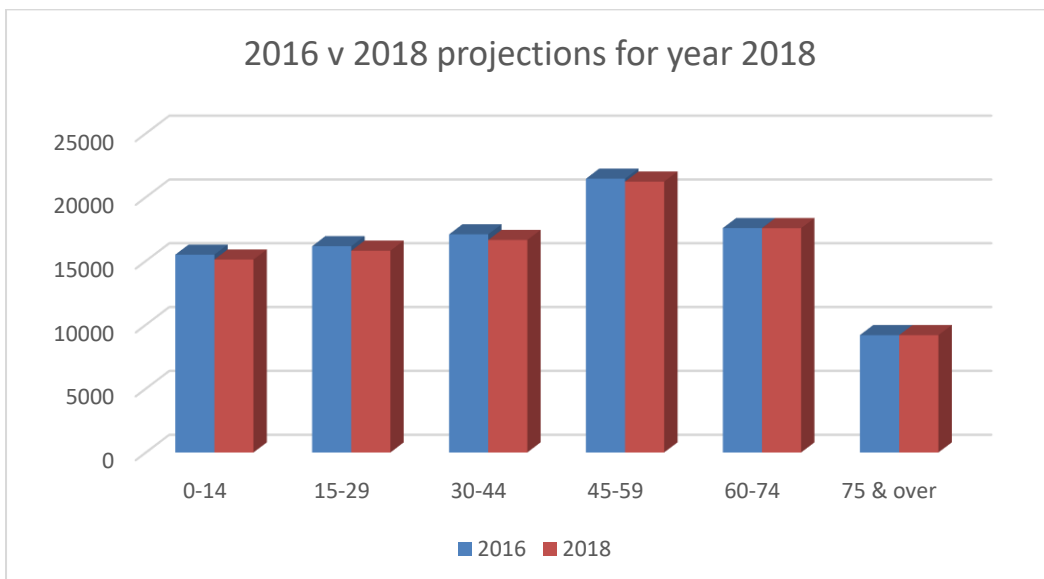
6. POPULATION PROJECTIONS

6.1 The most recent 2018 based population projections from NRS have caused concern and confusion due to significant changes in the projected population of Moray over a 25 year period. The changes in growth rate projection are shown in the below graph:



6.2 What the projections have in common is that both project a declining trend in the population over time. The difference is the 2018 projection shows growth turning negative in 2020 whereas the 2016 projection had a declining but positive growth rate.

6.3 It appears that the main factor that has changed these projections is an assumption that the population estimates were inflated in the years preceding the estimate period. In other words since the 2011 census NRS believe that the population has been over estimated year on year. This is shown in the below graph which has the 2018 projections for 2018 lower than was the case when projections were based on the 2016 estimates.



6.4 To clarify why these changes have occurred officers contacted the National Records of Scotland. The main reason for the downward revision are covered in the sections 6.5 - 6.8 below.

- 6.5 At the Scotland level the fertility rate fell, life expectancy stalled and net migration decreased. These factors all had implications for the Moray estimates.
- 6.6 At the Moray level the fertility rate was revised downwards based on a 5 year average of births. This then feeds into the projections to 2040. There were also more deaths than anticipated.
- 6.7 Net migration at the Moray level is now projected to be 50% lower to 2028 than was projected in 2016. This may be related to Brexit however it will be influenced at the national level.
- 6.8 Due to the nature of calculating special populations (Armed Forces) using a 5 year average the projections have the number of armed forces personnel in Moray declining every year to 2028. This is something that is known to be incorrect. It is estimated that when personnel, their families and civilian jobs are taken into account this will total around 1500 people moving to the region.
- 6.9 This means that both the population projections and the data used in the Scottish Government Population Strategy, which is based on the projections, are misleading and arguably underestimate the number of working age people who are and will be located in Moray. The upcoming census will provide an accurate picture to guide policy however until then the activity outlined in section 3.6 will form the basis of Moray Councils talent attraction and retention activity.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Population increase in the 16-29 age category is a key measure of success in the economic development element of the corporate plan. Demographic pressures are an important consideration in future service delivery also.

(b) Policy and Legal

The activity outlined in section 3.6 states how Moray Council will contribute to the Scottish Government population strategy. The analysis of population statistics shows how they should be used in influencing policy in the Moray Economic Strategy.

(c) Financial implications

If budgeting is done on the basis of a declining population based on incorrect projections this could cause pressures on Council services if the population is in fact growing.

(d) Risk Implications

None

(e) Staffing Implications

None

(f) Property

None

(g) Equalities/Socio Economic Impact

None

(h) Consultations

Consultation has taken place with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Equal Opportunities Officer, and Lissa Rowan (Committee Services Officer) have been consulted and comments received have been incorporated into the report.

8. CONCLUSION

8.1 The 2018 population projections for Moray have been revised downwards and now show a declining population.

8.2 This has been influenced by a lower birth rate, less migration and a predicted declining armed forces population

8.3 The decline in the projected armed forces personnel is known to be incorrect. We believe the error is an underestimate of 1500 people.

8.4 Until the Census in 2022 the population projections cannot safely be used by policy makers to influence decision making.

Author of Report

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Background Papers:

Ref: [SPMAN-813460984-124](#)