A06

2014-based Subnational Population Projections – Manchester

Public Intelligence

Performance and Intelligence

Chief Executive's Department

June 2016

Data in this report relates to the 2014-based Subnational Population Projections (SNPP) released on 25 May 2016. These population projections by single year of age and sex can be found on the Office for National Statistics (ONS) website at https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections

MANCHESTER CITY COUNCIL

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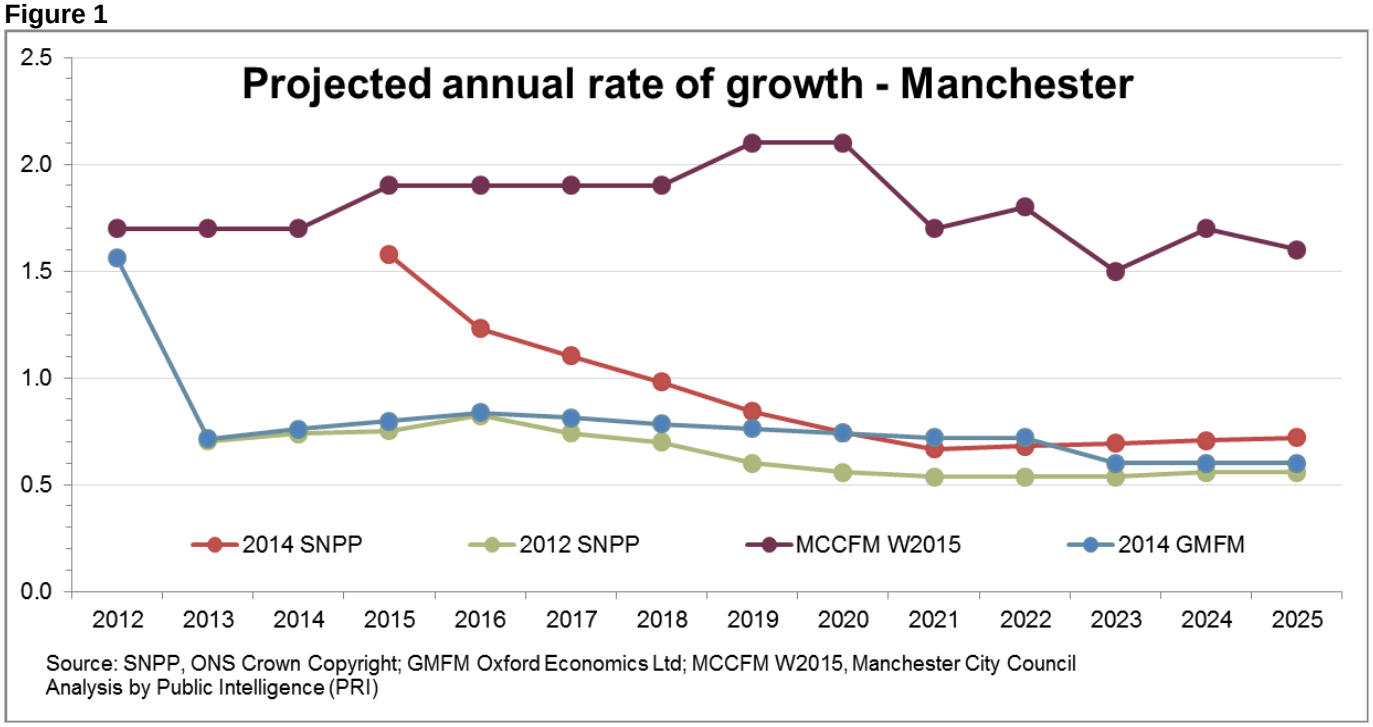
Subnational Population Projections 2014

Subnational population projections (SNPP) are made using trend-based assumptions of future levels of fertility, mortality and migration. A single method is used across all areas, but this means that a small number of districts, usually those with an atypical population composition, can end up with projections that appear to under- or over-count their populations. Statistically these are referred to as 'outliers' and will be expected when applying a methodology to a large sample. As such, the Office for National Statistics (ONS), who produce the projections, advise local authorities to use local information alongside their projections when developing local plans. Manchester is one of these outliers, which makes projecting a future population more challenging.

Growth

2014-based SNPP show population growth continuing in Manchester but with lower annual rates of growth than seen last decade. The rates are higher than published in ONS' previous 2012-based projections, but while they start with a reasonable level of growth of 1.59% between 2014 and 2015, the growth then falls sharply to 2021 as shown in **Figure 1**. This differs from Manchester City Council's latest growth forecast, MCCFM W2015, also shown in **Figure 1**, which aligns to anticipated housing development over the next ten years and makes use of local and more recent datasets. Also shown is Manchester's growth forecast from the economic-focused Greater Manchester Forecasting Model, GMFM (2014-based). ONS' projected growth reduces further after 2025 (not shown) with a population increase of just 0.51% between 2033 and 2034.

Figure 1



Manchester's population grew by an average of 1.76% each year between 2001 and 2011 based on ONS' mid-year estimates. This overall level of growth has been used as an average in MCCFM W2015 figures from 2012 but distributed so that the rates are higher in years where there are increased levels of proposed new housing completions. This results in growth from 2016 to 2026 ranging from 1.5% to 2.1% (last decade's range was 1.3% to 2.4% according to ONS so this falls within those parameters).

ONS project London will increase the most over the ten years from 2014, with an overall growth in population of 13.7%. Within the capital's wider area, however, are districts with similar demographics to Manchester and these are higher than 13.7%, as shown in **Table 1**. This compares to Manchester's comparatively low growth for the same period in the SNPP of 9.2%. MCCFM W2015, Manchester's forecasting model, however, estimates an increase of 18.4% over the same period, in line with the inner London districts.

Table 1: 10-year growth projections for selected districts

District	2014-2024 growth
Tower Hamlets	22.7%
Newham	16.2%
Hackney	15.3%
Westminster	14.7%
Manchester	**9.2%**

Source: 2014-based SNPP, ONS

Factors affecting growth

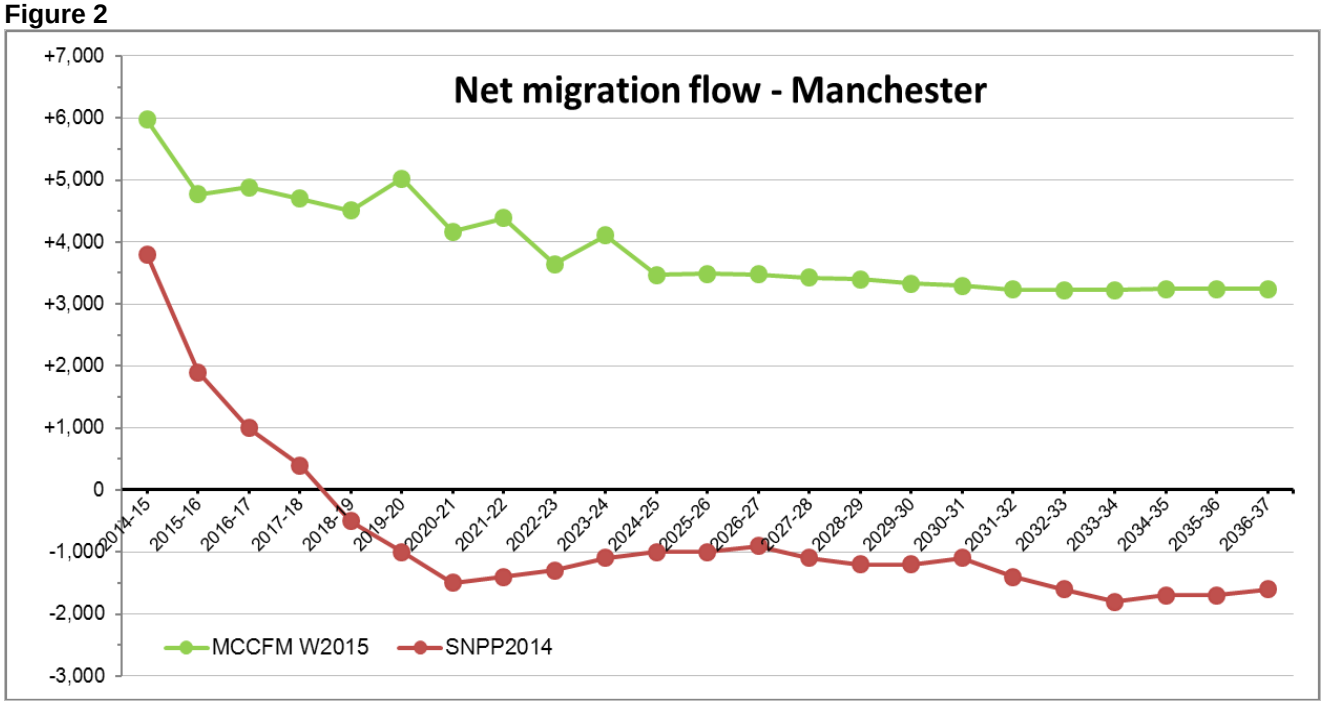
The main reason why SNPP shows a slowing in growth is an assumption that Manchester will not sustain recent levels of both international and internal (UK) migration, which was the same assumption made in the 2012-based projections. ONS project lower increases in population due to international migration, with the net gain of 7,000 people between 2014 and 2015 shrinking to a 4,000 net gain by 2019. There is no evidence to suggest that Manchester is seeing a reduction in international migration, quite the opposite. Latest National Insurance number registrations to foreign workers are at very high levels in Manchester, with the 2014-15 figures the highest since records became available in 2002. Although the latest 2015-16 figures are slightly lower, mostly due to fewer Spanish migrant workers, they are still well above last decade's levels. Also, the number of international students has not been affected since the introduction of student fees (the number of EU students has reduced a little but has been offset by an increase in non-EU students). Currently, the number of Chinese and Malaysian students is rising steadily.

SNPP's reduction in growth from international migration is coupled with an assumption that Manchester will see an increasingly larger net loss due to internal migration (UK). Manchester consistently sees an overall loss in population because more people leave Manchester to live elsewhere in the UK than move into the city from the rest of the UK, however ONS project this increasing from a 3,000 net loss between 2014 and 2015 to a 5,000 loss by 2019. In recent years, the overall loss to the rest of the UK had reduced down to around 1,500 people so this reverses the expected trend. Again, there is nothing to suggest that Manchester is seeing an increase in the number of people leaving the city to live elsewhere in the UK. Local housing plans are not taken into account in ONS projections which is partly why MCCFM forecasts a much higher population. There is a considerable amount of property being built or renovated around the city that is likely to retain current residents by improving the area as well as attracting in new ones. Also, as SNPP use an average of the previous five years of internal migration estimates to produce the assumptions, the additional population in university halls built recently will not be reflected fully in the 2014-based projections. Undergraduate university student numbers are lower in terms of registrations at the three higher education establishments in the city, however the number of students living in the city has returned to the levels seen before the introduction of student fees.

Combined, the reduced gains from international migration and the increased losses from internal migration have a large impact on future growth levels seen in the SNPP. By 2018, the entire population growth due to migration is negligible at just 400 people, thereafter ONS project that Manchester will actually start to lose residents each year due to migration. This is an unusual prediction; Manchester always gains overall because of the high number of international migrants. A decision to leave the EU may adversely affect numbers but this is not a factor built into the projection as it is not a forecast, so this would be a coincidence.

The different scenarios for overall net migration, taking international and internal flows together, are shown in **Figure 2**, comparing the 2014-based SNPP with Manchester's forecasting model's latest output, W2015. After 2018, net migration falls below zero in the SNPP meaning that the population growth seen in Manchester beyond that date is entirely due to natural change (natural change is the number of births in a year minus the number of deaths in the city). SNPP show an increasing number of births to 2026 and a decreasing number of deaths to 2028 in Manchester. Latest figures from NHS England show a small reduction in the number of births in Manchester with a fairly stable pattern in the number of deaths. MCCFM uses the latest NHS figures so projects a reducing birth count and fairly consistent number of deaths. Unlike SNPP it is both migration and natural change driving the population growth in MCCFM W2015.

Figure 2

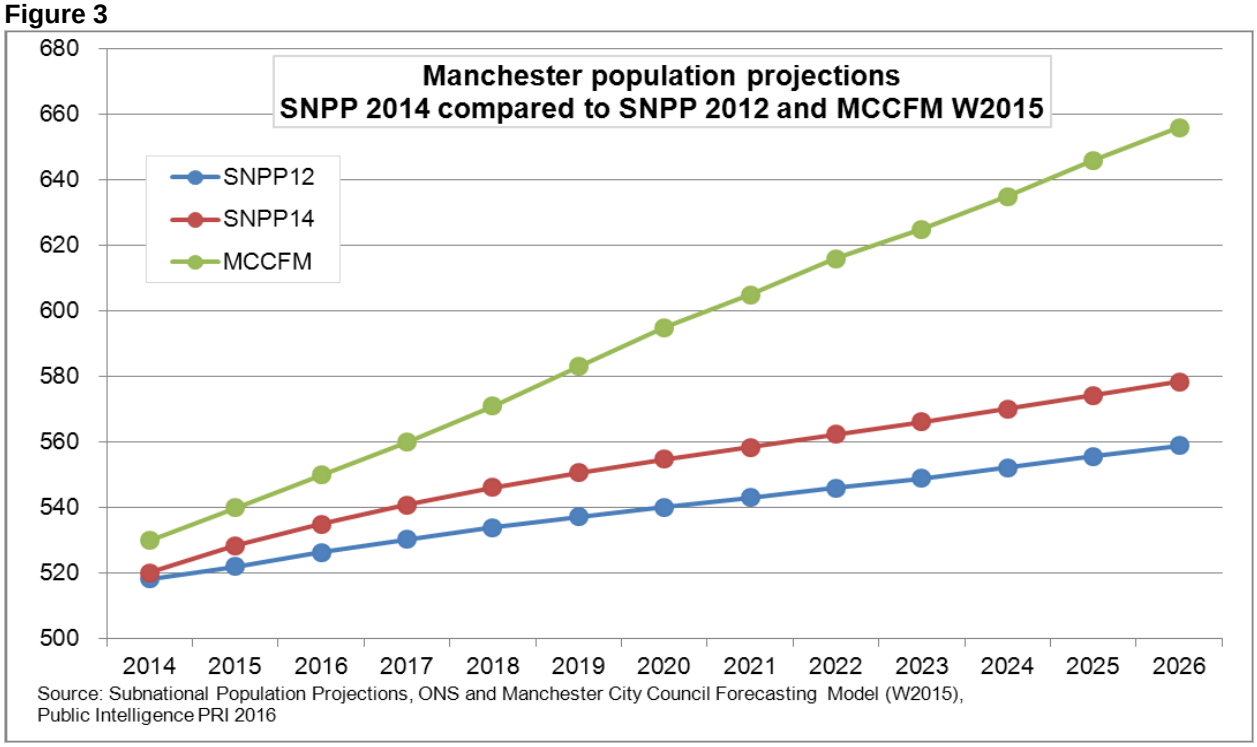


Source: Subnational Population Projections, ONS and Manchester City Council Forecasting Model (W2015), Public Intelligence PRI 2016

Effect on population

SNPP 2014 is based on population trends in the five years prior to 2014 (six years for international migration). SNPP 2014 suggests Manchester has a total population of 535,000 (rounded to nearest thousand) for mid 2016 rising to 559,000 by 2021 and 578,000 by 2026. This compares to MCCFM's forecast for 2016 of 549,500 rising to 605,100 by 2021 and 655,700 by 2026 as shown in **Figure 3**. Also included is the previously released 2012-based SNPP which shows a lower trajectory in growth than either of the latest scenarios.

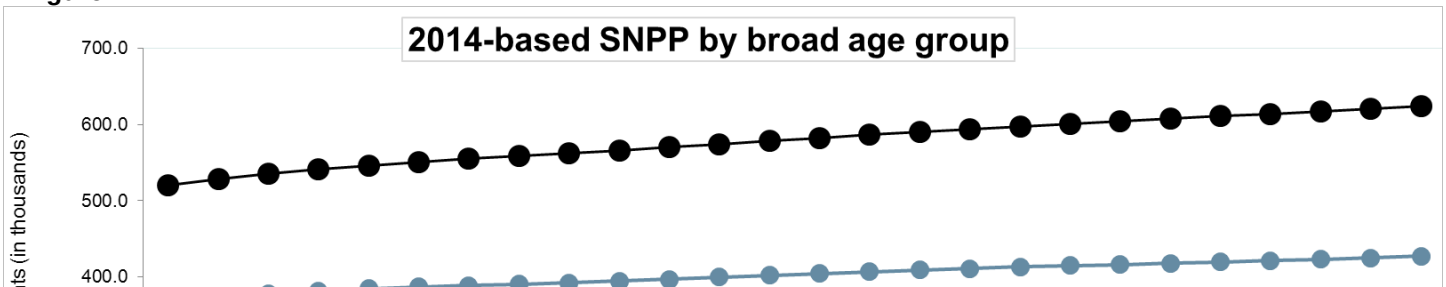
Figure 3



Projections by age

Figure 4 shows the 2014-based SNPP by broad age groups showing slow growth in the working age group, relatively faster growth in the smaller older age group, and slight growth in the child age group until 2027 when the child population is predicted to essentially stabilise. This is a pattern expected to be seen in a local authority that has reached its potential in terms of growth and not what would be anticipated for Manchester.

Figure 4

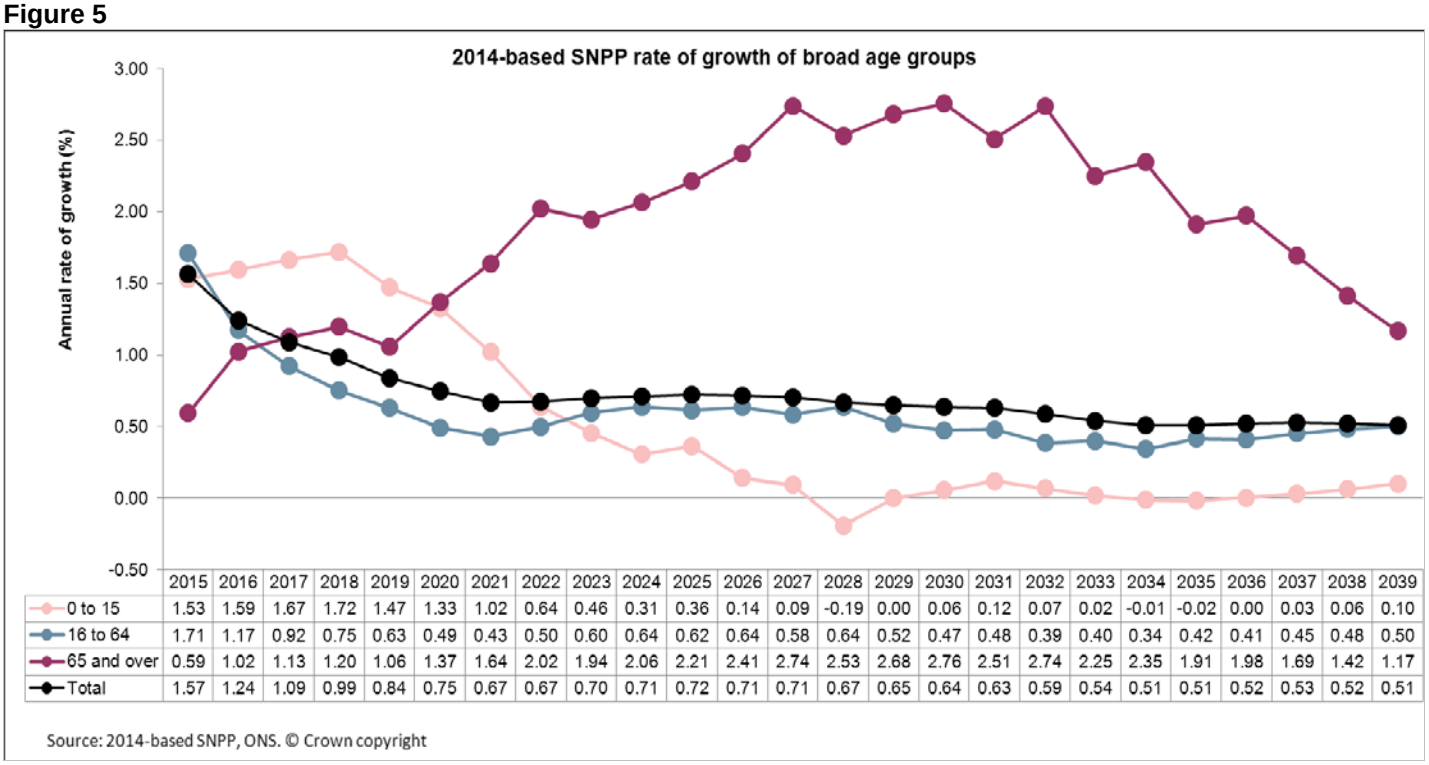


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
0 to 15	103.6	105.2	106.9	108.6	110.5	112.1	113.6	114.8	115.5	116.0	116.4	116.8	117.0	117.1	116.9	116.9	116.9	117.1	117.2	117.2	117.2	117.1	117.1	117.2	117.3	117.4
16 to 64	367.3	373.5	377.9	381.4	384.3	386.7	388.6	390.3	392.2	394.6	397.1	399.5	402.1	404.4	407.0	409.1	411.0	413.0	414.6	416.3	417.7	419.4	421.1	423.0	425.1	427.2
65 and over	49.4	49.6	50.2	50.7	51.3	51.9	52.6	53.4	54.5	55.6	56.7	58.0	59.4	61.0	62.6	64.2	66.0	67.7	69.5	71.1	72.7	74.1	75.6	76.9	78.0	78.9
Total	520.2	528.4	534.9	540.8	546.1	550.7	554.8	558.5	562.3	566.2	570.2	574.3	578.4	582.5	586.4	590.2	594.0	597.8	601.3	604.5	607.6	610.7	613.9	617.1	620.3	623.5

Source: ONS © Crown copyright

Figure 5 shows that the average rate of growth for 2014-2039 tracks the working age population very closely because this group represents the largest proportion of the population. What is questionable is that the growth rate in working age residents is predicted to decrease to 2021. As mentioned, there is a wide-scale programme of house building underway, student numbers have stabilised and are set to increase, and economically Manchester is doing well post-recession. This began before 2014 so should feature in the trends, but perhaps the full effect has not been seen.

Figure 5

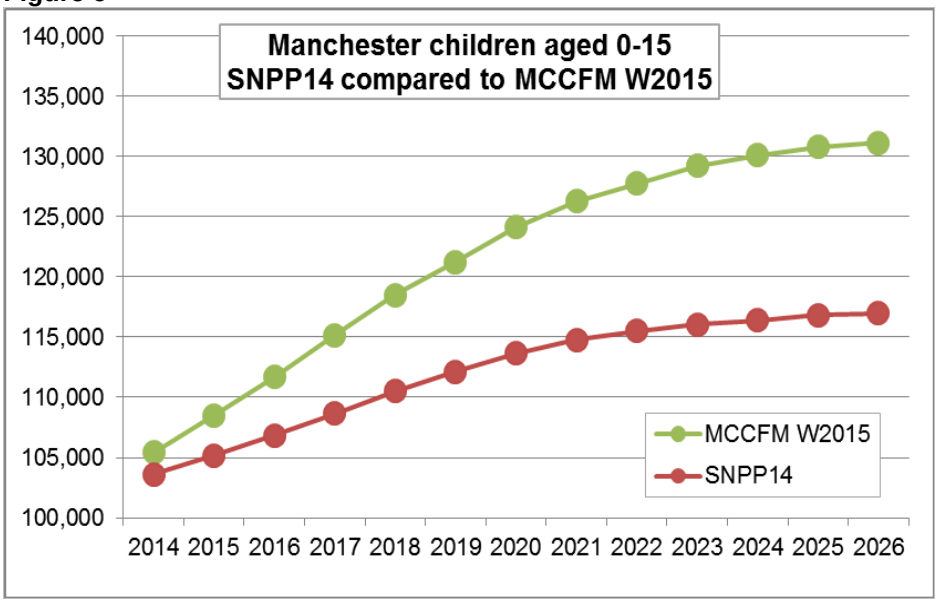


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
0 to 15	1.53	1.59	1.67	1.72	1.47	1.33	1.02	0.64	0.46	0.31	0.36	0.14	0.09	-0.19	0.00	0.06	0.12	0.07	0.02	-0.01	-0.02	0.00	0.03	0.06	0.10
16 to 64	1.71	1.17	0.92	0.75	0.63	0.49	0.43	0.50	0.60	0.64	0.62	0.64	0.58	0.64	0.52	0.47	0.48	0.39	0.40	0.34	0.42	0.41	0.45	0.48	0.50
65 and over	0.59	1.02	1.13	1.20	1.06	1.37	1.64	2.02	1.94	2.06	2.21	2.41	2.74	2.53	2.68	2.76	2.51	2.74	2.25	2.35	1.91	1.98	1.69	1.42	1.17
Total	1.57	1.24	1.09	0.99	0.84	0.75	0.67	0.67	0.70	0.71	0.72	0.71	0.71	0.67	0.65	0.64	0.63	0.59	0.54	0.51	0.51	0.52	0.53	0.52	0.51

Source: 2014-based SNPP, ONS. © Crown copyright

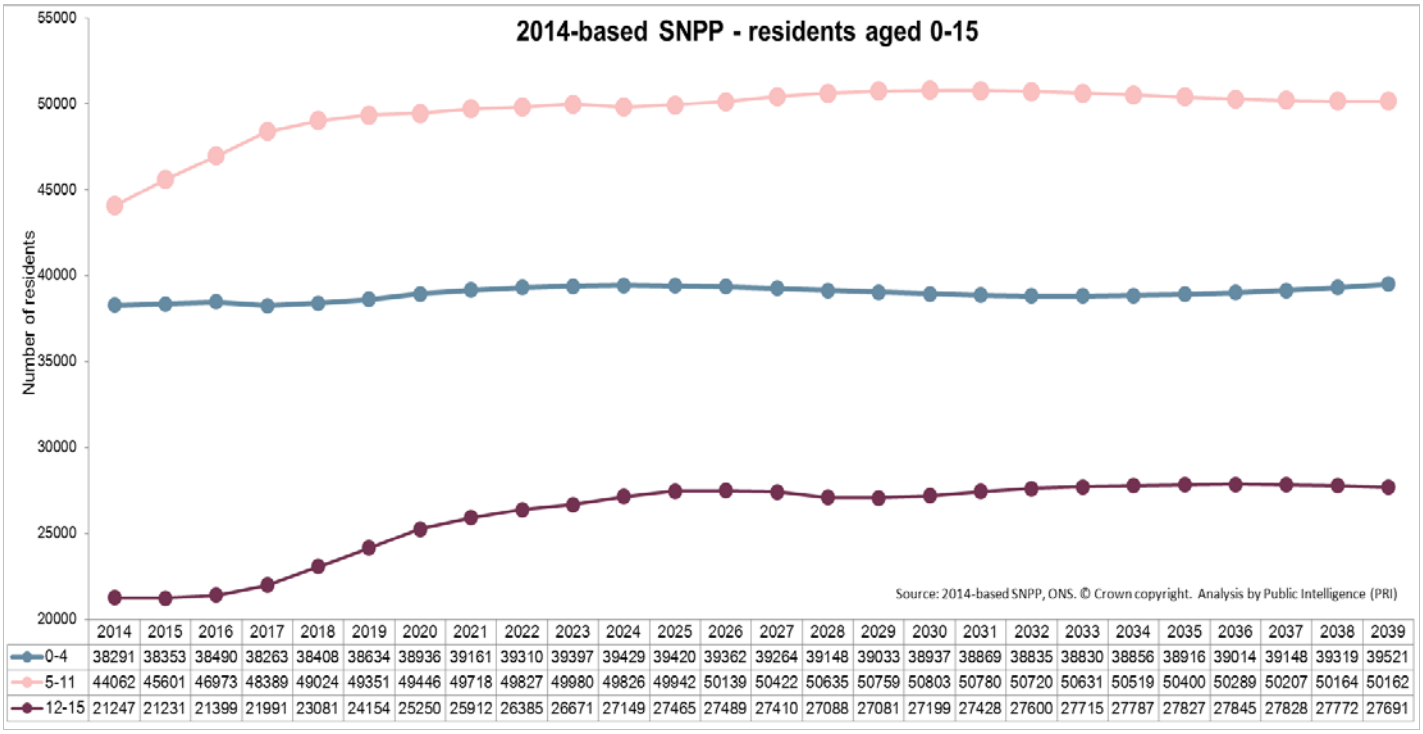
Annual rates of growth of 0-15s are projected to continue to increase until 2018, but then the 2014-based SNPP rates decrease, falling below zero in 2028 before a period of no change. Again, this is unlikely and probably caused by fewer working age residents and thus fewer potential parents. Compared to MCCFM W2015, numbers grow at a much lower rate as shown in **Figure 6**.

Figure 6



Source: SNPP, ONS and MCCFM (W2015), Public Intelligence PRI 2016

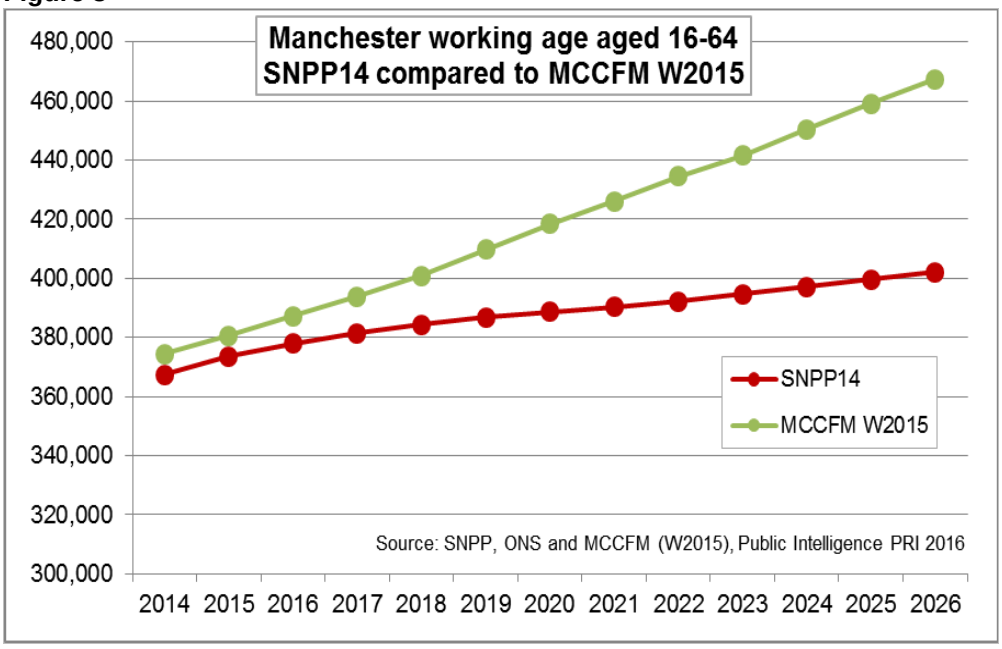
Figure 7



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
0-4	38291	38353	38490	38263	38408	38634	38936	39161	39310	39397	39429	39420	39362	39264	39148	39033	38937	38869	38835	38830	38856	38916	39014	39148	39319	39521
5-11	44062	45601	46973	48389	49024	49351	49446	49718	49827	49980	49826	49942	50139	50422	50635	50759	50803	50780	50720	50631	50519	50400	50289	50207	50164	50162
12-15	21247	21231	21399	21991	23081	24154	25250	25912	26385	26671	27149	27465	27489	27410	27088	27081	27199	27428	27600	27715	27787	27827	27845	27828	27772	27691

Figure 7 suggests that within the child population, the expectation is that the children born in Manchester during the end of the last decade following the high inflows of EU migrants will have remained and aged-on to become 5-11 year olds. This is why there is an initial rise from 2014 as increasingly higher numbers feed into that age group. This is then reflected later on in the projection for the 12-15 age group. The impact of SNPP projecting a decline in net migration shows as virtually no change for the number of 0-4s. This, over time, feeds into the 5-11 year olds group making their growth stabilise, and by 2028 this affects the 12-15 year olds. Most of the difference between SNPP14 and MCCFM relating to children is in the 5-11 age group. MCCFM W2015 has been aligned to School Census data for Manchester and takes into account in-year migration up to 2016; this gives a significantly higher trendline than seen in ONS' figures.

Figure 8



The most marked difference between 2014-based SNPP and Manchester's MCCFM W2015 is in the predicted number of working age residents between 2014 and 2026, as shown in **Figure 8**. This is inevitable as ONS project a declining number of immigrants and an increasing number of emigrants, whereas MCCFM assumes that migration figures will continue at the rate broadly seen last decade, mirroring inner London districts. As the main reasons for coming to live in Manchester will be related to either work or study, it follows that the working age population will increase the most relative to children and retired residents.

The numbers of residents aged 65 and over are projected by ONS to start to increase slowly from 2016 until the end of the decade, reflecting the increase in pension-age 'baby boomers' born after the Second World War, as expected. What is less likely is that numbers will then grow rapidly to the end of the 2020s as projected. This projection will be based on the current larger numbers of working age residents remaining in the city in old age; however, low life expectancy and the common practice of emigrating to other parts of Greater Manchester in later life means growth, if any, will probably be at a lower level. Declining growth is projected in the 2030s. Compared to MCCFM W2015, both show growth to 2026 (the final year forecast in MCCFM W2015) but ONS figures are higher from 2020 onwards.

Conclusion

While there is an improved projected growth rate in the latest 2014-based subnational population projections from ONS compared to the previous 2012-based projections, the level of growth projected is still lower than expected based on local evidence and past trends. The assumption that international immigration will subside and internal emigration will increase, leading to a net loss of migrants, is not anticipated locally. Manchester's future growth average over the ten years from 2014 to 2024 of 9.2% is much lower than the 16.9% over the previous ten years (2004-2014) and much lower than projections for similar districts such as Tower Hamlets (22.7%) and Newham (16.2%).