Census 2021

Housing and planning implications

1 Census 2021 – what does it mean for Planning?

1.1 The first results of the 2021 Census (England and Wales) came out this week, and the changes in population it reveals have important implications for planning and housing.

Less rapid growth

1.2 Overall it shows the population continuing to grow rapidly, up 6.3% in 10 years, another 3.5 million people. However the growth is slightly slower than the previous 10 years (7.8%), and below most recent projections and estimates (see table 1). Currently local housing targets in England are set using Office for National Statistics 2014-based projections.

Table 1. 2021 Census population compared to previous estimates

	Population of England & Wales	Increase since 2011
2011 Census	**56,075,912**	**-**
2014-based projections for 2021	*60,399,221*	*4,323,309*
2018-based projections for 2021	*60,151,689*	*4,075,777*
Mid-year estimates for 2020	*59,719,700*	*3,643,788*
2021 Census	**59,597,300**	**3,521,388**

1.3 There is huge variation around the country – from Tower Hamlets which has grown by 22%, to Kensington and Chelsea which shrank (again) by 10%. The Census says 26 local authorities now have fewer people than they did in 2011.

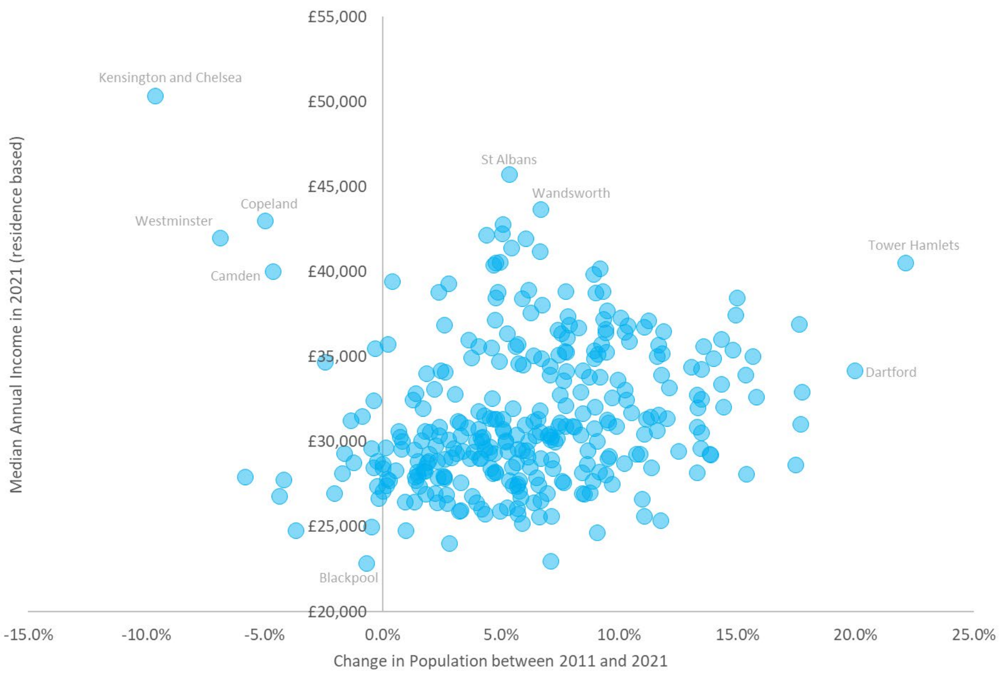
1.4 Particularly where population has grown slower than projected, we are likely to see pressure for housing targets to be reduced. But there are a number of caveats to note:

- The 2014-based projections remain the clearly-stated requirement in planning guidance so should still be used. There has been no change in policy so far.
- The reasons for slower population growth vary, and they tend to be at opposite ends of the scale economically. In some places it is due to people leaving because there aren't enough jobs locally. But in other areas with very strong economies, it is because homes are scarce and expensive and people can't afford to stay there.
- In high-demand areas, slow population growth may reflect the constraints of insufficient housing, rather than a lack of need for new housing
- The census was carried out in extraordinary circumstances, during lockdown in March 2021, with uncertain effects on the results

Note continued

1.5 Figure 1 shows that both the richest and poorest districts in the country had falling population – likely for very different reasons. This divergence means that a standard housing methodology based on extrapolating population growth trends, without reference to economic growth and constraints, will not be adequate.

Figure 1. Income vs population growth – England and Wales



Covid Confusion

1.6 Argument will rage on how Covid may have affected the data, and [we may regret the decision not to postpone the Census](). In March 2021 the hospitality industry was effectively shuttered, 4.5 million people furloughed, and everyone else required to work from home if possible. Many people decided to move, and it is likely this included:

- International migrants (eg Europeans working in London hospitality sector), returning home, either temporarily or permanently
- Significant temporary internal migration within the UK – eg young flat-sharers, including students, saving money by moving back to parental homes during the work-from-home lockdown.

1.7 The Census records place of permanent residence, so some short-term moves will be accounted for, although it is self-reported so people will have interpreted the question differently. For many people it will count as permanent, eg those deciding not to renew an expensive London rental because they can't go into the office anyway. Some of these people will have moved back into town again in 2022, and [GLA analysis of ONS payroll data]() suggests most have, in which case the Census figures for London in particular may be quite misleading. Similarly the bounce-back in London rent prices is evidence of strong demand.

Note continued

Household size

1.8 Much has been made of the fact that the growth in households is lower than the net additions to housing stock, although these are not directly comparable datasets. It also ignores the fact that vacancies are still very low, both by historical standards and by comparison to other countries. Such low vacancy rates are a sign of a housing market under strain from insufficient supply.

1.9 Household size had been falling consistently since the 19th century for reasons including lower fertility and longer lifespans. But this has now stopped. Population is now growing faster than the number of households, but rather than being a sign of less housing demand, it is more likely a sign of insufficient housing supply.

1.10 Figure 2. shows the distribution of changes in household size. The blue areas have seen an increase in average household size, and there is a strong overlap with areas of housing pressure, including London and other cities. Current housing methodologies assume rising household size means reduced housing demand, but this map suggests the opposite may be true. (Note that the measure used here is population divided by households, which is not strictly the same as average household size as it does not make allowance for communal establishments, but is the closest currently available from the Census.)

Ageing

1.11 To disentangle changes in the age mix from overall population growth, it's best to look at proportions of the population by age, rather than absolute numbers.

1.12 The proportion that is aged 65 or over in England and Wales has gone up from 16.4% to 18.6% - that's an extra 1.8m people over retirement age. Only a handful of districts, including Barking and Dagenham, Salford and Sandwell saw their proportion fall.

1.13 Working age has fallen overall as a proportion from 65.9% to 64.1%, which means a rising "dependency" ratio for the economy. This means fewer workers supporting more dependents (children or elderly), which is important to the economy and the affordability of public services.

1.14 This contrasts to the previous ten year period, from 2001 to 2011, when the dependency ratio actually fell, in part because of worker migration from the EU. Only a small number of districts, almost all in London saw an increase in the working-age proportion of their population. (Note these figures use 15-64 age range, because the currently published census age bands do not cover the normal 16-64 working age category.)

1.15 The proportion of children (0-14) has fallen from 18.9% to 17.4%. Falling birthrates mean this change will accelerate as the earlier baby bulge leaves secondary school. Demand for primary school places is already falling widely, and this will soon reach secondary schools too. The last 20 years has seen a surge in school building, but the coming years could see more school closures. Figure 3. shows the distribution of these changes – the marked fall in proportion of children in London is partly balanced by a rise in the surrounding areas, suggesting the usual pattern of out-migration of families may have increased.

Note continued

Figure 2. Change in household size

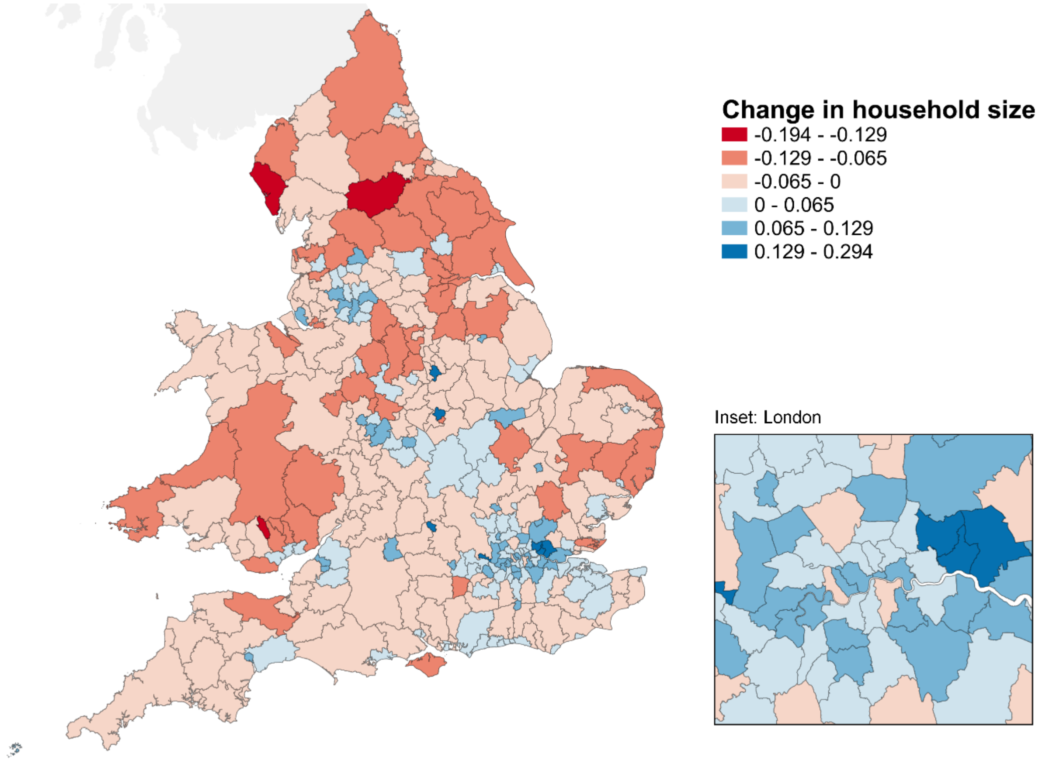
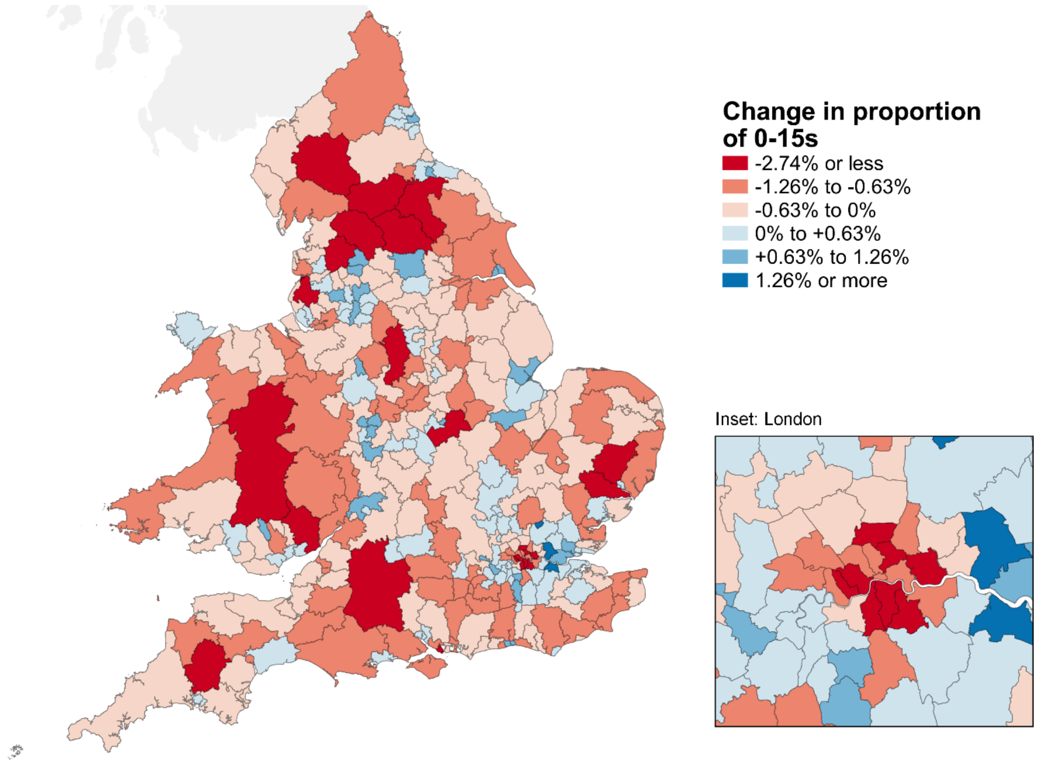


Figure 3. Percentage point change in proportion of 0-15 year olds



Note continued

2 Distribution of Growth

2.1 The maps below show different ways of looking at the population growth of the last ten years. Figure 4. shows overall growth rates – high in most places, apart from Wales, some parts of the north and coastal areas of the south and east.

2.2 The drop in inner London is particularly striking, and particularly uncertain given the Covid effects. With Kensington and Chelsea, Westminster and Camden all shrinking, where the effects of people being priced out of housing may have been compounded by temporary Covid moves and reduced in-migration during the pandemic (including international students). Not only did population fall in these boroughs, but so did the number of households.

2.3 Figure 5. highlights growth rates above or below the average, it shows strong population growth in parts of the midlands and east of England. The effects of greenbelts can also be seen in many areas, with growth pushed to a ring further from Manchester, London and Birmingham.

Comparison to forecasts

2.4 Figure 6. compares growth to the most recent official projections. You could look at this as being a map of the "surprise results" from the 2021 Census. Cambridge, Ealing, Oxford, Harlow and Reading stand out as having had much higher than projected population growth, although there are differences between them. The population of Cambridge, which has seen relatively high rates of housebuilding, grew more than 16%, and it was spread across most age groups, whereas Oxford with much less housebuilding grew only 6.6% and actually saw falls in population aged 20-29, although the temporary effect of Covid on the University may have complicated this.

2.5 At the other end of the scale, much lower than expected growth was seen in inner London (likely due to the temporary Covid impacts described above), but also in Coventry.

2.6 Figure 7. shows a comparison with the older 2014-based projections that remain the basis for housing need calculations. Many local authorities, particularly in London, East and South East, are now significantly below what was projected, as constrained housing prevents faster growth.

2.7 The Levelling Up and Regeneration Bill proposes to end the 5 year housing land supply requirement for authorities with an up to date plan, however there is currently no decision to end the overall target of 300,000 homes a year, nor any new methodology for calculating how that is divided amongst local councils. The complexity of the changes shown in these maps highlights the difficulty the Government will face if it did try to revise the standard method for housing need.

2.8 Rebasing housing targets on updated projections but using the existing methodology would paradoxically lead to lower housing targets in some of the areas with the highest demand, as well as reducing overall targets despite the squeeze of household formation.

Note continued

Figure 4. Growth rates from 2011 to 2021

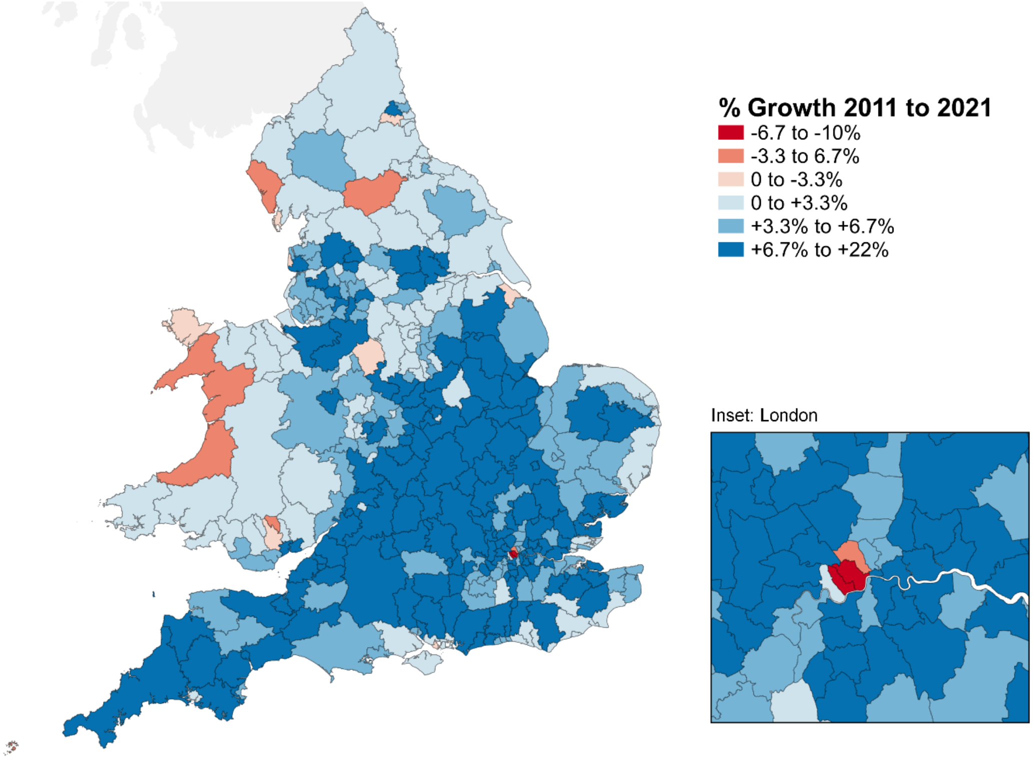


Figure 5. Growth above or below the national average

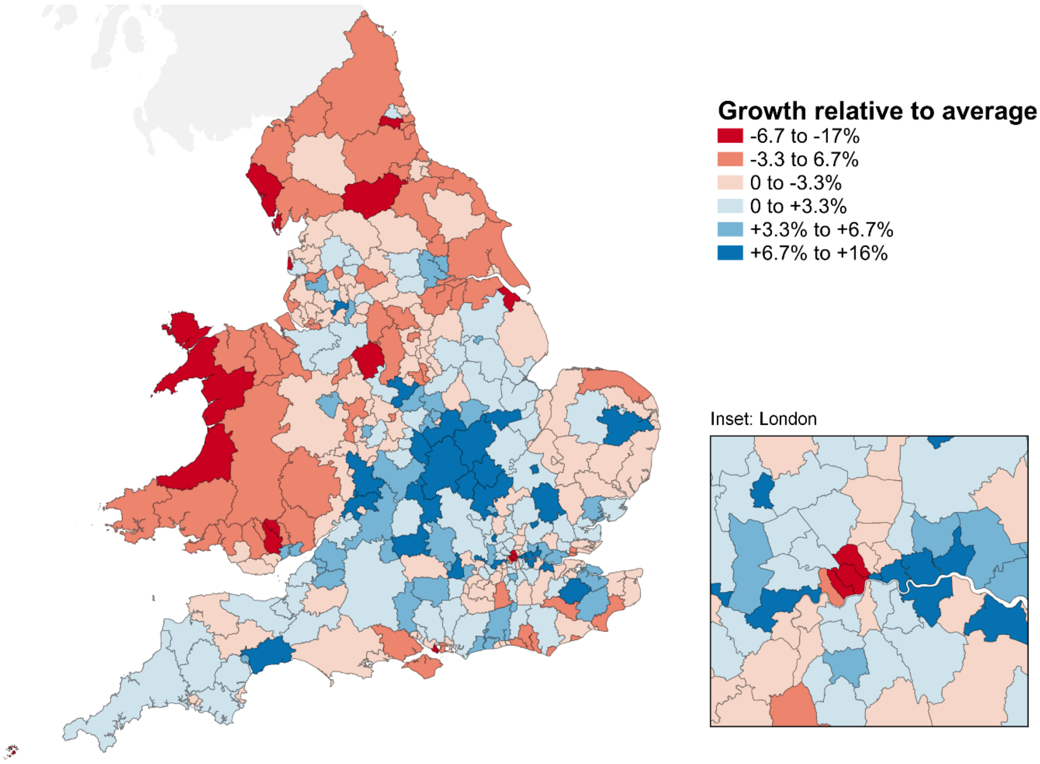


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Figure 4. Growth above or below the ONS 2018-based projections

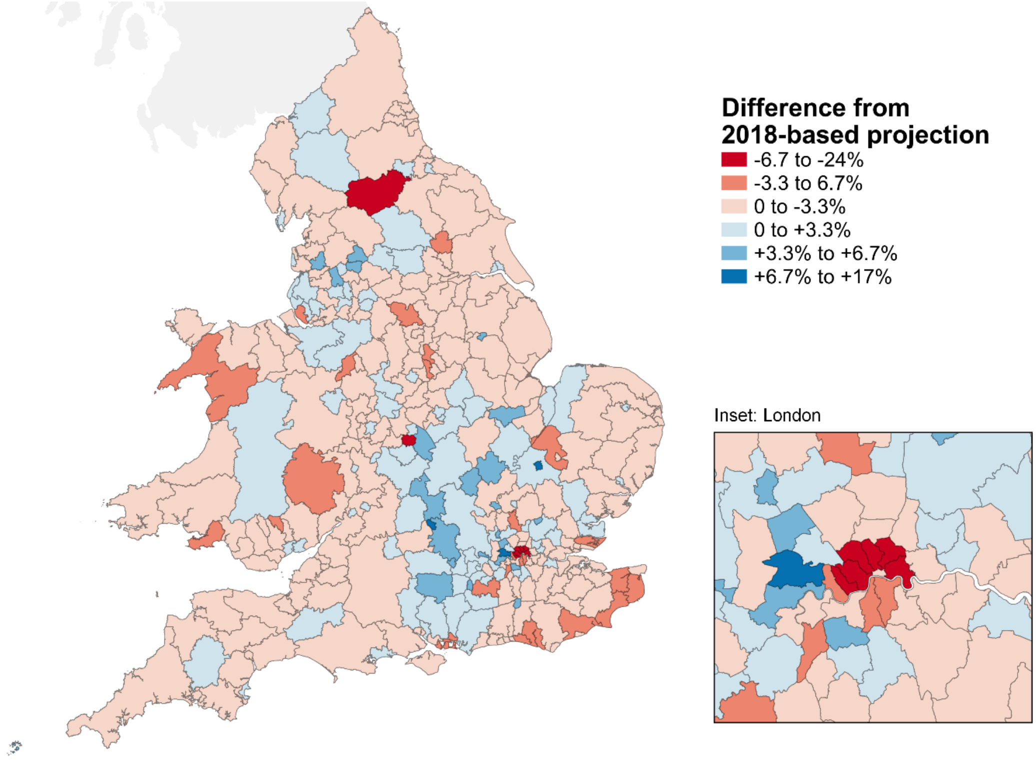
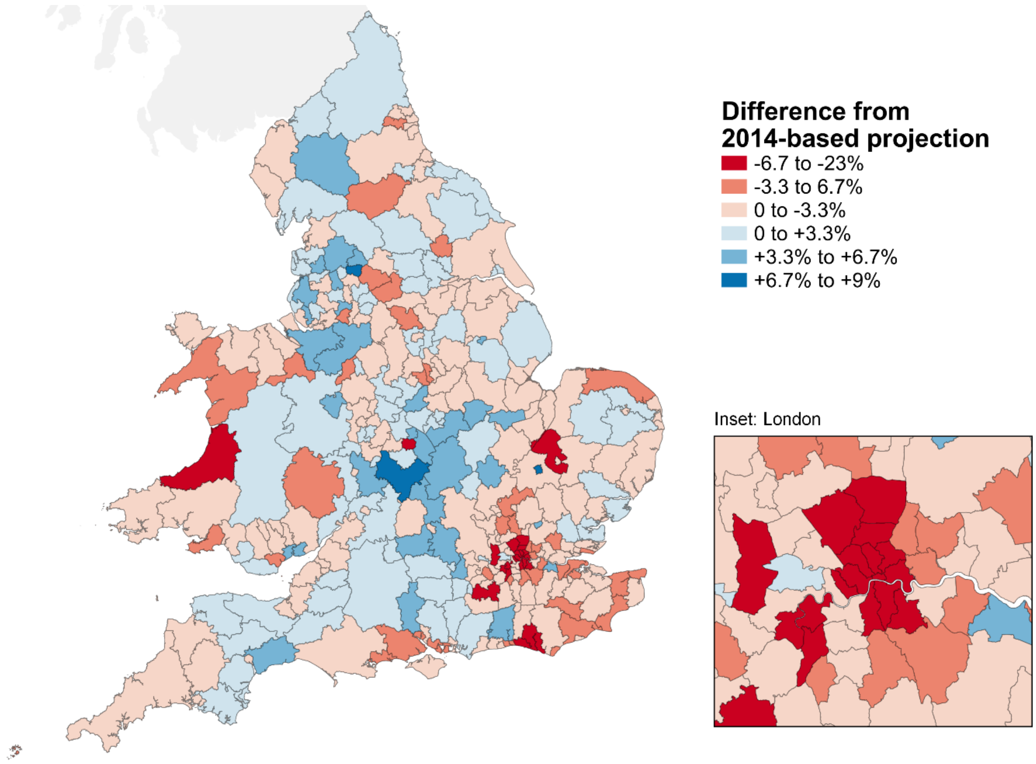


Figure 5. Growth above or below the ONS 2014-based projections



Note continued

3 What next?

3.1 This Census reslease included only the very first headline results, but a huge amount more will be published over the next year – data that will inform all aspects of planning for development and transport.

3.2 From October to December 2022 a series of topic summaries will be released, covering:

- Demography and migration
- Ethnic group, national identity, language, and religion
- UK armed forces veterans
- Housing
- Labour market and travel to work
- Sexual orientation and gender identity
- Education
- Health, disability, and unpaid care

3.3 Phase 2, from late 2022 to early 2023, will see the release of much more detailed analysis of the topics above, as well as others such as travel to work. This will include multivariate data, cutting across different topics.

3.4 The from spring 2023, phase 3 will cover:

- Alternative populations – short term residents, workplace population etc, as well as analysis of some specific small populations
- Detailed migration data – people moving both within and to the UK
- Flow data – origins and destinations of migration, second addresses, students, and travel to work.

3.5 This last point – travel to work data – is vital information for transport modelling, but potentially the part of the Census most distorted by Covid lockdowns.

3.6 Then from summer 2023, UK data will be released. The census in Scotland was delayed a year because of Covid, so for now all the releases cover only England and Wales.

3.7 Additional Census tables will then be released as they are commissioned. Anyone can order and pay for a specific output table to be created according to their needs, with the results then freely available to everyone. Hundreds of these detailed tables were commissioned from the last Census (including some by Quod), and new tables will continue to be produced for years.