Abstract

This report is an evaluation of the past, current and expected future demographic change in the Council Area of Moray. It has two main aims. The first is to provide a detailed explanation of why the population of Moray has increased in the past and why it is expected to decrease in the future. The second is to provide information that will assist those individuals within Moray Council whose responsibilities require a more complete understanding of the causes and consequences of demographic change.

Executive Summary

S1. The most recent set of population projections produced by the *Government Actuary's Department* (GAD) suggest that if the demographic "status quo" continues, the population of Scotland will decline in absolute size by about 10 per cent over the next four decades. This is very different to what is expected for the United Kingdom as a whole, where the population is expected to increase by about 10 per cent.

S2. Not only will the population of Scotland continue to become smaller in absolute numbers, it will continue to age with a larger share of this declining population concentrating in the older age groups. It worth stressing that the population of the United Kingdom as a whole is also ageing. However, most measures of population ageing indicate that the Scottish population is expected to age at more a rapid rate over the coming decades.

S3. In order to understand more clearly what is happening at the national level, it is necessary to analyse what is happening (and what has happened) at lower levels of geographic aggregation. Given that much public expenditure is allocated through Councils Areas it makes a considerable amount of sense to examine demographic change at this geopolitical level. The focus here is on is the Council Area of Moray, although reference will be made to other Council Areas when appropriate

S4. The population of Moray grew in the period 1981-2003 by about 5 per cent. There are three main factors that explain this growth. The first is that throughout most of this period, the number of births exceeded the number of deaths. The second is that mortality declined. The third is that there was a large "one off" increase in net migration in the early 1990s.

S5. The current demographic situation is very different. Fertility has declined considerably in the past ten years. It is now well below the replacement level, with the number of deaths exceeding the number of births. Likewise, in the same period, the number of people immigrating to Moray

has been approximately balanced by the number of people emigrating.

S6. The population of Moray is now characterised by a "built in" momentum towards decline in the future. This is mainly a result of the fact that the gap between births and deaths is negative. However, there is also a net migration component. In the period 1994 onwards, net migration has been negative—there has been a surplus of emigrants over immigrants. This has contributed to slowing the rate of population growth. Although, the population of Moray over the past two decades has "outgrown" the population of Scotland as a whole, both now have the underlying dynamics in place for their populations to decline significantly in the future.

S7. It is the responsibility of the *General Register Office for Scotland* (GROS) to generate population projections for Council Areas. However, the GAD projections for Scotland are the "baseline" to which the regional GROS projections must conform. Adjustments are made to fertility, mortality and net migration to take in consideration what are believed to be regional differences in these factors. Both sets of projections are usually produced every year. The most recently available set of projections are an extrapolation of the demographic situation existing in 2002. The projections end in 2018.

S8. The projections for Moray are based on the following central assumptions. Fertility will remain below the replacement level and will not vary much over the projection period. The second is that mortality will continue to decline at a modest rate. It is worth noting that fertility is assumed to be higher and mortality is assumed to be lower than what is assumed for Scotland as a whole. The third is that in the period 2002-2003, net migration is assumed to be -350 people. For the period 2003-2018 onwards, it assumed be -250 per year. In these projections Moray is assumed to be an exporter of people.

S9. The projections suggest that the population of Moray is expected to decline considerably in size in the future. In 2002, the population was 86,740. It is expected to decline and dip below the 80,000 mark to 79,969 by 2018. This is a loss of 6,771 people, or in percentage terms, a decline of nearly 8 per cent. In the same period, the population of Scotland is expected to decline by about 2.5 per cent.

S10. The projections also suggest that while the population of Moray is declining, it will also be ageing rapidly. For example, the number of people aged 5-14 is expected to drop by nearly 3,700. The number of people aged 60+ is expected to increase to over 5,000. The number of people aged 75+ is expected to increase by nearly 2,500.

S11. An additional set of population projections for Moray are carried out by the author. The projections are restricted to evaluating a different set of net migration assumptions. The author has focused on different net migration levels simply because it is his view that this is the only major demographic variable that can be influenced by policy action. The projection period is 2003 to 2018. That is, the "base year" is 2003 and not 2002. Since information is now available for 2003, it makes little sense to start the projections in the same period used in the most recent set of GROS projections.

S12. The assumptions relating to fertility and mortality are the same as used in the GROS projections. The key differences relate the number and age distribution of net migrants. In total, four net migration scenarios are considered: (1) "Baseline"—the same net migration assumptions used by the GROS; (2) "Zero Net Migration"; (3) "Net Migration +250"; and (4) "Net Migration +500".

S13. The projections illustrate the importance of net migration in determining the future size of the population of Moray. The net migration assumptions used in the GROS projections are a factor driving population decline, remembering that fertility is assumed to remain below the replacement level throughout the projection period. Modest increases in the level of net migration (and given the assumptions relating to the age and sex structure of the net migrant population) could reverse the expected decline in the population.

S14. Despite the sizeable impact that increased net migration could have on future population growth, its impact on population ageing is much more modest. The levels and age-sex structure of the net migrant population assumed in these alternative projections will not have a major decelerating effect on the ageing of the Moray population. For this to occur, the levels of net migration would have to be much larger. More generally, it provides yet another example that demonstrates that low fertility (or alternatively the "gap" between births and deaths) is the major determinant of population ageing.

S15. Moray has a reached an important demographic crossroads. In the past two decades the population has grown at rate well above the national average. However, in the next two decades, the population is expected to decline at a rate well above the national average. Such a reversal should not come as a surprise—the writing has been on the wall for some time. The underlying demographic trends establishing the pre-conditions for decline have been in motion for some time.

S16. If the current demographic situation remains unchanged, the population of Moray will shrink and a larger share of this declining population will concentrate in the older age groups. In this respect, it will share a future that is similar to what is expected for Scotland as a whole—the "double" burden of population decline and population ageing.