FROM THE LORD WILSON OF SEDGEFIELD
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6 August 2025

Dear Therese,

Thank you for your contributions to the debate on the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2025 held on 16 July. I said I would respond on the number of households affected by the change to the definition of a rural area.

In England and Wales, the 2021 Rural Urban Classification has several changes compared to the 2011 version. These result from changes in the underlying data sources, the methodology used, and physical changes.

Compared to 2011, the 2021 classification saw the following changes to output areas:
- 152,100 remaining urban
- 32,900 remaining rural
- 3,200 changing from rural to urban
- 1,400 changing from urban to rural

A small number of households may therefore find themselves in an area classified as urban where it was once rural, and vice versa. The rural population in England was 9.5 million in 2021 and in 2011 the rural population was 9.3 million.

There are multiple reasons for a change in classification, and the interactions between the method and physical change in the built environment is complex. However, the main reasons for a change in classification are likely to be:

1. A change to the boundaries of a statistical geography (splits or merges) since 2011 due to population growth or decline.
2. A change in the Built-up Area boundaries since 2011.
3. An increase or decrease in the population of a Built-up Area.
4. A change in the distribution of the population within an area, resulting in its Population Weighted Centroid moving location.
5. Changes in the way that residential address density is measured in Coastal areas (coastal density calculations now no longer include uninhabitable areas below the high-water mark).

These may occur singularly, or in combination, leading to changes in the classification since 2011. However, the majority of classifications remain aligned with those they were given in 2011. The classification is based on the presiding morphology of settlements within statistical geographies. This means that if a small village is present within the same statistical geography as a portion of a larger settlement, the entire geography will be allocated the classification that represents the majority. This can lead to less intuitive classifications being applied, which may not represent the morphology or experience of all of those living within that area.

In Scotland, the Scottish Government Urban Rural Classification was last produced based on 2020 Settlements. The updated version is reflective of Census 2022 Settlements. The differences between the classifications stem from changes to Settlement populations and Settlement boundaries and, to a lesser extent, changes to the road network, the speeds datasets, and the software/parameters used. The classification of a particular area will change if the Settlement population crosses the 3,000, 10,000 or 125,000 thresholds which are used to distinguish between urban and rural areas. Of the 504 Settlements identified in Scotland based on Census 2022 data, the population of ten had increased or decreased enough by 2022 to pass one of the key population thresholds.

I hope this information is helpful and illustrates the small impact that the updated rural datasets have on the number of households eligible for the ECO4 scheme.

I will place a copy of this letter in the library of the House.

LORD WILSON OF SEDGEFIELD

The Rt Hon the Baroness Coffey DBE
House of Lords