

## USES, LIMITATIONS AND CONSEQUENCES OF PROJECTIONS

### 1 Uses

The main use of the household projections is contributing to the assessment of future housing demand. Specifically, local authorities make widespread use of the household projections in housing plans to assess future housing need, in the structure plan process and as a context for planning approval decisions. Uses of household projections are partly determined by central government guidance (Planning Advice Notice 38 and National Planning Policy Guidance 3).

Projections are (or should be) only one element in assessing future housing need - in recent years, the analysis of housing market areas has become increasingly sophisticated, and other factors affecting demand are taken into account.

### 2 Limitations

The limitations of these household projections must be fully recognised. A projection is a calculation showing what happens if particular assumptions are made. The household projections are trend-based, and are not, therefore, policy-based forecasts of what the Government expects to happen. Many social and economic factors influence the formation of households, including policies adopted by both central and local government. It should be remembered that new local planning policies are often intended to modify past trends. Structure plans may be based on reasoned and agreed departures from the projections that seem better able to fit particular local circumstances.

#### *2.1 General Register Office for Scotland population projections*

The household projections are based on the population projections and, as a result, assumptions used for the population projections, such as future migration, fertility and mortality, will have an effect on the household projections. Since smaller areas tend to be affected more by migration, projections for these areas tend to be less reliable than those for areas with large populations; especially the further into the future the projections are taken.

#### *2.2 The use of Census based trends in household formation patterns*

The second main inputs to the household projections are the headship rates from Census data projected forwards to the end of the projection period. The headship rate is defined as the proportion of people in each age group and household type who are head of a household.

For this projection, changes in household formation patterns between 1991 and 2001 – the most recent 10 year period - are being projected forwards to 2016. Assumptions about the continuing rate of change in household formation patterns within particular age groups implicit in the use of the modified exponential methodology may not prove valid over the full period.

For example, for Scotland as a whole the proportion of 65-74 year olds heading a household increased between 1971, 1981 and 1991, but fell by 2001 – reflecting the higher proportion of couples within this age range as male life expectancy increases to become more similar to levels for women. Previous projections using the modified exponential methodology showed continuing growth.

The Scottish projections methodology does not, at present, take account of cohort effects. For example the greater proportion of single person households in younger and middle age groups may follow through into higher proportions in older age groups as these cohorts age.

With the assistance of the Household Analysis Review Group, the Scottish Executive is planning to commission research into options for refining the methodology.

### *2.3 Relationship to other projections*

The methodology used for these projections applies a single methodology across all local authority areas. Individual authorities may have a wider range of local information – based for example on local population or household surveys – on which to compile local projections. The supporting material on our website – including the diagnostic analyses prepared for the Household Analyses Review Group – should assist in providing an understanding of the basis of our projections. We are happy – within available resources – to provide any additional supporting or background material which users would find useful in assessing and using the projections.

### *2.4 Rounding*

After consultation with users through the Household Analysis Review Group, it was decided that from 2000, household projections would be published to the nearest 10. The main reason for this is to help distinguish trends within the smaller local authorities and/or within household types or age bands with fewer households.

In the past figures were rounded to the nearest 100 to demonstrate the imprecise nature of the assumptions used in the projection methodology. This rounding does not demonstrate any measurable confidence limit within the assumptions used, but is simply a way of indicating that they are based on many assumptions and are not precise estimates. It is possible to produce figures to the nearest 10 (or even to the nearest integer) and this is how they are presented in this publication. However, it is important to note that this does not mean that the projection is any more precise than in previous years.

## **3 Consequences<sup>1</sup>**

It should be recognised that household projections, like other projections, may indicate that existing trends and policies are likely to lead to situations which are judged undesirable. If new policies are then introduced they may result in the original projections not being realised. However, this means the projections will have fulfilled one of their prime functions; to show the consequences of present trends with sufficient notice for any necessary action to be taken.

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<sup>1</sup> This note is partly based on guidance provided on the uses and limitations of projections from *1993-based Subnational population projections; OPCS series PP3 no.9 (HMSO)*.