

**HOUSEHOLD ANALYSIS REVIEW GROUP: METHODOLOGY FOR
COMPILING HOUSEHOLD ESTIMATES FROM 2002****Introduction**

1. This paper discusses possible bases for household estimates for Scotland and proposes that from the 2002 mid-year estimates the Scottish Executive adopts a methodology which combines a 2001 mid-year estimate based on the 2001 Census updated annually by trends in occupied dwellings taken from councils' annual council tax base returns.
2. The proposed change, which would lead to the estimates in Table 1 - possibly with some further adjustment from the findings from the Post Census survey of Vacant Properties (PCVS) – follows consideration of responses by councils to the provisional 2002 mid-year estimates circulated to councils for comment in mid December.
3. Members of HARG are invited to comment on:-
 - The proposed shift in methodology;
 - Any further quick consultation which might be needed with councils before release of the estimates.

Background

4. Household estimates for Scotland as a whole and Scottish councils have, to date been based on information from the most recent Census, updated annually using a combination of information about changes in the total housing stock, the level of vacancies in social housing and assumptions about trends in vacancies in private housing. From discussion in HARG, key weaknesses in these estimates are:-
 - The need for an **assumption** about trends in vacancies for the largest component of the stock.
 - The time it takes to assemble information from councils about demolitions, new building and conversions and the consequent lag in the estimates.
 - Concern about the quality and comprehensiveness of the stock information supplied. In the consultation round we can receive significant adjustments to the figures originally supplied in the statistical returns.

The main strength of the estimates is that they have tracked the overall level of households fairly well with the 2001 household estimate only being around 20,000 higher than the 2001 Census figure, and this may, in part be due to over-compensation for the 1991 Census under count. [See discussion in HARG (2004)(2)].

5. In the consultation on the 2002 provisional estimates a number of issues were raised by councils:-
 - A number of councils felt that the council tax base was a better source than stock change. The main benefits of this source were seen to be:-
 - No need to make assumptions about vacancies for a large part of the stock;

- The ability to provide more up-to-date estimates. Council tax base estimates for September in any year could be used to provide household estimates by November of that year. This would improve the timeliness of the estimate by over a year.
- Concern about the very low sharing assumption taken from 2001 Census data.
- A request to examine the evidence from the post-census survey of vacant properties on the proportions of properties recorded as vacant in Census reports which subsequently prove to be occupied.
- One council also raised the possibility of an undercount of households in the Census.

Use of council tax base

6. One council stated explicitly that we should use the figure of 'occupied dwellings' from councils' annual council tax base returns as the household estimate. Others suggested using the council tax base without explicit reference to a methodology.

7. Table 2 compares, by council, the number of households identified in the 2001 Census with an estimate for April 2001 of 'occupied dwellings' interpolated from councils' council tax base returns for September 2000 and 2001. Overall, it shows a fairly good match for most councils. Also for most, but not all, councils the 'occupied household spaces' figure exceeds the Census figure.

8. The main differences between the two sources are likely to be due to:-

- Differences in concepts.
 - A single dwelling for council tax purposes may contain more than one household space as identified in the Census.
 - An occupied dwelling may contain more than one household.
- Lags in the administrative system.
 - The Council Tax billing system is a dynamic system which is updated as new information comes in to the revenues department.
 - The September Council Tax base return is taken from councils' billing systems some 6 months after bills went out.
 - There is evidence that after billing, as responses are received by councils to demand letters etc the database improves and tends to reduce over time suggesting that there may be a tendency for the September return to slightly understate the number of empty properties.

9. Because the Council Tax Base doesn't directly measure the number of households, but does measure something very close, it would seem best to anchor the household estimates in the best information we can deduce from the most recent Census, and use trends in 'occupied dwellings' from the council tax base to update this year-on-year.

10. This looks to be an improvement over the present methodology because:-

- Improved timeliness.

- The implied assumption that the differences in concept and administration between council tax base return 'occupied dwellings' data and actual numbers of households will remain constant over time has less potential for introducing bias in the estimates than the explicit assumptions we currently make about trends in vacant private properties.
11. The main **risks** in adopting this approach are:-
- The quality of councils' council tax base returns is not being maintained for the specific purpose of tracking changes in numbers of households. From previous trend analyses provided to HARG, in some councils – notably Glasgow in xxxx – there can be an implausible break in trend. If we adopt a council tax based approach the risk will need to be managed by initial credibility checks and feedback to councils.
 - Changes to the underlying council tax system. There is currently a consultation on the taxation of second and holiday homes. If changes in liability reduce the incentive for owners to notify councils that a property is normally empty the reliability of estimates based on council tax billing will be reduced. If we adopt a council tax based approach, this risk will need to be managed by closely monitoring the impact of any changes to liability.

Conclusion on the use of council tax

12. On balance we favour adopting the approach set out in paragraph 9. This involves two stages:-
- Estimating the number of households in June 2001, based on the 2001 Census adjusted for evidence from the Census on sharing and, if appropriate from post Census surveys (coverage survey and VFUS) on any adjustment needed on numbers of vacant properties.

13. Table 3 shows the derivation of estimates for 2002 and 2003 based on this methodology. Note that the June 2001 figures used are those derived directly from the Census and do not have any additional adjustments from PCVS or Census coverage survey. The need for such adjustments is discussed in a separate paper.