RESEARCH

Review of priority need in Wales: summary

Report reviews the evidence regarding priority need test in Wales. It involves research with stakeholders to explore potential future options and lessons learned from Scotland.

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1. Research aims and methodology

The Housing (Wales) Act 2014 (HWA 2014) considerably reduced the significance of the Priority Need test within Welsh homelessness legislation. However, for a significant minority of households homelessness is unsuccessfully relieved and in these cases the Priority Need test continues to play a key role in determining which households must be accommodated. In 2018/19 nearly 1,700 households were determined to be homeless but not in Priority Need (Welsh Government, 2019) and therefore owed no accommodation duty.

Given this context, Welsh Government commissioned Cardiff University, Alma Economics, Cardiff Metropolitan University, Glyndwr University, Heriot-Watt University and independent consultants Tamsin Stirling and Tim Gray, to undertake a study into the potential future options for the Priority Need test in Wales. The research team were not asked to make recommendations to Welsh Government – the study is tasked with providing an evidence base upon which Welsh Government can make informed decisions about the potential future of the Priority Need test in Wales. The research was undertaken between April and October 2019 and has five main objectives:

1. develop a clear understanding of the implementation of the Priority Need test

in contemporary Welsh legislation
2. draw learning from the abolition of Priority Need in Scotland
3. identify options for change, in relation to the abolition of Priority Need or the extension of Priority Need categories
4. examine key issues in the implementation processes associated with possible changes to Priority Need
5. explore the wide range of possible impacts of any changes to the Priority Need test

It should be noted that this research was undertaken prior to the Covid-19 pandemic and associated lockdown. Therefore, the analysis does not take into account subsequent changes to homelessness policies or interventions, nor the potential economic fallout.

The research was undertaken in five phases, with multiple qualitative and quantitative methods employed. The detailed methodology can be viewed in the **full report**.

Phase one

Phase one sought to explore the current implementation of the Priority Need test in Wales and to identify options for change. This phase included workshops with sector stakeholders in North Wales (30 participants) and South Wales (50 participants). Stakeholders represented a diverse range of organisations, including those representing different subgroups of the homeless population (for example age, household type, gender, ethnicity).

- Academics
- Chartered Institute of Housing Cymru
- CAIS
- Community Housing Cymru
- Community Care Collaborative
- Crisis
- Cymorth Cymru
- Llamau
- Local authority Housing Options Managers and front-line staff

- Local authorities Homelessness Network and Supporting People Network
- Prison Link Cymru
- Probation
- Rough Sleepers Cymru
- Registered Social Landlords (RSLs)
- Shelter Cymru
- Tai Pawb
- The Wallich
- Voices from Care
- Welsh Women's Aid
- Welsh Local Government Association

Phase one also included two workshops with people who have lived experience of homelessness, one facilitated by Shelter Cymru (5 participants) and the other by Llamau (2 participants).

Phase two

Phase two consisted of two components. First, selected stakeholders were given the opportunity to express their views through individual in-depth interviews. Interviews aimed to elicit the views of stakeholders across all of the research objectives/questions. In total, 55 people were interviewed: 19 from local authorities, 16 from RSLs, and 20 from across the third sector and umbrella body organisations.

The second component aimed to elicit learning from the abolition of Priority Need in Scotland.

The Scotland review drew upon three main sources.

1. Existing evidence (collated via a brief desk-based evidence review).
2. Quantitative analysis of relevant statutory data (HL1, HL2 and the Scottish Housing Regulator ARC data).
3. Series of interviews and a 'Policy Reunion' with key stakeholders.

Policy reunions bring together key stakeholders who were involved in the

development of a policy. In this case the Homelessness etc. (Scotland) Act 2003. This qualitative fieldwork involved 11 key stakeholders who were engaged in some way in the phasing out of the Priority Need test. Stakeholders were purposively selected to include those involved via their senior roles in the national statutory homelessness sector (3), local authority homelessness teams (3), voluntary sector homelessness organisations (3) and Housing Associations (2).

Phase three

Phase three involved returning to homelessness sector stakeholders in Wales through two workshops; again, one in North Wales (25 participants) and one in South Wales (45 participants). Every effort was made to re-recruit those who had attended the Phase one workshops, whilst also welcoming participation of individuals who had not previously been engaged. Ultimately, the same organisations were represented in the Phase one and Phase three workshops. The aim of these workshops was two-fold:

1. to validate the potential future options
2. to delve into the implementation challenges associated with the different options

Phase four

Phase four aimed to model the likely impacts of different potential future options for Priority Need in Wales. Phase four began with an interim analysis of qualitative data on the anticipated impacts of change, gathered during the first three phases of the study. This qualitative data provided a clear steer on the anticipated areas and scale of impact. Phase four then consisted of three main methods. First, a desk-based review of published quantitative data relating to Priority Need in Wales (primarily StatsWales). Second, a local authority stakeholder data survey was conducted online and aimed to fill key gaps within the StatsWales data. The survey was distributed to all 22 local authorities and responses were received from 14. Third, an impact data modelling exercise was undertaken. In broad terms the impact modelling exercise sought to model the

impacts of each of the main potential future options for the Priority Need test in Wales.

Phase Five

Phase five consisted of data analysis and reporting. Quantitative data analysis techniques relating to impact modelling are set out in the full report. Qualitative data (interview and sector workshop transcripts) were imported into NVivo and analysed thematically. Given the combination of individual interview and stakeholder workshop data, it is not possible to precisely quantify the weight of opinion in relation to each issue. Instead, the research adopts a common set of terms to indicate, where possible and relevant, where the weight of opinion lies:

- 'Majority' refers to roughly more than half of the research participants
- 'Many' refers to roughly half of the research participants
- 'Some' refers to roughly fewer than half but more than five participants
- 'Few' refers to roughly less than five participants

2. Key findings

Perspectives on Priority Need in Wales today

Five themes relating to the strengths and weaknesses of the current Priority Need test emerged from the study:

1. exclusion and prioritisation
2. inconsistency
3. trauma
4. resources and bureaucracy
5. outcomes for Priority Need households

Additionally, specific views were expressed on the tests of local connection and intentionality which accompany Priority Need.

According to the majority of participants the key weakness of the Priority Need

test is that it turns some homeless people away, with no final solution. A situation which was described as an injustice and immoral. Moreover, the test was reportedly sometimes used informally to gatekeep non Priority Need households from accessing assistance. However, within current resource limitations some form of rationing and prioritisation was thought to be required and the Priority Need test was perceived by the majority to target and provide a safety net for many vulnerable groups (for example 16 to 17 year olds, families with dependent children, people facing domestic abuse). Yet, perceived weaknesses of the current Priority Need test meant that most participants wanted to see some form of change, for example an extension of Priority Need groups.

Participants argued that a key weakness was the use of a relatively high threshold for vulnerability, despite the limited evidence requirements set by the reason to believe test. This reportedly resulted in vulnerable people such as rough sleepers being excluded from access to interim accommodation and support. In contrast, some local authorities perceived that the reason to believe threshold was set too low and resulted in over-stretched temporary accommodation provision. Participants were also critical of the vulnerability test because it encouraged people to become more vulnerable in order to 'earn' priority status. Importantly, the research did note comments about some local authorities operating largely 'Priority Need blind'.

Participants were almost unanimous in their conclusion that the Priority Need test is implemented inconsistently, particularly in the application of the vulnerability test, whereby front-line workers appear to be pivotal in determining who gets assisted and how. Notably, some participants highlighted the importance of advocates in determining decisions and outcomes for households. Despite the clear message regarding the inconsistency of implementation, participants did highlight how the situation would be worse in the current constrained resource context if there was no Priority Need test. Some participants explained that, with the exception of the vulnerability test, many of the Priority Need groups (for example households with children) are well defined and this helped to avoid a system where decision making was entirely subjective. Finally, it was recognised that there were examples of local authorities working collaboratively to try and drive greater consistency, for

example through the North Wales regional forum.

Many participants pointed out the traumatic impacts of the Priority Need test on homeless people and front-line staff as a key weakness. The vulnerability test was reportedly traumatic for individuals as they must prove their vulnerability and it was claimed to cause vicarious trauma for staff when they were required to end a housing duty without having found a solution.

Another perceived weakness of the Priority Need test was the focus on process and determining entitlements, rather than the needs of the individual. The process of determining entitlement and challenging decisions was perceived to be very resource intensive, particularly in relation to proving vulnerability. This process is also reportedly over medicalised, placing unreasonable expectations on the skills and abilities of front-line homelessness services staff.

Whilst views on the outcomes for Priority Need households were mixed, there was general agreement that outcomes were better than those of non Priority Need households, with outcomes often ending positively in a secure Registered Social Landlord (RSL) tenancy. However, some participants felt that housing outcomes could be unsustainable due to the location of housing away from positive support networks and the frequent absence of tenancy support. Especially if the household was accommodated in the PRS. A very frequently identified deficiency was the reliance on unsuitable interim and temporary accommodation, reportedly often used for long periods of time. It was also noted that the current evidence base on outcomes for homeless households limits the ability to draw firm conclusions.

Whilst some participants supported the retention of a local connection test, the majority of participants were critical of current practice and some advocated removing the test from legislation. Concerns about local connection policies related to gatekeeping, whereby households were sent away before any meaningful assistance was provided and through other means, such as housing allocation policies, prevention funds and bond schemes. In response, some participants argued for policies that allow for and support greater movement between local authorities. A few participants also commented on specific challenges relating to reconnection policies and the temporary placement of people out of area.

Relatively few comments were made about the intentionality test, which perhaps reflects the observation by some participants that the test was hardly used and its use was likely to decrease following the recent commencement of provisions in the HWA 2014 relating to intentionality and households with children. However, two participants did describe the test as a useful tool that was used as a threat to encourage engagement with services. One participant proposed removing the intentionality test because it contradicts a trauma informed approach.

The abolition of Priority Need in Scotland

The primary motivations for phasing out the Priority Need test in Scotland were to 'do something different' on homelessness in light of perceived UK Government failings in this area and Scotland's new powers as a devolved nation, and to right what was perceived as an historic wrong that excluded single people without good justification from the help they needed.

There was a strong consensus in favour of the reforms at national level among political and homelessness sector leaders. At the local level, views were more mixed, with concerns primarily orienting around the practical challenges of phasing out the Priority Need test, but also, to a lesser degree, reflecting a more fundamental resistance to the proposals. The approach taken to phasing out the test was defined by two key features: the very long phase out period and the discretion given to local areas regarding how the test was phased out. This approach was taken primarily to ease resistance and aid implementation at the local level.

Leadership, resources, and the introduction of the Housing Options preventative approach were identified as key enablers to meeting the 2012 target. While the failure to increase affordable housing supply issues was identified as a barrier, this did not ultimately damage local authority capacity to implement the phase out.

The first impact of abolishing Priority Need in Scotland is on the number of households owed a full duty (homeless acceptance). This peaked at just over 37,000 households in 2009/10 from a starting point of 28,000 in 2002-03, yet by

2012/13 the number had fallen back to around 29,000 households, largely as a result of Housing Options. In terms of housing outcomes, the percentage of households securing settled housing raised from just 48% in 2002/03 to 70% in 2018/19.

Despite the absence of a formal evaluation of the impacts of the phase out, available evidence and expert opinion is unequivocal that it had a positive impact on the single homeless households 'enfranchised' by the change, most notably in giving them access to temporary and settled accommodation where previously they were entitled to very little help. There is also some indication of positive impacts on local authority staff teams and service culture too.

The phasing out of the test did, however, bring unintended and less welcome impacts, namely a very significant increase in the use of temporary accommodation (tripling between 2002 and 2011), including less desirable congregate forms of temporary accommodation, and an increase in the proportion of social housing lets allocated to homeless households (ranging widely between local authorities, from less than 20% to over 60%).

Three key weaknesses of the current post-abolition Scottish system were identified here: a heavy reliance on temporary accommodation, a need to radically improve services for people at risk of or experiencing homelessness alongside other complex needs, and a failure to introduce adequate and robust enough homelessness prevention policy and practice. While high use of temporary accommodation can be seen in large part as a result of phasing out the Priority Need test, there is considerable hope going forward that better prevention and a rapid rehousing response can address this. Emphasis on these concurrent with the Priority Need phase out could have reduced the impact of the reform on temporary accommodation use. The gap in effective responses for those with complex needs is clearly identified as an issue that the Priority Need reforms were not intended, and could not, address, with a suite of measures now being introduced to meet this challenge.

Despite the challenges documented here, it is worth emphasising that over seven years on from the full abolition of the test, participants from across the voluntary sector, national government, local authorities and the social housing sector perceived the decision to phase out the test as the right one in principle

and as having had positive impacts for single homeless households.

It is also clear that whilst the phase out has had more challenging impacts, namely increasing demand for temporary accommodation and the share of social housing lets allocated to homeless households .These do not amount to undercutting participant positivity about abolishing Priority Need. There is also a recognition that the impacts on temporary accommodation seen during the phase out could have reduced through more effective prevention and a concerted effort to rapidly rehouse. In the case of social housing allocations, it is worth reinforcing that participants (including those working in this sector) were supportive and positive about the move away from Priority Need testing. There was very little emphasis amongst participants on the impact of higher allocations to homeless households on 'residualisation' or housing management challenges.

It is important to conclude that reforms to the Scottish homelessness legal framework were far from (and never claimed to be) a panacea for effectively tackling homelessness in Scotland, with a particular focus required to ensure that the needs of those facing severe and multiple disadvantage alongside homelessness are adequately addressed.

Options for change: potential future options for Priority Need in Wales

The research identified four main potential future options for the Priority Need test in Wales:

1. retain the status quo (Option 1)
2. a temporary accommodation duty for all households (Option 2)
3. an amendment to Priority Need groups (Option 3)
4. abolition of Priority Need (Option 4).

In addition to the four main options, two alternatives were suggested by individual participants but these received limited support and were discussed in very little detail.

The overarching message from the majority of participants was that the status

quo is unjust because some homeless people are turned away with no solution and 'in an ideal world' the test would not be needed. If the test were to be abolished, participants in this study favoured phasing out the test over a period of 5-10 years. However, most participants argued that this would only be desirable and possible if accompanied by additional housing investment and resources for housing options teams.

In the absence of such investment, participants believed that some form of rationing and prioritisation is required and the Priority Need test is perceived by the majority to target and provide a safety net for many vulnerable groups. Yet, perceived weaknesses of the current Priority Need test mean that most participants would like to see at least some form of amendment if the test remains, for example an extension of the Priority Need groups to include three groups in particular; rough sleepers, young people aged under 35, and prison leavers.

A few research participants argued that the minimum amendment to the legislation should be a duty to provide temporary accommodation to all households, irrespective of their Priority Need status, in order to avoid the highly detrimental impacts of sleeping rough or sofa surfing.

More specific conclusions in relation to each of the potential future options are identified below, with the exception of conclusions relating to Option 1 (Retain the status quo) these have already been presented under '**Perspectives on Priority Need in Wales today**'.

Option 2: temporary accommodation duty for all homeless households

This potential future option was identified during a workshop with people who had experienced homelessness. This is also a proposal that was previously identified in the literature and to some extent reflects the starting point for change in Scotland, whereby the duty to provide temporary accommodation was extended to all homeless households well before the Priority Need test was abolished. There was no agreement amongst participants in Wales on the duration of the duty. Proposals included 30 days, 56 days, and an indefinite time

period.

Key perspectives on this option include: it would avoid the detrimental impacts of sleeping rough; it would need to be accompanied by more comprehensive suitability standards for temporary accommodation; one participant was concerned that in the absence of a duty to provide settled accommodation, or without a time limit to the duty, it could be detrimental and costly to have many households living in temporary accommodation.

Option 3: amend Priority Need

An extensive list of at least 22 additional groups were proposed, mostly by a single participant. Three groups were far more widely supported:

1. rough sleepers
2. young people aged under 35
3. prison leavers

There was considerable support for the inclusion of rough sleepers on the basis that rough sleeping does great harm to a person's health, well-being and dignity. However, there was concern that extending Priority Need to rough sleepers would create a moral hazard. A concern that was similarly raised prior to the abolition of Priority Need in Scotland. Yet, other research participants in Wales pointed out that the legislation in Wales only entitles a household to accommodation likely to be available for six months, so the moral hazard is limited.

According to research participants, the primary concern relating to young people under the age of 35 is their precarity within the labour and housing markets, particularly in relation to social welfare entitlements. Participants explained that raising the age of young people in Priority Need would also address a current inconsistency between the homelessness legislation and the Social Services and Well-being (Wales) Act 2014.

The majority of participants were in favour of reintroducing prison leavers as a Priority Need group, whilst also seeking to ensure that the National Pathway for

Homelessness Services to Children, Young People and Adults in the Secure Estate is implemented more effectively. Some participants also proposed that Priority Need status for this particular group should be conditional on effective engagement in prison, although it is unclear why prison leavers should be subject to enhanced conditionality above other households. This was also the only group that some participants advocated not to be included.

Finally, the following groups were identified by 3 to 4 research participants as potential additional Priority Need groups:

- anyone facing exploitation
- parents with access to a child but not the main carer
- refugees
- people facing violence and abuse

Option 4: abolish Priority Need

The fourth future option is the abolition of the Priority Need test. Many participants from across different sectors were in favour of abolishing the Priority Need test, however most argued that this would only be desirable and possible if accompanied by additional housing investment and resources for housing options teams. This very closely mirrors the viewpoint that prevailed in Scotland prior to the abolition of the Priority Need test, although it seems that in Wales there is wider support behind the principle of abolishing the Priority Need test amongst local authorities than there was in Scotland.

The majority of participants were in favour of a phased approach, rather than an abrupt approach, to abolition. Participants suggested a phased approach might: include a lead in time to allow local authorities and their partners to develop and commission services and to begin to work in the spirit of the law; and it might potentially include a pilot of the changes. There were few concrete opinions on whether to introduce different population subgroups groups over time or extend Priority Need to different age groups.

In relation to the time period of a phased abolition, few participants suggested a period of abolition that was less than a year or greater than 10 years. There

seemed to be a fairly equal split in favour of 10 year, 5 year, and less than 5 year (but greater than 1 year) timeframes.

There was broad support for a nationally driven process of abolition, rather than an approach whereby local authorities have autonomy to decide which groups to extend Priority Need to. Only a few respondents supported the approach taken in Scotland, whereby local authorities had autonomy to decide which groups to extend Priority Need to as they worked towards abolition of the Priority Need test. One participant suggested a compromised approach, whereby Welsh Government would stipulate minimum expectations and local authorities would have the power to extend the list as they work towards eventual abolition of Priority Need.

Three main potential positive impacts of the abolition of the Priority Need test were identified by participants:

1. all individuals would be owed a duty by local authorities to secure accommodation
2. services would be more focused on identifying the needs of individuals and finding solutions
3. there would be a significant reduction in resources spent assessing and challenging Priority Need decisions

Additionally, it might drive other positive actions: local authorities might make more housing available, innovate in services, and enhance prevention efforts.

Very many potential negative impacts of abolishing Priority Need were identified:

- an increase in people temporarily accommodated for long periods of time in potentially unsuitable and expensive accommodation
- disengagement of some households from the system due to long waits
- increased demand on local housing markets and local authority resources, particularly Housing Options teams
- it may drive 'gaming' within the system
- other forms and mechanisms of exclusion and prioritisation may emerge
- support for vulnerable households currently in Priority Need may be diluted
- households may be disincentivised from seeking help earlier or from

engaging meaningfully in prevention support

- it may detrimentally impact on the engagement of allied services such as health, criminal justice and social care because responsibility is devolved to housing

In order to inform impact modelling, participants were also asked to comment on the likely impacts on the number of households who would be owed a final duty under the homelessness legislation. The clear conclusion is that the total number will be greater than the number of households currently recorded as non Priority Need in official statistics.

Additional options for Priority Need in Wales

It is important to note that participants were given the chance to identify additional options for Priority Need in Wales. The most notable alternative suggestion, albeit it received very limited support, was to extend the duration of the Section 73 duty beyond 56 days, allowing local authorities to continue working with non Priority Need households for longer.

Implementing change: the barriers and enablers

The research explored the perceived barriers and enablers to effective implementation of any changes to the Priority Need test. Participants talked at length about these wider system challenges. Importantly, many of the issues identified also apply to the current system (for example lack of suitable housing supply).

A clear message emerged from research participants that effective implementation of potential legislative changes, and current legislation, requires improved buy-in and leadership at national and local government levels. At Welsh Government level there was a perceived need for the Housing Minister to hold colleagues in other portfolios to account (for example health), and to drive both cross-departmental working and connect up different actions within the housing portfolio (for example affordable housing and homelessness). There was a desire for local leadership to be universally supportive of the intentions

and values of the legislation.

Resources were at the forefront of participants' concerns relating to the effective implementation of both the current legislation and any possible future changes to Priority Need. The worry amongst participants was that already over-stretched local authority services may be entirely over-burdened by any changes. According to participants, new resources would need to be available on a reliable long-term basis, and potentially ring-fenced.

Housing issues dominated participant's discussions about the perceived barriers and enablers of any possible future changes to the Priority Need test. Key concerns identified by participants included:

- an insufficient supply of good quality temporary accommodation
- a need to move towards rapid rehousing in order to avoid long stays in potentially unsuitable temporary accommodation
- the potential for additional Priority Need groups to be phased in alongside a commensurate programme of affordable housing development, particularly in relation to single person and shared accommodation, built in the right locations
- a planning process that enables the delivery of affordable housing
- allocation policies and practices that no longer exclude households outright (for example past rent arrears and debt) or de facto (through unfavourable banding)
- a Private Rented Sector that is more secure, affordable and of better quality
- more extensive specialist and supported accommodation, which includes but is not limited to Housing First

Research participants also viewed Social welfare policy as a barrier to the effective implementation of current homelessness legislation and any potential future amended legislation. According to participants, current barriers are thought to include:

- housing benefit levels have not risen in line with rising private rents
- affordability and housing availability issues that result from restrictions on the amount of housing benefit available to single person households under the age of 35

- hurdles of securing direct payments to landlords for recipients of Universal Credit
- and the 'bedroom tax', which makes under occupancy of a property financially unsustainable

Participants also identified the need to consider how those with no recourse to public funds can be assisted.

Homelessness service concerns identified by research participants focused on two service areas. First, there was a perceived need for more effective housing related support. Housing related support services were reportedly having to fill gaps left by the retrenchment of statutory care services; commissioning of housing related support was perceived to be inconsistent and should reportedly be more trauma-informed; and housing related support was thought to be particularly deficient in the PRS. Some participants proposed a duty to assess and meet support needs, essentially making housing related support services a statutory requirement. Second, in relation to Housing Options, participants suggested:

- services should be more trauma-informed
- there should potentially be a separation of the tasks of delivering Housing Options services and the decision-making process about any entitlement
- there is a need to more effectively manage service user expectations

Participants felt strongly that the workforce will play a key role in any future changes to the Priority Need test in Wales. There has reportedly been a high rate of staff turnover in recent years in local authority Housing Options teams and it was suggested this has resulted in limited knowledge and experience in some places. It was claimed the drivers behind this trend include:

- low pay
- lack of opportunities for progression
- redeployment from other redundant roles within councils
- the changing nature of the role(s) subsequent to the commencement of the HWA 2014.

Hence, there was considerable support for greater investment in the workforce

in terms of staff pay, ongoing training, and access to clinical supervision.

A strong message emerged from participants in the research. Any changes to the Priority Need test should be accompanied by renewed investment in homelessness prevention because enhanced prevention efforts would reportedly reduce the demands on crisis-focused housing provision and staff resources will be reduced. Examples of some of the specific suggested improvements to prevention efforts included:

- improved consistency in prevention activities and outcomes between local authorities
- ending evictions into homelessness from the social rented sector and reducing them from the PRS
- potential use of legislation to drive more effective engagement of public services (for example health) in the prevention of homelessness (for example a duty to refer and a duty to take steps to prevent)

Collaboration and collective action across service areas at national and local scales was also widely cited as a key enabler of any amendments to the Priority Need test. Participants were very clear that including additional groups such as rough sleepers or prison leavers in Priority Need, or abolishing Priority Need, would result in more households with high support needs being assisted. Hence participants believed that legislative change would only be effective if there was more effective collaboration with services such as health (particularly mental health), prisons, probation, and substance misuse services. Whilst pockets of seemingly effective collaboration were acknowledged, according to participants there must reportedly be improved alignment and collective action across service areas at Welsh Government and local authority levels.

Participants were of the view that public perception is likely to be somewhat of a barrier to change. Participants explained that the media can support the public to develop a better understanding of homelessness, people's entitlements and where to seek help, whilst also having a role to play at national and local levels in addressing public resistance to change.

Legislation, monitoring and scrutiny are closely related issues that will reportedly be fundamental to enabling potential future change. Proposed enablers of

change identified by participants included:

- less bureaucracy
- greater scrutiny of local authority practices (for example a regulator or ombudsperson, co-location of Shelter Cymru in homelessness services, nation-wide roll-out of Take Notice, and improved homelessness data)
- a legislated Right to (Adequate) Housing

More specifically, one participants explained that the abolition of Priority Need would potentially impact on the structure of the HWA 2014. However, there was concern that any amended legislation should not put households in a weaker position nor should there be an erosion of options available to local authorities. Finally, irrespective of any amendment to Priority Need, there is a proposal to extend the definition of 'threatened with homelessness' beyond 56 days. Whilst some participants favoured not using a time period within the definition, others recommended any revised definition should align with Welsh Government's proposed new timeframe for a no-fault eviction notice (i.e. 6 months).

Modelling the potential impacts of change

The final research task was to estimate the quantitative impacts of the four main potential future options for Priority Need in Wales. The impact modelling was limited in three main ways. First, while a wide set of areas of impact were considered in the model, quantifying the entire set of costs, financial benefits and welfare gains exceeded the scope of this research project (for example potential additional spending on the construction of social housing was not modelled). Second, the modelling could not provide estimates of impacts on housing related support costs. Third, the modelling assumed current costs (for example workforce costs) are sufficient to meet current demand, yet research participants suggested this is not the case in some local authorities and so these costs may be an under-estimate.

Hence, this study presents a set of estimates of expected additional effects on key areas rather than net total benefits of the potential future options, and caveats about costs that have not been modelled must be taken into account when interpreting the findings.

The impacts of four main potential future options for Priority Need in Wales were modelled, including alternative scenarios for options 3 and 4. The detailed methodology can be found in the **full report**.

Option 1

The status quo provided the baseline for impact estimates, with additional costs and savings then estimated for the other three main potential future options.

Option 2

Extension of the right to temporary accommodation (TA) to all households currently assessed as not in Priority Need.

Option 3

Amend Priority Need categories to include the three groups most widely supported for inclusion:

1. rough sleepers
2. applicants under 35
3. prison leavers

To enable Welsh Government to understand the potential impacts of including any one of these additional groups, or a combination of all three, option 3 includes the following alternatives:

- 3a: rough sleepers will start to be assessed as in Priority Need in year 1, applicants under the age of 35 in year 3, and prison leavers in year 5
- 3b: rough sleepers will start to be assessed as in Priority Need in year 1
- 3c: prison leavers will start to be assessed as in Priority Need in year 1
- 3d: applicants under the age of 35 will start to be assessed as in Priority Need in year 1

Option 4

Abolition of the Priority Need test. Recognising the split in opinion regarding 5 or 10 year phasing, Option 4 includes the following alternatives:

- 4a: abolition over five years
  The Priority Need test will be abolished for rough sleepers the first year, applicants under 35 in the second year; prison leavers the third year, and all the remaining groups the fifth year.
- 4b: abolition over ten years
  The Priority Need test will be abolished for rough sleepers the first year, applicants under 35 in the fourth year, prison leavers the seventh year, and all the remaining groups the tenth year.

Tables 1 and 2 draw together the findings across all the areas of impact explored in this study for each of the potential future options. Table 1 summarises impacts on additional numbers of households that would be in Priority Need under the different options and the additional staff requirements. Table 2 summarises all of the estimated financial impacts. Annual average estimates of the expected impacts over the course of 20 years are provided. Notably, estimates are at the national level but these effects will vary across local authorities. All estimates are additional to households and costs under Option 1, the status quo.

The analysis is based on data provided by 14 out of the 22 local authorities as well as official statistics available on StatsWales. To replace missing data, weighted averages were used that take into consideration different levels of demand for homelessness services across local authorities.

Table 1. Summary of estimated impacts of future Priority Need options (additional households and staff)

		Option 3: amend (a)				Option 4: abolish (b)	
Area of Impact	Option 2: TA duty	3a (All)	3b (RS)	3c (PL)	3d (U35)	4a (5yr)	4b (10yr)

	Option 3: amend (a)					Option 4: abolish (b)	
Annual additional households in Priority Need	1,989	1,485	178	537	1,168	1,989	1,669
Annual additional households offered secure accommodation:							
Local authority	0	195	26	72	157	268	225
Registered social landlord	0	727	87	246	581	980	822
Private rented sector	0	185	19	75	139	244	204
Total	0	1,107	132	393	877	1,492	1,251
Total additional Housing Options staff (FTE)	0	135	15	54	103	177	149

Source: Alma Economics modelling

(a) All = amend Priority Need to include rough sleepers, prison leavers, and applicants under 35 years old; RS = Rough Sleepers only; PL = Prison Leavers only; U35 = applicants under 35 years old only.
(b) 5yr = abolition over the course of five years; 10yr = abolition over the course of ten years.

Table 2. Summary of estimated impacts of future Priority Need options (additional costs in £)

		Option 3: amend (a)				Option 4: abolish (b)	
Area of	**Option**	**3a (All)**	**3b (RS)**	**3c (PL)**	**3d (U35)**	**4a (5yr)**	**4b (10yr)**

Impact (Annual average)	2: TA duty	Option 3: amend (a)				Option 4: abolish (b)	
Cost of additional demand for TA	896,391	1,254,559	157,794	541,523	949,565	1,691,304	1,368,416
Additional cost of securing accomm.	0	28,638	3,434	10,531	23,289	38,904	31,617
Additional housing benefit expenses	0	3,403,543	417,096	1,233,024	2,776,358	4,635,924	3,767,961
Savings from reduced outreach and other services (for example health) use	157,794	3,789,459	827,396	1,230,180	2,720,459	4,970,636	4,119,384

Source: Alma Economics modelling

(a) All = amend Priority Need to include rough sleepers, prison leavers, and applicants under 35 years old; RS = Rough Sleepers only; PL = Prison Leavers only; U35 = applicants under 35 years old only.
(b) 5yr = abolition over the course of five years; 10yr = abolition over the course

of ten years.

It should be noted that these financial benefits are additional costs on top of the running costs of the existing system. This research highlights that current funding may not be sufficient to achieve its aims and due to the number of unknowns the modelled costs do not take this into account

To enable comparison and for clarity of message, the potential impacts identified in Tables 1 and 2 assume that all costs/impacts are experienced evenly across the implementation period, yet this will not be the reality. For example, different groups entering the Priority Need test in different years would result in varied levels of demand over time. This uneven impact over time is referred to as a dynamic impact.

In order to illustrate the dynamic impacts of potential changes to the Priority Need test, the research considered the likely dynamic impacts of abolishing Priority Need over a 5 year period (Option 4a). This option was selected simply because it is expected to entail the highest additional costs as well as the largest benefits. Key findings include:

The number of additional households assessed as in Priority Need will increase over the five-year implementation period, from 135 additional households in 2024/25, stabilising at around 2,200 households per year from 2028/29.

The additional cost for covering additional demand for temporary accommodation is expected to be equal to £180,000 in 2024/25 if the test were only abolished for rough sleepers. This cost would increase to approximately £1.6 million after homelessness applicants under 35 are added to the Priority Need groups the following year. The abolition of the test for prison leavers is estimated to result in additional costs rising to £2.2 million in 2026/27, while the abolition for all the remaining groups will cause additional costs to increase to a total of approximately £3 million by 2028/29.

Around 100 additional households will be offered access to long-term housing in 2024/25 while the number of additional households moving to secure housing is expected to rise to around 900 following the abolition of the test for homeless applicants under the age of 35 in 2025/26. Following full implementation of the

abolition, demand for suitable, long-term accommodation is expected to rise to 1,600 new households per year from 2028/29.

In the first year of implementing option 4a (abolition of Priority Need over 5 years), around £1 million in savings is expected to flow from reduced use of outreach services by rough sleepers and reduced use of wider services (physical and mental health, substance misuse, and criminal justice) by both rough sleepers and other homeless households. (Based on assumptions set out in report by Price Waterhouse Cooper (2018 Assessing the costs and benefits of Crisis' plan to end homelessness). Savings after five years in 2028/29 will rise to approximately £9 million.

The dynamic effects of any policy change over the first years following implementation are expected to differ depending on the order in which different Priority Need groups are added. For example, if rough sleepers become eligible for the full housing duty first, applicants under 35 second, and prison leavers third, the net additional cost for covering new demand for temporary accommodation is estimated at around £0.18 million in 2024/25. If it is instead assumed that the test is abolished first for applicants under 35, second for rough sleepers and third for prison leavers, the additional temporary accommodation cost will rise to £1.4 million in the first year (2024/25). While the dynamic effects will vary in the early stages of the rollout, the total effects over the 20-year appraisal period are not expected to change substantially.

This study has provided new insights into the estimated impacts of the potential future options for Priority Need in Wales. And, whilst a wide range of impacts are considered in the model, quantifying the entire set of costs, financial benefits and welfare gains exceeded the scope of this research project. Hence, these findings must be interpreted and used carefully, acknowledging the methodological limitations (set out in detail in the **full report**) and the costs that the study has not been able to model.

3. Conclusion

The Housing (Wales) Act 2014 markedly reduced the significance of the Priority Need test within Welsh homelessness legislation. However, for a significant

minority of households, homelessness is unsuccessfully relieved and in these cases the Priority Need test continues to play an important role in determining which households must be accommodated. Hence, Welsh Government commissioned this study to explore potential future options for the Priority Need test in Wales. This short conclusion distils the key messages emerging from the study.

Concerns about the Priority Need test in its current form are widespread amongst research participants and these strongly echo concerns that drove legislative changes in Scotland. The majority of participants perceive that the status quo is unjust because some homeless people are turned away with no solution and 'in an ideal world' the test would not be needed. However, if no new resources are made available for services and insufficient new social housing is delivered, some form of rationing and prioritisation is thought to be required and the Priority Need test is perceived by the majority to target and provide a safety net for many vulnerable groups (for example 16 to 17 year olds, families with dependent children, people facing domestic abuse). Yet, perceived weaknesses of the current Priority Need test mean that most participants would like to see at least some form of change, for example an extension of the Priority Need groups.

Many participants from across different sectors are in favour of abolishing the Priority Need test and there is particular support to extend Priority Need to initially include rough sleepers, young people under 35, and to a lesser extent prison leavers. The positive impacts on single person households in Scotland are clear and participants in Wales generally wish to see this achieved in Wales. However, pursuing these potential future options raises fears about over-stretched local authority resources, impacts on temporary accommodation use and a lack of social housing. Just like Scotland, a minority fear a floodgate scenario. Usefully, the impact modelling in this report provides estimates of the likely scale of impacts in key areas relating to new demand, staff resources, and housing supply, including temporary accommodation need. Importantly, there are also likely to be cost-savings resulting from reduced use of other services (for example health). Limitations of the impact modelling must also be taken into account, given that many costs (for example associated with construction of social housing, enhanced homelessness prevention services, housing related

support services etc) could not be included in the impact modelling exercise.

Nevertheless, the message from participants in Wales and lessons from the Scottish experience are unambiguous that amending or abolishing the Priority Need test alone would be insufficient. Effective implementation of any change will be dependent on going beyond additional supply of social housing and funding new staff in local authorities. There reportedly needs to be renewed investment in prevention and a shift towards rapid rehousing to reduce temporary accommodation use. Additionally, there were calls for investment in the workforce and a shift towards more trauma-informed practice and commissioning from participants. Moreover, there is perceived to be a fundamental need to ensure homelessness is seen as everyone's business and collaboration with other service areas such as health will be crucial. Finally, learning lessons from the implementation of the HWA 2014, there will also need to be more effective monitoring and scrutiny of those charged with delivering change.

4. Contact details

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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