Rescaling welfare?
Assessing the Prospects &
Implications of the Devolution of UK
Social Security

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Key Questions

- What welfare competences are to be transferred in the Scotland bill 2015?
- What administrative, financial and constitutional constraints will condition welfare policy development and policy options?
- What are the implications of partial rescaling of welfare for UK social citizenship, inter-regional solidarity, and ‘social union’?
The Welfare State & the *Nation*-State

- Welfare state represented advanced stage in the territorial integration of nation-states

- Welfare state and social citizenship:
  - Social citizenship grants equality of status to all citizens, irrespective of their class/income
  - Equitable right to health care, education, social security, etc...
  - Equitable access > a reflection of/basis for solidarity among citizens

"the idea of maintaining and consolidating the national community - economically, politically and socially - was the ideological underpinning par excellence of the welfare state”

Ramesh Mishra
The Myth of Social Citizenship in Scotland

“There are many social ties that bind the UK together...(including) some common expectations about social welfare. Social security payments are available and are paid on the same basis to people across the country, according to their needs.... We think that there are certain social rights which should also be substantially the same, even when it is best that they are separately run in Scotland.”

Calman Commission Report, 2009
The UK Welfare State

- Social insurance and assistance devolved administratively until 1948 > nationalisation of the British welfare state

- 1998 Scotland Act reserved:
  - “Schemes supported from central or local funds which provide assistance for social security purposes to or in respect of individuals by way of benefits”
  - Redistributive taxation/tax credits

- All other areas of welfare state devolved - education, health, housing, social services
A Changing Landscape

- Scotland Act 2012 > new fiscal powers
- UK Welfare Reform Act 2012:
  - UK-wide changes, e.g. gradual roll-out of UC and PIP
  - ‘bedroom tax’ as symbol of difference & practical illustration of challenges of policy interdependence
  - Tightened sanctions & benefits regime
  - New devolved competence e.g. Scottish Welfare Fund

“the limited nature of devolved powers restricts our ability to tackle poverty. This Government believes that lasting change can best be achieved by the Scottish Parliament and Government achieving real financial powers, and responsibility for the benefits and tax credits system, and employment services in Scotland”

(Scottish Government, 2011)
"I want to put the case for the pooling and sharing of resources right across the United Kingdom, and the benefit we all get... from UK funding of healthcare, from the UK minimum wage...

“I want to make the case... for the pooling and sharing of resources so that we are in a position to tackle poverty, unemployment together.

“...the case for a **Union for social justice**, dominated by our principle of fairness.”

“With independence we can create a **social nation**: a country that acts and feels like a community, a vibrant society where we know the benefits of looking out for each other”
A race to the bottom...? 
Or a race to the top...?

- **VE EFFECT OF SOCIAL SECURITY DEVOLUTION**
  - increases veto points & slows pace of welfare development
  - fosters competition between regions > “race to the bottom” in welfare provision
  - Recognising territorial diversity & identity weakens inter-regional solidarity & support for redistribution from rich to poor regions

+ **VE EFFECT OF SOCIAL SECURITY DEVOLUTION**
  - Greater solidarity at the sub-state level boosts support for progressive welfare regimes
  - Welfare expansion can be a tool in the competitive nation-building strategies of state and sub-state government
  - Multi-level government promotes social policy experimentation & policy transfer
New welfare powers

- Disability Living Allowance/PIP; Carers benefit; regulated social fund > c.£2.5bn
- Executive power/flexibility over administration of Universal Credit, with consent
- Housing element of UC
- (Some) employment programme support for long-term unemployed
- “new benefits in areas of devolved responsibility”
- ‘Top-up’ payments to recipient of reserved benefit “who appears to require financial assistance, in addition to any amount the individual receives by way of reserved benefit, for the purpose, or one of the purposes, for which the benefit is being provided”.
- Tax, including rates and thresholds, on all earned income
Constraints

- **Legislative:**
  - Continued general reservation of assistance ‘for social security purposes’
  - Devolution of benefits rather than powers
  - Legislative constraints on criteria, flexibilities, etc

- **Financial:**
  - demographic – ageing population
  - 50% increase in over 60s projected by 2033
  - increase in the dependency ratio from 60 per 100 to 68 per 100 by 2033
  - Financing welfare through block grant adjustment
  - Financing tied to UK policy priorities
  - Limitations of tax powers

- **Institutional:**
  - Shared welfare bureaucracy?
  - Inherited contracts with service providers?
  - Continued/enhanced interdependence of devolved and reserved benefits > ‘passporting’ constraint

- **Public Expectations:**
  - rUK as reference
  - Toleration for policy divergence only if scope & generosity enhanced?
Opportunities too!

- Of scale, and meeting local need....
- Of partnership working...
- For policy innovation and experimentation...

- But expect *neither* a race to the top *nor* a race to the bottom
Thanks for listening!

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