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[Devolution, state restructuring and policy divergence in the UK.](#)

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Devolution, State Restructuring and Policy Divergence in the United Kingdom (UK)

Abstract

Devolution has become a key ‘global trend’ over recent decades as many states have decentralised power to sub-state governments. The United Kingdom (UK) resisted this trend until the late 1990s when devolution was enacted by the then Labour government, taking a highly asymmetrical form in which different territories have been granted different powers and institutional arrangements. Devolution allows the devolved governments to develop policies that are tailored to the needs of their areas, encouraging policy divergence, although this is countered by pressures to ensure that devolved approaches do not contradict those of the central state, promoting convergence. The paper aims to assess the unfolding dynamics of devolution and policy divergence in the UK. It is designed as an overview paper that spans different policy areas such as economic development, health and social policy. The paper emphasises that devolution has altered the institutional landscape of public policy in the UK, generating some high-profile examples of policy divergence, whilst also providing evidence of policy convergence. In addition, the passage of time underlines the nature of UK devolution as an unfolding process. Its underlying asymmetries have become more pronounced as the tendency towards greater autonomy for Scotland and Wales clashes with a highly centralised mode of policy-making in Westminster, the consequences of which have spilt over into the devolved territories in the context of the post-2007 economic crisis through public expenditure cuts.

Keywords

Devolution state restructuring policy divergence policy convergence austerity

United Kingdom

Introduction

Since the 1970s, a number of governments across the world have sought to transfer power to sub-state governments, meaning that devolution has become a key ‘global trend’ (Rodriguez-Pose and Gill 2003). Long regarded as a stable and centralised political unit, the United Kingdom (UK) state resisted the devolutionary trend until the late 1990s when devolution was enacted by the then Labour government. Labour’s approach was effectively to offer ‘devolution on demand’, resulting in a highly asymmetrical form of devolution where different territories have been granted different powers and institutional arrangements (see Hazell 2000). Scotland has an elected parliament that has primary legislative competence over most ‘domestic’ policy issues; Northern Ireland has an elected, power-sharing assembly that also has wide-ranging legislative competence; and Wales has an elected assembly which has been granted legislative powers following a referendum in 2011. In the rest of England outside London, where an elected mayor and assembly were established, there was only limited administrative reform manifested through the creation of Regional Development Agencies (RDAs) and unelected Regional Assemblies which have subsequently been abolished by the Conservative-Liberal Democratic Coalition Government. As this indicates, UK devolution is a process rather than an event with the asymmetries between the so-called ‘Celtic fringe’ of Scotland, Wales and Northern Ireland, on the one hand, and England, on the other, becoming more pronounced over time (Shaw and Mackinnon 2011).

Devolution has important repercussions for public policy, as a number of comparative studies attest (Greer 2007; Jeffery 2007; Keating 2009). It grants the devolved governments the capacity to develop policies that are better tailored to the economic and social conditions of their areas, encouraging policy divergence through the introduction of ‘local solutions to local problems’

(Jeffery 2002). Moreover, devolution creates a logic of inter-territorial comparison and competition, potentially resulting in policy learning and transfer as the different administrations monitor developments elsewhere, adopting successful or popular policies from other jurisdictions (McEwen 2005). At the same time, the scope for policy innovation and transfer is often limited by pressures to ensure that measures adopted by devolved administrations do not contradict those of the central state, encouraging policy convergence (Shaw et al. 2009).

The UK model of devolution is based upon a separation of powers between the UK parliament and the devolved parliaments (Keating 2002). This grants considerable latitude to the devolved governments to develop distinctive policies (Greer 2007) in devolved spheres of policy, while the central UK state retains the power to maintain common state-wide policies in reserved areas. At the same time, the devolved parliaments in the UK have limited revenue-raising powers. This has meant that the introduction of austerity measures designed to address the UK's budget deficit by the Coalition Government since 2010 has had significant implications for the devolved governments, reducing their budgets and requiring them to administer cuts locally, although they have been vocal in their opposition to austerity and support of alternative policy approaches such as increased capital expenditure (McEwen 2013; Salmond 2012).

The paper aims to assess the unfolding dynamics of devolution and policy divergence and convergence in the run up to the Scottish independence referendum of 2014. It is designed as an overview paper that spans different policy areas such as economic development, health and social policy, rather than as a case study of developments in one particular area, drawing upon insights from the academic literature and key policy documents. It seeks to place the UK experience in a wider comparative context, drawing upon the international literature on devolution and territorial politics and bringing together insights from geography and political

science. The paper argues that devolution has altered the institutional landscape of public policy in the UK, generating some high-profile examples of policy divergence, whilst also providing evidence of policy convergence. In addition, it emphasises the nature of UK devolution as an unfolding process. The paper is structured in four main parts. The next section provides a theoretical and comparative perspective on devolution. This is followed by an account of UK devolution which emphasises the changed political and economic context of recent years. The third main section provides an analysis of policy divergence and convergence under devolution, concentrating on broad policy directions and discourses rather than specific policy outcomes. Finally, a brief conclusion brings together the key arguments of the paper and considers their implications.

Theoretical and Comparative Perspectives

The experience of state reorganisation over the past three decades has prompted much academic debate over its direction, magnitude and consequences. In the early-to-mid 1990s, much of the literature focused around the idea of the ‘death’ or demise of the nation state in the face of the competing pressures of globalisation and sub-state regionalism (Anderson 1995). By contrast, recent approaches stress that states are subject to multi-faceted and on-going processes of qualitative adaptation rather than a simple quantitative diminution of their powers (Brenner 2009). Devolution or decentralisation can be seen as one of the most widespread forms of restructuring (Rodriguez-Pose and Gill 2003), helping to convey an understanding of the state “as a (political) process in motion” (Peck 2001, 449). Political or legislative devolution involves the transfer of powers previously exercised by ministers and parliamentary bodies to a subordinate elected body, defined on a geographical basis (Bogdanor 1999), although the term is also sometimes also used to refer to the establishment

of unelected bodies that operate as part of central government (administrative devolution) (Mitchell 2009).

Rodriguez-Pose and Sandall (2008) identify three key forms of devolutionary discourse over the past three decades: identity as the discourse advanced by minority groups located in particular territories; good governance as the democratic discourse of political reform and self-government; and efficiency as the economic discourse of competitiveness and innovation. There is sometimes overlap between this economic discourse of efficiency and the neoliberal economic project of liberalisation, deregulation and privatisation, particularly in their portrayal of central government as inefficient and unresponsive (ibid). Rodriguez-Pose and Sandall discern an underlying shift over time from a focus on identity to an increasing concern with economic issues, whereby decentralisation is seen as a way of reinvigorating regional economies in line with 'new regionalist' arguments about the renewed importance of regions within an increasingly global economy (Keating 1998).

As a key form of state restructuring, devolution involves a rescaling of responsibilities or powers from the national to the regional scale of political organisation (Lobao et al. 2009). The actual form and politics of such rescaling will vary substantially between states, however, amounting to a radical transfer of powers and resources in some cases and a more modest and rhetorical shift of responsibility and service delivery in others (Cox 2009; Rodriguez-Pose and Gill 2003). This underlines the need for researchers to be specific about precisely what is being rescaled or devolved in particular contexts. In practice, rescaling is not a zero-sum or unidirectional process and the increased prominence of regional institutions does not necessarily translate into an erosion of the powers of national states (Cox 2009). In the context of 'multilevel governance', the role of national states has evolved from that of

simple governmental provision to the construction and orchestration of governance processes across different spatial scales and institutional sites (Lobao et al. 2009).

The capacities of devolved institutions to develop distinctive policies will reflect the institutional and financial powers that they have been granted. One key distinction is between models of devolution based upon a separation of powers between devolved and national government and those in which they share powers. In theory, the separation of powers model should generate greater policy divergence since there are fewer constraints on the autonomy of devolved governments (Greer 2007). Second, the granting of substantial revenue-raising powers through fiscal decentralisation provides a basis for autonomous policy-making and policy divergence. By contrast, fiscal transfers between the central state and the provinces or regions can be expected to foster commonality and convergence, particularly if the provision of resources is accompanied by the stipulation of state-wide policy goals (Jeffery 2007). A third key factor is intergovernmental relations and the institutional mechanisms for policy coordination between regional and central governments which may be primarily formal or informal in nature (Trench 2005). Beyond these institutional factors, other influences can affect the dynamics of policy divergence and convergence. Having the same party in power at devolved and central levels of government can be expected to encourage convergence, as can the existence of interest groups that are organised on a state-wide basis (Keating 2002). Public opinion may act as a force for convergence when there is a strong commitment to state-wide norms and preferences, whereas marked differences in political values would encourage divergence (Jeffery et al. 2010). In addition, the exercising of effective political leadership may foster divergence through the establishment of a strategic vision of policy innovation and the development of a persuasive political narrative to communicate that vision.

Devolution raises the issue of equity versus diversity in the sense of reconciling local policy choices with broader standards of social justice (Jeffery et al. 2010; Walker 2002). In this particular respect, decentralisation or devolution may be supported by neo-liberals for its potential to undermine the power of the central state and the collective forms of social provision that it embodies (Walker 2002). As such, from a socialist or social democratic viewpoint, devolution may seem to threaten wider goals of equity and redistribution, notwithstanding the attractions of the ‘good governance’ discourse in terms of greater participation and accountability. For instance, Walker (2002) is critical of local decentralisation because of its potential to foster inequalities in service provision and erode social citizenship, potentially inducing a US-style ‘race to the bottom’ through inter-local competition (Keating 2009). Recent research suggests, however, that devolved sub-national governments often seek to maintain or enhance welfare standards, which may lead to emulation in other jurisdictions and policy convergence in a process that is more akin to a ‘race to the top’ (Jeffery 2011; Keating 2009).

The well-worn characterisation of devolution as a ‘process, not an event’ (Shaw and MacKinnon 2011) refers to the tendency for institutional structures and relations to evolve and unfold over time, sometimes in unintended or unpredictable ways. In general, this tends to operate in the direction of further devolution whereby dissatisfaction with existing arrangements fuels demands for additional reform (Giordano and Roller 2004). This trend tends to be particularly pronounced in cases such as Spain and the UK in which asymmetrical forms of devolution interact with distinctive territorial identities, fostering institutional tinkering and region-to-region emulation (Jeffery 2007: 1010). In Spain, asymmetrical devolution has generated a process of ‘catch up’ as regions with fewer powers have sought to

emulate those with the most devolution. This move towards *café para todos* (coffee for everyone, or the same arrangements for all regions) has provoked protests from the historical nationalities who feel that their special status is being eroded (Giordano and Roller, 2004). Yet the demands of the latter for greater autonomy have in turn, sparked a conservative backlash from Spanish nationalists as is evident from the recent debate over Catalanian independence (Wachtel 2012). In the UK, the Scottish model of legislative devolution has inspired emulation by Wales, while the electoral success of the Scottish National Party (SNP) has enabled the SNP Government to hold a referendum on Scottish independence in September 2014.

Devolution and Public Policy in the UK

Rather than being part of an integrated constitutional vision or blueprint, UK devolution was introduced in a piecemeal fashion (see Hazell, 2000). A legacy of administrative devolution in the shape of territorially-specific departments of government for Scotland, Wales and Northern Ireland meant that democratic processes were grafted onto these long-standing institutions (Jeffery 2007). The devolved parliaments were granted powers over matters that there were not specifically reserved to Westminster (Table 1), and these devolved powers were largely based on powers previously exercised by the Scottish, Welsh and Northern Ireland offices.¹ As such, what was being ‘rescaled’ by the UK devolution acts was legislative competence over devolved matters and democratic representation and authority through the establishment of the devolved parliaments. Basing devolution on the functions previously exercised by the territorial departments served to reduce conflict over the distribution of powers and resources in the short term, but at the expense of any longer-term resolution of territorial imbalances and tensions in the context of a ‘lopsided’ state in which England is the dominant partner economically and demographically (Jeffery 2007). While

Scotland, Wales and Northern Ireland have their own devolved institutions, England is governed centrally by the UK parliament, meaning that UK and English political institutions have effectively become fused.

Table 1 about here

One of the defining characteristics of UK devolution is the fact that the devolved administrations have limited raising powers of their own: the Scottish Parliament has the power to vary income tax levels in Scotland by +/- 3%, but other than this the only sources of revenue open to each administration are local government charges such as the Council Tax and non-domestic rates. This contrasts with many other devolved or federal states in which the national and sub-national tiers share responsibility for both the raising and distribution of revenue. The amount of funding available to them is determined by the Barnett formula, introduced in 1978, which awards Scotland, Wales and Northern Ireland a population-based share of changes in expenditure on comparable services in England (Bell 2010). In theory, this formula should result in gradual convergence over time, but this has not happened with public spending per head remaining higher in Scotland, Northern Ireland and Wales (Ball et al. 2013). The fact that the level of funding available to the devolved governments reflects decisions made at Westminster creates substantial 'spillover' effects from England in that the effects of these decisions are passed on in the form of increases or decreases to the devolved governments block grants (Jeffery 2007). At the same time, however, the block grant mechanism allows the devolved governments almost total freedom to allocate funds between different policy areas, enabling them to make distinct budget choices (Adams and Schmuecker 2005).

Compared with other devolved states, the UK model of devolution can be seen as highly permissive of policy variation and divergence (Greer 2007; Jeffery 2007). This reflects three main institutional features (Jeffery 2007 103). First, the separation of powers between the UK parliament and the devolved assemblies means that there are no legislative checks on policy divergence, whereas in other devolved states central governments can set state-wide common standards to which devolved governments must conform. Second, inter-governmental relations are largely informal and ad hoc with an absence of explicit mechanisms to ensure coordination (Trench 2005). Third, as outlined above, the block grant mechanism is also permissive of policy divergence. Unlike other states, the transfer of funds from the centre is not tied to UK-wide policy objectives (Jeffery 2007: 103). This has prompted Greer (2007) to highlight the emergence of a ‘fragile divergence machine’, reflecting the interaction between this permissive institutional environment and the new forms of territorial politics created by devolution.

What might in retrospect be termed the first phase of UK devolution between 1999 and 2007 was characterised by common Labour Party government at the devolved and UK levels (though in coalition with the Liberal Democrats in Scotland from 1999-2007 and in Wales from 2000 to 2003), stable inter-government relations and substantial increases in public expenditure. In general, Labour Party links also acted as a constraint on policy divergence, with the exception of certain high profile initiatives such as free care for the elderly and the abolition of up-front tuition fees (Laffin and Shaw 2007). At the same time, the budgets of the devolved government rose substantially between 2001/2002 and 2009/2010 (61.5 per cent in Scotland, 60 per cent in Wales and 62.6 per cent in Northern Ireland) as a result of spending decisions taken by the Labour government in London and channelled through the Barnett Formula (HM Treasury 2007; 2011).

A new phase of devolution and constitutional politics has become apparent since 2007, defined by three distinguishing features (Danson *et al.* 2012). First, nationalist parties entered into government in Edinburgh, Cardiff and Belfast in 2007 as either minority governments or coalition partners. This was followed by the SNP's stunning victory in the Scottish election of 2011, enabling it to form a majority government and secure agreement from Westminster for a referendum on independence in 2014. By contrast, Labour was able to govern on its own in Wales after winning 30 of the 60 seats.

Second, there is the changed context of UK politics following the defeat of Labour in 2010 and the formation of a Coalition Government between the Conservatives and Liberal Democrats. This highlights the continued political divergence between England and the devolved territories, where the Conservatives have continued to perform dismally.

Third, the economic context has changed radically following the financial crisis of 2007-2008 and the ensuing economic recession. In response, the Coalition government adopted a programme of fiscal austerity designed to reduce public expenditure by £81 billion by 2015-2016, thereby eliminating the UK's structural deficit (Lowndes and Pratchett 2012: 23). This reduction in public expenditure has been passed on the devolved governments which have experienced substantial cuts to their block grants since 2010-11 (Table 2). The welfare state has become a particular target of expenditure cuts through the government's Work Programme.

In general, ideological differences between the UK and devolved government have widened in the second phase of devolution. At the UK level, austerity is central to the instigation of a

new round of ‘roll back’ neo-liberalism (see Peck and Tickell 2002), involving the dismantling of ‘alien institutions’ and attacks on public bureaucracies and collective entitlements through the “now familiar repertoire of funding cuts, organisational downsizing, market testing and privatisation” (Peck 2010, 22). By contrast, the devolved governments have reaffirmed their commitment to social justice and solidarity (Scott and Mooney 2009), with the Scottish Government, for instance, arguing that the UK Coalition Government’s welfare reform agenda clashes threatens the social democratic values of ‘civic Scotland’ (McEwen 2013). The devolved governments have also been prominent in calling for alternative economic strategies which seek to use public expenditure, particularly increased capital spending, to stimulate economic recovery, such as the Scottish Government’s so-called ‘Plan Mac-B’ (Salmond 2012).²

Table 2 about here

Policy Divergence and Convergence in Practice

I begin this section by distinguishing between ‘horizontal’ and ‘vertical’ dimensions of policy divergence and convergence (see Shaw *et al.* 2009). The horizontal aspect refers to differences and similarities between territories, providing the focus of most research on devolution and public policy (Jeffery 2002; Greer 2007). In the UK context, some horizontal policy variation existed prior to devolution, largely involving the different territorial administrations for Scotland, Wales and Northern Ireland modifying UK-wide policies to suit local conditions Mitchell 2009). As Keating (2002, 3) argues:

“policy divergence under devolution must... be measured not against some abstract model of uniformity, but against the pattern of convergence and divergence existing in the past.”

The vertical dimension, by contrast, pertains to divergence from and convergence with previous policies adopted within the same territory (Mitchell 2005). It highlights the temporal or longitudinal dimension of policy development, something which remains relatively neglected in the literature on devolution and public policy.

In the remainder of this section, I focus on three areas of devolved policy responsibility: health, which accounts for the largest share of devolved public expenditure; economic development, which is a crucial area of discretionary expenditure in pursuit of growth; and social policy which is important in relation to the devolved governments' approaches to social justice.

As Sullivan (2002) observes, some differentiation in health policy existed under the previous system of administrative devolution in terms of the adoption of a more partnership-based collaborative approach in Scotland and Wales compared to a more consumerist ethos in England. Following then Prime Minister's Tony Blair's 'momentous commitment' to increase UK health funding to the European average, spending rose between 2002/3 and 2007-08 by 55 per cent in England, 48 per cent in Wales, and 45 per cent in both Scotland and Northern Ireland (Greer 2010, 144). Subsequently, of course, the fiscal climate has changed radically, although health has remained relatively protected from direct funding cuts (Centre for Public Policy for Regions undated).

Contrary to expectations of the devolved administrations becoming the loci of policy experimentation and reform (Jeffery 2002), in some respects the most radical approach was adopted in England in terms of successive governments' promotion of increased private sector involvement in the modernisation of the NHS, while Labour linked the provision of

additional resources in the mid-to-late 2000s to a prescriptive target-based regime for monitoring performance (Greer 2003; 2007). Scotland and Wales have maintained more of a social democratic approach, resisting market-orientated reforms and emphasising professional values, public health, planning and service integration (Greer 2010). As such, the English reforms have resulted in both vertical and horizontal policy divergence in terms of departing from both previous policies in England prior to devolution (though echoing earlier market-orientated reforms in the late 1980s and 1990s) and from the approaches of the devolved governments in Scotland and Wales, while vertical convergence is more evident in Scotland and Wales through the continuities with previous policies in these jurisdictions. Other initiatives have been the result of policies introduced by the devolved governments themselves. For instance, the issue of free personal care for the elderly has been one of the most high-profile areas of (horizontal and vertical) policy divergence with the Scottish Government deciding in 2001 to break with the UK government's policy by funding full care, sparking criticism from Westminster about the perceived costs and political implications of this (Laffin and Shaw 2007). Another significant example of policy divergence is provided by the Welsh Assembly's decision to abolish prescription charges which has subsequently been adopted by the SNP Government.

Public health provides evidence of greater consistency (Smith and Hellowell 2012). Following devolution, health inequalities were identified as a priority in all parts of the UK with policy-makers emphasising the need to address wider social and economic determinants (Scottish Executive 2000). Over time, however, policy has moved away from this initial emphasis to focus increasingly on health services and lifestyle-behaviour (Secretary of State for Health 2010; Welsh Assembly Government 2004), though Scotland has returned to the emphasis on wider determinants in recent years (Scottish Government 2008a). Probably the

most important policy measure introduced under devolution is the ban on smoking in public places, which was introduced initially in Scotland in 2006 before being adopted in Northern Ireland, Wales and England in 2007 (Cairney 2009). As a result of such policy transfer, what began as (horizontal and vertical) policy divergence turned into horizontal policy convergence.

While it accounts for a far lower share of public expenditure than health or education, economic development is a significant area of devolved policy. Important pre-devolution differences existed with Scotland and Wales having regional development agencies, Scottish Enterprise, Highland and Islands Enterprise, the Welsh Development Agency and the Development Board for Rural Wales, originally established in the 1960s and 1970s. Partly in response, Labour sought to address the ‘economic deficit’ of the English regions through the establishment of RDAs in the English regions outside London in 1999. More recently, this form of horizontal convergence has given way to divergence with the abolition of the English RDAs by the incoming Coalition Government in 2010-11 and their replacement with Local Enterprise Partnerships, following the earlier abolition of the WDA in 2006 and the absorption of its functions into the Welsh Government (Danson and Lloyd 2012). Whilst promising a radical ‘control shift’ of responsibilities from central government to local communities, LEPs lack resources and powers, with many of the functions of RDAs having effectively been re-centralised into Whitehall (Bentley *et al.* 2010).

In strategic terms, the convergence between the economic development approaches of the devolved governments is striking (Adams 2010). They have all favoured the development of high value-added, export-orientated business sectors (*ibid*), speaking the same language of competitiveness, innovation and clusters (Adams and Robinson 2005). This marked

horizontal convergence contrasts, however, with significant vertical divergence in terms of how the common concern with the promotion of endogenous forms of (knowledge-based) development has replaced the previous focus on the attraction of exogenous investment (Pike and Tomaney 2009).

The devolved governments have also been active in developing social justice policies (Fawcett, 2004). There is a complex scalar division of powers in this area with Westminster retaining responsibility for social security and employment policy through the Department for Work and Pensions (DWP), while the devolved governments are responsible for non-cash social services such as health, education, social work, housing, local government and training.

In broad terms, the devolved governments have adopted a more traditional social democratic language and operated in a more pluralist and consensual fashion in social policy compared to the approach of the UK government in England (Birrell 2010; Scottish Government 2008b; Welsh Assembly Government 2007). This emphasis on social justice has been particularly strong in Scotland and Wales (Scott and Mooney 2009), but less apparent in Northern Ireland (Birrell 2010). Divergence in social policy reflects both the introduction of new policies by the devolved governments and changes to existing entitlements (Birrell 2010). New policies include legislation to introduce minimum alcohol prices in Scotland, the establishment of Children's Commissioners and the establishment of a unified equalities body in Northern Ireland. Entitlements have been extended through universal provision, with examples including free care for the elderly in Scotland, the abolition of prescription charges in Wales and Scotland and free bus travel for older people in Northern Ireland, Wales and Scotland. In some cases, these reforms have resulted in clear horizontal divergence between different

devolved territories and between them and England, but in others convergence has taken place through policy transfer. Examples of the latter include the Children's Commissioners and free bus travel for older people (ibid, 135). In 'vertical' terms, there is a sense in which the narrative of social justice and universal provision signals a divergence from the approach pursued by UK governments in the 1980s and 1990s which was to reduce entitlements in the interests of affordability and tackling welfare 'dependency', whilst evoking an older pre-Thatcher sense of social solidarity (Scott and Mooney 2009).

At the same time, however, an underlying convergence around issues such as social exclusion, child poverty and early years provision was also evident, particularly when Labour was in power at both levels of government (Birrell 2010; Fawcett 2004). More recently, the SNP governments have invoked elements of 'welfare nationalism' since 2007, viewing the provision of more universal entitlements as characteristic of a more generous social democratic approach in Scotland, compared to the neoliberal-inspired reform agenda adopted in England (McEwen 2013). This difference has become starker since 2010 as the more consensual approaches adopted in Scotland and Wales have collided with the welfare cuts and attendant neo-liberal discourse of worklessness and dependency propagated by the Coalition Government at Westminster (Wiggan 2012), significantly extending the welfare reform agenda previously adopted by both Conservative and Labour governments. SNP politicians have attempted to harness and exploit this divergence in the run up to the 2014 referendum, criticising "heartless Tory welfare reforms" and arguing that independence will provide Scotland with the tools to tackle poverty and deprivation (Sturgeon 2012), although some critics have questioned the costs of this in the context of independence (McEwen 2013).

Conclusions

Devolution in the UK was based on a substantial legacy of administrative devolution, making it deceptively straightforward by enabling the UK Labour government of the time to effectively graft the new arrangements onto existing institutions (Jeffery 2007). This meant that the UK state was able to resist pressures for a more radical re-balancing and rescaling of its underlying power-geometry (Amin *et al.* 2003). As such, devolution to the 'Celtic fringe' has not been accompanied by any corresponding modernisation of the UK's (famously unwritten) constitution, resulting in the perpetuation of established arrangements and institutional forms (Nairn 2000). At the same time, as I have argued in this paper, devolution has significantly altered the institutional landscape of public policy in the UK. It has generated some high-profile examples of policy divergence resulting from decisions made by the devolved governments such as free care for the elderly and the abolition of tuition fees in Scotland and the smoking bans. In addition, the devolved governments have also opted not to introduce reforms adopted in England. This second form of divergence has assumed a distinct political direction whereby the Scottish and Welsh Governments have rejected market-orientated reforms and prescriptive performance regimes, preferring to develop more collaborative social democratic approaches (Birrell 2010; Greer 2003). There is also evidence of policy convergence, reflecting constitutional constraints and limitations, party links and affiliations between governments prior to 2007 and 2010, public opinion, and the limited ability of the devolved government to raise their own revenues. More recently, the devolved governments have criticised the austerity programme and welfare reforms introduced by the Westminster Coalition government, and emphasised the need for an economic 'plan (Mac) B' (Salmond 2012), although they have been forced by the existing structure of devolution to manage budget cuts.

The passage of time has underlined the nature of UK devolution as an unfolding process rather than a one-off event (Shaw and MacKinnon 2011). Economic and political conditions have changed markedly since the establishment of the institutions in 1999, particularly in terms of changes of government at devolved and Westminster levels, the onset of recession from 2008 and the introduction of a new politics of austerity. The underlying asymmetries of UK devolution have become more pronounced with the tendency towards greater autonomy for Scotland and Wales contrasting with greater centralisation and the abolition of regional institutions in England. The UK is an increasingly lopsided state in which England is the dominant partner demographically and economically, but the only part to be governed centrally by the UK Parliament (Jeffery 2007). These contradictions raise some fundamental questions about the territorial integrity of the state and the possible break-up of Britain (Nairn 1977) in the context of the Scottish independence referendum. The UK government's refusal to countenance any notion of devolution 'plus' or 'max', which would have required some re-balancing of the relationship between Scotland and the rest of the UK, thereby polarising the issue between full independence and the status quo, points to an continuing opposition among leading Westminster politicians and opinion-formers to any prospect of state-wide constitutional modernisation or renewal (Jeffery 2007) (as well as their desire for a decisive victory over Scottish nationalism). This attachment to existing state institutions and practices is likely to be further reinforced by a No vote in the referendum, while a victory for the Yes campaign will usher in a protracted process of negotiation over the terms of independence, although much may depend on the precise margins of the vote.

Notes

¹ In the case of Northern Ireland, there are three types of powers: devolved, exempted (the equivalent of the powers reserved to Westminster in the cases of Scotland and Wales) and reserved powers which cover matters such as security and policing, foreign trade, economic regulation and consumer protection, among others, which will be devolved once the Assembly demonstrates its competence to discharge these duties responsibly.

² Furthermore, there is evidence of radical thinking on alternative economic and social futures emerging within the devolved nations such as the Jimmy Reid Foundation's vision of an independent Scotland as an 'common weal' based on Nordic-style social democratic values.

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Table 3.1 Reserved and Devolved Matters: Scotland and Wales.

<i>Reserved Matters</i>	<i>Devolved Matters</i>
International relations	Health
Defence and national security	Education and training
Fiscal and monetary policy	Local government
Immigration and nationality	Social work
The criminal law in relation to drugs and firearms	Housing
Laws on companies and business associations, regulation of financial institutions and services	Planning
Competition, monopolies and mergers	Economic development
Most consumer protection; data protection	Transport
Elections, except local elections	
Post Office, postal and telegraphy services	The Administration of European Structural Funds
Most energy matters	The law and home affairs
Transport safety and regulation; air transport	The environment
Social security	Agriculture, forestry and fisheries
Research Councils	Sport and the arts
Designation of Assisted areas	Research and statistics in relation to devolved matters
Broadcasting and film classification	
Abortion, human fertilisation and embryology	
Equality legislation	

Source: MacKinnon et al. 2008: 43; amended from Keating, 2002: 16-19.

Table 1 Planned Budget Allocations to the Devolved Governments

Department	2010-11 £ billion	2011-12 £ billion	2012-13 £ billion	2013-14 £ billion	2014-15 £ billion
Scotland					
Resource	24.8	24.8	25.1	25.3	25.4
Department Expenditure Limit (DEL)					
Capital DEL	3.4	2.5	2.5	2.2	2.3
Total DEL	28.2	27.3	27.6	27.5	27.7
Real DEL cut relative to 2010-11	-	-5.6	-6.6	-9.4	-11.1
Wales					
Resource	13.3	13.3	13.3	13.5	13.5
DEL					
Capital DEL	1.7	1.3	1.2	1.1	1.2
Total DEL	15.0	14.5	14.5	14.5	14.6
Real DEL cut relative to 2010-11	-	5.7%	-7.7%	-10.1%	-11.9%
Northern Ireland					
Resource	9.3	9.4	9.4	9.5	9.5
DEL					
Capital DEL	1.2	0.9	0.9	0.8	0.8
Total DEL	10.5	10.3	10.3	10.3	10.3
Real DEL cut relative to 2010-11	-	-4.3%	-6.4%	-8.8%	-11.2%

Source: Brewer et al. 2001: 145 (analysis based on UK Government Spending Review 2010)