Devolution's impact on low-income people and places

Round-up
Reviewing the evidence

January 2010

What is the impact of devolution for people and places in poverty? For the tenth anniversary of devolution, a series of reports and seminars explored trends in social and economic disadvantage as well as policy developments in four areas: housing and homelessness, employment, neighbourhood regeneration and long-term care for older people. Although devolution was not specifically designed to address questions of poverty and inequality, it is important that public policy is examined for its impact in these areas. Given the debates about reserved and devolved powers, this is an important and timely question.

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This paper:

- explores the key findings and cross-cutting themes emerging from the research and a series of seminars across the UK
- identifies some of the key challenges in the years ahead if devolution is to make more of an impact on people and places in poverty

Key points

- Ten years of devolution coincided mostly with falling levels of poverty and improving employment rates across the UK, particularly in Scotland and the North East of England. These reflect wider economic trends and policies reserved to Westminster. The gap between parts of the UK faring best and worst narrowed on most indicators but widened for early mortality, with the devolved countries improving least.
- Support for tackling poverty in the devolved countries came ahead of powers to act though progress was evident in some areas influenced by devolution. Some policies may have longer-term benefits than those identified to date.
- Social housing improvements were achieved, but low-income households paying a mortgage or renting privately were more likely to live below housing quality standards.
- Regeneration delivered various benefits to low-income neighbourhoods, especially where policy was relatively stable (England and Wales). Least progress was seen in Northern Ireland, due partly to its 'stop-go' experience of devolution.
- The Welsh approach to social care enables costs for older people on lower incomes to be reduced and contrasts with Scotland's more costly universal approach.
- It is likely to take longer than ten years to see the true impact of devolved policies for disadvantaged groups, especially in Wales where more limited powers are currently available.
- Looking ahead, better evaluation evidence is needed to identify the benefits of devolved policies for low-income people and places and to encourage better sharing of knowledge between devolved administrations and the UK Government.

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Introduction

For Scotland and Wales, 2009 marked the tenth anniversary of devolution. The devolution of powers to Northern Ireland and London followed on. The process has been different in each case, both in terms of the split of powers between Westminster and the devolved legislatures, and in the policy choices made. While many of the key powers to tackle poverty remain reserved to the UK Government, devolved administrations have signed up to UK targets on reducing child poverty, and more recently have developed their own strategies.

This *Round-up* considers the impact devolution has had for low-income people and places to date. Reports commissioned by JRF explored broad trends in social and economic disadvantage as well as policy developments in four areas which could make a significant difference to people affected by poverty:

- housing and homelessness;
- employment;
- neighbourhood regeneration;
- long-term care for older people.

This paper sets out the trends for selected indicators of social and economic disadvantage over the first decade of devolution, as well as showing how much policies in these four areas have diverged across the four countries of the UK. It explores a number of common themes emerging from the reports, and from discussions in a series of cross-country seminars held in Edinburgh, Cardiff, London and Belfast (June to September 2009). Looking ahead, it also identifies some of the key challenges for policy-makers and practitioners if devolution is to make more of an impact for low-income people and places.

Indicators of progress

Position of the devolved countries and English regions, 2008

A set of 16 indicators was selected from the overview of trends in social and economic disadvantage (Palmer, 2010). In most cases, these are measured over a decade and expressed as a three-year average, stretching from the period immediately before devolution in 1999 up to 2008. All are available for Great Britain while some are available for Northern Ireland.

How did the three devolved countries compare with the nine English regions by 2008? Scotland was ranked best or joint best on three of the indicators, Northern Ireland on two and Wales on none. Among these indicators are child and pensioner poverty rates (Scotland) and unemployment (Northern Ireland). In contrast, Northern Ireland fared worst on five indicators, Wales on two and Scotland on one. Among these are working-age people with no qualifications and the proportion not in paid work (Northern Ireland); working-age people claiming out-of-work benefits (Wales); and early mortality among adults (Scotland). This highlights Northern Ireland's position of having a low rate of unemployment but a high rate of worklessness.

How did the English regions compare? The South East fared best on 11 of the 16 indicators and worst on none of them, followed by the East of England – best on four indicators and worst on none (Table 1). In contrast, London – the one part of England with a devolved assembly – fared worst on almost half of the indicators (seven) and best on one. North East England was worst on five indicators and best on none. Two regions of England (North West and Yorkshire and Humberside) were neither best nor worst on any of these indicators.

This is only one way to compare the position of the devolved countries. Another is to explore how often they appear in the top half of the UK distribution (i.e. sixth or higher of the twelve areas of the UK). By this measure, Scotland did best, appearing in the top half on 14 of 16 indicators. The picture in Northern Ireland was mixed, being sixth or higher on half of the indicators (8 of 16), with Wales appearing in the top half on two indicators.

The research (*The impact of devolution* series)

Dave Adamson (2010) *The impact of devolution: Area-based regeneration policies in the UK*. Centre for Regeneration and Sustainable Communities, University of Glamorgan. York: Joseph Rowntree Foundation.

David Bell (2010) *The impact of devolution: Long-term care provision in the UK*. Division of Economics, Stirling Management School, University of Stirling. York: Joseph Rowntree Foundation.

Paul Bivand, Laurie Bell, Lovedeep Vaid, Danielle Whitehurst and Ken Wan (2010) *The impact of devolution: Employment and employability.* Centre for Economic and Social Inclusion. York: Joseph Rowntree Foundation.

Guy Palmer (2010) *The impact of devolution: Indicators of poverty and social exclusion*. The Poverty Site (www.poverty.org.uk). York: Joseph Rowntree Foundation.

Steve Wilcox, Suzanne Fitzpatrick and Mark Stephens (2010) *The impact of devolution: Housing and homelessness.* Centre for Housing Policy, University of York. York: Joseph Rowntree Foundation.

Table 1 The best and worst outcomes for countries and regions on poverty and exclusion indicators (2008)

Countries and regions	*Best*	*Worst*	*Net*
South East	11	0	+11
East of England	4	0	+4
Scotland	3	1	+2
South West	1	0	+1
East Midlands	0	1	-1
Wales	0	2	-2
West Midlands	0	2	-2
Northern Ireland	2	5	-3
North East	0	5	-5
London	1	7	-6

Note: Figures add to more than 16 due to inclusion of joint rankings

Source: Palmer, 2010

Trends in the countries and regions, 1998–2008

The position of each country and region in 2008 reflected, to a large degree, the baseline of a decade earlier. Trends in employment, earnings and poverty rates can change over ten years, but shifting the *relative* position of a country or region across a range of measures is likely to take longer. How did the devolved countries and English regions fare in terms of their rate of progress?

The most improved parts of the UK over this period were Scotland and the North East of England, progressing most on six and five indicators respectively. Northern Ireland and London improved most on two indicators and Wales on one (Table 2). For example, child and pensioner poverty fell most in Scotland, while the overall poverty level and the proportion of people claiming out-of-work benefits fell most in the North East. Least improvement occurred in the South East and West Midlands (five indicators each), followed by East of England and East Midlands (four each). Three regions of England improved neither most nor least on any of these indicators: North West, Yorkshire and Humberside and the South West.

The changing performance of each part of the UK over the period did not reflect its overall standing in 2008 very clearly. The strongest region (South East) had some of the smallest reductions in poverty and unemployment, from relatively low rates to start with, while one of the weaker regions (North East) fared best in England having started from a much poorer position. London also improved least on two indicators, seeing no fall in pensioner poverty before housing costs and the smallest drop in the share of unqualified people of working age.

The most and least improved parts of the UK on each indicator are shown in Table 3.

Table 2 Progress on poverty and exclusion indicators: the most and least improved countries and regions (1998–2008)

Countries and regions	*Most improved*	*Least improved*	*Net*
Scotland	6	0	+6
North East	5	0	+5
Wales	1	1	0
Northern Ireland*	2	2	0
London	2	2	0
East Midlands	0	4	-4
East of England	0	4	-4
West Midlands	0	5	-5
South East	0	5	-5

*Of seven indicators for which trend data are available.

Note: Figures add to more than 16 due to inclusion of joint rankings

Table 3 Poverty and exclusion indicators: most/least improved parts of UK and changing gap between best/worst (1998–2008)

Indicator	*Most improved part of UK*	*Least improved part of UK*	*Gap between best and worst parts of UK*
Total living in poverty BHC	Scotland 3%	West Midlands 1%	3%
Total living in poverty AHC	North East 6%	East Midlands and South East 1%	2%
Children in poverty BHC	Scotland 6%	East Midlands 1%	2%
Children in poverty AHC	Scotland 8%	West Midlands 1%	1%
Pensioners in poverty BHC	North East 7%	London 0%	2%
Pensioners in poverty AHC	Scotland 15%	Wales and East Midlands 8%	1%
Working-age people in poverty, BHC	Scotland 2%	West Midlands, East England and South East 2%	3%
Working-age people in poverty, AHC	North East and London 2%	West Midlands 4%	4%
Unemployed on ILO measure	Northern Ireland 2%	South East 0.5%	0.8%
Lacking but wanting paid work	Northern Ireland 5%	East Midlands, East and South East 1%	0%
Not in paid work	Scotland 5%	West Midlands, East Midlands and East 0%	3%
Working-age people claiming out of work benefits	North East 5%	East and South East 0%	5%
**Working-age (in-work) receiving tax credits	**	**	2%
Infant deaths	Wales 1.2%	Northern Ireland 0.3%	0.1%
Premature deaths, adults under 65	London 23%	Northern Ireland 11%	2%
Working-age people (20–60/65) with no educational qualifications	North East 9%	London 4%	1%

Note:
BHC – Before Housing Costs are deducted
AHC – After Housing Costs are considered
ILO – International Labour Organisation

****** Data on take-up relative to eligibility is not available and it is therefore not possible to draw conclusions about improvement over time.

The geographical divide

Inequalities between households and neighbourhoods are significantly greater *within* countries or regions than between them. But it is still worth considering how the gap between the devolved countries and the English regions changed over the period:

- The gap between the best and worst performing parts of the UK reduced on 12 of the 16 indicators, including all measures of poverty by household type (see final column in Table 3). This does not mean poverty fell for all population groups in every part of the UK, but rather that the range narrowed. Broadly, the north–south divide got smaller.

- But the gap increased on two indicators: numbers receiving in-work tax credits and early mortality among adults under 65.

- The gap stayed the same on two others: proportion lacking but wanting paid work and infant mortality rates.

- The gap between parts of the UK remained large on some indicators, e.g. 2.5 times as many working-age people without educational qualifications in Northern Ireland compared with the South East and 1.5 times more people lacking but wanting paid work in the North East and London compared with Northern Ireland.

- For working-age people claiming out-of-work benefits, the North East closed the gap on the South East by 5 per cent. For working-age people living in poverty, London closed the gap on the South East by 4 per cent, though the rate in the South East and East rose slightly.

- On half of the indicators (8 of 16), the gap between the best and worst parts of the UK reduced by just 2 per cent or less. Only for one in three indicators (5 of 16) did the gap lessen by 3 per cent or more. While progress occurred on most fronts, its scale could be regarded as modest.

Different experiences of devolution

The three smaller countries of the UK have experienced different types of devolution. By 2008, they had different strengths and weaknesses in terms of poverty and exclusion relative both to each other and to the English regions, having experienced varying fortunes over the decade. Scotland appeared to have fared better than Northern Ireland or Wales on more of these indicators, and was more often in the top half of the UK's twelve countries and regions. The position of London is mixed: it was ranked in the top half on eight indicators, but fared worst on seven. It is notable that London did better before deducting housing costs than after, highlighting the effect of high housing costs in dragging households into poverty.

Exploring changes over the decade may give some insight into the impact of devolution. On this basis, Scotland fared best, having improved most on six indicators and improved least on none. The picture for Northern Ireland and Wales (as well as London) is more mixed. Perhaps the most striking feature of all is the relative improvement in North East England. The North East and Scotland account for the greatest improvement on the majority (11) of indicators. Clearly, devolution does not explain the North East's progress. But can it explain Scotland's?

The answer is probably not. Each of the six indicators where Scotland was most improved is influenced much more by UK reserved powers than by devolved policies. For example, pensioner poverty was down by 15 per cent, child poverty down by 8 per cent (both after deducting housing costs) and the proportion not in paid work was down by 5 per cent. The drop in pensioner poverty in North East England and Yorkshire and Humberside was almost as large as in Scotland, while the drop in Wales was only half this rate.

The report by Bivand *et al.* (2010) concludes that employment trends in the devolved countries were not different enough from the three northern England regions to state that devolution had a clear impact. It is more likely that macro-economic trends closed the gap in employment rates, thus explaining the strong results for the North East, which began the decade with the lowest employment rate in the UK. It is possible that *administrative* devolution of Department for Work and Pensions (DWP) benefits and Jobcentre Plus (JCP) services works better in some parts of the UK, but there is not enough evidence yet to suggest that *political* devolution has been a significant factor.

In areas where policy is more clearly devolved, trends varied and it will take considerably longer than ten years to assess the full impact of devolution. Adult skills and training policies should lead to a reduction in the proportion of the workforce without any educational qualifications. This matters greatly for people on low incomes because those with the fewest qualifications saw their chances of employment diminish over the period. On this indicator, North East England again fared best over the decade (9 per cent reduction). This might reflect the impact of regional strategies on education and training, higher take-up, the bigger impact of national programmes in the region, or all of these. Among the devolved countries, Wales improved most on this front (down 8 per cent) followed by Northern Ireland (7 per cent) and Scotland (6 per cent). However, one in five of Northern Ireland's working-age adults were still unqualified – higher than the rate in most parts of the UK ten years earlier.

Health outcomes are influenced by very long-term trends in policy, practice, life circumstances and lifestyle factors. Nonetheless, some health improvements occurred in the devolved countries over this period. Two indicators are considered here – infant mortality and deaths among adults under 65 – both skewed heavily towards lower-income households. Wales recorded the highest improvement in infant mortality rates in the UK while Northern Ireland had the lowest. Rates of early mortality among under-65s fell in all parts of the UK, but the gap between best and worst areas still got bigger. This is because the rate of progress in the worst case (Scotland, down 14 per cent) was less than in the region with the lowest risk (South East of England, down 18 per cent) and much less than in the best-performing region (London, down 23 per cent). The only parts of the UK to improve more slowly than Scotland were Northern Ireland (11 per cent) and Wales (13 per cent). This left Scotland with a higher rate of early mortality than all but two English regions had experienced ten years earlier. As we cannot know how the devolved countries would have fared without devolution, all that can be said is that, on this measure at least, devolution did not reduce the gap with the English regions.

While changes in these indicators coincided with devolution, we cannot be sure about the role of devolution in driving these changes. Powers reserved to the UK were usually more important than limited devolved powers in reducing poverty. Broad economic factors influenced employment trends, while devolved employability and training initiatives operated on a much smaller scale. While some progress was made in areas clearly influenced by devolved policy choices, similar improvements were also seen in comparable regions of Northern England.

Policy themes

JRF commissioned four thematic papers to take an in-depth look at the role of different policy areas in the decade up to 2008. These offer a lens through which to view the different choices made by devolved administrations and the UK Government, and the impact on low-income people and places. A summary of key points from each paper covers:

- housing and homelessness;
- employment;
- neighbourhood regeneration;
- long-term care for older people.

Housing and homelessness

Just over half of people living on a low income in Scotland are in social housing, compared with just over two-fifths in England, and just over a third in Northern Ireland and Wales.

The supply of social-sector homes fell in each country, with right-to-buy sales outstripping new stock. The biggest fall in supply was in Northern Ireland and Scotland, but the social sector still comprised a quarter of total stock in Scotland. The rate of new social housing completions rose in England and Scotland, but fell slightly in Northern Ireland and Wales. Caps on maximum right-to-buy discounts led to a much sharper drop in sales in England, Northern Ireland and Wales than in Scotland.

Council rents in England increased in line with earnings and a little faster than in the other countries, but they increased as a proportion of earnings in Wales. Housing association rents rose a little less than earnings, except in Northern Ireland where they rose sharply.

Laws on homelessness diverged significantly, Scotland having the most extensive statutory safety net, plus a relative (though diminishing) advantage in social housing supply. Homelessness prevention has had a major impact in England and Wales, but much less so in Scotland and Northern Ireland. After rising in all four countries, levels of statutory homelessness declined sharply in England and Wales after the introduction of prevention policies. A large and growing proportion of social housing lets are allocated to statutorily homeless households in Scotland and Northern Ireland, but rates have fallen recently in England and Wales.

All countries introduced new housing quality standards. England and Northern Ireland adopted the same 'decent homes' standard, while Scotland and Wales introduced their own quality standards. England set targets to improve all housing towards this standard, but Scotland and Wales applied relatively higher standards only to targets for social housing.

Investment to improve council housing increased fastest in England. Per dwelling, this was far higher than in Northern Ireland and Wales, with Scotland in an intermediate position. Investment to improve private housing was a much lower priority. Grant expenditure per dwelling was by far the lowest in England – half the rate of Scotland and Wales and only one-quarter the level in Northern Ireland.

In all countries, low-income households are more likely to live in homes falling below the national quality standard. The majority of people in this position live in private housing.

Average energy efficiency is higher for social housing than private dwellings throughout the UK. The average rating for private homes in Scotland is higher than for social housing in England and Wales. Policies to improve energy efficiency have focused on social housing, with limited means-tested help to improve private housing. Mounting concerns about CO^2 emissions mean each country will need to deliver energy efficiency improvements in the private housing sector.

Employment

There has been substantial progress in raising employment rates in the three devolved countries, but no strong evidence that actions by devolved governments have accounted for that progress. For example, the main differences compared with Northern England may be due to tighter Jobseeker's Allowance (JSA) enforcement in Scotland.

In Wales, employment rates and workless benefit claims broadly followed those in Northern England. Wales generally did better than Northern England in terms of reducing long-term JSA claims, but had a consistently higher rate of Incapacity Benefit claims.

The peace process in Northern Ireland has had a major influence on economic progress there. Before the current recession, it had relatively low unemployment but a high rate of economic inactivity. Broadly, the distinctive administration of Jobcentre Plus services in Northern Ireland did not have a positive impact. While Northern Ireland performed better than Northern England, with fewer short-term unemployed and new claims, progress in helping the long-term unemployed into work was slower.

Generally, the evidence available suggests that some devolved employment and skills initiatives increased job entry rates among disadvantaged groups and, to a smaller extent, sustainability and progression in work. Lower job entry rates were found among those with greater barriers and starting further away from the labour market. For example, the *New Futures Fund* in Scotland targeted employability support at a range of disadvantaged groups including former drug users and ex-prisoners. Although the job entry and sustained employment rates were low, the initiative added value over other existing services for these clients. The *Bridge to Employment* initiative in Northern Ireland increased job entry rates, especially for long-term unemployed participants, but had a greater net impact on increased participation in training and education. Evidence on the impact of European Social Fund (ESF) funded initiatives (notably through Objective 1) suggests these made a clear contribution to job creation, job entry and sustainability for disadvantaged groups, notably in Wales which received a larger proportionate share of ESF funding than the other two devolved countries.

However, analysis of panel data suggests that the differences in employment or income levels between Scotland and Wales and the Northern England regions are not large enough to conclude that devolution had a significant impact on the fortunes of people in workless and/or low-income households. Devolved initiatives on adult skills may have longer-term returns than the short-term gains visible from well-evaluated employment programmes across Great Britain. Some may have been applied on too small a scale to achieve their true potential impact.

Devolved skills policies would have to be evaluated to higher standards to be certain they were having positive effects. Devolved governments should aim to show that their employability initiatives are more cost-effective than English comparisons at helping people gain and keep rewarding work. Even this limited objective has not been demonstrated to date. At present, the judgement on whether devolution has helped those on the lowest incomes in employment has to be ‘not proven’.

Neighbourhood regeneration

Neighbourhood regeneration approaches across the four countries of the UK have had similar objectives over the last decade, but have been taken forward in different ways.

Policies in England (*New Deal for Communities*) and Wales (*Communities First*) are marked by a significant degree of continuity over time. Various reviews have resulted in changes of emphasis including greater government focus on tackling worklessness. This has been more pronounced in England than Wales, where the focus on capacity-building at the neighbourhood level was more evident.

Approaches in Scotland have been subject to greater change, moving from area-based and thematic Social Inclusion Partnerships (SIPs) to integration with local authority-wide regeneration plans and an end to ringfenced funding in 2010. Some concern is expressed about a reduced focus on ‘place-making’ activity in the most deprived neighbourhoods.

Northern Ireland has had a stop-go experience of devolution, with clear consequences for neighbourhood regeneration. For most of the decade, approaches were fragmented, with regeneration a relatively low priority for the new devolved assembly. The task in Northern Ireland is affected by sectarian divisions which make linking activity into wider education, training and employment initiatives beyond the neighbourhood-level even tougher than in Britain.

Among the benefits of regeneration policies for low-income neighbourhoods were increased capacity, skill and confidence among community representatives to engage with statutory partners (see for example *Communities First* in Wales) and a strong focus on housing improvements in Scotland. Yet regeneration programmes may still have struggled to achieve their primary objectives, such as *Communities First* getting benefits into the mainstream. Despite improvements to aspects of the physical landscape and 'atmosphere' in neighbourhoods, the Welsh experience points to limited change in the statutory sector in terms of delivery or resource allocation. In Scotland, as well, stakeholders generally thought that Social Inclusion Partnerships (SIPs) had largely failed to influence mainstream funding and programmes. Civil servants thought SIPs were not strategic enough, too project-focused and not sufficiently employment-related.

In each country, government officials expressed a desire to link deprived neighbourhoods more effectively into these wider opportunities, as well as improving housing, environment and physical spaces.

Regeneration outcomes can be assessed in qualitative terms, using dimensions of *atmosphere, landscape and horizons*. Based on case study visits in each country, regeneration approaches were further advanced in terms of improving the atmosphere (morale, sense of progress and quality of life) and landscape (housing and physical environment) of neighbourhoods. Where regeneration efforts were weaker, or failed, progress faltered on these fronts. Improvements to people's sense of *horizon* (their positive sense of better life opportunities in future) were less commonly seen, and were rarely an explicit goal of regeneration policies. However, evidence from New Deal for Communities case studies in England points to greater success in enabling residents to get into work, training or further education *through regeneration efforts* than in the other countries.

A better balance needs to be struck between improving places through physical regeneration, and improving people's life chances through links to mainstream labour market and skills initiatives.

Long-term care for older people

The challenges faced by different parts of the UK in terms of demand for long-term care among older people are similar. Disability levels are slightly higher in Wales and Northern Ireland and the ability to pay for care privately is higher in England. But these differences are not large by international standards.

Delivery of long-term care is largely in the hands of local authorities, except in Northern Ireland. There is wide divergence in need, ability to pay and provision across local authorities within each country. Both the devolved administrations and the Westminster government face a political dilemma in deciding the relative role of centralised direction and local autonomy over long-term care policy.

Contrary to what is often assumed, the devolved countries cannot pursue long-term care policies that are wholly independent of the UK Government. The financial and political importance of the 'secondary' social care system, which is determined at Westminster and operates through DWP benefits, is often overlooked. Any changes to these benefits are likely to be driven by English concerns, but will have knock-on effects in the devolved countries. Politicians there cannot ignore the possibility of such change when designing their own care policies. The ability to influence what happens at the UK level is limited by the weakness of inter-governmental committees which were supposedly integral to the devolution settlement. Without formal mechanisms for knowledge exchange, policy-makers tend to learn about changes elsewhere in the UK second-hand.

In developing long-term care policy, the devolved administrations are at a disadvantage compared with England because they do not have sufficient resources to conduct large-scale evaluations. The DWP and devolved administrations tend not to work closely in developing policies. A further consequence is that universities in the devolved countries do not build up capacity to analyse large-scale evaluations.

Whether devolution has benefited social care users is difficult to assess. Wales took a more targeted approach to improving support for people on modest incomes by raising the threshold at which charges for care at home are paid. Scotland introduced free personal and nursing care (FPNC) to all with an assessed need, regardless of income. Northern Ireland has taken a more targeted approach to assisting people in residential and nursing homes, in addition to providing free personal care at home to a relatively smaller number of users (a policy which pre-dates devolution).

In the last decade, a substantial increase in resources allocated to health and care provision was seen throughout the UK, but few opportunities for co-operation on social care policy were taken. The need to learn within a context of policy differences will be much more acute in the next decade.

Cross-cutting themes

During the research, a number of common themes emerged, either in discussion at the seminars or within the reports. These are summarised below.

Important policy differences pre-date devolution

Before 1999, a substantial amount of devolution was evident for housing and regeneration polices, though accountability lines were to secretaries of state appointed by UK governments. Much of the legislation which sets the framework for long-term care also pre-dates devolution, especially the role for local authorities in delivery of social care. While Scotland's decision to introduce free personal and nursing care (FPNC) is a clear example of divergence, social care delivered at home in Northern Ireland was free of charge before devolution. Provision is more generous than England and Wales, though a relatively low proportion of care users receive this service.

Similarly, major differences in the role of the independent sector as care provider relative to the public sector existed as a result of different choices made by local government. Five times as much social care was provided by the independent sector in England as in Scotland on the eve of devolution. Voluntary and private providers continue to supply well over twice as much domiciliary care in England as in Scotland. In future, divergence may arise from one country deciding *not* to reform a particular policy area while others do. An example is the capping and reduction of right-to-buy discounts for social housing in three countries of the UK, leaving Scotland with a largely unreformed system.

Different experiences, variable powers

The three smaller countries of the UK, as well as London, have different forms of devolution. These result in different policy choices. For example, Scotland's FPNC policy represents a distinct pathway for social care, but did not benefit people on the lowest incomes. With more limited powers, Wales chose to 'level the field' by enabling local authorities to reduce variations in care charges and increasing the threshold above Income Support at which care charges are paid. This means people on modest incomes pay less.

Different outcomes may arise, as well, from various forms of *administrative* devolution, despite formal powers being similar. For example, Paul Bivand *et al.* (2010) point to an increase in the rate of people leaving Jobseeker's Allowance (JSA) in Scotland and Wales from 2006–08. This does not seem to match particular initiatives by devolved governments, but a tougher enforcement regime introduced by regional managers within a UK-wide system and more people leaving JSA due to a stronger jobs market. Northern Ireland has its own welfare-to-work system, offering greater scope for independent action. Claimants in Northern Ireland had a much higher likelihood of staying on JSA than in comparable regions in Northern England. While this reflects labour market conditions as well as the approach taken in Jobcentre Plus (JCP), the authors conclude: *'broadly speaking, [this] is not an advert for devolved administration'.* However, some progress in 2007 for the short-term unemployed may be related to the introduction of jobs and benefits offices (merging job and benefits services which were previously in separate departments of the Northern Ireland Executive) and might signal an improvement in performance coinciding with devolution resuming.

The 'stop–go' experience of devolution in Northern Ireland led to delayed policy development, especially evident in neighbourhood regeneration. Some of the stakeholders interviewed by Adamson felt the period of direct rule (when the assembly was suspended) led to less partisan policy-making and decisions based on good practice from Britain. But others felt it had stopped progress and left too much power in the hands of civil servants to carry on with business as usual.

Interaction between devolved and reserved areas

Devolved governments exist in a multi-level system of governance. Relationships with the UK Government and with local councils, as well as the European Union, are a significant part of the devolution story. The devolved countries have chosen to adopt some UK targets, such as on child poverty reduction, while setting their own targets in other cases, for example the Scottish Government's Solidarity target to increase the share of income among the lowest-income 30 per cent.

Because the devolved administrations are funded by block grants from Westminster, relationships are strongly influenced by money. Within the limits of grant funding, devolved governments are free to set their own priorities as long as the consequences do not land back in London. Council housing finances are covered by 'concordats' which enable the Treasury to recoup additional Housing Benefit costs in the event of council rents in Scotland and Wales, or Northern Ireland Housing Executive rents, being increased faster than in England.

The consequences of future policy decisions by the UK Government impacting upon devolution remain to be explored. For example, the DWP affects the whole of the UK. Resources currently spent through Attendance Allowance and Disability Living Allowance have a significant impact on lifting some older and disabled people out of poverty. David Bell calls this the UK's 'secondary' system as distinct from the 'primary' system covering how social care is commissioned, provided and paid for (Bell, 2010). The secondary system serves almost five times as many older people living at home as the primary devolved system. If the UK Government decided to move resources from the benefits system into care services for England, this would clearly affect devolved care policies. Bell argues that the other countries of the UK may be forced to accept changes in the DWP-funded system, while having little influence over them. In this respect, some powers are inter-dependent, meaning the devolved administrations cannot pursue social care policies wholly independent of the UK Government.

Common trends as well as divergence

The growth of policy differences is one logical result of devolution. What has it meant in practice? Scotland's policy on social care has fuelled a shift in the balance of care towards older people staying in their own homes. In contrast, home care packages are least common in Northern Ireland, while a focus on those with substantial or critical needs by English local authorities has led to a very significant private home care service. The enthusiasm for extending client choice between care service providers has not been shared to the same extent by devolved administrations. In addition, the legislative framework for addressing homelessness has diverged significantly. Scotland has introduced a more extensive statutory safety net and set a target to abolish homelessness through priority need by 2012. But homelessness has fallen sharply in England as well as Wales, due to a more active prevention agenda which has not been pursued in Scotland.

In other areas, similarities appear to outweigh the differences. Thus, unemployment rates tended to converge across the decade in the devolved countries relative to England and initial differences in apprenticeship programmes and all-age careers services have narrowed recently. While cases of divergence tend to grab the headlines, devolution may also result in further cases of convergence.

In search of added value

How do we assess the value of devolved policies for low-income people and places? Due to its scale, England is able to draw upon significantly more, higher quality evaluation evidence than the smaller countries of the UK. Scotland appears to have supported more policy evaluation than the Welsh Assembly Government and Northern Ireland Executive. Bell notes there is a particular lack of research capacity and funding to undertake evaluation studies measuring impact and added value over time.

People: employment and skills

A total of 47 employment and skills initiatives in the three devolved countries with an intended or potential impact on tackling poverty were identified in the review (Bivand *et al.*, 2010). About half were evaluated. Evidence on impact was found to vary widely between initiatives, with some having no evidence of impact at all. Moreover, several evaluations had limited or no evidence on 'additionality' – so it is hard to judge how far job outcomes would have occurred without the programme. Use of control groups to assess added value has been relatively rare. The *Working for Families* programme in Scotland supported disadvantaged parents (especially lone parents) into work, training or education by addressing childcare and other barriers. It ran in selected local authorities and was one of the very few evaluations to include a random control group. This pointed to 'strong additionality' of the initiative, reflected in various positive net impacts.

Places: Neighbourhood regeneration

In the field of neighbourhood regeneration, Dave Adamson (2010) points to *'almost an excess of formal evaluation for English regeneration policies in contrast to the other countries of the UK'.* Overall, area-based regeneration brought benefits where it was implemented. The greater the investment and consistency of approach, the greater the benefit appears to have been. Most of the benefits were to housing and neighbourhood conditions (e.g. local quality of life) rather than levels of poverty as such. The 'control' cases identified are found in Northern Ireland, where progress was delayed significantly relative to the other countries, and in places where *Communities First* failed to work in Wales. None of the positive changes found in other areas were evident and the impression was of neighbourhoods locked into a pattern of disputes from previous years.

In contrast to the lack of impact in Wales, the evaluation of New Deal for Communities (NDC) in England identifies *'significant instances of service changes across a wide range of services including policing and environmental services'.* An evaluation of a small group of better-performing NDC areas (DCLG, 2008) showed them to be closing the gap with their local authority and performing better than the national average on some trends. Adamson's own assessment of two case study neighbourhoods highlights positive change, with investment targeted towards physical improvement of housing, community buildings and shared public spaces. Positive impacts were also found on people's 'horizons' via an increased focus on training, employability, further learning and in one case direct employment. Based on case study findings, it appears that regeneration policy in England progressed further in the last decade than in the devolved countries, with higher levels of investment per capita in neighbourhoods included in comparable initiatives.

Community engagement and influence

Major concerns have been expressed about the balance of power between public service officials and community representatives in Northern Ireland, and in terms of capacity in Wales. The commitment to community involvement and capacity-building appears to have been strongest in England and Wales, with one important difference: devolution of some regeneration budgets to neighbourhoods within the New Deal for Communities (NDC) programme in England contrasts with the lack of direct funding in *Communities First*. Some stakeholders thus see community engagement in Wales being pursued without access to resources to enable community responsiveness.

Looking ahead

Looking ahead, evaluation of specific regeneration outcomes could become harder as a result of changes in funding by governments. Various regeneration and employability funding streams have been integrated in Scotland and will be part of the local government budget from 2010 rather than ringfenced by the Scottish government. On the positive side, local authority skills in taking an *outcomes approach* to service planning are improving. On the other hand, concerns are expressed about a reduced focus on tackling concentrated deprivation in some areas.

Devolved initiatives would need to be evaluated to best practice standards to be sure if and how far they add value. Scepticism is expressed about whether devolved adult training policies to boost employability can be shown to have net positive effects or are cost-effective, in contrast to UK-wide active labour market programmes which, when evaluated fully, show small positive effects with some being cost-effective. Not enough is known to say what difference devolved approaches have made overall, leading Bivand *et al.* to reach a judgement of 'not proven' in the case of employment and skills initiatives.

Some devolved policies may take longer to show benefits ...

The evidence on what devolution has done for low-income people and places is patchy, and the verdict is mixed. Adamson notes that improvements in housing, the physical environment and public spaces have helped to stabilise neighbourhoods in decline. Changing local culture ('horizons' in regeneration terms) and health takes much longer than ten years. Yet it seems significant that progress on some fronts has been relatively slow despite the unprecedented scale of investment. In the short term, this is a troubling conclusion. However, it is possible that some devolved policies (such as on public health and adult skills) will deliver longer-term returns which are not captured in evaluation evidence to date.

… and may need to be implemented on a bigger scale

As well as timescales, it appears there is also an issue about scale in terms of size. Many devolved employment and training initiatives are voluntary and designed to complement the much larger, compulsory UK programmes. Small-scale initiatives, no matter how well designed and implemented, are unlikely to make a significant dent in the overall employment or poverty rate. For example, the major devolved initiatives had up to 3,000 participants per year. Very large sums were spent through ESF programmes in West Wales and the Valleys, with a mid-range estimate reported of 33,000 additional new jobs created by programme and match funding and an estimated 33 per cent of the total gross jobs as added value. Devolved administrations and their local government partners will need to set out a clearer strategy for investing in approaches which have been demonstrated as most effective, such as *Working for Families*. It is not clear, at present, that this is done consistently.

Tensions between central direction and local discretion

There is considerable variation in delivery structures in the four countries. This reflects important differences in relationships between central government, local authorities and voluntary and community sectors. However, a common challenge lies in how far governments seek to direct provision from the centre versus devolving more of the decision-making locally. The evidence to date suggests this is a changing rather than a fixed process. For example, the Welsh Assembly Government initially took a non-prescriptive approach to *Communities First*. Government reviews in 2003 and 2008 led to more specific targets being introduced (e.g. income maximisation and tackling child poverty) and an emphasis on addressing key issues which ministers felt were being neglected (e.g. jobs, business, education, health) by a dominant focus on capacity-building. An outcomes fund was introduced to match-fund community/statutory partnerships, aiming to change the pattern of mainstream public service delivery and resource allocation. A growing focus on tackling poverty and reducing worklessness was seen elsewhere as civil servants in both England and Scotland stressed the need to do more along these lines through regeneration policy. For example, the Working Neighbourhoods Fund was introduced in England to stimulate 'community action on worklessness'.

Initial delivery of New Deal for Communities (NDC) in England tended to bypass local authorities, with greater emphasis on the community role. Local Strategic Partnerships (LSPs) were set up at the local authority level, driven by central target-setting to improve core public services in the most disadvantaged communities. Multi-agency partnerships involving residents drew up local area agreements to shape core service delivery. In this respect, the English approach focused more clearly on putting the policy into the mainstream and, not surprisingly, had more success in influencing public service providers.

As Adamson notes, the 'crime and grime' concerns of many residents were an inevitable result of greater community engagement, but these were increasingly in tension with the more strategic approaches favoured by governments. The shift towards integrated funding streams for regeneration and a more strategic focus at the local authority level occurred in Scotland halfway through the first ten years of devolution. The result was less focus on neighbourhoods of concentrated disadvantage and less weight attached to 'place-making'.

Some of these tensions emerge over the *spatial scale* of regeneration activity and the relative failure to stretch residents' horizons. For example, *Communities First* in Wales could be seen, by operating at the micro-level, as reinforcing 'localised cultures' and a reluctance to travel even short distances to study, for training or for work. Partnerships have often pursued approaches in isolation from each other and without a strategic element (e.g. not linked into the local authority's community planning process). Adamson concludes that it is more a matter of luck that residents who get involved with regeneration of their neighbourhood find a route to the external world of improved health, better education and employment: *'It should be designed, structured and routine rather than accidental.'*

Separately, local authorities in England and Wales have a role in setting charges for social care at home and all councils draw upon service user charges for day care, lunch clubs, home help services including meals on wheels, wardens, community alarms, aids and adaptations. As budgets decline, it is likely that these charges will increase significantly. Further pressure to reduce variations in these charges (following the Welsh approach to levelling out care charges) or peg increases to inflation would clash with their current discretion. It is a further reminder that devolution to the country level is not the only process affecting low-income people and places.

Continuity versus change

Regeneration policies highlight a range of approaches from continuity to significant change. Wales and England are examples of relative continuity over the period, unlike Scotland which has seen major changes in approach and governance. Wales is probably the most straightforward case, with a high degree of policy continuity through the *Communities First* programme. Unlike in Northern Ireland, which demonstrates the difficulties caused by a fractured process of policy delivery, the depth and scale of consultation in Wales helped to secure a high degree of stakeholder support in the voluntary and public sectors – and signalled a break with pre-devolution approaches. Continuity makes it easier, in principle, to learn policy and practice lessons if there is a commitment to higher quality evaluation.

The mechanisms for achieving Scottish policy objectives have changed more than the actual objectives. Adamson notes a degree of local support being expressed now for community-based SIPs which was less evident at the time. Again, unlike Wales, SIPs were integrated into local authority Community Planning Partnerships after about five years. Concern was expressed that this led to a weaker community voice and influence as the spatial level of partnerships moved to the local authority. The promotion of good practice, training and routes for professional development is regarded as an essential element of achieving greater consistency in outcomes between places. With Scotland demonstrating the most rapid rate of change in regeneration policy, Adamson points to stakeholder concern that learning from past experiences is at risk of being lost.

Cross-country learning

It is clear that more consistent and robust evaluation is needed to demonstrate the effectiveness of devolved policies, but important barriers remain. For example, Bell identifies a common challenge about funding, capacity and expertise to undertake analyses of cross-country policy divergence. This is complicated further by different approaches to data collection by governments. Compared to health, data on social care across the UK is much less comprehensive, and even where available is often collected in different ways (such as that on unpaid care).

Formal infrastructure to make this happen is needed, plus a commitment in Whitehall to knowledge exchange and dialogue about the consequences of one country's decisions for another. Devolved policy-makers cannot afford to ignore possible changes in reserved policies (e.g. DWP benefits), yet their ability to influence these choices is limited due to the weakness of the Joint Ministerial Committee system which was supposed to help devolution work well. Bell notes that the first ten years of devolution have fallen short on this front:

> *'Although the UK could be thought of as a policy laboratory, there has been little joint learning of social care policy lessons in the last decade. There do not seem to be proper mechanisms where experiences and ideas can be transferred.'*

There is a clear role here for the UK and devolved governments to collaborate with research funders to improve the quality of policy evaluation in each country, as well as on a cross-country basis.

Conclusion: What impact has devolution had?

Ten years of devolution coincided with falling levels of poverty and improving employment rates in most of the UK. Significant improvements were seen particularly in Scotland and the North East of England. These reflect the variable impact of economic factors and policies reserved to Westminster (including welfare-to-work and tax-benefit reforms). Given the limited powers available to devolved administrations, a relatively modest contribution to tackling poverty might have been expected.

Nonetheless, progress *was* made in areas influenced by devolved policy choices. On adult skills, the proportion of working-age people with no educational qualifications fell significantly in Wales and Northern Ireland, although the North East of England improved most. Infant mortality fell most in Wales but least in Northern Ireland. Early mortality among adults under 65 improved in all parts of the UK, but least in the three devolved countries (with Scotland lagging furthest behind). Despite progress, regional inequality on these indicators widened. The gap between those parts of the UK faring best and worst narrowed on most of the other indicators explored, although the rate of progress was modest. Over the period to 2008, it is notable that comparable regions in Northern England fared just as well as the devolved countries on various indicators.

Progress in the devolved countries is a result of the interaction between UK reserved and devolved policies. Political support for tackling poverty in the devolved countries came ahead of formal powers to take action, which have varied in important ways. It will take considerably more than ten years to see the true impact of different approaches to adult skills, public health and various other devolved policies. This is especially true in Wales, where a more limited form of devolution has occurred to date, although additional powers may be devolved to both Wales and Scotland as a result of further constitutional change.

Did particular devolved policies bring benefits to low-income people and places? The evidence is mixed. Social housing improvements were a major element of regeneration activities, especially in England and Scotland, but low-income households paying a mortgage or in private rented accommodation were less likely to benefit and more likely to live in accommodation falling below quality standards.

Employment rates improved steadily in the three devolved countries compared with only a slight increase for England as a whole. But there is no strong evidence that actions by the devolved governments have accounted for this progress. Changes in employment rates and average incomes for the lowest 20 per cent showed no significant differences between the devolved countries and comparable regions in Northern England. Devolved initiatives on adult skills may have longer-term returns than the short-term gains visible from well-evaluated employment programmes across Great Britain. Some may have been applied on too small a scale to achieve their true potential impact.

Regeneration delivered various benefits to low-income neighbourhoods, addressing the three dimensions of *landscape, atmosphere* and *horizons* more effectively in England and least so in Northern Ireland. England and Wales showed relative consistency over the decade in regeneration policy, in contrast to Scotland where the emphasis has shifted away from disadvantaged neighbourhoods towards local authority-wide approaches, and Northern Ireland, where the 'stop-go' nature of devolution has delayed progress in regeneration substantially.

The Welsh approach to social care for older people has enabled local authorities to level out care charges and reduce costs for those on lower incomes. This targeted approach should benefit those on the margins of poverty rather than extending support to the better-off, while Scotland's universal approach is more comprehensive and costly.

Looking ahead, better evaluation evidence is needed to identify those devolved powers which benefit disadvantaged people and places, to ensure they are applied on a big enough scale and to encourage better knowledge exchange between devolved administrations and the UK Government.

Looking ahead

JRF has published a range of proposals for reducing child poverty in the UK to a rate comparable with the best in Europe (Hirsch, 2008).There is a compelling economic and moral case for doing so and many areas of policy will need to contribute. The UK Government, devolved administrations and local authorities will all need to focus on reducing poverty as a joint endeavour, and this will involve a greater degree of collaboration than has been seen in the past ten years. Looking ahead, the agenda should include:

- A clearer recognition across the UK that divergence in policy choices is part of the logic of devolution. Since the decisions are made by devolved administrations within the budget agreed with Westminster, these need not have a major impact on people in other parts of the UK. But we do need to know more about their effectiveness, in particular their impact *within* each country, including the effects on low-income people and places.

- Proper mechanisms to improve dialogue between governments when the choices of one are in tension with those of another, such as the proposed introduction of new services or benefits by a devolved administration which result in an offsetting reduction in DWP benefits. The Joint Ministerial Committee system could be used more frequently to address such challenges but other mechanisms will also be required.

- Closer involvement of devolved administrations in developing policy on reserved matters. Decisions on taxes and benefits are made by the UK Government without much reference to the devolved administrations. Yet achievement of some of their major targets (e.g. reducing child poverty) depends to a large degree on the policy direction of reserved matters.

- A clearer understanding of responsibility in grey areas: although many areas of policy are either devolved or reserved, a number of grey areas are less clear-cut. These include responsibility for tackling low pay and improving conditions at work. As a growing proportion of poverty overall, in-work poverty should be a high priority for joint working between the UK and devolved administrations.

- Greater commitment, structures and processes to enable knowledge exchange on social policy between the four countries. A greater awareness within Whitehall of the benefits in discussing effectiveness and learning from policy divergence would be beneficial. This should be underpinned by a strategy to increase research capacity on cross-country policy issues across the UK.

- Analysis of cross-border issues, such as different care entitlements and the impact of different housing and homelessness policies for people living close to the Scotland-England and Wales-England borders, or moving between jurisdictions.

- A review of financial relationships within the UK, reflecting the dynamics of the constitutional process in Wales and Scotland in particular. An accepted methodology to determine the relative spending needs of the four countries and English regions and how funding allocations should change over time, given the impact of reserved policy decisions on devolved nations and policy divergence.

- An assessment of the case for further devolution in the benefits system and employment services to find more effective ways to tackle worklessness and poverty. Northern Ireland already has a greater degree of devolution in this area, although it has not been much used. The Commission on Scottish Devolution (2009) ruled out the option of varying social security powers in Scotland, but Bell notes this may need to be revisited if, for example, reforms to benefits for older and disabled people are made in England with clear consequences for devolved budgets.

- An identification of how existing and future powers, under different scenarios for the constitution. This could be used to greater effect for achieving a sustainable reduction in poverty and improved prospects for low-income neighbourhoods. The scale of projected cuts in public spending will cause some of the gains seen in the last ten years to unravel. This will create the first major test for devolution. It is hard to see how unpopular trade-offs can be avoided, for example between targeting and universal services expanded during years of budgetary growth. Local government, also, will be in the forefront of this changing process. Increased service user charges are one way in which local authorities may seek to raise revenue. A sharper focus will be needed on how to lessen the impact on disadvantaged people and places, and to prepare for a fair and sustainable recovery in the four countries of the UK.

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About the research

The research for this programme of work on devolution comprised:

- a review of the policy and practice literature across four countries of the UK in each of the selected policy areas;
- an overview of trends in social and economic disadvantage drawn from The Poverty Site (www.poverty.org.uk);
- a series of cross-country seminars for policy-makers and practitioners to discuss draft reports.

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