

# The welfare state and devolution: reflections on the 2011-16 mandate

Keynote address to seminar on 'The New Welfare State'

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Today's seminar is about the New Welfare State, and that is what the coalition and Conservative governments are trying to build. A new welfare state that costs less to run, that consequently is less generous to many claimants and that establishes paid work more firmly than ever as the route out of poverty.

Civil servants are by nature cautious in what they say, but one that I interviewed described this set of reforms as comparable in importance with the foundation of the modern welfare state in the 1940s.

That's one reason why, even though it did not pass, I believe the Welfare Reform Bill was the most significant piece of business in the last Assembly mandate.

But the Bill was not only significant because of the changes it sought to make to our social security system – changes that are now being made under the Welfare Reform Order.

There is a second way in which we potentially stand on the cusp of a new welfare state. Devolution has brought about different approaches to education, health, social care, housing and other welfare services in different parts of the UK.

But not in social security. Not until now anyway. As we heard in this morning's committee meeting, even though the Welfare Reform Order is now making by and large the same set of changes as the Bill would have made, Northern Ireland will still do some things a little differently. This follows the commitments that were made by former Ministers, the amendments agreed by the Assembly and Eileen Evason's recommendations.

So the reasons why the Welfare Reform Bill was before the Assembly for so long, why it ultimately failed, and why welfare reform in Northern Ireland will not be quite the same as welfare reform in England and Wales, are just as important as its contents when we consider how the welfare state is changing in the devolution era.

Michael McMahon will have more to say about Scotland. But the two stories have much in common. In the 1990s, social security was not devolved and there was little demand for it to be devolved. But the changes the coalition made changed this. Suddenly, for many people, the shared UK approach to

social security was no longer a benefit of the union, but an argument for independence and driver of the most significant changes to the devolution settlement since 1998.

In Northern Ireland, of course, social security has been a devolved matter since 1921. But the political consensus has been to replicate almost every aspect of policy in Great Britain. Since 1926, the Treasury has provided the money to help Northern Ireland do so despite its weaker economy and public finances.

So before 2012, the legislative process for social security Bills was a formality. One civil servant told me that DSD, as it was then, had acted as a 'parity department' that took the legislation for Great Britain, changed a few headings and put it through the Assembly.

Why did this change? We know that the coalition's welfare reform policies were controversial across the UK. But there is evidence that the impact of the reforms is likely to be greater in Northern Ireland than elsewhere.

We heard this morning about our high levels of underoccupation in and the segregation of social housing. We have high levels of disability, a sluggish economy and patchy childcare provision.

Public representatives here – unionist, nationalist or neutral – were concerned. They told me about their concerns and they voiced their concerns from the floor of the House of Commons.

But it's a different game when we come to the question of what Northern Ireland should do. This isn't the 1920s, we no longer have a government that is sceptical about devolution. In all sorts of policy areas we do things differently to Great Britain.

Even so, social security is different. In the 1920s, the parity arrangement was put in place – as a temporary measure – to allow Northern Ireland to provide the same unemployment benefits as Great Britain. But my research shows a perception exists that the transfers received from the UK government require the maintenance of parity – even though this is not explicitly stated in any legislation.

It is unquestionably true that if Northern Ireland develops a social security policy that is more expensive than the Westminster model, the excess expenditure will have to come from local funds. But that is not to say it cannot do it.

The ultimate demise of the Welfare Reform Bill came about because the DUP and Sinn Féin could not agree on how a Northern Ireland Bill should differ from the legislation for Great Britain. This was not because the DUP thought the proposed reforms were wonderful, nor was it necessarily because unionists saw the erosion of the social union as harmful to the political union. A few of my research participants were afraid of this, but more of them were Scottish unionists than Northern Irish unionists.

Ultimately, the failure of the Bill largely came down to money. The parties who signed the petition of concern back in May thought the proposed amendments did not go far enough. Some of those who did not perhaps had some sympathy with this point of view, but believed this was the maximum divergence the devolved budget could pay for.

But I am going to suggest that there is a deeper issue here, one that you won't find in the newspapers. My research is not ultimately about the Welfare Reform Bill, it is about social citizenship – how the UK and its various regions look after their citizens' welfare in the devolution era.

What was missing from the debate in Northern Ireland was what the independence referendum injected into the Scottish debate: everything here was reactive. There was much talk of the need to mitigate the coalition's reforms – deferring some changes, softening others, perhaps not implementing a few at all.

But the starting point was always what the UK government was doing. We never had a debate about what Northern Ireland might do if it were designing its own social security system, or at least coming up with its own changes to the current UK system.

Meanwhile in Scotland, a long term vision was published for a radically different approach to social security following independence. By the time I arrived in Edinburgh the unionist side had won the referendum, but I still heard lots of ideas about how Scotland might do something distinctive and better, particularly with disability benefits.

That process continues now that the Scotland Act has devolved some social security competences to Holyrood, albeit with a little less ambition than during the referendum campaign.

I don't want to be too critical of our policymakers here for the approach they took. Unlike in Scotland, they could not afford to simply criticise the coalition, but had to fairly quickly come up with a legislative response – and, as we have heard so often, the money to pay for any differences.

That isn't the case now. Universal credit is falling further and further behind schedule and Brexit is dominating the political agenda. So it seems a safe enough bet that the next major social security legislation is years away. Which means there is an opportunity to take a step back and have a serious think about how well a strict interpretation of parity serves Northern Ireland today, without the pressure of a set of reforms that the Assembly is expected to replicate.

I realise I have talked a lot about social security. Some of you are here to talk about housing and child poverty.

But these are linked. Social security reforms – the benefit cap, bedroom tax and other HB reforms – have impacted upon claimants' ability to live in certain areas or certain houses.

And for all the rhetoric about work as the route out of poverty, the fact is that under Labour, when benefits went up, child poverty went down. Under the coalition, benefits went down and child poverty went up – a pattern likely to continue under the Conservatives.

So any devolved administration seeking to address housing need and child poverty cannot avoid the question of how it responds to the UK government's social security reforms.

We will come back to that question in the second session. For now, I'll hand you over to Michael for a Scottish perspective.