



PolicyWISE

Policy making beyond Westminster.

Economic lessons from 25 years of national devolution

PolicyWISE Conference Report (April 2024)

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Introduction & Overview

On 29th April 2024, PolicyWISE and Resolution Foundation hosted an event to reflect on 25 years of devolution, considering the economic lessons and to explore avenues for the future.

We were joined by speakers from all parts of the United Kingdom, including the former First Minister of Wales and Deputy First Minister of Scotland for a discussion on how the governments in Belfast, Cardiff, Edinburgh, and Westminster have used economic policy levers differently, whether to raise revenue or address priorities like reducing child poverty.

In opening the conference, Torsten Bell of the Resolution Foundation made the case that fiscal and economic devolution is often overlooked by Westminster-based policymakers and opinion-formers, despite the substantive nature of the different policies and strategies.

He argued that greater cross-nation learning, and comparative study, would improve policy-making and public research, highlighting the role of both the Resolution Foundation and PolicyWISE to help deliver this.

Some key insights from the conference included:

- **An emphasis on tackling economic inequality – but using public policy interventions not taxes.**
- **Whether Westminster fiscal and political structures and culture helps or hinders devolved economic decision-making.**
- **Thinking beyond GDP as a measure of national and economic well-being – emphasising sustainability, public services, and future generations.**

Different Policy Levers

Government interventions – especially in Scotland and Wales – to provide ‘free’ universal services and direct grants and payments, as opposed to major tax changes, was a key learning from the conference.

John Swinney MSP, Dr Emma Congreve and David Phillips highlighted policies such as the [Scottish Child Payment](#) and “free’ university tuition in Scotland. Mark Drakeford MS pointed to Wales’s [Universal Basic Income pilot](#), as well as free NHS prescriptions and help with school costs (e.g., free meals and uniform grants) as evidence of successive Welsh Labour Governments’ “[social wage](#)” approach.

In explaining this social democrat approach without higher taxation, Mr Drakeford explained that he thought Wales’s [income tax varying powers](#) were “unusable” compared to [Scotland’s ability](#) to set different bands and thresholds. As noted by John Swinney, Scottish Governments also chose not to use their previous income tax powers when it was similar to Wales’s current settlement. **If there is to be further income tax devolution to Wales, and to Northern Ireland, then this analysis should be considered.**

There was some discussion that the impact of universalist, and means-tested, policy interventions **is not being captured in official data** on [disposable household income](#). It was argued that this prevented genuine UK-wide comparative analysis and learning. However recent data does show that Scotland relative better performance in reducing [child poverty](#) than the rest of the United Kingdom.



Economic Relations and Responsibilities

Lindsey Whyte provided a fascinating insight into HM Treasury's work pre-, and post-, the 2014 Scottish independence referendum, as well as engagement with the Northern Ireland Executive on welfare policy and funding, as well as the devolution of corporation tax.

Taking this forward, Professor Katy Hayward referenced the interplay between political perspective, identity politics and decision-making on economic policy such as welfare and taxation for Northern Ireland. Prof Hayward described a culture of "blame" between Stormont and Westminster, whilst Lindsey Whyte said that there's been much progress in "embedding devolution capability" in HMT standing policy teams.

There are wider discussions about HM Treasury's role and relationships with governments across the UK, and whether it is a "Treasury for England" rather than a shared pan-UK central exchequer. Building on the work to embed devolution capability, the **relationships between fiscal structures, process and policy in a devolved UK are worthy of further analysis.**

Lindsey Whyte emphasised that she and colleagues considered themselves "UK civil servants," working for the whole United

Kingdom. It was agreed by the panel that policymakers, politicians, and the **media could do better in explaining the territorial applicability of laws, taxes, and policies.**

Dyfed Alsop from the Welsh Revenue Authority commented that the "blurred lines" in responsibilities and the constitutional settlement often **provide opportunities for creative and positive co-operation.**

He also outlined the distinctly Welsh approach of the WRA in communicating its role and purpose, foregrounding Welsh language terms that reflected a commitment to a social contract and transparency. Follow-up discussions reflected on the opportunities of governance and authorities being closer to citizens, and what it means for a different compact between the public and their tax and revenue agencies.

A commitment to devolve economic powers further within the nations, including England, was brought up on many occasions across the conference. Responding to this, John Swinney highlighted the Scottish Government's Visitor Levy legislation, which will give local authorities the power to charge visitors. Similar legislation is proposed by the Welsh Government.

Powers for a Purpose

Jonathan Tench from the Office of the Future Generations Commissioner for Wales noted the introduction and implementation of The Wellbeing of Future Generations Act (2015).

This enshrined that the United Nation's Sustainable Development Goals should be placed at the front and centre of economic decision-making in Wales and a move away from GDP as the core objective of government decision-making. He highlighted the Welsh Government's approach to transport and recycling policy as examples of practical policy development.

David Phillips from the Institute for Fiscal Studies told us that indicators show a lot of the supply side areas of economic policy are already devolved – such as education, skills, and housing supply. His comparative analysis showed a mixed picture on the success, in Scotland, of policies in these areas.

Panellists including Emma Congreve and Clodagh Rice from BBC Northern Ireland told the audience about their own experiences of the lack of knowledge of the fiscal arrangements and powers available to the parliaments and governments of the UK.

Do we have a new “taxation without representation” if different and diverging tax decisions and policies are not accurately represented and reported in the media and by politicians? It was suggested that more should be done **to promote public and policymaker understanding.**



Back to the Future – the Devolution DeLorean

Constitutional matters were never far away from conference discussions about economic and fiscal devolution policy. Both Mark Drakeford and John Swinney emphasised that **recent political culture and leadership in Westminster has made co-operation difficult**, and Mr Drakeford described the future of the UK as a “supressed crisis” that has not gone away.

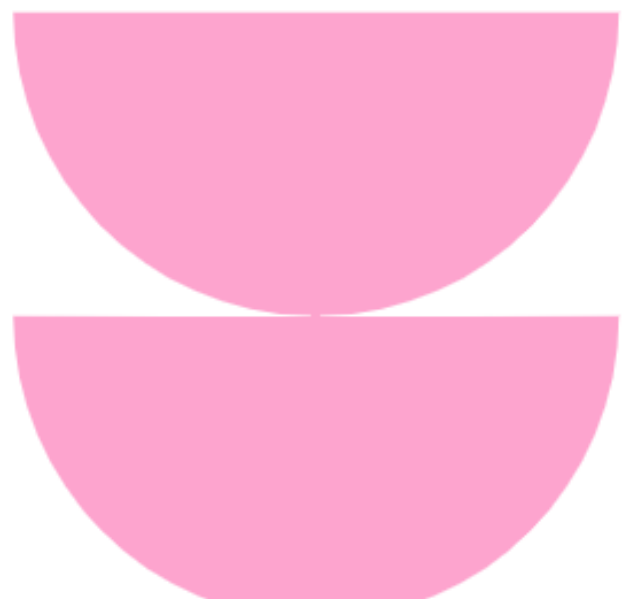
Some attendees were surprised to hear Mr Swinney speak positively about the positive working relationship with the 2010–15 UK Coalition Government. He went onto explain that he felt that George Osborne and Danny Alexander “believed in devolution”, seeking to devolve power to regions in England as well. He also looked back to a “prevailing political culture” of that Labour UK Government pre-2010 that Labour and SNP-led Scottish Governments were able to “complement”.

Mr Drakeford described Westminster parliamentary sovereignty as one of the “great myths of our time” working against respectful inter-governmental relations. He argued that “sovereignty is already dispersed” across the UK’s parliaments and governments,

and that **formal recognition of this would support improved relations and policy learning.**

Whether a new UK Government will reset the “prevailing political culture” and support improved inter-governmental relations, and what that might mean for economic well-being across the nations, are questions for the very near future. And they are ones that Mr Swinney may now find himself helping to answer.

It has never been more important that policymakers, researchers, and governments to learn from the last quarter of the century and look at the common challenges they face. The UK has faced a long period of stagnation, but there is **significant scope for innovation and policies which help build prosperity, across our nations and regions.**



Further reading

Ending stagnation: A New Economic Strategy for Britain (Resolution Foundation)

Pre-Conference Briefing Note (PolicyWISE)

Wise in 5: Tourist Tax (PolicyWISE)

What is a “Wellbeing Economy”? (SPICe Spotlight)

Division of Powers “Decentralisation Index” (European Committee of the Regions)

Unlocking Fiscal Autonomy (Celtic Academies Alliance)

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Dewi Knight, Director



Our funder

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