The United Kingdom: New devolved welfare systems in Britain

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This chapter examines welfare developments in the United Kingdom (UK) and the changing British welfare state. It begins with a brief historical overview before moving on to consider social reforms in the 1998–2018 period and the devolution of welfare in Britain. The chapter looks at the general structures of the British welfare system as a whole, in terms of social spending levels and societal outcomes for poverty and inequality. It then examines the following policy areas in more detail: social assistance, old-age and pensions policy, labour market policy, family policy, health and social care, housing, and education. It also reviews the continuities and discontinuities, changing policy paradigms, and ideas underpinning the social reform agenda. The chapter also reflects on welfare trajectories now that the UK (as a whole) has voted to leave the EU. It is significant that while England and Wales voted for Brexit, Scotland and Northern Ireland voted Remain.

1 Introduction: historical developments and recent changes

This chapter examines welfare developments in the United Kingdom (UK) and the changing British welfare state. Over the past 20-years the UK has moved from one of the most centralised countries in Europe to one of the most decentralised. A large number of welfare functions are now the responsibility of devolved governments and legislatures in Scotland, Wales and Northern Ireland. Section 1 begins with a brief historical overview before moving on to consider social reforms in the 1998–2018 period and the devolution of welfare in Britain. Section 2 looks at the general structures of the British welfare system as a whole, in terms of social spending levels and societal outcomes for poverty and inequality. Section 3 examines the following policy areas in more detail: social assistance, old-age and pensions policy, labour market policy, family policy, health and social care, housing, and education. It also reviews the continuities and discontinuities, changing policy paradigms, and ideas underpinning the social reform agenda, before Section 4 reflects on welfare trajectories now that the UK (as a whole) has voted to leave the EU. It is significant that while England and Wales voted for Brexit, Scotland and Northern Ireland voted to remain.

The foundations of the welfare system

The UK is often considered to be the leading European example of the 'Beveridgean model' of welfare state design, however the 'origins of the welfare state' in Britain are clearly bound up with 'Bismarckian' principles. The 'Liberal welfare reforms' (1906–1914) were designed to mitigate the worst effects of the market and had created a basic system of state welfare that began the process of dismantling 19th-century poor relief. While Britain consciously followed the German social insurance model, compulsory national insurance has played a much smaller role in British social policy compared to the German model (Hennock, 2007). Nevertheless, in the pre-war period at least the UK was moving towards a social insurance model with local delegated powers, friendly societies, and local government providing public assistance. It is a model broadly consistent with the European model of social policy in all three respects.

The introduction of the 'welfare state' in Britain (Titmuss, 1958; Briggs, 1961) provides an historical break point that moves the UK away from that European model to a much more centralised and more tax-based system. The emerging welfare state was further consolidated by the Labour government of Clement Attlee (1945–1951); there was an overwhelming desire for change and a fairer society, a growing sense of social solidarity in Britain emerging from the experience of war, and a greater acceptance of state intervention according to Titmuss. Social legislation implemented by that government was largely based on the principles and policies set out by William Beveridge, a committed Liberal (Cmd 6404, 1942), that were designed to slay the five 'giant evils' of society – squalor, want, with 'benefits up to subsistence level, as of right and without means test' (p. 7), disease, ignorance, and idleness (Hills et al., 1994). The Beveridgean welfare state was widely welcomed across society as a response to the experiences of unemployment and privations of the 1930s depression, the Second World War, and the subsequent years of austerity and reconstruction, and its parameters were largely accepted and kept in place by subsequent Conservative governments (1951–1964). The Beveridgean model is largely based on a general tax-financed scheme (a universal people's insurance but throughout the British welfare state was heavily complemented with national insurance contributions, so by no means a pure Beveridgean model) and originally at least, state provision was geared towards needs-based welfare services. Welfare needs are met by the market and the family, and 'residual' means-tested welfare services are essentially designed for the poorest sections of society, as Titmuss observes (1974). The British system of social security had a much weaker contributory element compared to other European countries like Germany, as Glennerster (2007) observes. Flat-rate benefits slightly above the poverty line were paid for by flat-rate contributions, irrespective of earnings.

In comparative social policy terms, the British welfare state has long been an intriguing and often 'misunderstood' case, and certainly more difficult to pin down than some of the other European welfare states described in this volume. On Esping-Andersen's (1990) categorisation of the three 'worlds' of welfare capitalism, the British welfare state of the post-war period was found to be cross-classified. The UK benefits system was clearly liberalistic and individualistic, displaying relatively low de-commodification scores on various income maintenance programmes (defined in terms of wage replacement rates for pensions, sickness, and unemployment). As such the UK belonged in the 'liberal' club, alongside the USA. However, Esping-Andersen did not find strong liberal stratification principles in UK social policy (i.e. selectivist and residual social rights). The UK displayed 'socialist' regime traits, reflecting, for example, much greater levels of public (rather than private) spending on pensions and healthcare. There were clear elements of universalism and benefit equality within the British welfare system. For Esping-Andersen (1999) and other comparative social policy scholars, the British welfare state was neither wholly 'liberal' nor 'social democratic' during the 'golden age' of welfare capitalism. With progressive taxation and high benefit equality, Castles and Mitchell (1993, p. 123) also claimed the UK did not belong in the liberal club with the USA. In their 'family of nations' classification scheme, Britain was a pioneer of institutional welfare reform in the 1940s. As such it belonged to a more 'radical' group of social policy innovators, a 'fourth world' that included the 'wage-earner' welfare states of Australia and New Zealand (Deeming, 2013a).

By the 1980s, the UK had lost its place as a welfare leader with the 'Americanisation' of social policy growing under the Conservative governments of Margaret Thatcher (1979–1990). The oil shock of 1973 and the financial crises in 1976 ended the period of post-war expansion (Labour's Anthony Crosland warned local councils, the growth of state spending has to stop – 'the party's over'). The British welfare state was now entering a new period of fiscal strain and retrenchment, 'permanent austerity', with increasing unemployment, national debt, and the struggle to balance budgets (Pierson, 1994).

Changes between 1998 and 2018

The 'New' Labour governments of Tony Blair (1997–2007) and Gordon Brown (2007–2010) were committed to 'welfare reform', the 'modernisation' of the welfare state and public services, as well as the devolution of new powers to Scotland, Wales, and Northern Ireland (Powell, 2008). 'Blairism' and the 'Third Way' approach was located between the state 'Old Left' and the market 'New Right'. Policymaking was to be evidence-based, 'what works is what matters'. Blair prioritised education and health – 'saving' the National Health Service (NHS) – and pledged to end child poverty in 1999 by the year 2020 (the commitment to end child poverty was later enshrined in law with the passing of the Child Poverty Act (2010), but was then abolished by the Conservative's Welfare Reform and Work Act (2016)). Under Labour social policy funding increased substantially, particularly NHS spending, and growing private funding through tuition fees, introduced in 2008, was a means of funding higher (university) education. The 'Private Finance Initiative' (PFI) and 'Public Private Partnerships' (PPP) largely based on state finance and private provision provided capital spending for new schools and hospitals. Following 'Third Way' thinking about the 'social investment state' (Giddens, 1998), Blair prioritised 'new welfare', social investment policies, and place-based approaches like the 'New Deal for Communities', a regeneration programme introduced in 1998. New family policies and 'Early Childhood Education and Care' (ECEC) schemes were also introduced to help reconcile work and family life, with the aim of breaking welfare dependency and the poverty cycle in the longer term. A new flagship 'welfare-to-work' activation scheme was introduced in 1998, known as the 'New Deal', which owed a great deal to Clinton's reforms in the USA. Labour also made a firm policy commitment to 'making work pay' and drawing again on American social policy with the introduction of 'tax credits' (i.e. supplementing wages through the social security system) and the introduction of the statutory 'National Minimum Wage' (NMW), for the first time in the UK in 1999.

The Conservative/Liberal Democrat Coalition government of David Cameron and Nick Clegg (2010–2015) and the Conservative governments of David Cameron (2015–2016) and Theresa May (2016–) have been committed to radical reform, claiming it was necessary to cut welfare spending in order to reduce the governmental budget deficit. Cameron emphasised 'communities, rather than the state', and traditional Conservative concerns such as crime and support for the 'family' – a desirable social institution. British society was 'broken', it was suggested, and a 'Big Society' (2010) initiative (promoting greater involvement of the third sector – charities, voluntary groups, and social enterprises) was needed to tackle 'social breakdown', particularly with the state withdrawing, as Page (2015) observes. Other initiatives included the launch of the government's 'National Wellbeing Programme' in 2010 to help measure social progress in the UK, and a turn towards behavioural economics and nudge interventions in public policy, especially with the establishment of the government's 'Behavioural Insights Team' (BIT) in 2010, also known as the 'Nudge Unit'.

After the 2010 election, the Conservative-led Coalition government initiated the 'austerity programme', a fiscal policy response to the 'Great Recession' signalling a desire to reduce the national budget deficit and curtail the scope of the state. The strategy consisted of cuts in public expenditure, retrenchment of social programmes, the costs of falling disproportionately upon the poorest sections of society ('selective austerity', Lupton et al 2016), along with increased 'privatisation' and 'marketisation' of social services, and the reintroduction of 'workfare' in the UK (discussed in Section 3). Lower taxes on higher earners is another aspect of the (regressive) Conservative policy agenda, designed to stimulate economic growth, it is claimed. For example, in 2013 the top rate of income tax was cut from 50 pence per pound to 45 pence, reversing the 50% tax rate for top earners introduced in 2010 by Labour. Taxation levied on wealth is low in the UK by international standards, less than 1% of total national wealth according to Glennerster (2017). But, while there is growing interest in wealth taxation to help pay for social services under increased pressure – following publication of the Mirrlees Review (2011) of the tax system – increasing wealth tax is not part of the political agenda at present.

We also find increasing policy divergence between the countries of the UK. In contemporary comparison, the case for lower taxes for the rich and welfare markets combined with increasing conditionality in 'work first' activation programmes, 'workfare' not 'welfare', makes the new 'neo-'liberal characterisation of British social policy all the more persuasive, certainly in context of England and Wales (Deeming, 2017). But, while the UK Westminster government has been drawing lessons from the America model of welfare and in that way moved away from the dominant position of most EU countries, it is also evident that Scotland is becoming more 'social democratic' or 'Nordic' under devolution as Keating (2017) observes. The Scotland Act 1998 provided the law for the establishment of the Scottish Parliament in 1999, following the outcome of the 1997 devolution referendum (see Box 29.1). There is now evidence of a 'universalist' social policy approach in Scotland, with the Scottish government committed to a 'Nordic' model of welfare (Scottish Government, 2013). The result is increasing policy divergence in health, education, and fiscal policy. With 'free' university tuition in Scotland (Graduate Endowment Abolition (Scotland) Act 2008, charges apply in England and Wales and Northern Ireland), and 'free' needs-based personal care for older people (this is means tested in England and Wales and Northern Ireland). The internal market in healthcare was dismantled in Scotland in 2004 (with the abolition of NHS Trusts), 'free' NHS eye and dentals checks were introduced in 2006, and the Scottish National Party (SNP) government abolished prescription charges in 2011. The Scottish Parliament acquired new income tax raising powers under the Scotland Act 2012, and a Scottish rate of income tax was first introduced in April 2016. The Scotland Act 2016 provided further tax raising powers; the Scottish Parliament now has the power to set all income tax rates and tax bands. Indeed, higher earners in Scotland now pay higher taxes from April 2017 (in Scotland the higher rate of taxation in 2018/19 is 41% compared to 40% elsewhere, and the tax threshold is £43,430 (€48,905)[1] compared to £46,350 (€52,193) in the rest of the UK). The SNP claims to be laying the foundations for a fairer Scotland, and the new Scottish welfare system of social security benefits and employability services will now prioritise human rights (Social Security (Scotland) Act 2018). The Scottish Government (2016a) is committed to a Scotland ‘where no-one lives in poverty and all people, no matter who they are or where they are from, can achieve their full potential’.

2 General structures of the British welfare system

In this section, the general structures of the UK’s welfare system will be described. A more detailed overview of these general characteristics can be found in the first edition of this Handbook (see Mitton, 2009).

2.1 Priorities

While announcing an end to austerity economics in the autumn of 2018, Prime Minister May’s social policy agenda is still not clearly defined. Her pro-statist sympathies have seen the following priorities emerge since taking office: greater investment in childcare services, additional funding for the NHS in England, new funding streams for new council and housing association homes to be built, a commitment to building more ‘free schools’ (funded by the government and run by parents, charities, businesses, and religious groups), and, in an effort to find extra resources for social care costs, wealthier pensioners will be liable for social care costs in excess of £1,000,000 (€1,126,063) from the proceeds of their estate.

2.2 Funding and administration structure

In Table 1 we see that social protection expenditure in the UK increased under Labour, from 23% of GDP in the late 1990s under Blair, to 28% of GDP under Brown in the late 2000s, before falling again under the Conservative austerity reforms, being 2.3 percentage points below the EU-15 average in 2014.

Table 1. UK and EU-15 and EU-28 social protection expenditure, 1995-2015

	uk			eu28			eu15		
year	*total (mio €)*	*% GDP*	*PPS per inhab.*	*Total (mio €)*	*% GDP*	*PPS per inhab.*	*Total (mio €)*	*% GDP*	*PPS per inhab.*
1995	244,681.25	24.0	3,943.09	:	:	:	1,869,415.56	26.5	4,688.71
1996	262,859.07	23.7	4,217.57	:	:	:	1,971,768.55	26.6	4,924.63
1997	322,287.97	23.5	4,446.86	:	:	:	2,048,453.88	26.2	5,112.87
1998	342,016.17	23.4	4,512.83	:	:	:	2,110,012.32	25.8	5,262.37
1999	362,819.70	23.2	4,671.77	:	:	:	2,214,943.56	25.8	5,500.34
2000	423,135.36	23.7	5,233.71	:	:	:	2,347,326.14(p)	25.5	5,837.71(p)
2001	440,899.51	24.3	5,613.85	:	:	:	2,449,980.98(p)	25.7	6,080.56(p)
2002	439,623.44	23.4	5,579.21	:	:	:	2,562,471.09(p)	26.0	6,319.12(p)
2003	437,195.36	24.2	5,971.74	:	:	:	2,657,662.71(p)	26.5	6,493.72(p)
2004	473,548.87	24.5	6,434.53	:	:	:	2,771,854.86(p)	26.4	6,725.22(p)
2005	510,695.06	25.2	6,766.35	:	:	:	2,889,500.99(p)	26.6	7,013.25(p)
2006	539,186.31	25.1	7,057.96	:	:	:	3,007,885.73(p)	26.2	7,270.41(p)
2007	554,297.27	24.7	7,097.86	:	:	:	3,118,525.82(p)	25.9	7,487.35(p)
2008	509,877.54	25.8	7,224.33	3,387,028.75(p)	25.9(p)	6,757.67(p)	3,195,211.33(p)	26.6	7,658.60(p)
2009	490,746.55	28.6	7,327.04	3,533,143.94(p)	28.7(p)	7,028.04(p)	3,344,902.25(p)	29.4	7,928.97(p)
2010	533,266.82	29.0	7,627.67	3,667,547.18(p)	28.6(p)	7,279.52(p)	3,467,209.30(p)	29.4	8,171.41(p)
2011	546,809.22	29.0	7,763.75	3,735,088.49(p)	28.3(p)	7,417.84(p)	3,533,100.02(p)	29.1	8,310.18(p)
2012	604,337.99	29.1	7,993.48	3,859,799.72(p)	28.7(p)	7,649.10(p)	3,656,348.31(p)	29.5	8,537.54(p)
2013	582,494.58	28.2	7,760.40	3,913,655.87(p)	28.8(p)	7,733.21(p)	3,705,912.85(p)	29.7	8,619.55(p)
2014	622,806.54	27.3	7,798.86	4,016,755.91(p)	28.6(p)	7,912.48(p)	3,806,673.98(p)	29.5	8,796.65(p)
2015	744,305.45(p)	28.5(p)	8,487.64(p)	:	:	:	4,000,226.25	29.3	9,179.54

Source: Eurostat, 2018; (p): provisional value.

In Table 2, we find that the lion's share of social spending goes on old-age, health (sickness), and disability. Spending on unemployment ('old' welfare) and housing benefit is in decline. For instance, spending on unemployment benefits stood at 5.3% of the total social protection spend in 1995; today it is closer to 1.4% of the total – a fall of four percentage points over the 20-year period. Table 2 also shows that spending on 'new' welfare services has been increasing over the last 20 years, particularly for families and children (due to transfers and childcare services) and social exclusion, due to labour market exclusion. However, continued Conservative 'austerity' plans are reversing the strong growth trends, with declines now visible in the latest data for 2015. Both children and families and social exclusion spending has fallen by one percentage point between 2010 and 2015.

Table 2. Social protection benefits by function, 1995-2015 (% of total expenditure)

	1995	2000	2005	2010	2015
Total expenditure	100	100	100	100	100
Social protection benefits	95.56	96.48	98.23	97.48	99.23
Family/children	8.5	6.6	8.8	10.9	9.6
Unemployment	5.3	2.9	2.4	2.4	1.4
Housing	6.6	5.5	5.2	4.8	4.7
Social exclusion n.e.c.	0.6	0.7	3.3	3.5	2.2
Sickness/healthcare and disability	33.4	33.7	36.8	35.2	40.5
Old age and survivors	41.2	47.1	41.7	40.7	40.9

Source: Eurostat (2018).

2.3 Performance

Patterns of poverty in the UK are changing. The poverty rate has declined over the past decade, down from 25% in 2005 to 22% in 2016 (Table 3). This is partly due to higher levels of labour market participation, with activation and investment programmes helping to move more people into paid work. According to Eurostat, the total employment rate for the working-age population, 15–64, in the UK increased one percentage point under Blair, from 70.4% in 1998 (around the time when Blair entered office) to 71.5% in 2007 (when Blair left office). The rate of increase for women in this age group was even greater during this period, increasing by two percentage points (the female employment rate rising from 63.5% to 65.5%). Employment continues to grow, with total employment standing at 74.1% in 2017 and female employment at 69.7%. The increase in the employment rate for women over the last few years is partly due to increased investment in ECEC supporting employment opportunities but also ongoing changes to the British State Pension (BSP), with fewer women retiring between the ages of 60 and 65. In-work poverty, however, remains a problem in the UK. Six in ten people in poverty are in working households (Hick and Lanau, 2018). The UK poverty rate is slightly lower than the EU-27 average of 23.5% but higher than comparable European countries (such as those selected for analysis by Esping-Anderson (1990), seen in Table 3). The poverty rate in the UK is significantly higher than the rate for France, Germany, and the Nordic countries like Denmark, Finland, Norway, and Sweden.

Table 3. People at risk of poverty (percentage)*

	2005	2010	2015	2016
Austria	17.4	18.9	18.3	18.0
Belgium	22.6	20.8	21.1	20.7
Denmark	17.2	18.3	17.7	16.7
Finland	17.2	16.9	16.8	16.6
France	18.9	19.2	17.7	18.2
Germany	18.4	19.7	20.0	19.7
Ireland	25.0	27.3	26.0	24.2
Italy	25.6	25.0	28.7	30.0
Netherlands	16.7	15.1	16.4	16.7
Norway	16.2	14.9	15.0	15.3
Sweden	14.4	17.7	18.6	18.3
Switzerland	-	17.2	18.2	17.8
UK	**24.8**	**23.2**	**23.5**	**22.2**
EU-27	25.8	23.7	23.7	23.5

Source: http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/main-tables

Notes

*Equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.

Income inequality in the UK is high, being well above most other comparable European nations such as France, Germany, and the Nordic countries. Only Italy has higher levels of inequality (Table 4). The Labour government did much to narrow in the gap between rich and poor in the early 2000s – as Hills et al. (2009) observe, social policy can and does matter – and the gap also narrowed again after the 2008 crash as incomes at the top fell while benefits rates were sustained in real terms.

Table 4. Income inequality*

	2005	2010	2015	2016
Austria	26.3	28.3	27.2	27.2
Belgium	28.0	26.6	26.2	26.3
Denmark	23.9	26.9	27.4	27.7
Finland	26.0	25.4	25.2	25.4
France	27.7	29.8	29.2	29.3
Germany	26.1	29.3	30.1	29.5
Ireland	31.9	30.7	29.8	29.5
Italy	32.7	31.7	32.4	33.1
Norway	26.9	25.5	26.7	26.9
Netherlands	28.2	23.6	23.9	25.0
Sweden	23.4	25.5	26.7	27.6
Switzerland	-	29.6	29.6	29.4
UK	**34.6**	**32.9**	**32.4**	**31.5**

Source: http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tessi190&plugin=1

*Gini coefficient of equivalised disposable income.

3 Welfare system change across policy sectors

3.1 Overview of welfare system change over time

The welfare reforms and breaks in British social policy are summarised in Table 5, illustrating changing paradigms and the ideational theories underpinning the social reforms. While clear break points are tentatively suggested, in truth, there is a high level of continuity and ‘path dependence’ in British social policy with much debate over dis/continuity. Thane (1996), for instance, argues there is much continuity in British social policy, even during times of change and social reform, ‘few areas of social policy moved in a decisively new direction during and after the war; rather they followed the lines of proposals made before the war’ (pp. 246–247). Even after the decade of Thatcher attempting to ‘roll back the state’, Thane also maintains that ‘social expenditure kept rising and the real scope of state action did not diminish’ (p. 277). Then there are strong continuities in areas of social policy like welfare-to-work, particularly between Blair/Thatcher, but also between Cameron/Blair. However, there is also evidence of policy transformation, in terms of social-investment-inspired social policy and ECEC, as well as major welfare reforms, particularly with the implementation of ‘Universal Credit’ and the rise of behaviour economics associated with ‘Nudge’ (summarised in Table 5).

Table 5. Changing policy paradigms and changing welfare systems in Britain

Time frame	Policy sector	Three dimensional approach for analysing welfare system change				
		Regulations		**Ideas**	**Type of change**	
		Step 1	Step 2		Step 1	Step 2
(reform sequence)	(policy fields with reform activity)	(beneficiaries, financing)	(sequence)	(ideation)	(process/path dependence)	(dis/continuity in social policy)
Late-1990s and 2000s	Early Childhood Education and Care (ECEC) Family policy Private Finance Initiative (PFI) and Public Private Partnerships (PPP) Welfare-to-work, activation policy Active Ageing strategy Tuition fees introduced in England & Wales Scotland and Wales abolishes internal market in healthcare Scotland introduces free personal care for older and abolishes tuition fees	Investment in education and health care, services and infrastructure Mixed economy, but with greater state and market emphasis e.g. PFI and PPP	Welfare state expansion and restructuring, 'modernisation' agenda	New Labour's Third Way, influenced by Giddens work on the Social Investment State addressing the rise of new social risks in post-industrial economies	Incremental welfare reforms but represents abrupt change overall	Discontinuity – social investment, and the active social policy paradigm – 'inclusive liberalism'
2010s England & Wales	Austerity agenda Welfare reform and deficit reduction Universal Credit, benefit caps Wellbeing policy agenda Nudge policy agenda	Mixed economy, emphasis on market and third/voluntary sector provision	Welfare state retrenchment	Conservativism - 'Big Society' and libertarian paternalism	Arguments for abrupt/incremental change	Discontinuity – Behavioural economics paradigm
2010s Scotland	Social Investment and Inclusive Growth agenda ECEC Family policy Social security and labour market Reforms, promoting Human Rights New Public Health reforms	State investment, public and third sector provision	Welfare state expansion under the Scottish National Party (SNP)	Scottish National Party (SNP) social democratic social investment/ inclusive growth thinking	Abrupt	Discontinuity

3.2 Analysis of main developments by policy sectors

Social assistance schemes

Since 1948, there has been a benefit paid to unemployed people actively seeking work in Britain. However, Beveridge's vision for the social security system was never achieved, quite the opposite in fact. He had hoped for a far-reaching contribution-based system, 'benefit in return for contributions, rather than free allowances from the State, is what the people of Britain desire' (Cmd 6404, 1942, p. 11), and a minimum social assistance safety-net not reliant on state means testing, 'benefits up to subsistence level, as of right and without means test' (p. 7). Beveridge had underestimated the numbers who would not be able to draw earnings-related benefits because of a poor contributions record. Increasingly, the insured population declined as working-age claimants became much reliant on the means-tested safety-net, particularly from the 1990s onwards when social security became more selective and targeted, and insurance and assistance benefit levels were now identical.

Today, the vast majority of unemployment benefit claimants, some 80%, are reliant on the non-contributory scheme (i.e. the means-tested, income-based Jobseeker's Allowance (JSA) rather than the contribution-based JSA, which is calculated on National Insurance (NI) contributions from work. Contributory benefits have been allowed to decline against earnings, eligibility requirements have been made stricter, and the maximum benefit entitlement has been reduced. For instance, benefit levels in 2018 for both types of JSA were identical, at £73.10 (€82.32) a week for a single adult aged over 25 (or £57.90 (€65.20) for adults up to age 24). These benefit levels are set well below the official poverty line, and the higher rate only amounts to about one-third of what the British public actually believe is the minimum cost of living (Deeming, 2015). The policy rationale, in the 'liberal' residual welfare state tradition, is to incentivise paid work, i.e. to 'make work pay' (at least more than welfare benefits). As a result, the real value of unemployment benefit in Britain has changed very little since the 1970s; if anything, there has been a marked decline against average wages and earnings. Welfare systems partly 'de-commodify' labour, as Esping-Andersen (1990, p. 37) taught us, minimising reliance on the market. Policymakers in the UK and the other Anglophone nations however have long emphasised 'moral hazard' if wage replacement rates are high (Deeming, 2017). Historically, 'Housing Benefit' and 'Council Tax' benefit have been administered by local authorities but with a degree of central direction, to be discussed later.

As part of the 'austerity programme', and in an effort to reduce public spending on welfare, and unemployment benefits in particular (see Tables 1 and 2), the Conservative/Liberal Democrat Coalition government introduced a number of key measures:

- Since April 2013 the 'benefit cap' has been in force to ensure that no family receives more on benefits than the average net earnings of a family in work (the benefit cap was announced by the Coalition government and was contained in the Welfare Reform Act 2012).
- Since April 2013 changes were made to 'Housing Benefit' entitlement, with charges levied for under occupancy. Those with one spare bedroom lost 14% of 'Housing Benefit' entitlement, those with two or more lost 25% of 'Housing Benefit' entitlement (Welfare

Reform Act 2012). This was popularly known as the ‘Bedroom Tax’; the government claimed to be removing the ‘Spare Room Subsidy’.

- Further benefit deductions have been in place since 2013 for any ‘spare’ bedrooms in the home – the so-called bedroom tax.
- Since March 2014 there has been a cap on social security spending, for a five-year period.

In an attempt to simplify the complexity and administration of the benefits system, the Coalition government introduced a new benefit payment called ‘Universal Credit’ to replace existing means-tested benefits (Cm 7957, 2010). The system is currently in a state of transition, under the present Conservative government the new ‘Universal Credit’ scheme continues to be rolled out across the whole of the UK. It will eventually replace:

- ‘Child Tax Credit’
- ‘Housing Benefit’
- ‘Income Support’
- ‘Income-based JSA’
- ‘Employment and Support Allowance’ (ESA)
- ‘Working Tax Credit’

Under the Scotland Act 2016, the Scottish Parliament now has new powers over welfare benefit payments in Scotland; it can also implement new benefits if it wishes, to be paid from Scottish funds. The act follows the recommendations of the Smith Commission on further devolution, which reported on 27 November 2014. The Smith Commission was announced by David Cameron on 19 September 2014, in the wake of the ‘No’ vote in the Scottish independence referendum (see Box 29.1). Eleven welfare benefits administered by the New Social Security Agency (Social Security (Scotland) Bill 2017) can now be amended by the Scottish Parliament, as they apply in Scotland. However, ‘Universal Credit’, the flagship new welfare benefit, remains reserved to the UK Parliament at Westminster. The eleven devolved benefits are:

- ‘Attendance Allowance’
- ‘Carers Allowance’
- ‘Disability Living Allowance’
- ‘Personal Independence Payment’
- ‘Industrial Injuries Disablement Benefit’
- ‘Severe Disablement Allowance’
- ‘Cold Weather Payment’
- ‘Funeral Payment’
- ‘Sue Start Paternity Grant’

- ‘Winter Fuel Payment’
- ‘Discretionary Housing Payment’

The Scottish government is also currently considering a ‘basic income’ approach to inclusion and justice, based on the principle of universality. There are plans to conduct the first basic income pilot scheme ever in the UK. In September 2017, Scotland’s First Minister Nicola Sturgeon announced ‘Citizens Basic Income’ trials in Fife and Glasgow, with support from the local government. People living in these areas may soon receive an unconditional monthly sum as part of a series of feasibility studies.

Old-age and pensions policy

With average life expectancy increasing in the UK, from around 63 years in 1940 to 81 years in 2016, pensions systems are being strengthened and the age of retirement is increasing (the idea of longer activity to enhance quality of life as people age was set out in New Labour’s ‘Active Ageing’ strategy (DWP, 2005)). Under the 2014 Pensions Act the State Pension age for men and women will be equalised at 67. Some 30 years of NI contributions are generally required to qualify for the full BSP entitlement with a range of means-tested benefits – income- and disability-related – available for those without a history of contributions. A new flat-rate single-tier state pension came into effect for everyone retiring after 6 April 2016, those who retired before 6 April, 2016 will continue on the old two-tier system, the basic state pension plus top-ups.[2] In the long run the new system will save the government money and moves the UK penions system towards further private provision to (Glennerster 2017).

While pensions increased in line with higher prices or average earnings under the 1975 Social Security Act, that link was broken in 1980 by the Thatcher administration and replaced with a link to inflation. As a result, the BSP fell as a proportion of average earnings, from 26% in 1979 to just over 15% in the mid-2000s. However, while Labour were committed to restoring the link to earnings (Pensions Act 2007), it was eventually revived under Conservative/Liberal Democrat Coalition reforms introduced in 2011. The government guaranteed the so-called triple lock, which means the BSP will rise by the highest of three measures until 2020: earnings, inflation, or 2.5%. Under Theresa May the 2.5% guaranteed increase is being withdrawn in 2020 and being replaced by a less generous ‘double lock’ based on either the rise in earnings or prices, whichever is highest.

Labour market and activation policy

The Keynesian/Beveridgean welfare state has always been work-orientated and focused on the challenge of reducing employment, ‘unemployment benefit will continue at the same rate without means test as long as unemployment lasts, but will normally be subject to a condition of attendance at a work or training centre after a certain period’ (Cmd 6404, 1942, p. 11). ‘Labour Exchanges’ became known as ‘Jobcentres’ from 1973, and there was now a requirement to be registered for work and to respond to offers of work. The ‘Manpower Services Commission’ (MSC, established in 1973) coordinated the network of ‘Jobcentres’ and a system of training that made extensive use of contracting-out service provision to public, private, and voluntary agencies. Traditionally, the Keynesian/Beveridgean welfare state had mostly left skill formation and training to employers in the absence of any clearly defined 'active labour market policy' (ALMP). Under the Conservatives the MSC became the 'Training Commission' in 1988, as responsibility for the delivery of training programmes was privatised, while the 'Benefits Agency' (established in 1991) administered social security payments. Under Labour, 'Jobcentres' and the 'Benefit Agency' were brought together in 2002, effectively 'Jobcentre Plus' merged social security and activation services for all unemployed people in the UK.

While the Thatcher government introduced stricter benefit conditionality under new welfare-to-work measures designed to tackle high levels of unemployment in the 1980s, the fully integrated and well-defined British welfare-to-work system was secured by New Labour in the 1990s. Thus, we find continuity and 'path dependence' (Pierson, 2000) in British social policy. And, while Thatcher drew important lessons from the US and Reagan's 1988 welfare-to-work reforms, including federally mandated 'workfare' (Dolowitz, 1998), Blair also turned to the US and Clinton's 1996 welfare-to-work reforms (King and Wickham-Jones, 1999). In order to reduce the growing pressure on the social security budget the Labour government introduced new activation policies, advocating 'work for those who can, security for those who cannot', claiming 'work is the best form of welfare' (Cm 3805, 1998). Intensified benefit conditionality and the move towards 'selective universalism' in social security also signalled a change in Labour Party conviction. Although Labour stopped short of 'work for benefit' schemes, new active social policies were designed to move those receiving benefits back into paid work, 'welfare will be a hand-up, not a hand-out', Blair claimed. The flagship welfare-to-work 'New Deal' programmes were introduced in 1998. Incentives were combined with compulsion. A 'New Deal for Young People' launched in April 1998. Young people now had a responsibility to seek work and to train; those who failed to participate would lose their benefits. The 'New Deal for Long-term Unemployed' soon followed in June 1998, and a 'New Deal for Lone Parents' launched in October 1998, with a growing expectation that lone parents would move into paid work, as regulations removed their entitlement to 'Income Support' (the main benefit available to those without work, but not seeking employment):

- 2001 'Mandatory Work Focused Interviews' were introduced for lone parents
- 2005 'Work Focused Interviews' and 'Mandatory Action Plans' introduced for lone parents
- 2008 lone parents with youngest child aged 12 years of age or over were now jobseekers, a condition of claiming JSA
- 2009 lone parents with youngest child aged 10 years of age or over were now jobseekers, a condition of claiming JSA
- 2010 lone parents with youngest child aged 7 years of age or over were now jobseekers, a condition of claiming JSA
- 2012 lone parents with youngest child aged 5 years of age or over are now jobseekers, as a condition of claiming JSA

With activation, the share of lone parents in employment has risen from 45% in 1996 to 64% in 2015. In 2009, the 'Flexible New Deal' (FND) for all those claiming JSA for at least 12 months replaced the 'New Deal Young People' (aged 18–24), 'New Deal 25+' (aged 25 and over), and the 'New Deal 50+' (aged 50 and over). More employment services were outsourcing to the private and voluntary sectors, following the recommendations of the Freud (2007) review, and service providers were also given more freedoms delivering services for jobseekers.

Labour's FND programme was replaced by new flagship welfare-to-work policies introduced by the Conservative/Liberal Democrat Coalition government. The 'Work Programme' (2010–2016) targeted long-term unemployed people, and 'Work Choice' (2010–2017) replaced two previous specialist disability employment programmes: 'WORKSTEP' and 'Work Preparation'. 'Mandatory Work Activity' (2011–2016) also re-established 'workfare' in the UK (Cm 7957, 2010), whereby individuals faced having to work for their benefits or risk being 'sanctioned' and losing them (Deeming, 2015). While there had been a trend in the UK for paying contracted employment service providers based on results in helping those claiming benefits back into work, that trend now accelerated. From April 2014, the 'Work Programme' was entirely payment-by-results driven, delivered by a range of private, public, and voluntary sector organisations. It should be noted that the new emphasis on ALMPs under New Labour and the Conservatives did not manifest in major new investments empirically captured in spending statistics. Compared to similar countries, the level of state investment in human capital policies and ALMPs in the UK and the other Anglophone nations has remained relatively low (Deeming and Smyth, 2015). Public expenditure on labour market policies in the UK lags well behind the EU average (Table 6). In 2010, for example, public spending stood at just 0.7% of GDP compared to levels at 3.6% for both Denmark and Ireland, having the highest expenditure levels. The effectiveness of ALMPs to generate successful employment outcomes in the British context is also questionable. According to the National Audit Office (NAO), which scrutinises public spending for the UK Parliament, welfare-to-work and benefit sanctions regimes in the UK have not delivered positive results compared to other welfare systems, thus offering poor value for British taxpayers (Deeming, 2013b).

Table 6. Public expenditure on labour market policies (% of GDP)*

	2005	2010	2015	2016
Austria	2.1	2.2	2.2	2.3
Belgium	2.9	2.9	2.4	2.3
Denmark	3.7	3.6	3.2	3.1
Finland	2.7	2.7	2.9	2.8
France	2.9	3.0	3.0	-
Germany	3.0	2.2	1.5	1.4
Ireland	1.4	3.6	1.7	1.5
Italy	1.2	1.7	1.7	-
Norway	2.9	2.6	2.6	2.4
Netherlands	1.2	1.1	1.0	1.1
Sweden	2.3	1.8	1.8	1.7
Switzerland	-	-	-	-
UK	0.6	0.7	-	-
EU-28	2.0	2.1	-	-

Source: http://ec.europa.eu/eurostat/web/products-datasets/-/tps00076

Note: *Total LMP (categories 1–9)

In 2015, the UK government announced that the 'Work Programme' would be replaced by a new 'Work and Health Programme' for longer-term unemployed people and those with health conditions (Cm 9526, 2017). The new service, which is currently being implemented, will be operated by five service providers across the regions of England and Wales, while Scotland now has its own (devolved) powers over welfare benefits and employability services (Scotland Act, 2016). Policies for 'social investment' (Scottish Government, 2013) and 'inclusive growth' are the priority (Scottish Government, 2015); the Westminster 'workfare' model of welfare was firmly rejected in favour of a more partnership-network based approach to employability services coordinated by 'Skills Development Scotland' based on the core values of dignity, fairness, and respect (Scottish Government, 2016b, 2018). 'Work First Scotland' and 'Work Able Scotland' were designed to replace the 'Work Programme' and 'Work Choice'. The 'Fair Work' agenda also promises person-centred services and more high-quality employment opportunities.

Family policy

Greater investment in family policies and ECEC have modified the original 'male-breadwinner' and 'female-homemaker' model of social policy in Britain. In the Beveridgean model, paid work resulted in better welfare entitlements than domestic work, the unit of benefit is the family, and married women were largely deemed to be responsible for unpaid care work in the home, dependent upon their husbands. Welfare entitlements derived not from citizenship, then, but from her status as mother or wife, as Sainsbury (1996) argues.

This situation began to change in the late 1970s and 1980s with rising female employment and the introduction of family policy and public childcare support under New Labour's 'National Childcare Strategy' introduced in 1998, influenced by some of the latest thinking on 'social investment', as Dobrowolsky and Lister (2008) observe. With echoes of 'Head Start' in the USA, 'Sure Start' began in 1998 and provided grants to low-income families to support child development in the early years (age 0–4). It also introduced the 'Child Trust Fund', a grant to all newborn babies, from September 2002. The Childcare Act 2006 required local authorities in England and Wales to secure childcare for working parents. Similarly, in Scotland, the 'Early Years Framework' (2008) implemented by the Scottish Labour government also prioritised family and childhood support services.

From a social investment perspective, ECEC should be a priority because of increasing returns for individuals, for families, and for society as a whole. Higher employment is associated with lower child poverty risks. Childcare provisions enhance parental labour market participation, particularly female employment, and thus help to reduce poverty levels. Under New Labour there were substantial falls in child poverty, with more women participating in the labour market, thanks in part to the investment in ECEC and tax and benefit changes like 'tax credits' and the NMW designed to improve the living standards of working families (Stewart, 2009). Today, women are three times more likely to be in part-time employment, so in practice Britain now has mainly one (male) and a half (female) dual-earner families.

David Cameron's Conservatives placed the family and support for marriage at the heart of social policy, with Cameron claiming 'families should be the most important thing in our country's life'

– a means of countering social problems. This was translated into a flagship policy of recognising marriage in the tax system. From April 2015, a new ‘Marriage Allowance’, or tax break for married couples, was introduced (the tax break offered savings up to £220 (€247.73), now £238 (€268) in 2018/19). In April 2016, the NMW was also increased for workers aged 25 and over (now called ‘National Living Wage’ and set at £7.83 (€8.82) from April 2018).

Theresa May’s ‘pragmatic’ Conservatism is geared towards supporting ordinary working families and the needs of those ‘just about managing’. Family-friendly policies and the existing child-centred social investment strategy is being developed to provide more universal high-quality day care. The 2017 Conservative election manifesto, for example, promised to introduce 30 hours of free childcare for 3- to 4-year-olds. Parents will be able to take a year of unpaid sabbatical leave to care for a family member, it also claimed. The SNP government in Scotland has also been pursuing a strong social-investment-orientated policy agenda with early years’ and ECEC investment programmes (Scottish Government, 2013). ‘Getting It Right for Every Child’ launched in 2012 is about improving child protection services, underpinning the Scottish government’s commitment to the 1989 UN ‘Convention on the Rights of the Child’ (UNCRC) (Children and Young People (Scotland) Act 2014). The Scottish government is also increasing investment in ECEC schemes within some of the most deprived areas of the country, with initiatives like ‘Attainment Scotland Fund’ and ‘Early Learning and Childcare’ (ELC) providing additional resources for teaching in nurseries and the expansion of free childcare nationally. Scotland is also now the only part of the UK with statutory targets to tackle child poverty, forming part of the ‘Fairer Scotland Action Plan’, which sets our overall strategy for tackling poverty and inequality in Scotland.[3] Initiatives with ‘social learning’ from Finland, like Scotland’s ‘Baby Box’, launched in 2017, is designed to give every single baby in Scotland an equal start in life, inside each box are essential items such as clothes, books, and blankets, also the ‘Housing First’ imitative is a collaborative effort with Scottish government funding to support those enduring homelessness and complex needs. While ‘Developing the Young Workforce’ (DYW) is a seven-year government programme (2014–2021) designed to improve youth employment in Scotland, it aims to tackle the problem of youth unemployment by better preparing young people for work through the expansion of apprenticeships and vocational courses.

Health and social care policy

The UK remains unusual by international standards in providing free access to a comprehensive range of healthcare services for all residents funded predominantly from central government taxation. The NHS as an institution provides an example of path dependence in social policy from its launch in July 1948. However, while the financing structure remains virtually intact, there have been major structural reforms and reorganisations in the way services are delivered. The Conservative government introduced the NHS ‘internal market’ in 1990 as previously discussed; it was initially replaced by a performance management regime by the incoming Labour government in 1997, before being revived again by Labour. In Scotland, the Scottish Labour government dismantled the ‘internal market’ in 2004, with the abolition of the independent hospital trust model. Wales followed suit in 2009. Scotland and Wales are building on existing medical structures and rely on professionals to coordinate integrated care. In England the internal market and mixed economy approach has been strengthened, in an attempt to make the NHS more efficient and patient centred. The 2012 Health and Social Care Act firmly established the foundation hospital trust model with the prospect of increased provider autonomy to plan and operate strategically. Northern Ireland operates somewhere between both market and network models. Here NHS organisations have some freedoms to offer and commission services within a market.

Devolution has led to different models of health and social care. In healthcare, the Scottish Labour government introduced ‘free’ NHS eye and dentals checks for people living in Scotland in 2006, and the SNP government then abolished prescription charges in 2011. The recommendation by the 1999 Royal Commission on Long-Term Care for ‘free’ (i.e. funded by general taxation) personal care provided in a person’s own home or in a care home, following assessment of needs, was accepted by Labour in Scotland, but it was rejected in July 2000 by the Labour government at Westminster. In July 2002, the Scottish Labour government introduced ‘free’, at the point of delivery, needs-based nursing and personal care for those aged 65 and over (Community Care and Health (Scotland) Act 2002). Social care continues to be means tested in England, and individuals can get financial help from the local authority if their assets are below a given level, £23,250.00 (€26,180.96) in 2018. ‘Hotel costs’ associated with care homes (accommodation and food) are means tested in all four countries of the UK. Following recommendations by the Dilnot Commission on care funding in 2011, the Conservative/Liberal Democrat Coalition government pledged to increase the cap on private social care spending levels, thus in effect helping to protect the assets of homeowners (Care Act 2014). At present however, however, it is far from clear whether the cap will be introduced at all by the May Conservative government.

Public health functions are also organised differently in the UK. In England, the major public health functions have been transferred from the NHS to local government authorities (Health and Social Care Act 2012), while Scotland has moved in the opposite direction (Public Health (Scotland) Act 2008). Here public health functions have been transferred from the local authorities to the Scottish regional health boards. ‘Public Health England’ and ‘Public Health Wales’ monitor public health nationally, as does ‘NHS National Services Scotland’ and the ‘Public Health Agency’ for Northern Ireland, established in 2009. The New Public Health agenda in Scotland has seen smoking banned in public spaces from March 2006, and the implementation of Minimum Unit Pricing from May 2018 to address the problem of alcohol.

Housing policy

The state’s role in providing housing has declined sharply in the UK in recent decades, and more recently owner occupation has also declined. In 1980, the ‘social housing sector’ formed about a third of all UK households (i.e. council/local authority and social housing/housing association); this figure had fallen to less than one-fifth by 2015. As Table 7 shows, local authorities still provided a higher proportion of the total in Scotland and Northern Ireland.

Table 7. Dwelling by tenure, 2015, percentages

	Owner-occupied	Private renting	Housing association	Local authority	Total (millions)
England	63	20	10	7	23,543
Wales	69	15	10	6	1,406
Scotland	63	15	10	12	2,534
Northern Ireland	67	17	4	12	767

Source: Glennerster (2017: 208).

A number of changes have been introduced since 2008 aimed at controlling the growing housing benefit budget (between 1999–2000 and 2010–2011, spending on Housing Benefit increased by 46% in real terms, reaching £21.4 billion (€24,097,742,244)). Labour introduced 'Local Housing Allowance' (LHA) rates in 2008 to determine housing benefit levels for tenants renting from private landlords (the idea was to bring the amount being spent on housing benefit for those renting privately in line with social housing rents). Labour capped the LHA at half local market rents. Tenants would not be reimbursed for any rent over that 50%. LHA rates have been set at the 30th percentile of market rents (i.e. between the bottom third) under the Conservatives, but have been frozen for four years from April 2016. The Conservatives also announced in 2015 that LHA rates would apply to new tenants in the social sector from April 2016, however these plans appear to have been delayed. The so-called bedroom tax was mentioned earlier under social assistance schemes.

Finally, facing growing discontent by younger voters unable to get on to the 'housing ladder', the Conservative government's 'Help to Buy' scheme (2013-2021) has made interest-free loans available on newly built homes, the scheme has now been extended until March 2023.4 It is also encouraging more new homes to be built for owner occupation, and it is encouraging local authorities to release land in green belt areas if necessary (CM 9352, 2017). In an effort to address homelessness in Scotland, the SNP government is turning to Finland for solutions, and the 'Housing First' model which prioritises rights of citizenship to a permanent home. 'Housing First' pilots are now being planned in Scotland (Local Government and Communities Committee, 2018).

Education policy

The 1944 Education Act made secondary education free for all, and the school-leaving age increased from 15 to 16 in 1972. Free higher (university) education dates from 1962; fees for full-time domestic students were now paid by the state and students were entitled to a maintenance grant, opening up university education in Britain to more students from working-class backgrounds. The maintenance grants were means tested (dependent on parental income). Following the Robins Report (1963) there was a major expansion of higher (university) education. New universities began to be built. The 'University Grants Committee', which funded HE (higher education), was replaced by the 'Universities Funding Council' (Education Reform Act 1988). Under the Further and Higher Education Act 1992 'polytechnics' (schools that teach engineering) became (new) universities, and new HE funding councils were created in each of the four countries comprising the UK.

From 1990, student funding became predicated on student loans to support living costs. Tuition fees were then introduced in the UK in September 1998 by the Blair government, meaning students now obtained loans for both their living costs and their tuition fees (Teaching and Higher Education Act 1998). Earnings-based loan repayments and new variable tuition fees were introduced in 2006, following the 2004 Higher Education Act. The Conservative/Liberal Democratic government was accused of further 'privatisation' and 'marketisation' of HE with the increase of tuition fees post-2012 (universities in England were able to charge tuition fees of up to £9,000 (€10,135) per year from 2012). The government has also started to sell off existing student loans held by the government-owned non-profit-making 'Student Loans Company' (Sale of Student Loans Act 2008). From April 2018, there is also a new regulator of HE in England, and research funding is now administered by a new agency: 'UK Research and Innovation' (Higher Education and Research Act 2017).

University funding is a devolved matter for Northern Ireland and Scotland. The Labour/Liberal Democratic Coalition government in Scotland 'abolished' university tuition fees in 2001 – however, this did not mean free university education, instead a 'graduate endowment' was introduced which meant that students would pay back a portion of their tuition fees after graduating and earning above a repayment threshold. The Scottish government then scrapped the graduate endowment in 2008, as part of the SNP's pledge to return to 'free university education' in Scotland.

4 Future directions

Across much of Britain, at least, the political gravity appears to have shifted firmly to the right during the last quarter of a century, and support for (old) welfare state structures like unemployment protection has diminished (Deeming and Johnston, 2018). While the victory of the Leave vote, shown in Box 1, in the June 2016 referendum on British withdrawal from the European Union now means there is huge uncertainty in UK politics as a whole and within the four countries – indeed the future togetherness of the United Kingdom itself remains uncertain. Speculation about another referendum on Brexit has not diminished in the UK. If Brexit does go ahead, what form will it take, will any deal be postponed or eventually rejected? Would Brexit mean greater divergence in policy and politics, as 'social democracy' continues to flourish in Scotland under devolution, and 'neoliberalism' in England? Will Scotland continue to learn from the Nordic countries, with England looking across the Atlantic to the USA? Will Scotland hold another independence referendum (IndyRef3), currently being considered by Nicola Sturgeon? Will an independent Scotland look to 're-join' the EU at some point in the future? Only time will tell, and these important questions and issues are likely to be the subject of discussion in future editions of this Handbook.

Taylor-Gooby (2017) argues that UK governments have failed to develop social policies that help protect the 'losers' (low-skilled, less educated, living in deprived/old manufacturing areas) from globalisation and social change, which has exacerbated social divisions in the UK. The outcome of the EU referendum can therefore be explained, at least in part, as a response to longer-term structural factors and governmental policy responses to them, and the policy concerns of socially conservative voters about the social consequences of EU membership. Scotland, which has been pursuing a socially cohesive social policy programme for over a decade now, according to the latest thinking on 'social investment' and 'inclusive growth', voted overwhelmingly in favour of the UK staying in the EU. Brexit is a complete game-changer, but in ways which are complex and impossible to predict as the UK continues negotiations on EU withdrawal.

Box 1 Referenda results

- Scottish devolution referendum, 1 March 1979, 33% of the participating Scottish electorate voted in favour of a Scottish Assembly (40% electorate support required under the terms of the referendum).
- Scottish devolution referendum, 11 September 1997, 74.3% of the participating Scottish electorate voted in favour of a Scottish Parliament, 63.5% voted in favour of a Scottish Parliament with tax-varying powers (60.1% turnout).
- Scottish independence referendum, 18 September 2014, 44.7% of the participating Scottish electorate voted 'Yes' in favour of Scotland being an independent country, the 'No' side won with 55.3% of the vote (84.6% turnout).
- United Kingdom European Union membership referendum (EU referendum), 23 June 2016, 51.9% of the participating UK electorate voted Leave and 48.1% Remain (72.2% turnout).
- England voted for Brexit by 53.4% to 46.6%; Wales voted for Brexit by 52.5% to 47.5%; Scotland voted for Remain by 62% to 38%; Northern Ireland voted for Remain by 55.8% to 44.2%.

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Notes

[1]All benefits effective in 2019 were converted into euro using the currency converter of the European Central Bank on 13 June 2019, see: https://sdw.ecb.europa.eu/curConverter.do?node=9693519

[2]In 2018, 'Guarantee Credit' tops up weekly incomes below £163.00 (€183.55) for single people aged 65 and over, or £248.80 (€280.16) for couples. 'Savings Credit' provides extra payment for those who saved for their retirement, in pension plans for example.

[3]The Scottish government is committed to reducing child poverty by 2030, including the target of having fewer than 10% of children living in households that are in relative poverty; the current figure is 22% (Child Poverty (Scotland) Act 2017).

[4]Under the scheme, the government will lend buyers up to 20% of the cost of a newly built home, and up to 40% in London.

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