How can subnational governments deliver their policy objectives in the age of austerity? Reshaping Homelessness Policy in Wales

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Abstract

This article explores how a devolved government in a small country, faced with external constraints beyond its immediate control, can deploy policy resources to shape a distinctive approach to public services. We analyse recent homelessness policy in Wales using the NATO (Nodality, Authority, Treasure, Organisation) typology of tools of government proposed by Hood and Margetts, and show how this can usefully be applied to understand the choices that governments must make in conducting relationships with other institutions. We conclude that a combination of Nodality and Authority provide powerful resources for a subnational government which has only limited formal powers and fiscal autonomy.

Keywords

Devolution, homelessness, networks, policymaking, subnational government, Wales

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Introduction

This article examines how a devolved government in a small country, faced with external constraints beyond its immediate control, was able to deploy policy resources to shape a distinctive approach to public policy. It is based on an empirical analysis of the formulation and delivery of the recent Welsh homelessness legislation and is relevant to our understanding of devolution and the capacity of state actors in the face of globalisation and spending constraints associated with austerity. The first section briefly introduces the framework of devolution in Wales and the reform of Welsh homelessness policy and legislation. We then set out our theoretical framework and show its application to our case. This is followed by a consideration of the extent to which the Welsh homelessness reforms demonstrate a distinctive approach to policy in an age of austerity. We conclude by highlighting the lessons which can be drawn from our research to date and issues that future studies might usefully investigate.

Devolution and homelessness policy in Wales

In 1999 the UK Government devolved responsibility for a range of policy areas, including housing and homelessness, to the newly-established National Assembly for Wales. The Assembly’s powers
were initially very limited. It had no separate executive and it was restricted to making secondary legislation to implement Acts of the UK Parliament. However, an executive (known since 2011 as the Welsh Government – a term we use for convenience throughout this article) was established in practice in 2001 and in law in 2006, and in 2011 the Assembly was given powers to make primary legislation in respect of all devolved policy areas. In these areas, the National Assembly and the Welsh Government now have broadly the same powers and responsibilities in Wales as Parliament and the Westminster Government have in England.

In Wales, as in Scotland and England, homelessness services are delivered by local authorities within a legislative and policy framework made by the (sub)national government. The UK Parliament’s Housing Act 1996 required local authorities to secure settled housing for some homeless persons. This duty, originally introduced in 1977, is owed to people who are eligible for assistance (a condition relating to immigration status), homeless or threatened with homelessness within 28 days, in priority need according to criteria set out in primary and secondary legislation, not considered to be intentionally homeless, and who have a local connection with the council to which they are applying. This duty, which effectively confers a statutory right to housing for some homeless people, is almost unique to the United Kingdom and is greatly valued by many practitioners and other stakeholders. However, it has also attracted criticism because of the resource-intensive and inflexible assessment procedures that it entailed, its emphasis on intervention rather than prevention, and the limited help it offered to applicants who were not eligible for the full accommodation duty. Some such applicants – for example, those who were considered to be in priority need but intentionally homeless – might be owed a lesser duty, such as provision of temporary accommodation, but applicants who were not in priority need were usually entitled only to ‘advice and assistance’, which might be no more than a list of private landlords.

Part 2 of the Housing (Wales) Act, passed by the National Assembly in 2014, sought to address some of these criticisms. Welsh local authorities now have a statutory preventative duty to help individuals who are threatened with homelessness not to lose their accommodation, and a relief duty to help secure interim accommodation for those who are actually homeless. Importantly, these duties are owed to all applicants who are eligible for help in terms of their immigration status. Once the relief duty ends, the authority still owes the ‘full duty’ to secure accommodation for homeless applicants who meet criteria broadly similar to those of the 1996 Act. The new legislation came into force in April 2015 and while services are still in transition, it appears to be working reasonably well. In April-June 2016 60% of households owed the prevention duty had homelessness prevented for at least six months, and 40% of households owed the relief duty had accommodation secured which was likely to last for at least six months.

Methods and Data

This paper offers an empirical analysis based on examination of key policy documents and in-depth, semi-structured interviews with sixteen Welsh Government officials, academics, consultants, politicians, and local government and third sector stakeholders who were closely involved in the development and implementation of the homelessness legislation. Interviews were conducted in the summer of 2016 on a non-attributable basis and most lasted about an hour. They were recorded and professionally transcribed and, after they had been made available to informants for correction or clarification, were subjected to a manual thematic analysis. We also analysed consultation papers, reports, and research on homelessness produced and commissioned by the Welsh Government and other stakeholders since 2000, with a particular emphasis on the period since the
publication of the Welsh Government’s Ten Year Homelessness Plan in 2009, and official reports of debates in the National Assembly during the passage of the legislation in 2013-14.

### Shaping Homelessness Policy: formal and informal resources

Our analysis shows that the 2014 Welsh homelessness legislation can be seen as an example of a subnational government, operating under externally-imposed institutional and financial constraints, using its formal and informal resources to develop and implement a distinctive policy approach. One approach to understanding the nature of those resources may be found in the NATO (Nodality, Authority, Treasure, Organisation) model proposed by Christopher Hood and Helen Margetts.

Hood and Margetts define Nodality as ‘the property of being in the middle of an information or social network’. Like the other parts of the model, it can be used both to gather information and to implement policy. Authority is defined as ‘the possession of legal or official power’ to demand, forbid, guarantee or adjudicate. It includes but is not limited to legislative power. Treasure is money or anything else that can be freely exchanged, and Organisation relates to the ability of government to do things using human and material resources under its own control. As Hood and Margetts note, national and subnational governments having a wider range of tools available than supranational or purely local governments. Differences between national and subnational governments will largely be a matter of emphasis, application, or subcategories, and where subnational governments have some degree of autonomy, there will be an element of conscious allocation of tools between levels of government.

In our case, the Welsh Government possessed tools in all four categories, but these were unevenly distributed. Its Treasure and Organisation were particularly limited. The Welsh Government had some Treasure: it funded homelessness services through grants to local authorities, and because homelessness was an established budgetary stream, proponents of reform could say to the Welsh Government, ‘You’re already spending money on this having to accommodate these people. You might as well use those resources in a more sensible way.’ (Academic interview 2)

But throughout the period of this case it had no tax-raising powers of its own and depended on a block grant from the UK Treasury, the size of which was ultimately determined by the UK government’s overall policy: it was calculated as a proportion of equivalent spending in England, and rose or fell with it. Importantly, Welsh homelessness reform took place at a time of austerity. By the time primary legislative powers had been devolved to Wales, a Conservative-Liberal Democrat coalition, strongly committed to reducing public spending, had taken office at Westminster. Lacking tax-raising and substantial borrowing powers, the Welsh Government was not able to increase its overall stock of Treasure. Although the Welsh Government possessed (some) Organisation resources for homelessness policy development, as services are delivered by local authorities, it relied upon the collaboration of local authority and third sector partners. On the whole, as with Treasure (upon which organisation at least partly depends), the challenge for the Welsh Government here was to find ways of mitigating its limited resources.

The devolution settlement after 1999 constrained the Welsh Government’s command of both Treasure and Organisation. The same was true of Authority, although the position changed over time. Until 2009, the National Assembly could not make primary legislation. Consequently, although
the Welsh Government did possess some executive powers which it used to promote, for example, improvements in social housing quality and new models of social housing ownership, it developed a policy style which was generally based on strategies, co-ordination, and guidance. Thus, in relation to housing and homelessness, it produced a succession of strategies and plans, but Welsh Government officials had a sense that what could be achieved within the existing statutory framework

‘probably sort of peaked around 2008/9... and then around that time there were also some headwinds relating to the economic situation... So all that came together with us recognising that...to make further progress we need to change the legislation’ (Welsh Government official interview 1)

The Welsh Government’s Ten Year Homelessness Plan 2009-2019 made a commitment to comprehensive revision of homelessness policy, including changes to primary legislation when that should become possible. A cumbersome procedure for piecemeal devolution of primary powers was introduced in 2009 but only devolution of full primary legislative powers in devolved matters in 2011 granted the Welsh Government full authority to make substantial changes. However, some key stakeholders opposed legislation, saying:

“We need to do this through guidance and good practice. Why would we want to overburden ourselves?’, and there was a lot of resistance particularly from the local authority side about some of the changes we certainly wanted.’ (Third Sector interview 1)

If, therefore, the Welsh Government had relied on Authority alone, it might well not have secured the full collaboration of other actors. It was its command of Nodality that enabled its Authority to be deployed effectively.

Our case study demonstrates that Nodality can be central to a small subnational government’s ability to develop and implement policy. With regard to homelessness policy, the Welsh Government was at the centre of fairly compact and well-integrated networks. This was no accident. As the ultimate funder of homelessness services, it exercised general supervision, giving it access to information such as periodic returns from local authorities. But significantly, it had over time constructed more or less formal networks which enabled a flow and exchange of information. For example, it convened and maintained the Homelessness Strategy Working Group (HSWG), a longstanding periodic meeting with local authority and third sector stakeholders, which over time demonstrated the value of simply keeping networks open:

‘we got the idea of the Homelessness Strategy for Wales and ... we said, ‘No. Why don’t we keep something going because it’s actually been very useful getting this group of stakeholders around the table’.’ (Third Sector interview 1)

‘I think there’s a history of coming together, as imperfect as that was ... I suppose there’s been a retained focus on homelessness at a national level expressed through that network.’ (Consultant interview)

‘[it] was a group which may have been a talking shop ... but which formed the basis for something productive that’s now come to fruition.’ (Consultant interview)
Similarly, the Homelessness Network, which was ‘very much a part of the development of [the legislation]’ (local government interview 1), brought together ‘service leads from all 22 [Welsh local] authorities... people who are going to be delivering the service’ (Consultant interview). Although this network was convened by the Welsh Local Government Association, the Welsh Government’s homelessness policy team took a close interest in it.

The size of that policy team – three officials, at the time under discussion – reflected the Welsh Government’s limited organisational resources. However, its leader was highly experienced and well known and trusted in the Welsh homelessness sector, and one of its members was always a practitioner on secondment from a local authority or third sector service provider. This was part of a wider tradition of fluidity across institutional borders within the sector, and was explicitly designed to bring recent practice experience into policymaking:

‘I think that process needs to be constantly informed by someone who’s had relatively recent experience of having their ... feet right in the sort of homelessness process ... it’s a sort of reality-check ... they can inform that process with the experience of realities of life...on the frontlines. So yeah. It’s worked.’ (Welsh Government official interview 1)

When primary legislative reform came into prospect, the Welsh Government commissioned an extensive research programme from a small team of academics and consultants who were well known in Welsh housing circles, and who engaged widely and creatively with local authorities, housing providers and other stakeholders.

...everyone who had an interest had an opportunity to get involved. Lots of work around Wales, road-shows... (Welsh Government official interview 1)

‘There was definitely more of the being out and about and actually speaking to the grassroots.’ (Academic interview 2)

After the 2014 Act was passed, the statutory Code of Guidance which supported its implementation was produced by a cross-sectoral working group which our informants portray as working very well, enabling problems and possible solutions to be identified and reviewed. A small team drawn from the Welsh Government, the Homelessness Network, and the third sector devised and delivered an implementation training programme which, bringing frontline staff and policymakers together, ‘trained everybody, every case worker across the country’ (local government official interview 1).

Overall, a picture emerges of the Welsh Government inhabiting the centre of a comprehensive and generally trust-based set of relationships which it had consciously fostered, and in which it was aided by the small size of Wales and of the Welsh homelessness sector:

‘... it is easier in Wales than in England because it’s smaller and people do tend to know each other, but ...you’ve still got to work damn hard to make connections.’ (Welsh Government official interview 2)

Nodality, then, was a necessary resource upon which the Welsh Government drew very skilfully in this case. It could not in itself deliver fundamental homelessness reform, but it provided the context in which Authority could be exercised most effectively, while the extension of legislative authority in 2011 enabled the Welsh Government to go beyond the limits of what Nodality alone could achieve.
A distinctively Welsh approach?

A history of Welsh homelessness policy since 1999 is beyond the scope of this article, but homelessness has been ‘always on the radar’ (academic interview 1) of the Welsh Government. We may identify three, mutually reinforcing, reasons for this. First, homelessness policy across the UK is heavily embedded in legislation. There are substantial, resource-intensive, statutory rights to state assistance, and complex legally-based procedures for assessing entitlement to them. The state, therefore, really has to take an active interest in homelessness, because only the state can legislate. Second, in Wales, as elsewhere in the UK, there is a significant and well-organised homelessness policy community, which includes actors from local government and the third sector. In Wales, devolution allowed these actors to develop close relations with the new institutions, in part because of greater proximity to decision-makers:

‘... there is no other, I believe, country in the UK where the Chief Executive of a [third sector service provider] could pick up the phone to the Minister and say, ‘There’s a problem’. That ... has created a Welsh way of working which is a bit softer, maybe a bit more informal. It does sometimes allow very small organisations to have the opportunity to influence government which in England just isn’t possible.’ (Third Sector interview 2)

but also because they could make up for the new devolved institutions’ limited in-house policymaking and research capacity:

‘[The Welsh Government] simply have to contract out some of these things. They just don’t have the resources to do it and that gives a great opportunity to get [external people] to kind of write this stuff up and have our thinking to be taken seriously, whereas if you’ve got the resources that Scotland’s got, never mind England’s got, then you don’t have that opportunity.’ (Academic interview 2)

Third, a creative homelessness policy can be seen as:

‘... an emblematic kind of issue, if you want to mark yourself out as socially progressive ... and if you wanted to say, ‘Look. This is how we’re different from the UK Government or Westminster politics’.’ (Academic interview 2)

The 1996/1977 homelessness legislation may be considered one of the last expressions of the statist paradigm which underpinned much of the post-war British welfare state. It embodies a rational-bureaucratic approach, with a strong emphasis on standardised procedures to establish entitlement to standardised assistance in response to defined categories of need and entitlement. Rights would be legally enforceable and assistance would usually take the form of resources – in this case housing – which would be provided by the state itself. In retrospect, it is remarkable that in homelessness this approach was, on the whole, sustained throughout a period of nearly forty years in which other patterns of welfare provision in Britain changed substantially, and in which the model of the state as the arbiter of need and provider of solutions has been largely superseded by models based on governance and facilitation.

Throughout this period, however, Wales has largely retained a fairly ‘high’ view of the state as a steward of social wellbeing. Since 1999 the Labour Party has been continuously in office in Wales, alone or leading a coalition, and in the 1990s and 2000s Welsh Labour did not on the whole follow
the ‘New Labour’ direction of the UK Party. In 2002, the then First Minister, Rhodri Morgan, expressed the distinct approach of Welsh Labour in terms of placing ‘clear red water’ between Cardiff and Westminster⁸. As a key theme of his administration, he identified the creation of a set of citizenship rights which were as far as possible free at the point of use, universal, and unconditional; and which were underpinned by the principle that ‘government can and must be a catalyst and a force for change and good in our society’.

Five years later Professor Mark Drakeford, then a policy adviser to Morgan, suggested that the Welsh approach to social policy embodied a set of distinctive and coherent principles⁹. These included a belief that ‘good government is good for you’, and a preference for ‘progressive universalism’ in which universal services were complemented by additional help for those most in need of it. The Welsh Government preferred to ground services in collaboration rather than competition, and in high-trust relationships: collective ownership of resources was important, and who provided services mattered as much as what was provided. By 2012, Drakeford, who had taken over Morgan’s former Assembly seat and would later join the Welsh Cabinet, could describe the Welsh Government’s 2010 Budget, passed in the context of heavy cuts in capital and revenue funding, as characterised by protection of universal services – ‘the expansion of which had come to be a hallmark of the devolution period’¹⁰. Ministers had made ‘a political decision, based upon a set of underpinning beliefs’ to resist advice that universal services should be the first to be cut.

Our case study shows that much of what Morgan and Drakeford argued continues to resonate in Wales. Thus the 2009 Ten Year Homelessness Plan, produced by a Labour-Plaid Cymru coalition, stated that ‘a central theme of the Plan is to promote equality of access to services for everyone, in accordance with their needs’, while giving a particular focus to those most likely to be disadvantaged. After the 2011 Assembly general election Labour formed a single party government, which later that year published a Housing Green Paper. In it Huw Lewis AM, who as Minister for Housing, Regeneration and Heritage would oversee the early development of the homelessness reforms, referred to the principles of stability, opportunity, equality and social justice ‘which shape our actions in government’: housing was ‘an essential part of our commitment to tackling poverty and inequalities’¹¹. In a White Paper the following year, Lewis referred to the importance of collaboration and to the Welsh Government’s goals as ‘a progressive government’, while the paper itself stated that affordable homes were ‘fundamental to our goals of reducing poverty and greater equality’ and that ‘our approach reflects our values of fairness, social justice, equality, and sustainable development’¹². Introducing the Housing (Wales) Bill in the National Assembly in November 2013, Lewis’s successor as Minister for Housing and Regeneration, Carl Sargeant AM, described good housing as ‘the foundation for strong, safe and fair communities and contributing to the Government’s poverty reduction and promotion of equality agendas’¹³; and in July 2014, just before the Bill received Royal Assent, he declared that ‘tackling inequality, poverty and social justice’ were at its heart¹⁴.

Welsh Labour governments, then, have sought to embody in their approach to policy (and especially social policy) a distinctive understanding of the role of the state which, while not that of the post-war statist model, runs counter to many of the market and choice-based assumptions which have underpinned policies elsewhere. The generally leftish centre of political gravity in Wales which this reflects has also been evident in Scotland, but Welsh and Scottish homelessness reforms have taken different directions. Scottish reforms, enacted in 2003, largely maintained the previous legislation’s...
assumptions about homelessness and its remedies, but substantially expanded its coverage and extended the obligations of Scottish local authorities to provide interim accommodation. These reforms could be introduced, when they were, because the Scottish Parliament had primary legislative powers from its creation in 1999, and because in the early 2000s grants from the UK Treasury to the devolved administrations were rising with the English spending to which they were pegged. It was therefore much more feasible to consider extending the generosity of the existing system than it would ten years later. The Welsh Government committed itself to a fundamental review of homelessness legislation in 2009, towards the end of Gordon Brown’s UK administration, by the time the review was commissioned and primary legislative powers were devolved, the Conservative/ Liberal Democrat coalition, committed to austerity as a central policy tenet, had taken office at Westminster. The Welsh Government therefore made it clear that any reforms would have to be substantially delivered within existing budgets (Welsh Government interview 1).

Our informants agree that while financial retrenchment shaped the context for the reforms, it was not their primary driver:

‘It was incredible, when everything else is retrenching and we’re acutely aware of that, we’re widening the safety net and the discussions with Welsh Government were driven by social justice ... England’s looking at it now and ... it’s resource discourse. So, ‘This could save money. This would be a more effective way to spend money.’ It wasn’t about that. It was about, ‘Actually we’ve got a group of people that are facing an injustice under this system. We’ve known it for a long time. We’ve got the powers now to do something about it.’’ (Academic interview 1)

‘The Westminster budget cuts have required us to look differently at the way we do things and the Welsh Government has traditionally had a view that it will try and protect the more vulnerable. So ... I think necessity meets some lucky happenstance and the necessity is we need to do things differently. The lucky happenstance is we had a Government that was committed to protecting the vulnerable.’ (Third Sector interview 2)

But any policy innovations had to be achieved within the constraints of austerity. Even if Welsh policymakers had wished to emulate the Scottish approach, financial constraints meant that they could not have done so:

‘... certainly in Wales, if we could have had the powers, we could have introduced it in say 2003/2004 or even 2005. It would have been much easier to have found the money and more money as well ...’ (Welsh Government official interview 1)

Conclusions

What does this case tell us about the potential for innovative subnational policymaking at a time of austerity? In passing, we should note that although subnational policymaking and small country policymaking are not necessarily synonymous, both apply to Wales and have shaped elements of the homelessness case.

The most important part of the subnational context of this case is that the Welsh Government is constrained by the willingness of the UK state to devolve executive, legislative, and financial/ fiscal, powers. As we have seen, in 1999 very limited powers were devolved to Wales. The Welsh
Government therefore developed an early policy approach which relied heavily upon exhortation and co-ordination – that is, in Hood and Margetts’s terms, upon Nodality. This approach has sometimes been considered disappointingly unproductive, but in this case, the foundations laid during the period before primary legislative powers were devolved contributed to the successful development and implementation of statutory reform later on. We believe that the quality of the network relationships developed during that period, and the experience of the possibilities and limitations of non-statutory reform, created a climate within which statutory reform, when the Authority to achieve it was acquired, could be widely accepted across the Welsh homelessness sector. Importantly, in contrast to Authority, Treasure, and (at least indirectly) Organisation, Nodality was a category of resources which the Welsh Government had scope to generate and develop by itself.

The main significance of the small country dimension relates, again, to Nodality. It is often claimed that an advantage of policymaking in a small country such as Wales is the ability to bring all significant actors together. While this may often be true in a physical and literal sense, it does not necessarily ensure agreement or even co-operation. Different actors continue to have, and seek to promote, their own positions and interests. But the small size of the Welsh homelessness policy community meant that Welsh Government officials and leading third sector and local government actors were constantly in touch with each other, in varying permutations, exchanging views and ideas. The variety of these permutations meant that no one organisation or actor was able to control the flow of debates: there were always opportunities to go directly to other actors and to access a range of views and experiences.

We see, then, a high degree of vertical coherence in Welsh homelessness policymaking. Constant and consciously fostered interplay between Welsh Government policymakers and local government and third sector policy officers and practitioners enabled policymaking to be strongly informed by implementers’ perspectives, and policy implementation to be informed by an understanding of policy aims.

Before we close, we should note three special conditions which apply to this case. The first is that from a very early stage many Welsh policy actors expected further devolution of formal Authority to the Welsh Government. This intensified after the Government of Wales Act 2006 provided mechanisms for devolution of primary legislative powers. Certainly by 2009: ‘... the Ten Year Homelessness Plan was able to effectively reference or talk about change to legislation because we knew we were going to get the powers.’ (Welsh Government official interview 1)

The second is that some key personnel have remained within the Welsh homelessness policy community for a long time. The resulting high degree of institutional memory has on the whole fostered Nodality by establishing trust-based personal relationships across institutional boundaries.

The third condition is that homelessness policy, which sits squarely within the remit of the subnational government and is delivered locally, may be particularly suited to subnational policymaking. Homelessness reform did not require negotiation between the UK and Welsh Governments and, as far as we can tell, the UK government took no particular notice of it. Nor does it appear to have significant cross-border implications. In considering the ability of subnational
governments to adopt a distinctive policy approach we may, therefore, note the importance of choosing appropriate policy areas as well as appropriate policy instruments.

Further research could usefully identify the degree to which the first two of these conditions have made the case of Welsh homelessness reform exceptional. It might also explore the significance of choice of policy area as a factor in effective policy delivery. Meanwhile, our application of the NATO model has highlighted the importance of the interplay of policy tools over time, and the particular value of Nodality as a relatively autonomously-generated resource which can be available to subnational governments in small countries.

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5 M Laffin ‘Comparative British Central-Local Relations: Regional Centralism, Governance and Intergovernmental Relations’, Public Policy and Administration 2007 pp74-91 explores some of the factors which shaped relations between the Welsh Assembly Government and Welsh local authorities in the earlier years of devolution.


10 Mark Drakeford ‘Wales in the Age of Austerity’ Critical Social Policy 2012 pp454-466


