



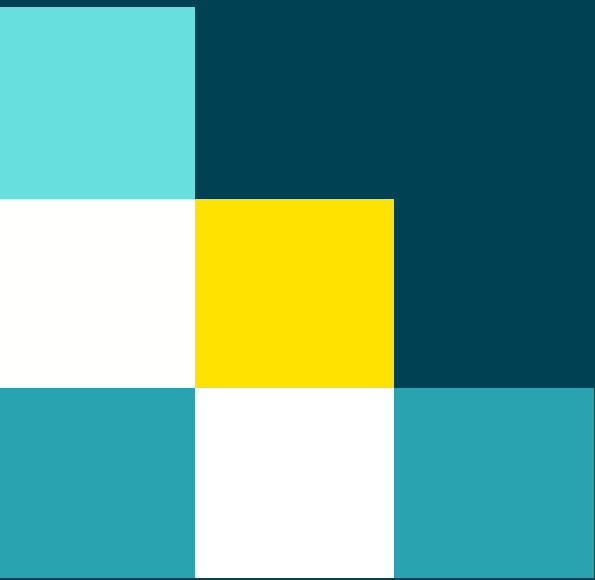
**Wales Centre for Public Policy**  
**Canolfan Polisi Cyhoeddus Cymru**

# **Powers and Policy Levers**

**What works in delivering  
Welsh Government policies?**

**Andrew Connell**

April 2019



# Preface

The Wales Centre for Public Policy improves policy making and public services by supporting ministers and public service leaders to access and apply rigorous independent evidence about what works.

The Centre is independent of government but works closely with senior policy makers and practitioners to develop fresh thinking about how to address policy challenges in health and social care, education, housing, the economy and other devolved responsibilities. It:

- Supports Welsh Government Ministers to identify, access and use authoritative evidence and independent expertise that can help inform and improve policy;
- Works with public services to access, generate, evaluate and apply evidence about what works in addressing key economic and societal challenges; and
- Draws on its work with Ministers and public services, to advance understanding of how evidence can inform and improve policy making and public services and contribute to theories of policy making and implementation.

Through secondments, PhD placements and its Research Apprenticeship programme, the Centre also helps to build capacity among researchers to engage in policy relevant research which has impact.

For further information please visit our website at [www.wcpp.org.uk](http://www.wcpp.org.uk)

## Core Funders



**Cardiff University** was founded in 1883. Located in a thriving capital city, Cardiff is an ambitious and innovative university, which is intent on building strong international relationships while demonstrating its commitment to Wales.



**Economic and Social Research Council (ESRC)** is part of UK Research and Innovation, a new organisation that brings together the UK's seven research councils, Innovate UK and Research England to maximise the contribution of each council and create the best environment for research and innovation to flourish.



**Welsh Government** is the devolved government of Wales, responsible for key areas of public life, including health, education, local government, and the environment.

# Contents

<b>Preface</b>	<b>2</b>
<b>Summary</b>	<b>4</b>
<b>Introduction</b>	<b>5</b>
<b>Policy context</b>	<b>5</b>
<b>Our approach</b>	<b>8</b>
<b>The Housing (Wales) Act 2014 – Part 2</b>	<b>9</b>
<b>Minimum Unit Pricing</b>	<b>10</b>
<b>Useful conceptual frameworks</b>	<b>12</b>
<b>Some pointers for policymakers</b>	<b>17</b>
<b>References</b>	<b>18</b>
<b>Annex 1</b>	<b>19</b>

# Summary

- This report presents the findings of research on the ways in which Welsh Ministers use the powers and policy levers available to them.
- We focus on two case studies: the 2014 statutory framework for homelessness services and the first attempt to introduce minimum unit alcohol pricing in Wales.
- In the case of the homelessness framework, officials used a range of formal and informal powers and policy tools to develop strong networks with local authority and third sector partners. They could do this because homelessness was unambiguously a devolved issue; there was a consensus about what needed to be done; and Ministers had resources that local agencies needed to access in order to tackle homelessness.
- In contrast, the attempt to introduce minimum unit pricing of alcohol encountered opposition both from the drinks industry and the UK Government, and Welsh Ministers lacked the formal powers and informal influence needed to overcome this.
- These two contrasting examples show how policy makers need to consider on a case-by-case basis which policy tools are best suited to the context they are working in and the policy objectives they want to achieve. Legislation and funding are necessary but not sufficient conditions, and policy makers need to know how to use informal powers to get things done.
- We highlight two concepts that can help them to do this:
  - *Metagovernance* – which focuses on the creation and management of networks; and
  - The *NATO typology* – which identifies four main types of policy tools.
- One of the tools identified by the NATO framework is nodality - the informal power that comes from being in the middle of networks. The relatively small size of Wales and high degree of political stability means that nodality offers Ministers a valuable ‘home-grown’ supplement to some of the more formal tools available to them.
- We recommend that policy makers:
  - Recognise the constraints on the Welsh Government and focus on achievable policy objectives;
  - Consider at the outset which policy tools they need so that they can be marshalled and deployed properly;
  - Look for ways to supplement their own resources by bringing other organisations on board; and
  - Actively seek to exploit the advantages offered by the Welsh policy context.

# Introduction

2019 marks the twentieth anniversary of devolution in Wales and it seems sensible to take stock of the Welsh Government's approach to policy formulation and delivery over the last two decades.

This report presents the findings of a study funded by the Economic and Social Research Council which investigated how Welsh Ministers have used the powers and policy levers available to them and some of the constraints which they have encountered. We hope that it will be useful to Ministers, special advisers, Welsh Government officials and to others who have an interest in how governments seek to develop and deliver policies.

## Policy context

Over the last twenty years, the National Assembly for Wales has gained increased public support and incrementally acquired a range of new powers and responsibilities. From transforming Wales' recycling rates and introducing the UK's first carrier bag levy, to pioneering approaches to homelessness and organ donation, Wales has achieved some notable successes. But there have been other instances where delivery has stalled and Ministers have not been able to achieve all that they hoped.

A number of important contextual factors need to be taken into account in the examining the use of powers and policy levers. Some are common to all governments. For example, policy makers rarely have complete information about a complex policy problem and their options may be constrained by existing policy direction ('path dependency'). Our main focus is on the factors that apply more particularly to Wales, including those which stem from the nature of Welsh devolution and Wales' place within the UK.

The partial and incremental nature of the devolution process has meant that until 2011 the National Assembly for Wales lacked full law-making powers, and until April 2019 it had very little control over taxation. Participants in a roundtable of senior policy makers and academic experts that we convened to help shape the study explained that this meant that during the first decade of devolution Welsh Ministers often had to rely on the power of the purse and 'soft' policy instruments such as guidance, encouragement, and facilitation. In some cases this produced innovative thinking. For example, because the carrier bag charge was introduced before the Welsh Government had tax-raising powers there was no temptation to introduce a tax, with all the administrative complexity that this would have entailed. Instead the Welsh Government required shops to make a charge and pass the money collected to

good causes - and this proved to be a simple and inexpensive way of achieving its policy objective of reducing bag use.

In other cases though the early limitations to devolved powers led to a reliance on strategies and declarations of high level objectives which were not always backed by the means to achieve them. Some argue that this approach persists in some areas. For example, the Wellbeing of Future Generations Act, which has been widely welcomed as a world leading piece of legislation, establishes Public Service Boards, identifies National Goals, and prescribes integration and collaboration as ways of working, but neither the Welsh Government nor the Future Generations Commissioner have strong powers of enforcement.

The great majority of the Welsh Government's budget continues to depend on a block grant from the UK Government, the size of which has been determined by decisions about spending on services in England, and there are still major policy areas which are not devolved. This makes it difficult to implement policy in areas, such as criminal justice, which cut across devolved and non-devolved functions. Participants in our roundtable also highlighted the constraints the Welsh Government faces in tackling poverty because three major policy tools in this area - macroeconomic policy, taxation, and welfare payments - are not devolved. Perhaps because of this there was a period during the Fourth (2011-16) and Fifth (2016 to date) Assemblies when the Welsh Government's language moved away from talking about poverty as such, and towards more specific aspects of deprivation and disadvantage.

It is also important to keep in mind the scale of the economic and social challenges facing many communities. Overall, the Welsh population is older, less healthy and earns less than the UK average, and the Welsh economy has continued to exhibit persistent structural weaknesses. These issues are complex and cross-cutting and not easy for any government to address, and they can constrain the range of policy tools upon which the Welsh Government can draw. For example, although the partial devolution of Income Tax might appear to be a significant means of raising additional revenue and, perhaps, redistributing wealth, in practice this is not possible because Wales has relatively few higher and additional rate taxpayers, as we showed in a recent Wales Centre for Public Policy report (Ifan and Poole, 2018).

Added to this, many officials argue that Wales has lacked policy capacity. Wales has very few sources of policy ideas, such as think tanks, outside of the civil service. The government still has only a short history of formulating its own legislation. Budget cuts in the last decade have led to significant cuts in civil service staff and local government and the evolving nature of devolution (see Annex 1) has meant that Welsh policymakers have had to adapt to an ongoing process of changes in their powers.

Another potential constraint is that many private sector and professional (and some third sector) organisations operate on a UK or even global scale, with headquarters in London or overseas. Some are largely unaware of the Welsh context and it may be difficult for the Welsh Government to engage with them. At worst, it may lead to active resistance to devolved policymaking.

On the flip side, Wales has a number of potential advantages. There has been a broad, cross-party consensus about many of the challenges facing Wales and a high level of political stability. Some observers, including many of those we interviewed for this study, have seen the unbroken dominance of a single party in government in Wales since devolution as having a deadening effect on policy innovation. But others have suggested that this high degree of political continuity could bring benefits: if a governing party knows that it is likely to continue in power after future elections, it should be able to take a longer-term policy perspective which is not limited by the electoral cycle. And at first sight Wales' size and its close-knit policy communities should be an asset. In theory at least, this should make joined up working between Welsh Government and local public services easier than in larger countries where 'delivery chains' are longer and local services more remote from the 'centre'. It should also be easier to achieve cross-government working within a comparatively small civil service body which does not have the ingrained institutional structure of separate ministries and departments that exists in Whitehall.

# Our approach

Our research set out to understand how Ministers have used the powers and policy levers available to them, the constraints they have faced, and which approaches have been most effective. We gathered evidence from:

- A round table which brought together senior Welsh and UK Government officials, other senior policymakers, and academics, to discuss the factors which have shaped policy delivery in Wales since 1999. A report of the round table was circulated within the Welsh Government.
- A case study of the development and implementation of part 2 of the Housing (Wales) Act 2014 (the statutory framework for homelessness services in Wales). We selected this as an example of distinctive, substantial, innovative, and, so far, apparently successful policy development, in a field which was wholly within the jurisdiction of the Welsh Government. Evidence was gathered from: an analysis of policy documents and research on homelessness, and official reports of debates in the National Assembly during the passage of the legislation in 2013-14; in-depth interviews with Welsh Government officials, academics, politicians, and local government and third sector actors who played significant roles in developing the policy and legislation; and a policy reunion in which selected informants from the Welsh Government, academia, local government, and the third sector reflected on the case.
- A case study of the Welsh Government's unsuccessful attempt to introduce Minimum Unit Pricing (MUP) for alcohol in 2013-15. We selected this because unlike the comparatively self-contained homelessness reforms, it involved a disparate group of actors and had cross-border and supranational implications. Like the homelessness study, this drew upon documentary analysis and interviews with key participants in the development of the policy, from the Welsh Government and beyond.

The remainder of this report describes our two case studies and outlines our main findings. Then we set out two theoretical frameworks which are a useful way of thinking about the Welsh Government's powers and policy levers and some of the ways in which it can formulate and delivery policies. Finally, we draw out the overall lessons from our study.



# The Housing (Wales) Act 2014 – Part 2

The first example that our study focused on was the development and implementation of Part 2 of the Housing (Wales) Act 2014. Since 1978, councils in Wales have had a legally-enforceable duty to secure permanent (or at least long term) housing for homeless persons, who meet certain eligibility criteria. The 2014 Act retains this duty but adds statutory duties to help individuals who are threatened with homelessness to keep their accommodation, and 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, regardless of the restrictions which limit the scope of the full statutory housing duty. The legislation substantially extended the statutory responsibilities of local authorities towards homeless people in Wales at a time of financial retrenchment, and to date it appears to have been successful in enabling more people to avoid becoming homeless.

Housing and homelessness had been on the policy ‘radar’ of the devolved Welsh institutions ever since they were created but for the first decade of devolution Welsh Government activity was restricted to making minor amendments to the statutory framework using secondary legislation and developing (increasingly ambitious) strategies and plans. Importantly though, alongside these strategies, it nurtured a set of fairly compact, well-integrated, and more or less formal networks which enabled a flow and exchange of information between it and key actors from local government and the third sector. For example, the Homelessness Strategy Working Group (HSWG), which was originally convened in the early 2000s in connection with the first National Homelessness Strategy, continued to provide a valuable forum for exchanges with local authority and third sector stakeholders. Meanwhile the Homelessness Network, which was convened by the Welsh Local Government Association but funded by the Welsh Government, brought together homelessness lead officers from all 22 local authorities and became very closely involved in both developing and implementing the new statutory framework. The development of these and other networks was facilitated by the small size of Wales and of a close knit homelessness policy community, although our informants were clear that relationships nonetheless had to be actively fostered.

Our research shows that the 2014 homelessness legislation is an example of the Welsh Government using its formal and informal resources to develop and implement policy within externally-imposed institutional and financial constraints. These resources developed over time. Some formal resources such as powers of legislation and funding were (and are) limited by the terms of the devolution settlement, while others were constrained by the Welsh Government’s institutional inheritance. Although the Welsh Government has responsibility for

homelessness policy, at the time of the developments covered by our case study, its homelessness policy team consisted of just three officials (one of whom, as a deliberate practice to improve connections between policymakers and practitioners, was always a secondee from a local authority or the third sector), and policy was implemented by local authorities within national frameworks. But through formal (and informal) policy networks, local authorities, third sector stakeholders, and academics contributed experience and expertise, particularly in respect of identifying and analysing problems, and assessing the feasibility of proposed courses of action. This fostered a sense of shared ownership of the reforms and secured commitment to them. Once the legislation had been passed, the Welsh Government was able to work with these networks to develop statutory guidance, train local authority and third sector staff in implementation, and monitor progress.

The Welsh Government really had to work through networks because its own resources were limited, but it was also in a uniquely strong position to foster them. It had power to make decisions which bound other actors - by passing legislation (after 2011), and more broadly by ministerial decisions which set and managed the direction of policy. Other actors worked with the Welsh Government because they wanted to have an input into policy decisions that could directly affect their work. It was also helpful that, thanks to the statutory framework which had existed from 1978, homelessness was an established funding stream within the Welsh Government's budget. Although very little additional money was allocated to the new framework, the Welsh Government thus had an existing relationship as funder with local authority and other homelessness services. Fostering networks supplemented these formal resources by bringing in other actors to help develop and implement policy but it was the formal resources - the Welsh Government's power to make binding decisions and to distribute funds - that provided the ultimate reason for those other actors to be part of the networks. So although the resources that the Welsh Government had received from Westminster were limited, in this case it was able to develop 'home-grown' resources which complemented and expanded them.

## Minimum Unit Pricing

The Welsh Government's first attempt to introduce Minimum Unit Pricing of alcohol (MUP) sought to address the public health risks of excess drinking by ending sales of very cheap alcohol. The fact that it planned to include MUP in the wide-ranging Public Health (Wales) Bill in 2014 reflected its long-standing identification of excessive drinking as primarily a public health matter. This approach contrasted to that of successive UK governments, which framed the problem as one of crime, disorder, and licensing. Because responsibility for health policy, including public health, was devolved, while crime and licensing were not,

Ministers believed that they had legal capacity to address the issue. However, MUP was withdrawn from the proposed Public Health Bill at a comparatively early stage.

MUP legislation passed by the Scottish Parliament was subject to a legal challenge by the Scotch Whisky Association and others, which argued that it breached EU competition law. Rather than risk the whole Bill being delayed while the question of the legality of MUP was resolved, Welsh Ministers decided to legislate for it separately, proposing a draft Public Health (Minimum Alcohol Pricing) (Wales) Bill in 2015. But the UK government declared that it considered MUP (and alcohol policy more widely) to be a policing and criminal justice matter, and therefore outside the Welsh Government's competence. The Welsh Government did not accept this, as the passage of new MUP legislation in 2018 shows. But it concluded that a political and legal battle with the UK government and perhaps other well-resourced opponents would require a greater commitment of resources than it could justify at that time and it withdrew the bill.

We examined the development of MUP policy in Wales from the consultation process which led to the 2014 Public Health (Wales) Bill to the withdrawal of the 2015 MUP Bill. The evidence that we collected showed that MUP stalled because unlike the case of homelessness reform, which was unambiguously within devolved competence, MUP involved actors and interest groups beyond Wales and issues over which the Welsh Government's competence was disputed. Although there were quite well-developed alcohol policy networks in Wales, the Welsh Government enjoyed much better relations with third sector groups, academics, and health actors than with alcohol producers and retailers. Many industry actors also operated outside Wales and were opposed to legislation that might limit their sales in Wales and disrupt what had been a uniform UK market. They may also have been concerned that legislation Scottish and Welsh could pave the way for MUP in England.

We could not establish whether the UK Government's opposition to the Welsh MUP proposals was influenced by representations from the alcohol industry, although it has a record of well-resourced and often effective lobbying in Westminster. But we hypothesise that the potential to define MUP as being beyond devolved competence may have allowed its opponents in parts of the alcohol industry to engage in 'venue-shopping' (a term used by academics to describe a situation in which policy actors seek to change the venue in which policymaking takes place to one which they consider offers the best prospect of their favoured outcome - for example, to a different level of government, or to the courts). Thus, the Scotch Whisky Association framed MUP legislation not in the public health terms in which the Scottish Government had presented it, but as a potential breach of EU competition law, allowing the venue for decision to move to the courts. In the Welsh case, the question of legality under EU law was already being considered but raising the question of devolution competence could have allowed opponents of the measure to enlist the support of the UK government and, ultimately, to transfer the venue to the courts. This illustrates an important potential constraint on the Welsh Government's power to act in some policy areas.

# Useful conceptual frameworks

We used a number of theoretical frameworks to analyse our data and develop our understanding of policymaking and implementation in Wales. There are two which we believe may be particularly useful aids to policy makers in thinking about the tools which the Welsh Government possesses and the ways in which they can be used. These are the ‘NATO’ *typology of policy tools* developed by the British academics Christopher Hood and Helen Margetts (Hood and Margetts 2007), and the concept of *meta-governance*, as described by the Danish scholars Eva Sørensen and Jakob Torfing (Sørensen and Torfing 2009).

## The NATO typology of policy tools

Hood and Margetts use the acronym NATO to indicate the four broad categories of policy tools, all of which are available to the Welsh Government:

- **Nodality** is defined as ‘the property of being in the middle of an information or social network’. It is the resource that a government derives from being at the centre of a web, or more likely many overlapping webs, of relationships and knowledge. Nodality can allow a government to gather and disseminate information, and to foster and manage relationships with stakeholders in other sectors. It helps them gather information about a policy issue, shape the way in which an issue is seen, and access the resources of other actors to help develop and implement policy responses.
- **Authority** is defined as ‘the possession of legal or official power’ to demand, forbid, guarantee or adjudicate. It allows a government to make decisions that other actors must accept. It includes law making powers but also extends to gatekeeping the progress of policy agendas, and the ability to issue licences and permits.
- **Treasure** is the government’s stock of money, or any other resource that can be freely exchanged. It allows governments to fund services, pay for collaboration, and provide financial support for individuals and organisations. It can also include the government’s power to raise money.
- **Organisation** is the ability of government to do things using the human and material resources under its own control (as opposed to using the human and material resources of other actors, which can be purchased using Treasure).

When we apply the framework to Wales, it helps us understand the distribution of the Welsh Government’s policy tools, and how they relate to each other.

The Welsh Government’s **Authority** has increased significantly since the devolved institutions began work in 1999, and the most important increase, the grant of full primary

legislative powers to the National Assembly in 2011, was what allowed the Welsh Government to make fundamental reforms to the statutory homelessness framework. But the UK Parliament's continuing right to legislate for Wales in devolved matters, and the ambiguity about the boundaries of devolved competence which we saw in our MUP case study, show that the Welsh Government's Authority can be contested. And we have noted that the Welsh Government's ability to apply its Authority in some matters may be constrained by the non-devolution of complementary matters such as criminal justice, or social security.

The Welsh Government has little scope to add substantially to its **Treasure** so long as most of it comes from a block grant from the UK Treasury, calculated with reference to what the UK Government spends in England. The recent introduction of a degree of fiscal devolution and an extension of borrowing powers will not change this in the foreseeable future. But within these overall limits, the Welsh Government's ability to decide how its Treasure will be spent is an important policy tool - although in practice its use of the tool, like that of most governments, is shaped by factors such as previous spending commitments ('path dependency'). So in the homelessness case study, the Welsh Government was not able to raise new money, or to move more than a small amount from other spending areas, to implement the reforms; but the fact that there was an existing homelessness budget gave it resources in this field which it could use differently.

The Welsh Government has comparatively few **Organisation** resources under its direct control; and, because Organisation has to be paid for, its capacity to increase them is constrained by the limits of its Treasure. In any case, many of its main areas of responsibility are delivered by other agencies. For example, its homelessness reforms depended on local authorities and the third sector for their implementation, and our case study showed that effective working between it and these bodies has been an important factor in the reforms' relative success to date. Similarly, our informants told us that the Welsh Government would not have been able to propose its MUP legislation without assurances from local authority Trading Standards departments that they expected to be able to enforce it. However, in some cases the Welsh Government has shown interest in using those resources which are not required for its own operations to achieve policy aims - for example, through releasing surplus Government land for affordable housing.

**Nodality** stands apart from Authority, Treasure, and Organisation in that it can be much more of a 'home-grown' policy tool and can be developed by adopting particular ways of working. Here the Welsh Government can benefit from 'small country governance' and, in many fields, the close-knit nature of Welsh policy communities (Rabey 2016). Although smaller communities are not necessarily more harmonious, it should be more possible to maintain a comprehensive set of relationships in Wales than it is in a much larger country like England. Our study of the homelessness legislation shows that the skilful use of Nodality by Welsh Government policymakers made a huge contribution to the successful development and implementation of the policy.

It is important to remember that governments almost always have to use a combination of tools from different categories to achieve their policy objectives. For example, in our homelessness case study, Nodality laid the ground for the reforms and played a big part in their implementation. But increased Authority after 2011 actually allowed the statutory framework to be changed and it also provided an extra incentive for the third sector and local authorities to collaborate with the Welsh Government in order to make sure that any new legislation met their own institutional and policy objectives. Conversely, the main reason that the Welsh Government did not proceed with MUP in 2014-2015 was that its Authority to do so was contested by the alcohol industry and UK government.

## **Meta-governance - a framework for thinking about managing relationships**

Meta-governance is the process by which a government manages its networks of relationships with other policy actors. The concept developed from governance network theory, which sees policy and service delivery as being shaped in networks of interdependent actors – not only central government, but also local authorities, the third sector, business, academics, and so on, depending on the particular policy area in question. Each of these actors brings something different to the policy process and policy emerges from the interaction between them. For example, the Welsh Government may have a target for the number of affordable dwellings to be built in a given period, and the money to build the dwellings, but delivering the target will require collaboration with other bodies such as local authorities (as both planning authorities and housing providers), Housing Associations, and private sector housebuilders.

Some early scholars of governance networks concluded that governments had lost capacity to direct policy change, because they were much more dependent on the co-operation of other actors than they had been in an earlier, more hierarchical, era. But the concept of meta-governance challenges this. It argues that although governments usually have to work with other actors to achieve their policy objectives, they possess particular resources which can place them in a much stronger position than other network members. These resources may include more funding and staff (in Hood and Margetts's terms, Treasure and Organisation) than other actors, a greater ability to collect and collate information and a wider range of contacts (Nodality,) and a monopoly of legal and procedural powers to make and enforce decisions (that is, Authority). So by using these resources, a government can facilitate, manage, and steer networks to achieve its policy objectives. In fact, it can add to its resources by managing networks, because that way it can get its network partners to commit their resources to developing and implementing its policy.

The cases of homelessness and MUP legislation demonstrate how the resources which a government possesses can shape its ability to manage networks of relationships. In particular, they show that the value of resources or policy tools such as Authority, Treasure and Organisation will not be the same in every case. The tools and resources which allowed the Welsh Government to manage networks successfully - and so to increase its policymaking capacity - in one case were much less effective in the other, because the dynamics and boundaries of the networks were different.

In the case of homelessness reform, there were very good reasons for local authorities and third sector organisations to collaborate with the Welsh Government to develop and implement policy. It was very helpful that there was a broad agreement between all members of the network about the overall aim of homelessness policy - to prevent and relieve homelessness more effectively. But some third sector organisations had traditions of independence, advocacy, and challenge which did not automatically translate into collaboration with government, and many local authorities were, understandably, concerned about the potential impact of specific reforms on their existing, hard-pressed, budgets and services.

However, it was overwhelmingly in the interests of these actors to work with the Welsh Government. To a great extent, the existing statutory homelessness framework had shaped the development of homelessness services in Wales. Both local authority and third sector homelessness services relied significantly on Welsh Government funding. Homelessness policy in Wales, as an aspect of housing, was unambiguously a devolved matter, and with the grant of primary legislative powers to the National Assembly in 2011, full responsibility for it moved from Westminster to Cardiff. So for local authorities and the third sector, the price of not collaborating would have been the possibility of having to work within a new framework which they had had no say in developing. By collaborating with the Welsh Government, they could hope to achieve outcomes which were better aligned to their own aims and which were more workable from their point of view<sup>1</sup>. And the Welsh Government was also able to use its policy tools to foster and shape the working of policy networks, for example by funding their formal operations.

In the case of Minimum Unit Pricing, the Welsh Government's resources were much less useful tools to manage relationships. In part this was because there was substantial disagreement within what might be broadly defined as the alcohol policy network in Wales.

---

<sup>1</sup> This doesn't mean that local authorities and the third sector decided to collaborate with the Welsh Government on the basis of a cold and perhaps grudging calculation of self-interest. Our research shows that over time very good personal and institutional relationships were developed across the different sectors which generated a real sense of collective endeavour. But our informants did suggest that some actors re-examined their relations with the Welsh Government as it acquired more and stronger policy resources, and consequently moved towards more active collaboration.

The Welsh Government wanted to reduce (problematic) alcohol consumption, and saw MUP as an effective way to do this. This aim and objective were largely shared with academics, health services, and the third sector (and indeed the adoption of MUP as a way forward owed much to the influence of academic and scientific expert evidence). However, while the drinks industry may have been officially committed to reducing problematic drinking, many influential industry actors<sup>2</sup> opposed MUP as being harmful to their business models. Moreover, unlike the members of the homelessness policy network, these actors did not depend on the Welsh Government for resources such as funding, or a legal framework which enabled them to operate. Indeed, for some purposes, the larger industry actors, as large and wealthy national or multinational businesses, were perhaps better resourced than the Welsh government.

Importantly, the boundaries of the alcohol policy network were open to challenge. In the case of homelessness policy there was agreement that the matter fell within the responsibility of the Welsh Government and on the identity of the interested parties. But because misuse of alcohol could be portrayed as a non-devolved crime and licensing matter, it was possible for those opposed to MUP in Wales to argue that the policy network should include the UK Government as a dominant participant, and that argument could be put to the test in the courts. Not only, then, were the Welsh Government's policy resources ineffectual in respect of some of the opponents of MUP, but the very existence of one of those resources- formal Authority - could be called into question, and that question would be resolved by a party other than the Welsh Government. The meta-governance scholars Sørensen and Torfing argue that the ability to influence the character, composition, and scope, of a network, by shaping its rules, norms, and procedures, is an important tool of network management. In this case, the Welsh Government could not be sure that it could do this. So another way of understanding the Welsh Government's decision not to risk committing resources to a possible legal contest against the UK Government (and perhaps some parts of the drinks industry) is to say that it decided that the costs of establishing its position as a meta-governor might rise beyond an acceptable level.

---

<sup>2</sup> Unlike Scotland, Wales has few large distillers or brewers and our informants suggested that some of the smaller producers, whose products tended already to retail at prices above any likely minimum price, were not strongly opposed to MUP. But large retailers, and perhaps large producers based outside Wales, disliked the prospect of having to operate different pricing policies in Wales and England.



# Some pointers for policymakers

We have drawn some specific conclusions from the two cases that we studied and suggested that the NATO framework and the concept of meta-governance provide useful ways of thinking about powers and policy levers and how to apply them. This final section of the report highlights four overall findings from the study.

We conclude that it is important to **recognise the constraints on the Welsh Government and to focus on policy objectives that are achievable**. This does not mean being unambitious or playing it safe. But it does highlight the importance of taking a realistic view of what can be delivered and thinking creatively about the best ways to do it. In particular, funding and legislation may not be sufficient to deliver policies and they are not the only tools available to the Welsh Government.

**Thinking early on about which policy tools are needed** can help to ensure that they are marshalled and deployed properly. Taking a realistic view of the available mix of policy tools can help policy makers to decide whether a policy initiative is likely to succeed and if not how they can change the situation so that it might succeed in future.

**It is important that the Welsh Government looks for ways to supplement its formal resources by bringing other organisations on board**. Ministers have limited (though growing) legislative, financial, and material resources. The Government's principal asset is Nodality – the influence that comes from being at the heart of policy networks. This means that it is important to nurture good working relationships with other actors with the capacity to contribute to policy development and delivery. Nodality is not a panacea and in some policy areas - as in the case of Minimum Unit Pricing - the Welsh Government may not be able to foster good relationships with all of the relevant actors. Nonetheless, in many cases, there are good networks that have been intentionally built up by Welsh Government officials and others and Nodality can offer a significant source of 'soft power' which can to some extent compensate for a lack of formal powers.

It is good to maximise the **advantages that the Welsh policy context offers**. The high degree of political stability means that it ought to be possible to think beyond the next electoral cycle, and the relatively small size of Wales should make it easier to join up the different parts of the Welsh public service and for the Welsh Government to be alert to what is happening on the 'frontline'. In the case of the homelessness legislation for example, when the legislation was being implemented, it was possible for a single team consisting of local authority, third sector, and Welsh Government homelessness policy officers to train, and answer questions about the framework from, all of the local homelessness officers in Wales and this helped to foster a sense of shared purpose and ownership of the legislation among those who would implement it.

# References

C.Hood and H. Margetts (2007) *The Tools of Government in the Digital Age*. Basingstoke, Palgrave Macmillan.

G. Ifan and E. Poole (2018) *The Welsh Tax Base: risks and opportunities after fiscal devolution*. Cardiff, Wales Centre for Public Policy. Available at <https://www.wcpp.org.uk/publication/the-welsh-tax-base-risks-and-opportunities-after-fiscal-devolution/>

T. Rabey (2015) *Governance, Coherence and Capacity: Policy Making in Smaller Countries*. Cardiff, Public Policy Institute for Wales. Available at [https://sites.cardiff.ac.uk/ppiw/files/2015/10/Connection-coherence-and-capacity\\_-\\_Policy-making-in-small-countries-final-report-FINAL.pdf](https://sites.cardiff.ac.uk/ppiw/files/2015/10/Connection-coherence-and-capacity_-_Policy-making-in-small-countries-final-report-FINAL.pdf)

E. Sørensen and J. Torfing (2009) Making governance networks effective and democratic through metagovernance. *Public Administration*, 87, 2, 234-258.

# Annex 1

## Some major developments in devolution of formal powers in Wales since 1999

1999: The National Assembly is established as a corporate body, able to pass only secondary legislation and without tax raising or substantial borrowing powers.

2002: De facto separation of executive ('Welsh Assembly Government') from the Assembly as legislature

2006: UK Parliament's Wales Act formalises separation of executive and legislature; grants the Assembly limited primary legislative powers, under Westminster's supervision through the Legislative Consent Order mechanism, with prospect of full primary legislative powers following referendum.

2011: Referendum under 2006 Act held: full primary legislative powers devolved.

2014: UK Parliament's Wales Act devolves responsibility for three comparatively minor taxes, gives power to raise new taxes with consent of Westminster Parliament, extends Welsh Government's borrowing powers, and provides for partial devolution of Income Tax following a referendum.

2017: UK Parliament's Wales Act moves devolution from a conferred to a reserved powers model, and removes requirement for referendum before partial devolution of Income Tax. 10p Welsh rate of Income Tax and consequent reduction in HM Treasury's block grant to apply from April 2019.

## Author Details

**Andrew Connell** is a Research Associate at Wales Centre for Public Policy

For further information please contact:

Wales Centre for Public Policy

+44 (0) 29 2087 5345

[info@wcpp.org.uk](mailto:info@wcpp.org.uk)

**OGI** This report is licensed under the terms of the Open Government License