



CabinetOffice
The Strategy Unit

Getting on, getting ahead

A discussion paper: analysing the trends and drivers of social mobility

November 2008

**Making
government
work better**

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Foreword by the Minister of the Cabinet Office



Since the Prime Minister took office he has put fairness at the heart of his agenda, guided by the firm belief that everyone in society, regardless of their background, should have the opportunity to achieve their full potential. This is not just a moral imperative but an economic one too. Britain in 2008 is very different to 1997 and will be more so by 2020. We have seen rapid and radical changes in the global economy. To succeed in this new economic climate Britain must be one of the world's highest skilled economies.

We must ensure all in our workforce are ready for the jobs of the future. To this end, the Prime Minister commissioned his Strategy Unit to produce a discussion paper which would analyse all the evidence available on how people from every background can get on and ahead in life, and identify the areas where government policy could have most impact.

We have consulted widely with experts in the field, drawing on a reference group of leading academics, to ensure this discussion paper recognises the wide range of perspectives in this area.

The report clearly shows that a person's social background makes a difference to the goals they are able to achieve in life. There has been a vibrant academic debate about whether this got worse for the generation leaving school in the 1980s compared to those leaving school in the 1970s. However the general consensus is that social mobility did not get better during these years. In fact the conclusion reached is that despite the huge economic, social and political changes between 1970 and 2000, social mobility in Britain did not rise.

Foreword by the Minister of the Cabinet Office

Since 2000, new evidence suggests this might be beginning to change. The latest academic research shows there are encouraging signs with many of the educational inequalities that prevent social mobility now being addressed. However, we still have a way to go to realise the Government's ambition of a society where social background does not determine future success in life, and where everyone can reach their full potential.

This paper illustrates the critical importance of four factors that have an impact on people's life chances:

the care and development of children in their early years, the quality of our schools, continued and high quality education and training post-16 and constantly improving the skills of our workforce. This is why we are fully committed and focussed on real action in these areas. We have already taken forward landmark policies to deliver real improvements, such as Sure Start, the National Challenge, Building Schools for the Future, extending the post-16 offer, raising participation in Higher Education and providing training in the workplace through schemes such as Train to Gain. But there is more to do.

We will now share this report with academics, commentators and stakeholder groups and look forward to hearing their reactions. We will share this report with every government department so they can consider how they can play a part. We will share this report with the National Economic Council so that our strategy for a downturn will ensure that every part of society will be well placed to get ahead in an upturn. And we will publish a White Paper to ensure that, even in a difficult economic climate, the Government will work to ensure that everyone in our country has a fair chance to get on and get ahead.



This paper aims to develop a framework to inform future policy development across government in order to improve social mobility

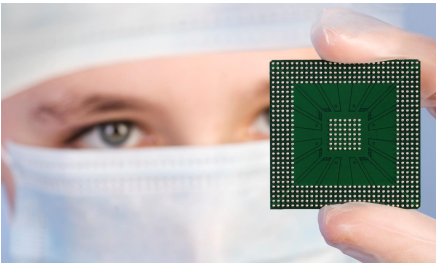
Improving social mobility is at the heart of the Government's agenda

- Social mobility has two core aspects:
 - ensuring there are better jobs for each successive generation, so our children can do better than us.
 - making sure that there are fairer chances, so that everyone has the opportunity to access those jobs in line with their potential

This paper aims to analyse the trends and drivers of social mobility

- This discussion paper examines what has happened to social mobility over the past half-century and presents the potential drivers of future social mobility
- To increase social mobility, we must raise everyone's capabilities and opportunities. This involves positioning the UK to benefit from emerging job opportunities in a global economy, and building people's capabilities so they can obtain the better jobs of the future
- Better jobs have to be available at all skill levels, and not simply for those who are already the most highly skilled. Similarly better jobs need to be available throughout the country, and not just in those areas that are currently the most prosperous

Two aspects of social mobility and their trends over the last five decades are analysed in detail



Both aspects of social mobility have demonstrated different trends in the past half century. Broadly, social mobility is no greater or less since 1970

- After the war, there was an acceleration in the creation of better jobs, settling at a new, higher growth rate—more clerical and professional jobs emerged. On average children have had better jobs than their parents
- But, since the war, the UK's record on making sure people have a fair chance to get these better jobs does not compare well internationally. We could do much better: a person's social background still makes a marked difference to the opportunities they have
- What is now clear is that although social mobility did not fall between 1970-2000, policy did not succeed in increasing it. In fact, there has been a vibrant academic debate about whether a parent's background became a greater determinate of a child's success for the generation leaving school in the 1980s compared to those leaving school in the 1970s
- However, many of the educational inequalities that prevent social mobility are being addressed. Indeed, recent academic research shows there have been positive changes since around 2000.

Increasing social mobility will involve positioning the UK to benefit from emerging job opportunities

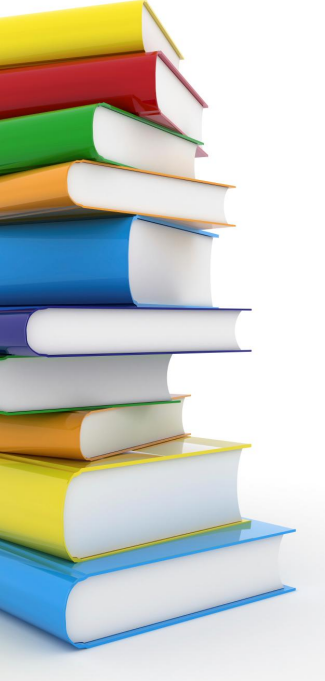
Long-term economic trends driving emerging job opportunities in the global economy

- **Continuing technological innovation:** technological advances will increasingly enable firms to fragment and internationalise their production processes, opening up further opportunities for the UK to specialise in higher-skilled areas
- **Shifts to a low-carbon economy:** if Government is to meet its carbon targets, there will likely be opportunities to expand high-skill jobs as demand stimulates investment in new environmental technologies
- **Growth in emerging economies:** as global barriers to trade fall and emerging economies continue to grow, demand from an emerging middle class in places such as China and India for UK-produced high-skill goods and services could accelerate
- **Increased demand for high quality services:** changing lifestyles and greater expectations will likely increase domestic demand for high-quality personalised goods and services
- The UK needs to have a clear, strategic response to these trends. This includes identifying how best to create an economy that adapts more rapidly to emerging opportunities



Increasing social mobility will involve building people's capabilities so they can obtain the better jobs of the future

Four life stages crucial to building people's capabilities

- 
- **Giving children the best start in their early years:** there is growing evidence these years are critical to success in later life, not least through basic physiological and brain development. However, in the UK, family background still has a large impact on the pace of development
 - **Improving educational attainment at school:** how children do in school remains the single most important determinant of future success. However, one of the UK's major international weaknesses has been the large number of people emerging from school with few qualifications
 - **Creating pathways from education to work:** gaining a degree will remain the most likely way to get the best jobs. But while most children see this as the obvious path to follow, too many with the right results from the least advantaged backgrounds are not making it to university. Conversely, children from these backgrounds are heavily overrepresented in the vocational system, and among those dropping out of the system altogether
 - **Helping people get on in work:** most of the UK's workforce in 2020 are already adults today, so increasing mobility must also focus on equipping them to take advantage of future opportunities. People's training opportunities at work currently serve to entrench previous unfairness by going mainly to the already skilled
 - In each of these areas, Government has made major investments
 - During each of these life stages, people's families and communities play a crucial role in supporting them to build their capabilities: creating strong emotional bonds between parents and children; helping parents to stay closely involved in their children's education; providing resources to allow children the opportunities to develop; ensuring children's aspirations to succeed are raised

Introduction

1. Defining social mobility
 2. Trends in social mobility
 3. Drivers of social mobility
- Further discussion

This discussion paper provides a high level overview of the trends and drivers of social mobility

- The Prime Minister commissioned the Strategy Unit in the Cabinet Office to produce a discussion paper on social mobility. The purpose of this paper is to:
 - provide an analytical base to inform a forthcoming white paper
 - discuss what is meant by social mobility and collate evidence on how it has changed and what is likely to drive it in the future
 - provide a summary of the latest academic thinking in these areas, although the paper does not attempt to provide an exhaustive account of all the work that has been conducted
- In producing this document the Strategy Unit has drawn on evidence and discussions with a range of academics and other experts
- This document does not identify future government policy but does set out a framework for thinking about the key strategic choices facing government

Section	Aim	Questions this paper seeks to answer
1. Definition	Provide a clear definition of social mobility	<ul style="list-style-type: none">▪ What is social mobility?▪ How can it be defined and measured?▪ How do these definitions relate to wider government objectives?
2. Trends	Set out what has happened to social mobility over the past half century	<ul style="list-style-type: none">▪ What have been the trends in social mobility in the UK over the past half-century?▪ How does the UK's experience compare to similar countries?
3. Drivers	Outline a framework for considering the drivers of social mobility	<ul style="list-style-type: none">▪ What are the drivers shaping emerging job opportunities that could facilitate greater social mobility in the future?▪ What are the key drivers that help build up people's capabilities at different stages of their lives, enabling them to take up the opportunities for social mobility?▪ What role does wider society, including family and local community, play in helping build up people's capabilities throughout their lives?

Introduction

1. Defining social mobility

2. Trends in social mobility

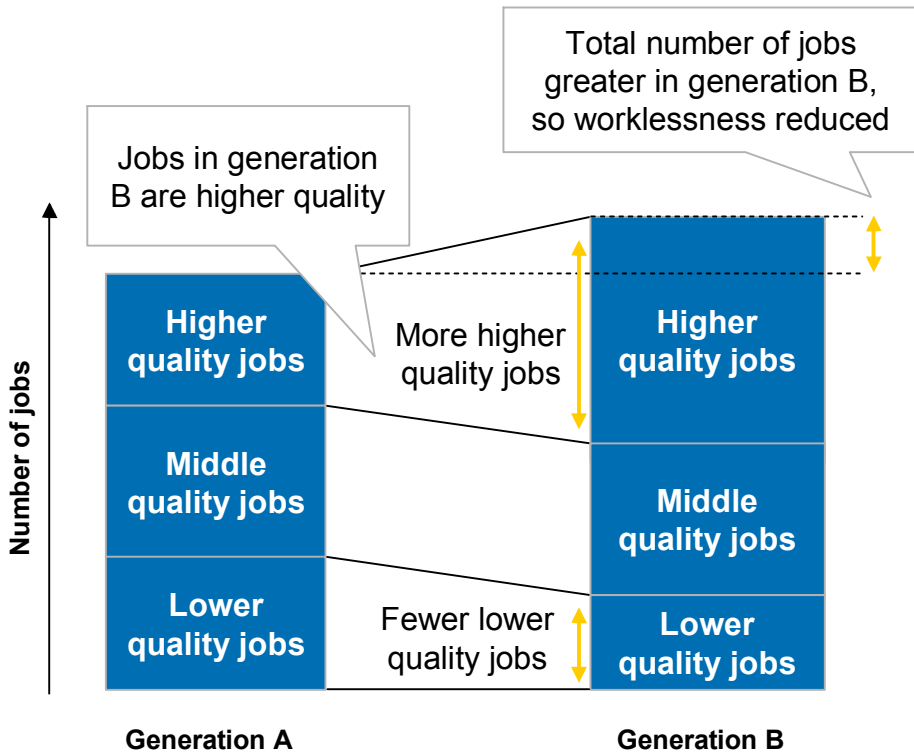
3. Drivers of social mobility

Further discussion

- This paper focuses on two core aspects of social mobility— ensuring there are better jobs and that people have fairer chances to access those jobs
- Ensuring there are better jobs involves raising the employment rate and getting the conditions right to create higher quality employment in the UK
- Ensuring people have fairer chances requires that everyone is capable of fulfilling their potential, with access to a full range of job opportunities regardless of their social background
- While social mobility is defined in terms of employment outcomes, making these outcomes better and fairer will also improve many other aspects of people's lives

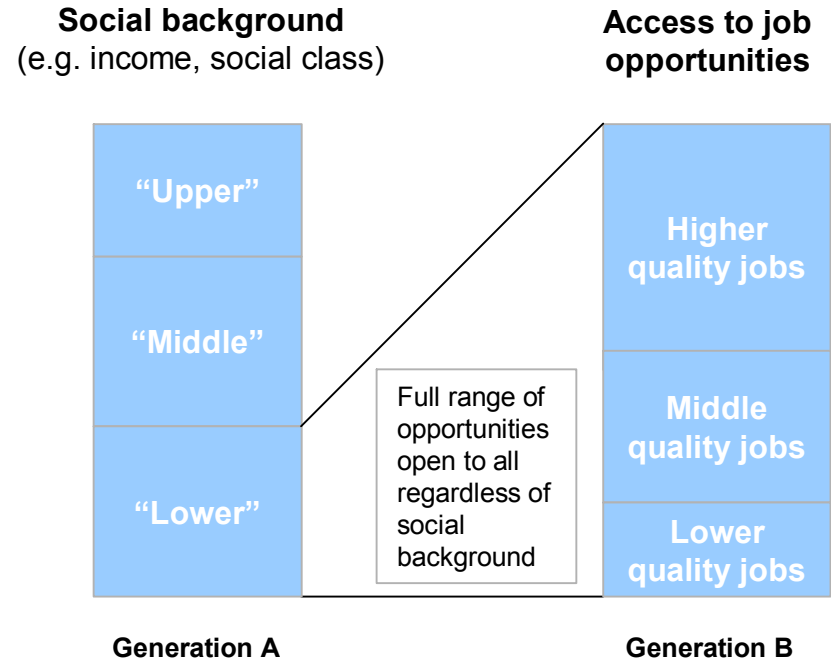
This paper focuses on two core aspects of social mobility — ensuring there are better jobs and that people have fairer chances to access those jobs

Better jobs: each successive generation gains more and higher quality jobs



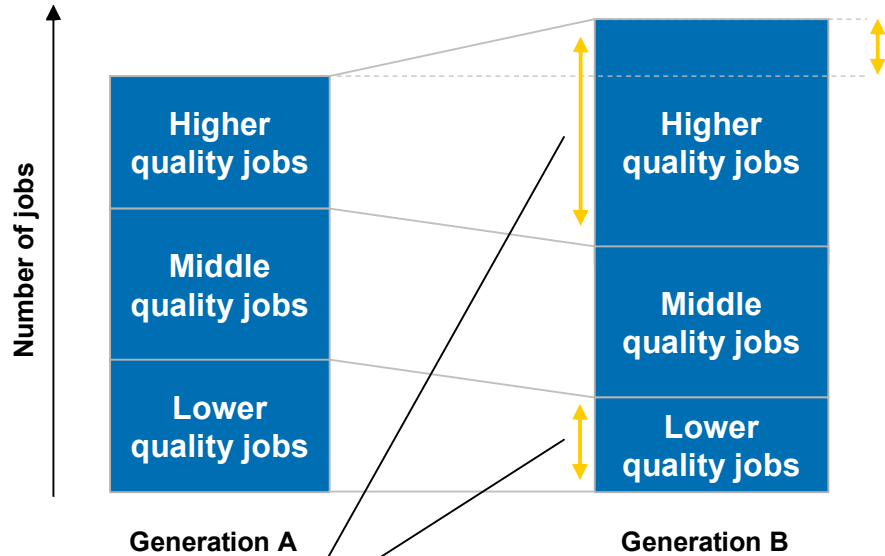
This is an absolute measure of social mobility

Fairer chances: within each generation, everyone is able to realise their potential and access job opportunities



This is a relative measure of social mobility

Ensuring there are better jobs involves raising the employment rate and getting the conditions right to create higher quality employment in the UK



Raising the employment rate

- For successive cohorts: for each generation to gain more jobs, the economy needs to create more employment opportunities for each successive cohort
- An existing focus: this has typically been the ambition of government policy, embodied in the aim to raise the employment rate to 80%
- Priority given historic context: this is a priority given the historic falls in the employment rate, particularly for men, in the 1970s and 1980s

Creating higher quality employment

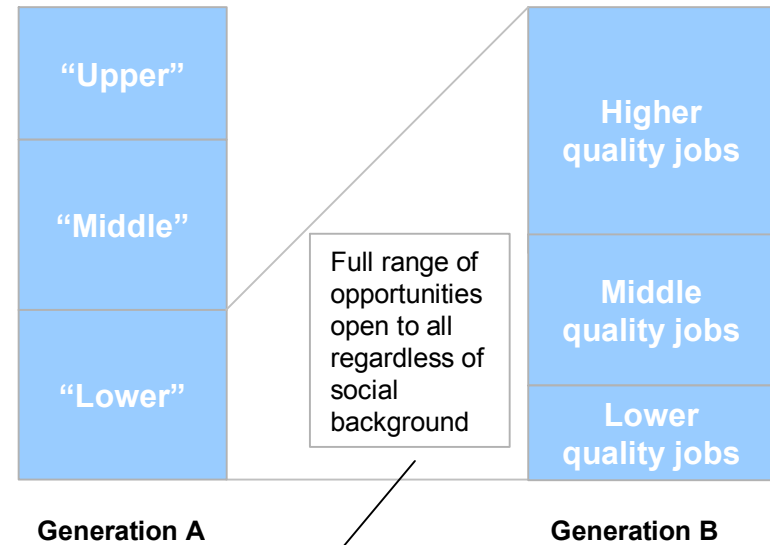
- Capabilities and job opportunities: creating higher quality employment involves both raising people's capabilities to undertake such jobs, and positioning the UK to benefit from emerging job opportunities in a global economy
- Not just the top: this is not simply about creating more top quality jobs. It could also be driven by new job opportunities in the middle of the distribution replacing lower quality jobs
- Tasks versus jobs: there is a distinction between the quality of jobs and the tasks undertaken as part of those jobs. For example, tasks like office cleaning still need to happen, but the quality of the jobs associated with these tasks can vary widely, depending on the technology available to support them, shift patterns, pay levels, etc.

Ensuring people have fairer chances requires that everyone is capable of fulfilling their potential, with access to a full range of job opportunities regardless of their social background

Reducing the effect of social background

- Parental achievement: social background has usually been measured in the academic literature by parental achievement, be it income or occupation
- Personal characteristics: however, equally important dimensions are personal characteristics like gender and ethnicity
- Realising potential: none of these dimensions of social background should hold back people's ability to realise their potential

Social background
(e.g. income, social class)

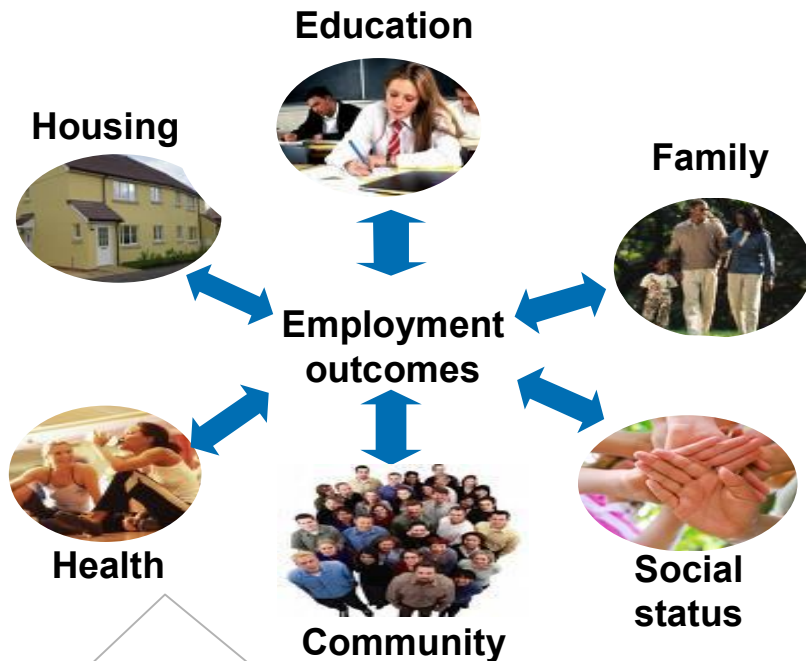


Accessing job opportunities

- Developing everyone's capabilities: to be genuinely able to access a full range of job opportunities, everyone must have chance to develop their own capabilities in line with their potential
- Opportunities at all skill levels: better jobs have to be available at all skill levels, and not simply for those with the highest levels
- Opportunities in all areas: better jobs need to be available throughout the country, and not just in those areas that are currently the most prosperous

While social mobility is defined in terms of employment outcomes, making these outcomes better and fairer will also improve many other aspects of people's lives

Employment outcomes are related to other aspects of people's lives. For example:



Employment outcomes determine, and are determined by, all these aspects. So, for example, stronger family relationships help build children's capabilities, while better employment outcomes strengthen families

And a better job needs to be understood within this broader context

- The academic literature on social mobility typically ranks jobs by occupational type or income, comparing how children have fared relative to their parents
- However, a better job is increasingly understood as one that fits with the rest of a person's life to achieve a better work-life balance
- Other dimensions on which people judge the quality of their job include relationships with colleagues, opportunities to up-skill and progress, working conditions and how much control they have over their working life

Introduction

1. Defining social mobility

2. Trends in social mobility

a. Better jobs in the UK

b. Fairer chances in the UK

c. International comparisons

d. Looking forward

3. Drivers of social mobility

- Trends in successive generations getting better jobs are generally measured by looking at changes in occupations
- Classifying successive generations into occupational classes suggests those entering the labour market after the war had an improved chance of being in a better job than their parents
- Directly comparing individuals with their fathers shows that, since the 1970s, the proportion of men with better jobs than their father was basically the same
- While for women, the proportion with better jobs than their father has continued to rise
- Total employment and the rate of employment have continued to rise since the early 1990s. There is also some evidence that the quality of jobs in the UK is improving

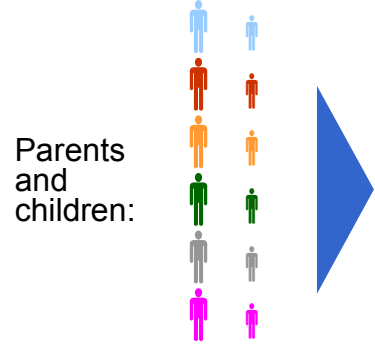
Further discussion

Trends in successive generations getting better jobs are generally measured by looking at changes in occupations

Measuring overall job quality is difficult. The academic literature uses schemas of occupational classes to classify the quality of different jobs

Example occupational class:	Managerial and professional	Intermediate	Routine
Example occupations:	Doctors, lawyers, managers	Foremen, skilled manual	Semi-skilled and unskilled manual workers

Ascertaining whether successive generations are getting better jobs requires classifying individuals and their parents using this schema



Parents:		Children:	
Managerial and professional			Managerial and professional
Intermediate			Intermediate
Routine			Routine

Children can then be divided into those that are in a higher class than their parents, those that are in a lower class and those that are in the same class

The percentage of those that are in a higher class than their father gives an indication of upward mobility, known as “**inter-generational upward absolute social mobility**”. Subtracting those that are in a lower class yields a measure of net upward social mobility

Children:	
Become higher class than parents	
Remain same class as parents	
Become lower class than parents	

More children experienced upward mobility than downward mobility, so overall, the children in this example achieved net upward social mobility

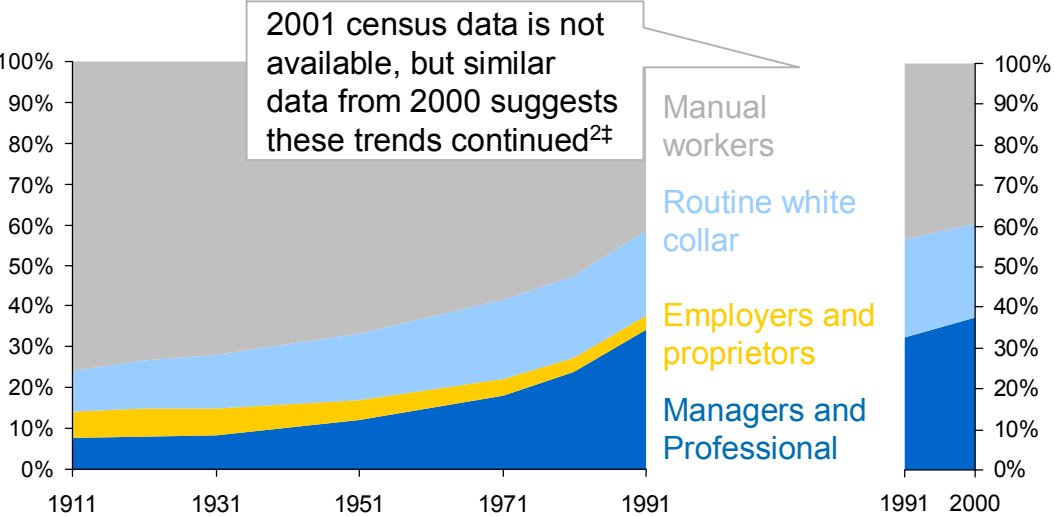
Classifying successive generations into occupational classes suggests those entering the labour market after the war had an improved chance of being in a better job than their parents

Trends

Better jobs

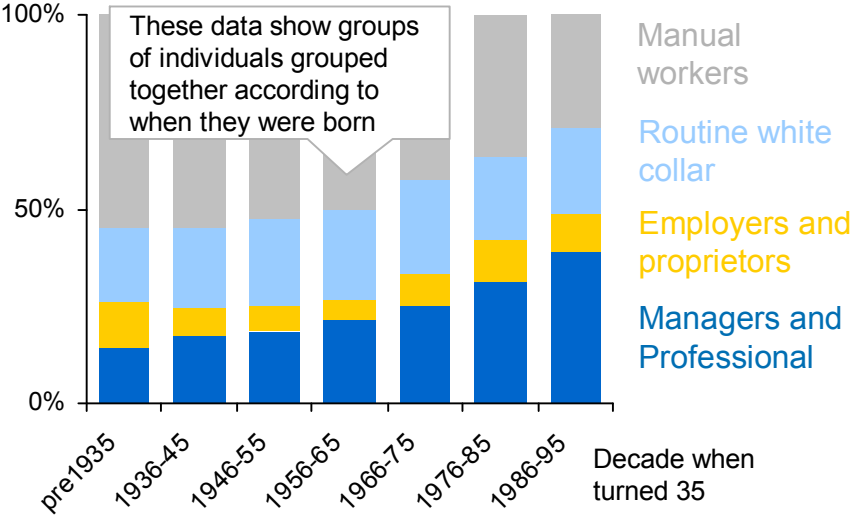
Structural changes shifted manual work towards managerial and professional occupations

Occupational classes 1911-91, Great Britain Census, per cent^{1*}



Therefore successive generations have been more likely to get higher quality jobs

Occupational class of adults aged 35 and over^{3*}



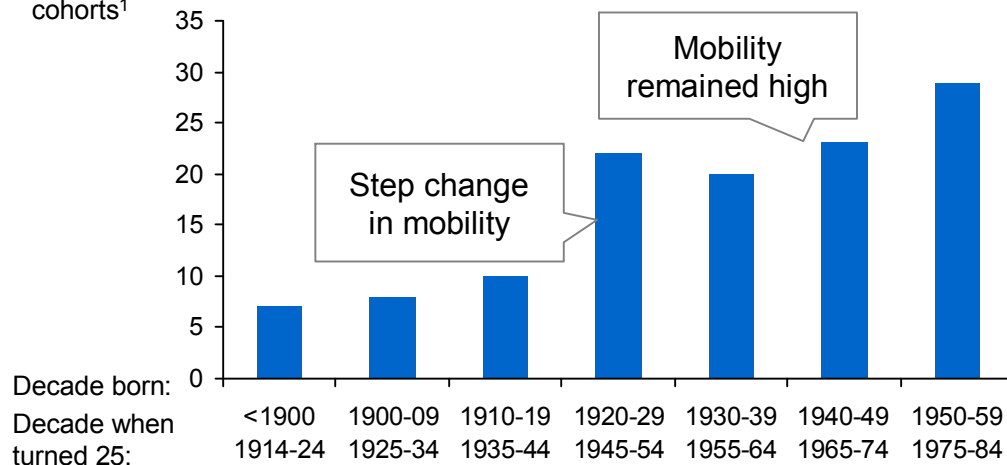
- When classifying the whole UK population into occupational classes (left hand chart above) it is clear that there was an acceleration in the creation of better jobs after the war, and that these jobs have continued to be created rapidly
- As would be expected, when classifying successive generations into occupational classes (right hand chart above) there was also an acceleration in the number of people in each generation attaining good jobs after the war.
- But gaining an accurate picture of trends in social mobility requires directly comparing the occupations of individuals within each generation with the occupation of their fathers when they were growing up (see next slide)

*Occupational class data has been divided into four broad classifications for each data set to aid comparison; ‡ Data for the 2001 Census is not available, but Labour Force Survey data from 1991-2000, which uses a different occupational scheme (for example it does not classify any individuals as employers and proprietors), suggests these trends continued (1), (2) Gallie (2006) Skill Change and the Labour Market: Gender, Class and Unemployment; (3) Heath and Payne (1999) Twentieth Century Trends in Social Mobility

Directly comparing individuals with their fathers shows that, since the 1970s, the proportion of men with better jobs than their father was basically the same

For the generations of men starting work after WWII, there was a step change in the proportion getting better jobs than their father...

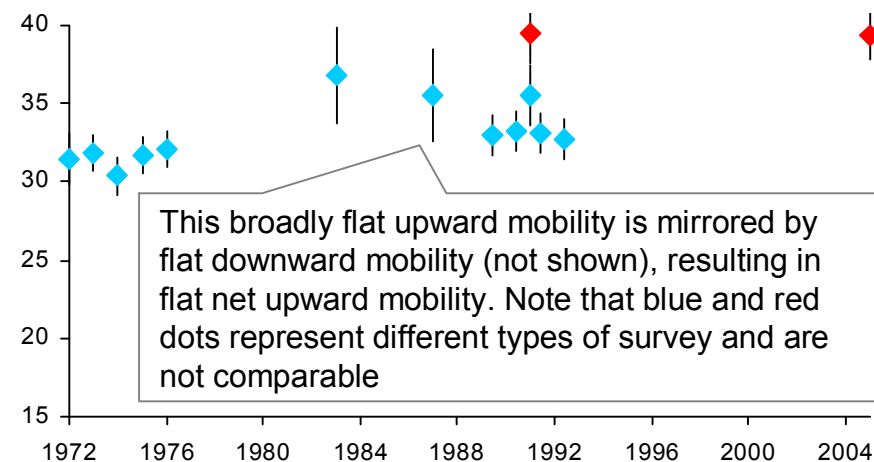
Net percentage of men in higher occupational class than father, surveys of birth cohorts¹



- Data that compare the occupational class of men and their fathers confirm that the social mobility of those entering the labour market after WWII was higher than those entering the labour market before WWII. It also shows that subsequent generations continued to experience this higher level of mobility²
- These data suggest this was quite a stark step change in mobility, but other data suggest a more gradual increase³

...which has led, since the 1970s, to the proportion of men with better jobs than their father remaining broadly constant when looking across the workforce

Percentage of men in higher social class than father, surveys of entire population in certain years, lines show confidence intervals⁴

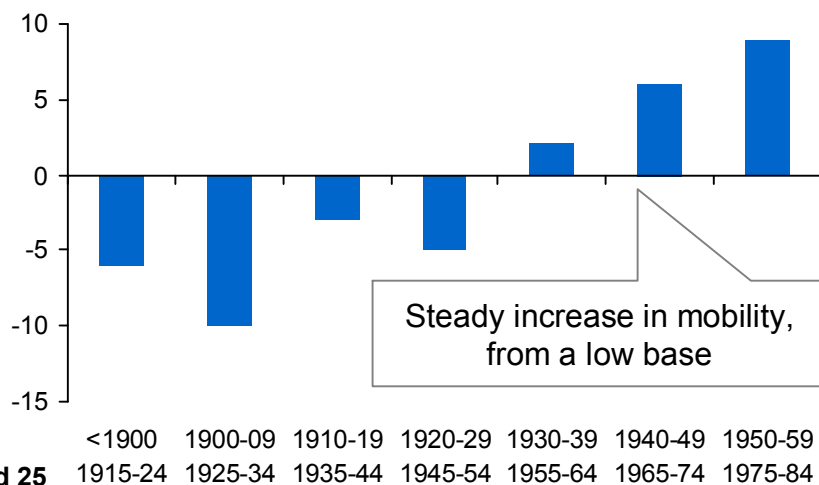


- Cross section surveys compare the occupational class of all men in the population with their fathers, rather than dividing the data into different generations
- Such surveys suggest that the likelihood of men moving to a higher occupational class than their father has remained constant - social mobility of men has been flat since the 1970s⁵

While for women, the proportion with better jobs than their father continues to rise

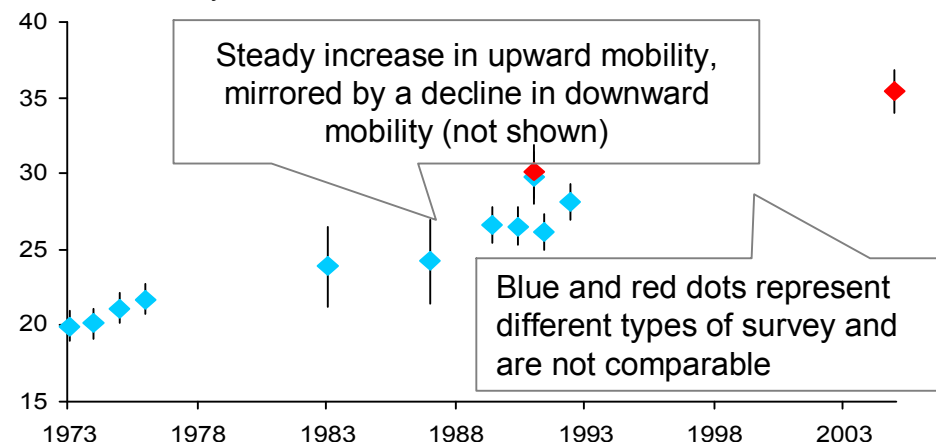
For recent generations of women, the proportion with better jobs than their father has been rising...

Net upward mobility of birth cohorts of women relative to father, per cent¹



... so looking across the workforce, the proportion with better jobs continues to rise, although it is lower than for men

Percentage of women in higher social class than father, surveys of entire population in certain years, lines show confidence intervals²



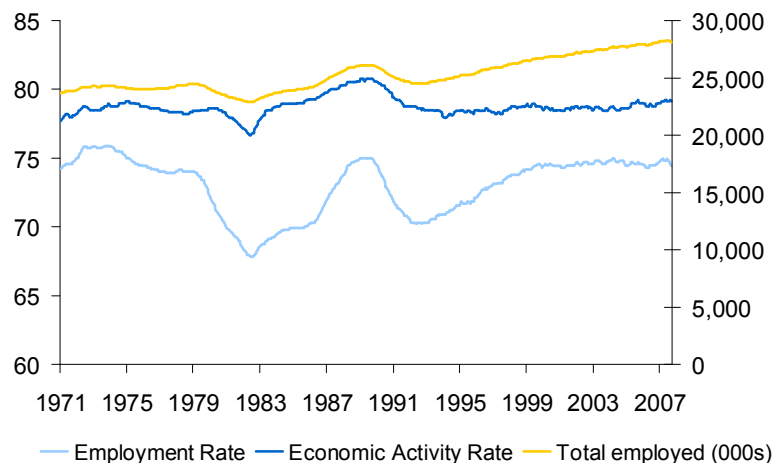
- Since 1930, generations of women have experienced steadily increasing chances of gaining a better job than their father, compared to those born before 1930 who were actually more likely to move to a lower occupational class³
- Cross-sectional surveys suggest that the number of women attaining a better occupation than their parents has continued to steadily rise since 1970, mirrored by a decline in those becoming downwardly mobile relative to their parents. However, upward mobility of women in 2005 remained absolutely lower than for men⁴
- Occupational class analysis of households suggests that the increasing numbers of upwardly mobile women tend to form households with men that hold similar or higher occupational class positions, so the pattern of social mobility at a household level is similar to that found for men⁵

(1), (3) Heath and Payne (1999) Twentieth Century Trends in Social Mobility; (2), (4), (5) Goldthorpe and Mills (2008) Trends in Intergenerational Class Mobility in Modern Britain

Total employment and the rate of employment have continued to rise since the early 1990s. There is also some evidence that the quality of jobs in the UK is improving

The employment rate and the total number employed have both grown steadily since the early 1990s

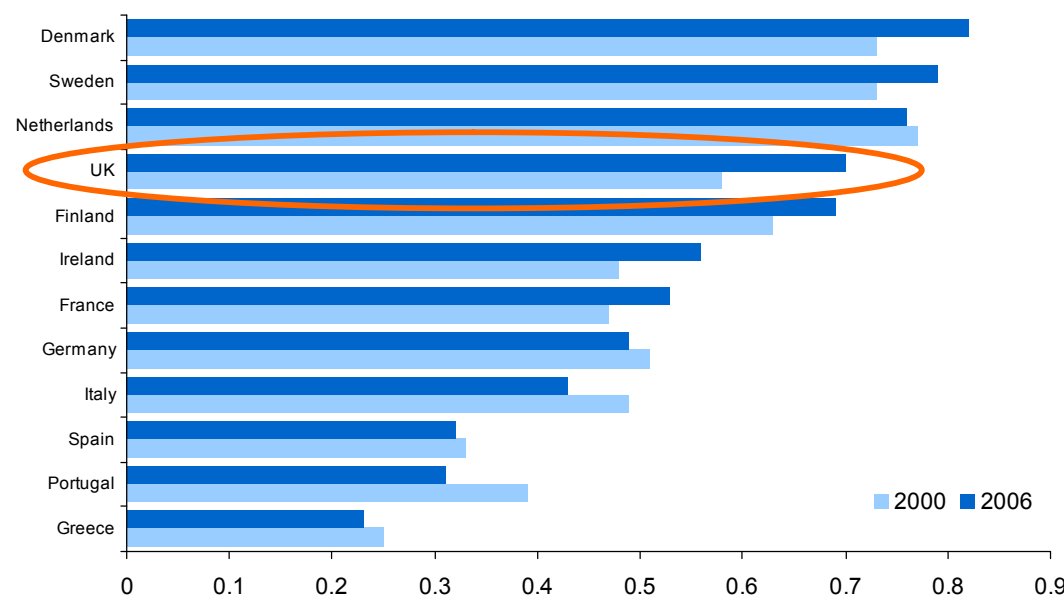
Percentage of working-age population employed and economically active (left hand scale) and total number of people employed (right hand scale), seasonally adjusted, over time¹



- The economic activity rate of men fell in the 1980s and 1990s, while the economic activity rate of women rose during this period³
- The proportion of people in employment working more than 45 hours per week has steadily decreased: from 26.3% at the start of 1997 to 20.2% in June-August 2008⁴
- The proportion of employers offering flexible working has increased: 90% of workplaces offered one or more forms of flexible working in 2006, up from 85% in 2003⁵

A study of job quality in the UK shows it is relatively high and has improved since 2000

Index score of job quality in 2000 and 2006, by country²



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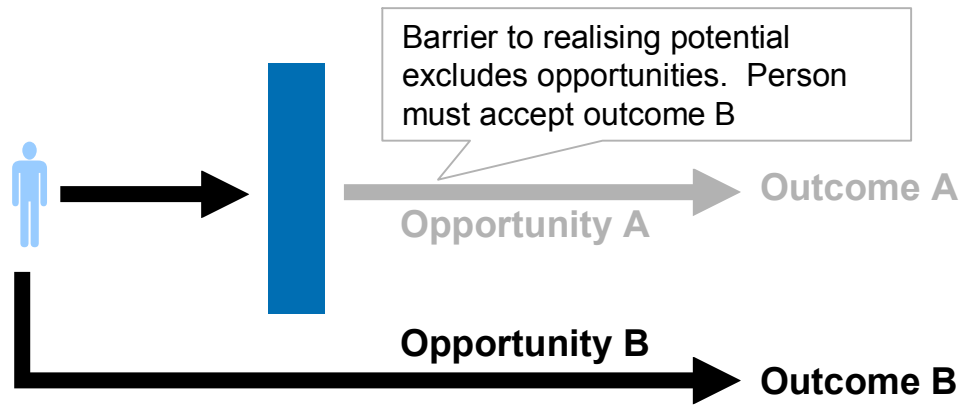
3. Drivers of social mobility

Further discussion

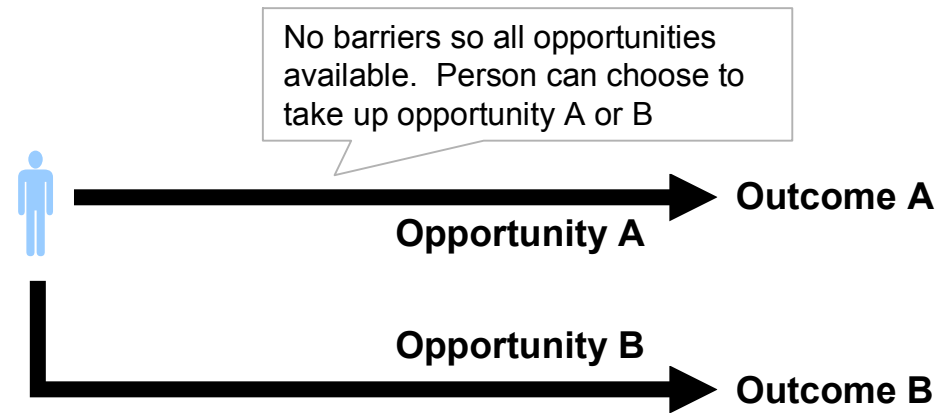
- Fair chances are fundamentally about people having opportunities, but empirical studies usually measure differences in outcomes, which reflect both opportunities and choices
- Trends in whether people have fair chances to access better jobs are therefore generally measured by looking at how outcomes like income or occupation are related to social background
- Parental income became a more important determinant of people's own income for those born in 1970 compared to those born in 1958, suggesting chances had become less fair
- However, the importance of fathers' occupation in determining men's own occupation appears to have remained broadly constant
- There are no clear trends in the importance of fathers' occupation in determining women's own occupation
- These results are not necessarily contradictory, as increased income inequality in the 1980s could explain the difference between measures that look at income and occupation

Fair chances are fundamentally about people having opportunities, but empirical studies usually measure differences in outcomes, which reflect both opportunities and choices

Without opportunities, people can have no choices about how they realise their potential



With opportunities, people can decide for themselves the best way to realise their potential

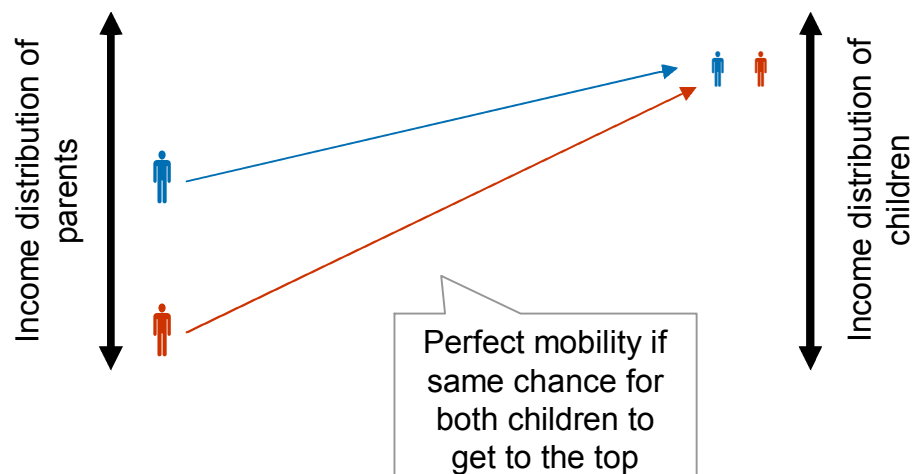


- Opportunities matter but to understand them often we have to measure gaps in outcomes
 - It is opportunities that count. People can then choose how to take them up in light of their responsibilities, such as caring for family members
 - However, as it is empirically difficult to measure opportunities, it is usually necessary to look at gaps in actual outcomes by social background, geographic area, etc.
 - In theory, it is therefore difficult to distinguish between situations where people are choosing outcomes from a range of opportunities, or are forced to accept outcomes because they lack opportunities
 - However, the evidence in this paper clearly shows large and systematic differences in outcomes, which start emerging at very young ages. It would be difficult to argue that these emerge through a process of individual choices of people facing fair chances

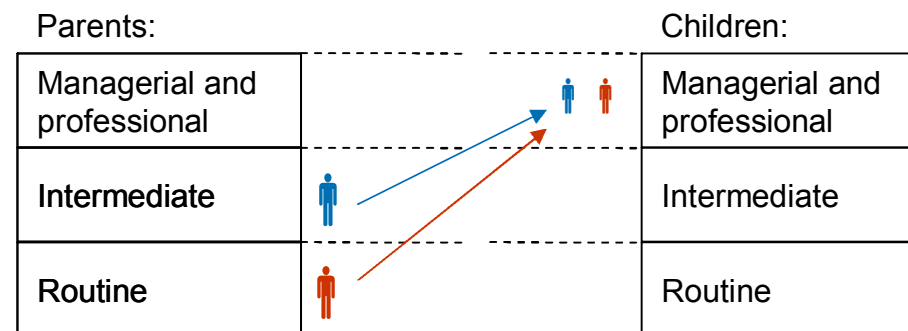
Trends in whether people have fair chances to access better jobs are generally measured by looking at how outcomes like income or occupation are related to social background

Measuring potential and opportunity is challenging. This paper utilises academic work that analyses the relative chances of children from different socioeconomic backgrounds gaining better jobs, i.e. outcomes rather than opportunity. The literature describes this type of mobility as “**inter-generational relative social mobility**”

One strand of the literature measures the relative chances of people who grew up in families in different parts of the **income** distribution moving to another part of the income distribution later in life - “inter-generational relative income mobility”. This can be thought of as the importance of family background in determining the income of someone later in life



Another strand of the academic literature measures the relative chances of people who grew up in families in different **occupational classes** moving to a particular class - “inter-generational relative class mobility” or “social fluidity”. This can be thought of as the importance of family background in determining the occupational class of someone later in life

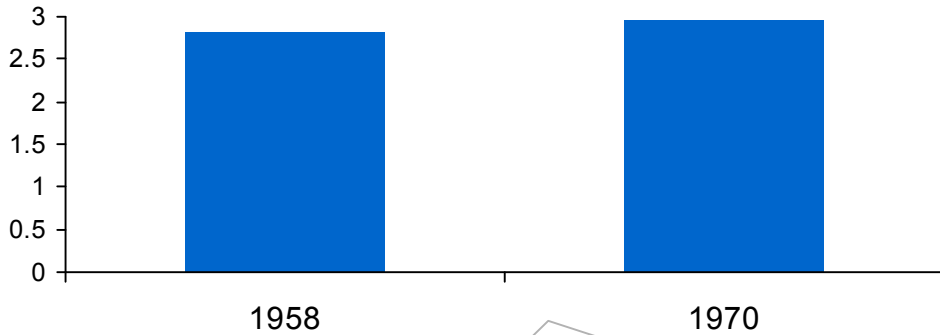


Perfect mobility if both children have same chance of being professionals relative to being intermediate

Parental income became a more important determinant of people's own income for those born in 1970 compared to those born in 1958, suggesting chances had become less fair

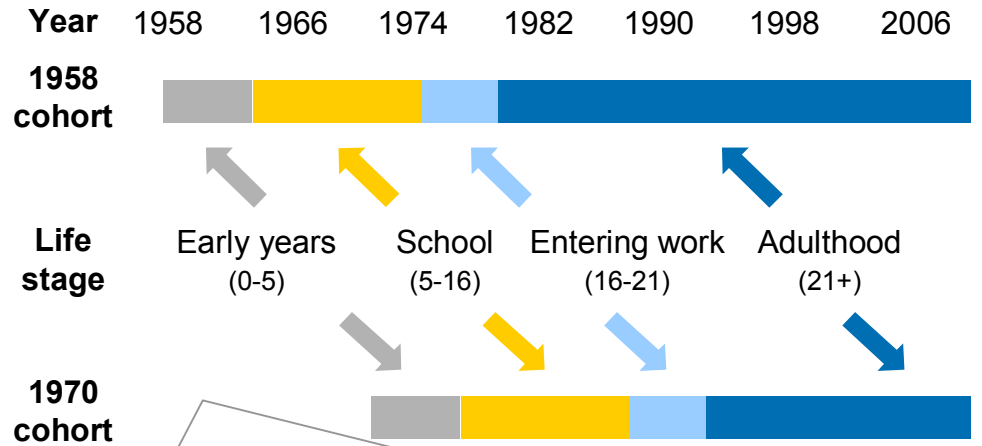
Comparing sons born in 1958 and 1970, there was an increase in the importance of family background on obtaining higher income jobs

Immobility index (higher = family background more important)¹



The immobility index rose from 2.80 to 2.95 showing that family income was more important for those born in 1970 – the later generation was less mobile

But these data refer to individuals that entered the labour market in the late 1970s and early 90s



As these cohorts were educated in the 1960s, 1970s and 1980s, the outcomes do not reflect any of the changes to the education system over the past twenty years

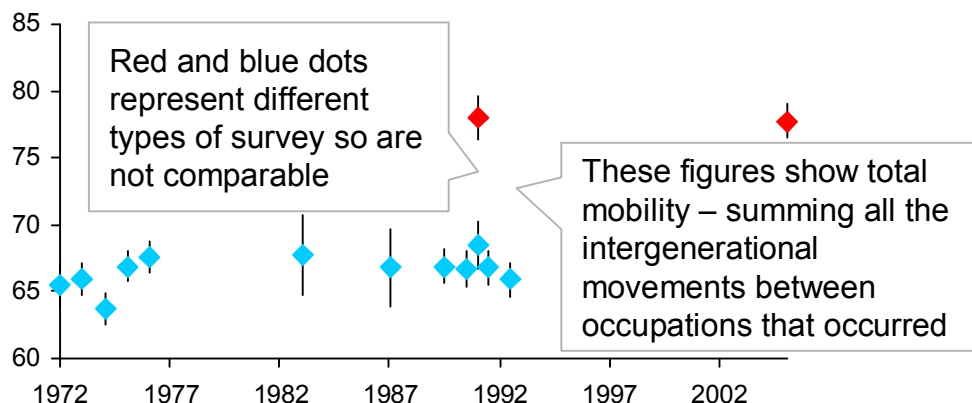
- A well known study of men born in 1958 and 1970 investigated how their family income as they were growing up was related to the income they received in adulthood. It found that family income was more important in determining the income of those born in 1970, suggesting that social mobility was lower for the later group²
- Other data, using a smaller sample of people, suggest that the impact of family income on attaining a relatively well paid job has remained broadly constant for people born between 1950 and 1971. One particular measure of this relationship suggests it became important for later generations, mirroring the finding above, but this measure is likely to be affected by increases in inequality in the 1970s and 1980s³

(1), (2) Blanden and Machin (2008) Up and Down the Generational Income Ladder in Britain: Past Changes and Future Prospects; (3) Ermisch and Nicoletti (2005) Intergenerational Earnings Mobility: Changes Across Cohorts in Britain

However, the importance of fathers' occupation in determining men's own occupation appears to have remained broadly constant

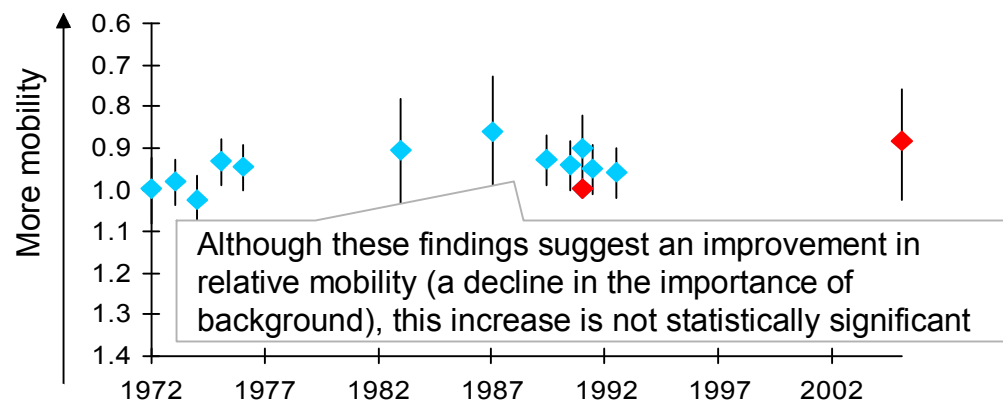
There is considerable inter-generational movement between occupations, but this in part is caused by the general increase in job quality of the last 50 years

Percentage of men in different occupational social class to their father, lines show confidence intervals¹



Stripping out this general rise, it cannot be proved that the importance of background in determining occupation has changed

Parameter estimates of class fluidity, males 25–59, multiplicative constant, lines show confidence intervals²



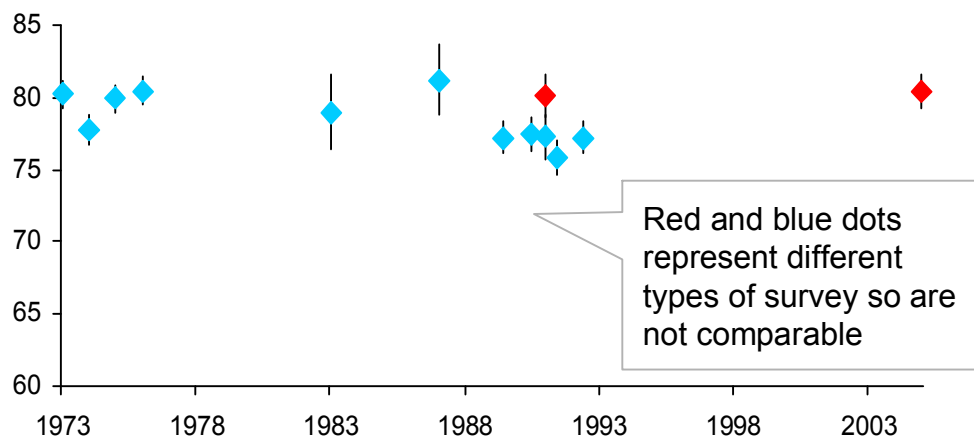
- The importance of occupational class to occupational mobility cannot be measured simply by assessing inter-generational movements between classes, as shifts in the occupational structure cloud the analysis – a general improvement in jobs would create lots of mobility, even if relative mobility had not changed
- Stripping out these changes allows comparison of the chances of children from different backgrounds having a certain occupation when they enter the labour market – “relative occupational mobility”. Such analysis suggests there has been no change in relative social mobility since the 1970s – often characterised as “constant flux”³
- Using alternative data, with smaller samples, another study finds that analysing birth cohorts born from 1900 to 1960, there is actually a statistically significant decline in the importance of family background on gaining a better job⁴

(1), (2) Goldthorpe and Mills (2008) Trends in Intergenerational Class Mobility in Modern Britain; (3) Goldthorpe (1987) Social Mobility and Class Structure in Modern Britain; (4) Heath and Payne (1999) Twentieth Century Trends in Social Mobility

There are no clear trends in the importance of fathers' occupation in determining women's own occupation

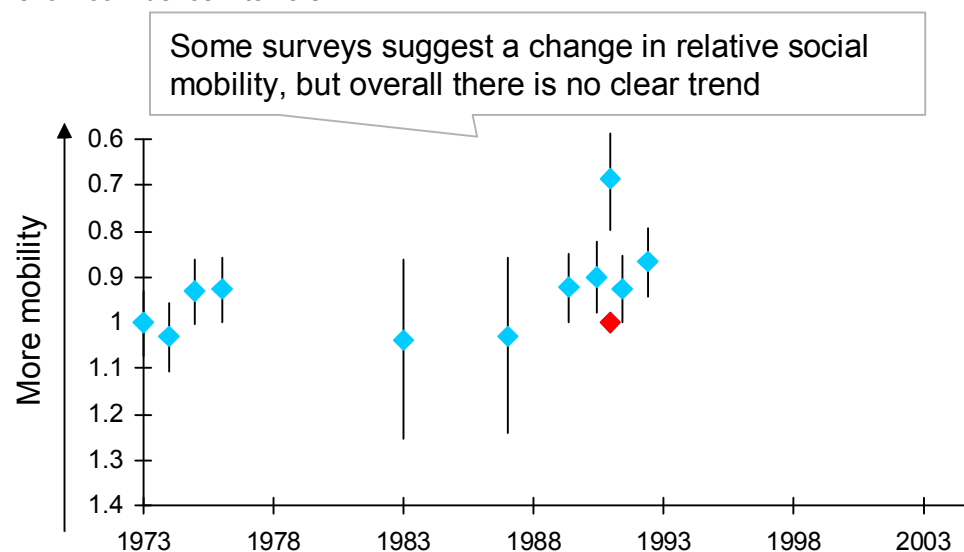
The mobility of women is high, but again this could be distorted by the general increase in job quality of the last 50 years

Percentage of women in different occupational social class to their father, lines show confidence intervals¹



Stripping out this general rise, there is no clear trend in the importance of social background

Parameter estimates of class fluidity, females 25–59, multiplicative constant, lines show confidence intervals²



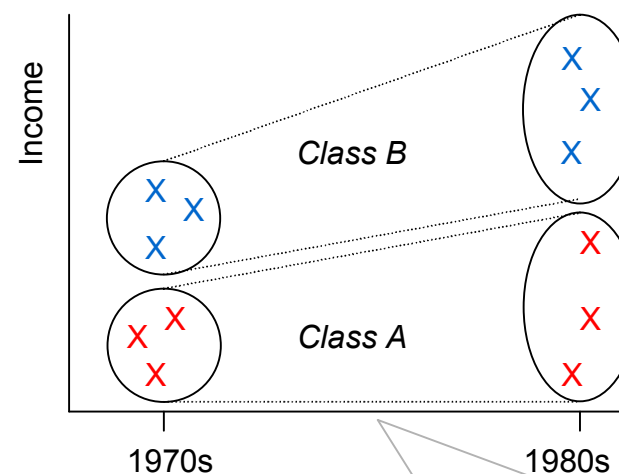
- The total amount of inter-generational mobility experienced by women has remained constant, but again this is distorted by general shifts in the occupational structure that cause some mobility³
- Stripping out these changes suggests that in some years there has been a statistical change in the importance of family background on attaining a better job, but taking all surveys together suggests no clear trend⁴
- Using alternative data with smaller samples, another study finds that analysing birth cohorts born from 1900 to 1960, there was no change in the importance of family background on gaining a better job for women⁵

These results are not necessarily contradictory, as increased income inequality in the 1980s could explain the difference between measures that look at income and occupation

It is unsurprising that measuring the importance of family background on gaining a better paid job and gaining a better occupation yield differing results

- Evidence on the importance of family background on attaining a well paid job suggests this increased between the 1958 and 1970 cohorts¹. But evidence on the importance of family background on gaining a higher occupation suggests this cannot be proved²
- Rather than being contradictory, because these two approaches use different types of data, these findings could both be valid. Research has sought to understand why this might be the case, including looking at how rising inequality affects the measures.
- It has also been suggested that the magnitude of the increase in the importance of background to gaining a better paid job could be overstated. The measurements of family income used in the 1958 cohort includes more transitory income, and therefore gives a worse indication of people's income across their lifetimes than the figures for the 1970 cohort³
- Finally it has been suggested that occupational class is a more stable measure to consider⁴

It is possible that increased income inequality over the period resulted in larger increases in within class inequality than between class inequality



Inequalities in income within occupational groups widened, which was associated with reduced income mobility. But movement between occupational groups remained unchanged⁵

Introduction

1. Defining social mobility

2. Trends in social mobility

- a. Better jobs in the UK
- b. Fairer chances in the UK
- c. International comparisons**
- d. Looking forward

- In the past, it appears that the proportion of people that got better jobs than their parents was lower in Britain than in other countries
- And family background was a bigger determinant of whether a British person realised their potential than in some, but not all, countries

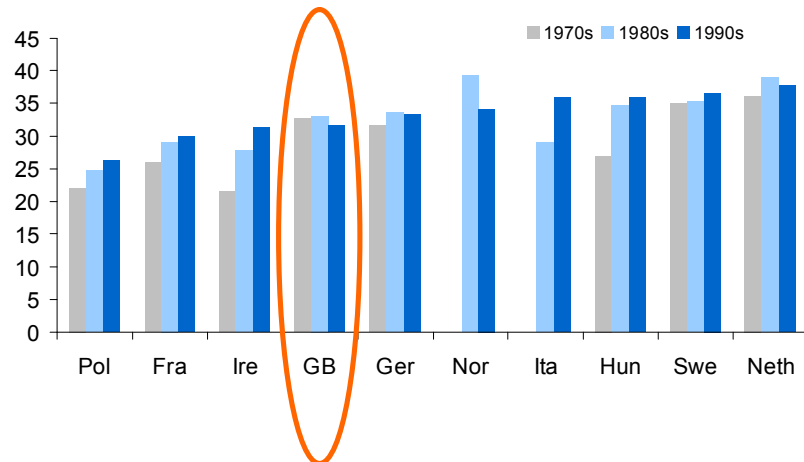
3. Drivers of social mobility

Further discussion

In the past, it appears that the proportion of people that got better jobs than their parents was lower in Britain than in other countries

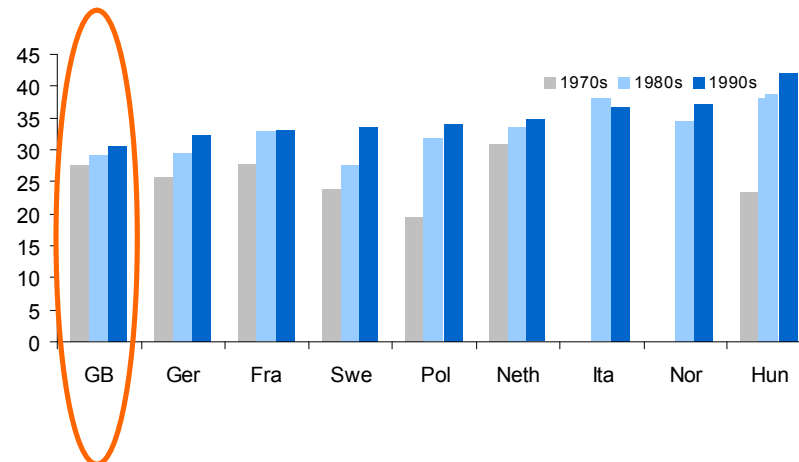
The proportion of British men getting better jobs than their parents (absolute social mobility) was around the European average in the 1970s, 1980s and 1990s

Percentage of males moving up into a different occupational group in each decade, relative to their parents occupational group, by country¹



The proportion of British women getting better jobs than their parents (absolute social mobility) was relatively low in the 1970s, 1980s and 1990s

Percentage of females moving up into a different occupational group in each decade, relative to their parents occupational group, by country²

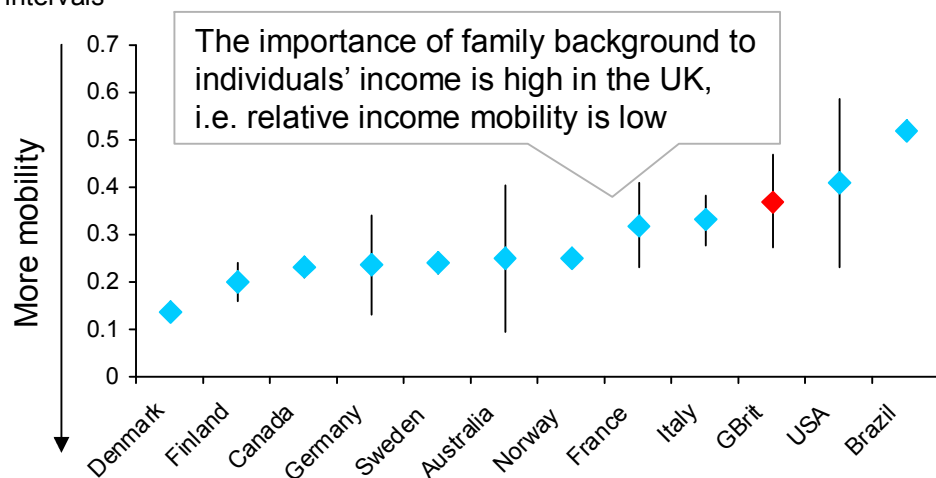


- It should be noted that this study is based on different data sources for each country, each of which use their own different occupational class schemas, making cross country comparisons uncertain³
- In addition, the chances of individuals getting better jobs than parents is largely determined by structural economic changes, namely high skill intensive industries replacing low skill intensive industries. So these figures are also dependent on the stage of development of each country in each period – individuals in developing countries are likely to experience higher mobility than those in developed countries⁴

And family background was a bigger determinant of whether a British person realised their potential than in some, but not all, countries

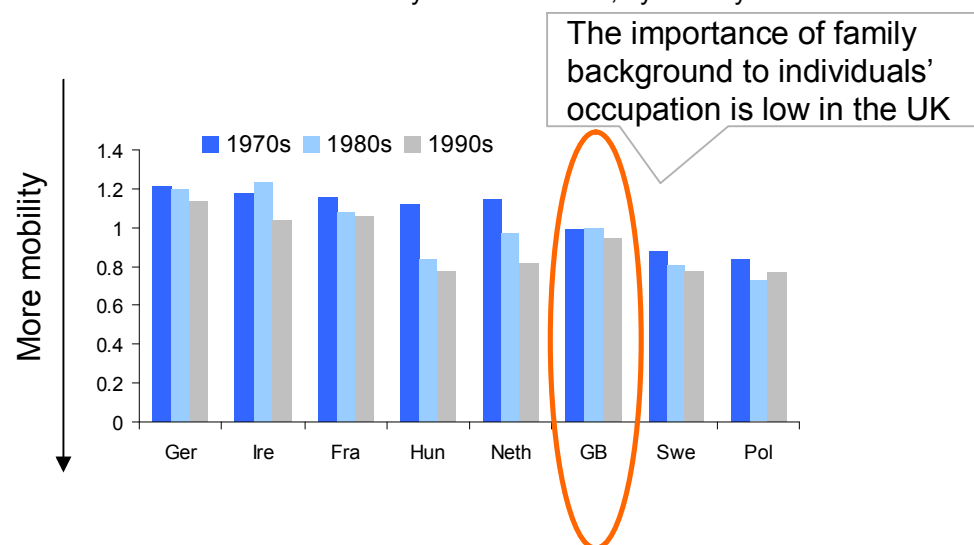
For those born around 1960, parental income was a bigger determinant of an individual's income in Britain, than in places such as Denmark and Canada

Intergenerational income elasticities, by country, lines represent 5% confidence intervals¹



But father's occupation was a smaller determinant of British people's occupation in Great Britain in the 1970s, 80s and 90s than in countries like Germany

Parameter estimates of class fluidity in each decade, by country²



- International comparisons of the importance of family background to both income and occupational class relying on data from the 1970s, 1980s and 1990s are very uncertain^{3,4}
- One study suggests that for children born in the 1960s, the UK was at the top of a list of nine industrialised countries in terms of the importance of family background on individuals' incomes⁵. But recent literature reviews show that other data suggest the UK is closer to the middle of the pack⁶

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1. Defining social mobility

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- b. Fairer chances in the UK
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3. Drivers of social mobility

Further discussion

- It is not possible to observe the impact that family background will have on the future incomes of today's children, but this can be predicted
- The importance of family background to children's early cognitive development may have remained constant recently
- The importance of family background to individuals' GCSE attainment - and therefore likely future income - has declined for recent generations of 15 year-olds
- Among adults, the most recent evidence for the UK indicates that the chance of moving in the earnings distribution during a career is picking up after a period of decline

It is not possible to observe the impact that family background will have on the future incomes of today's children, but this can be predicted

It is not possible to observe the impact that family background will have on the future incomes of today's children

- The majority of the analysis on the importance of family background to people's incomes compares individuals that grew up in the 1970s and 1980s and are now in work
- There is less analysis of the importance of family background to current and recent generations of children. This is because they have not yet entered the labour market, so it is not possible to compare their labour market outcomes with those of their parents
- This makes it difficult to assess the impact of recent government policies, such as increased investment in childcare and education, that might have had a positive impact on social mobility

However, attempts have been made to predict this, by measuring the educational attainment of children from different family backgrounds

Stage 1: measure the educational attainment of pupils from different family backgrounds

Low income background

High income background



Attainment of those from low income backgrounds

Attainment of those from high income backgrounds

Stage 2: use past relationships between attainment and income to predict the future income of children from different backgrounds



Future income of those from low income backgrounds

Future income of those from high income backgrounds

Comparing the predicted income of those from different backgrounds allows mobility to be predicted

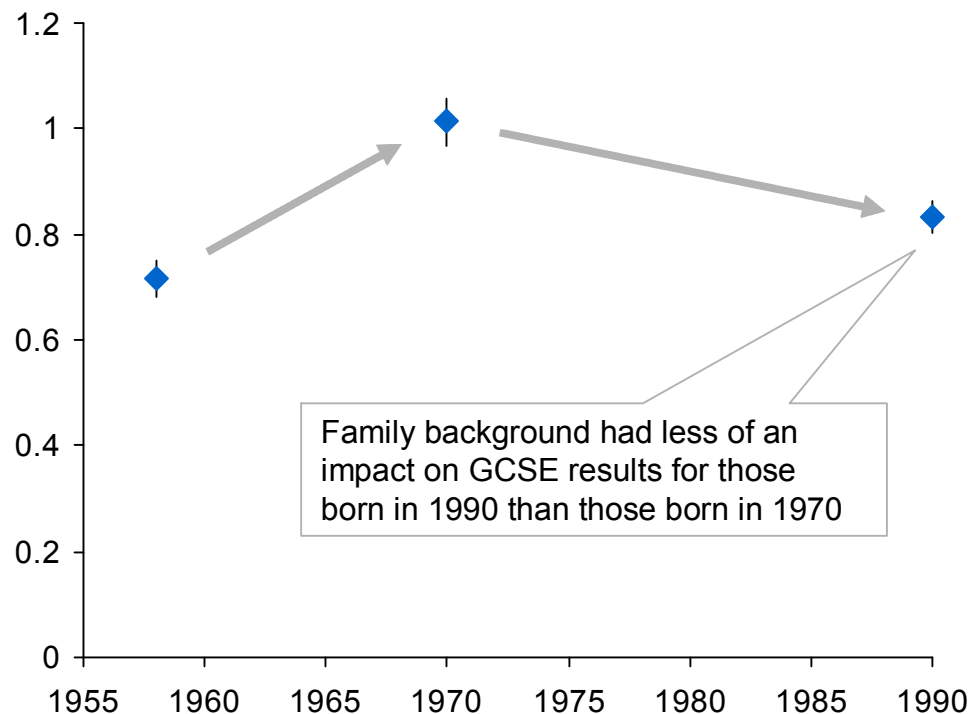
The importance of family background to children's early cognitive development may have remained constant recently

- There is no comparable data on the educational attainment of children born between 1970 and 2000. This is partly because those in the latest cohorts are too young to have yet taken national curriculum tests
- But there is comparable data for certain generations within this period. For example, the importance of family background to degree attainment for those born in the 1970s and 1980s, and the importance of family background to the cognitive skills of young children born in the 1980s, 1990s and 2000s¹
- Looking at comparable data across these cohorts suggests that, following the observed increase between the 1958 and 1970 cohorts, the importance of family background to educational attainment and cognitive development has since remained constant. For the generation born in 2000, this relies on data up to the age of five, so only captures changes in children's early cognitive development²
- But it should be noted that predicting future income and thus social mobility for these latter generations is uncertain. In addition, these children did not benefit from much of the recent increase in early years investment – for example only 255 Children's Centres had opened in 2005, but 2914 had been built by 2008³

The importance of family background to individuals' GCSE attainment - and therefore likely future income - has declined for recent generations of 15 year-olds

The importance of family background to GCSE attainment appears to have declined for children that recently sat them*

Relationship between family income and GCSE attainment, lines show standard errors¹



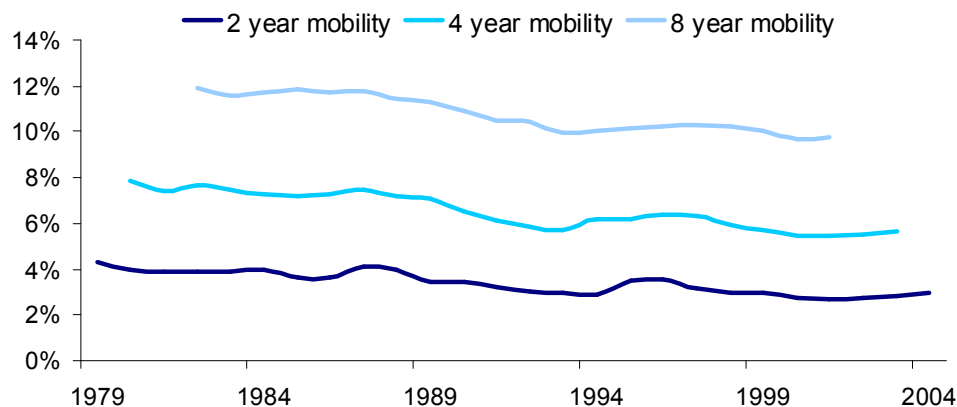
- Data are available on the GCSE attainment of a group of children born in 1990/91 who took their exams in 2006
- These suggest a statistically significant decline in the importance of family background on educational attainment compared to children born in 1970²
- These findings, therefore, suggest that family background will have less of an impact on the income of these children when they reach adulthood, than those born in 1970 - they are likely to experience higher social mobility³

* This study also includes data on children born in the 1980s, but the samples are too small to reveal any statistically significant changes in the relationship between family background and attainment (1), (2), (3) Gregg and Macmillan (2008) Intergenerational Mobility and Education in the Next Generation, mimeo

Among adults, the most recent evidence for the UK indicates that the chance of moving in the earnings distribution during a career is picking up after a period of decline

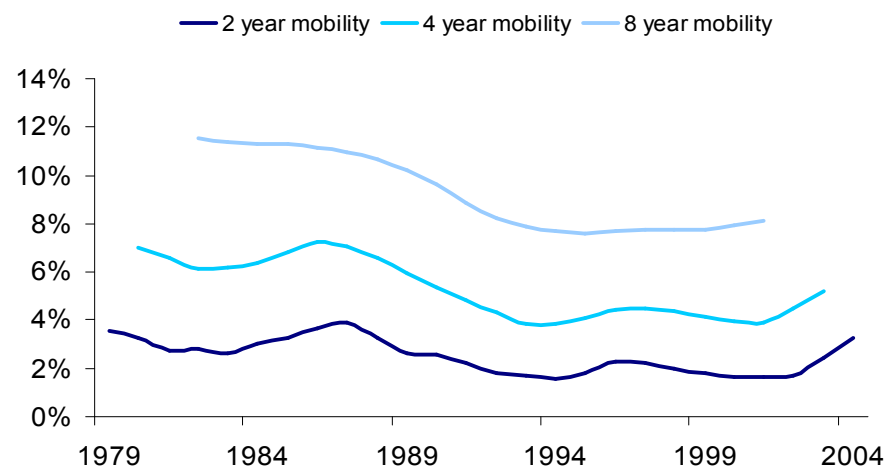
Earnings mobility during careers fell in the 1980s and 1990s, but has risen slightly since 2000

Reduction in inequality among male employees due to earnings mobility over different rolling time periods¹



If evidence from those with spells out of work is included, the fall in mobility and the pick up are both sharper

Reduction in inequality among male employees due to earnings mobility over different rolling time periods, including spells out of work²



- Intra-generational earnings mobility – measured by the extent to which individuals' earnings mobility over a time period reduces measures of inequality within that time period – fell in the 1980s and 1990s, but has risen again since around 2000³
- This recent pick up may be due to increased short range mobility at the lower end of the earnings distribution⁴
- However, the evidence also suggests there is very little downward mobility for the highest earners: those in the top earnings decile are less likely than any other to drop down one or two deciles over time⁵
- Overall, there is less intragenerational earnings mobility and less variation over time in mobility for women⁶

(1), (2), (3), (4), (5), (6) Dickens and McKnight (2008) The changing Pattern of Earnings: Employees, Migrants and Low-paid families

Introduction

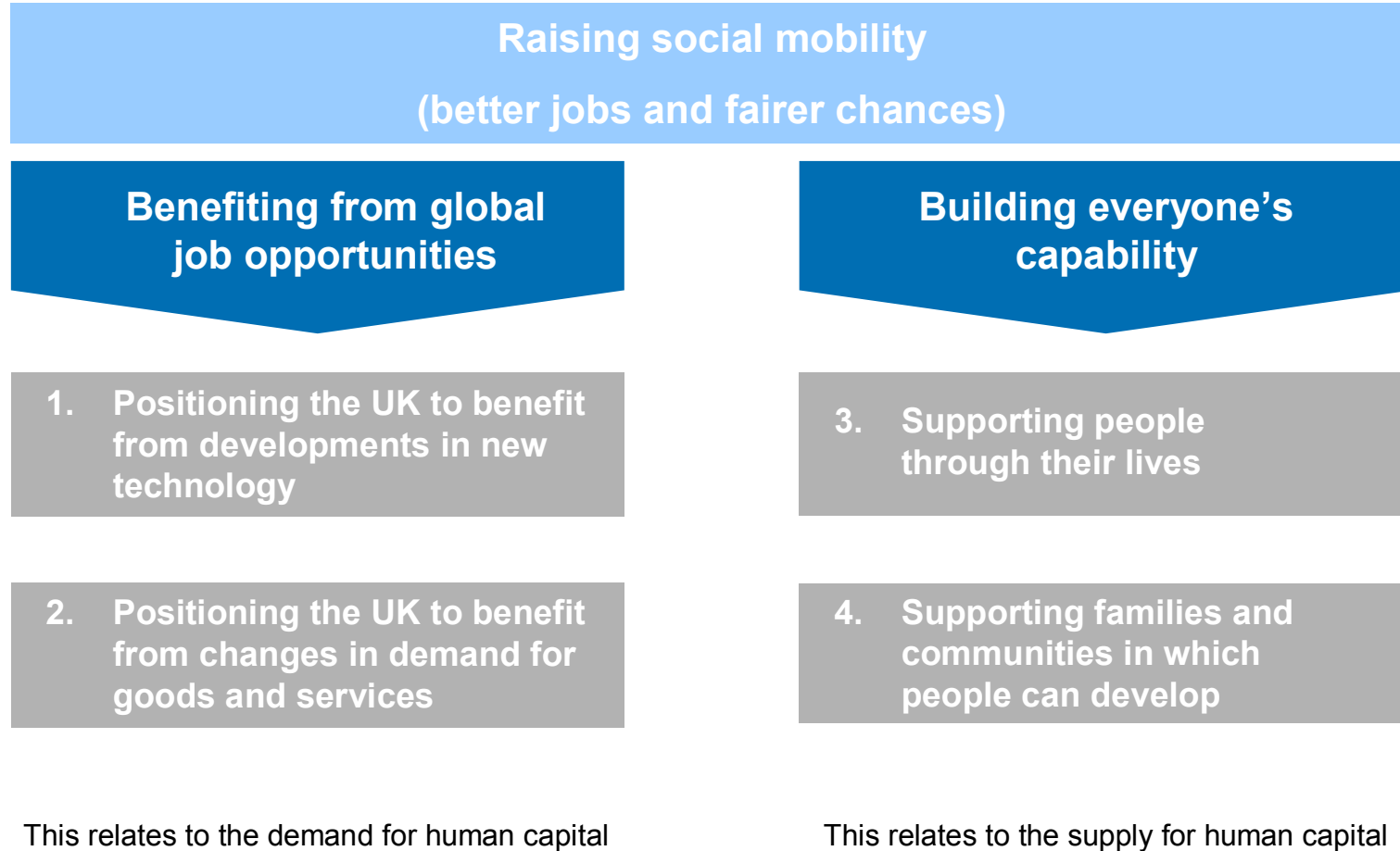
1. Defining social mobility

2. Trends in social mobility

3. Drivers of social mobility

Further discussion

To raise social mobility, it is necessary both to take advantage of emerging job opportunities in the global economy and to raise people's capabilities



Introduction

1. Defining social mobility

2. Trends in social mobility

3. Drivers of social mobility

a. Drivers shaping emerging job opportunities

b. Building people's capabilities

Further discussion

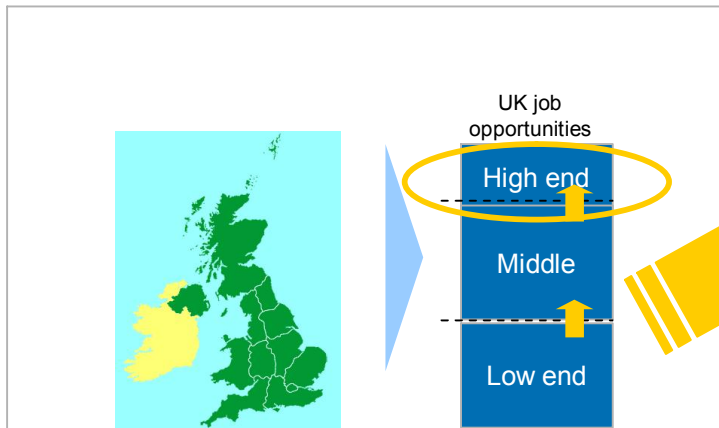
Introduction

- Increasing future social mobility will involve positioning the UK to benefit from more and better job opportunities in the global economy
- Although the global economy is experiencing a slowdown, a continued focus on the trends that will drive the creation of better jobs in the future will be crucial for long term success
- These job opportunities in the UK will be driven by technological advances and changes in demand for goods and services

Increasing future social mobility will involve positioning the UK to benefit from more and better job opportunities in the global economy

The number of potential high end job opportunities in the UK have been in part constrained by the domestic economy...

...but the likely accelerated inter-connectedness and future growth of the global economy could enable increased opportunities for UK citizens to move up into high end jobs



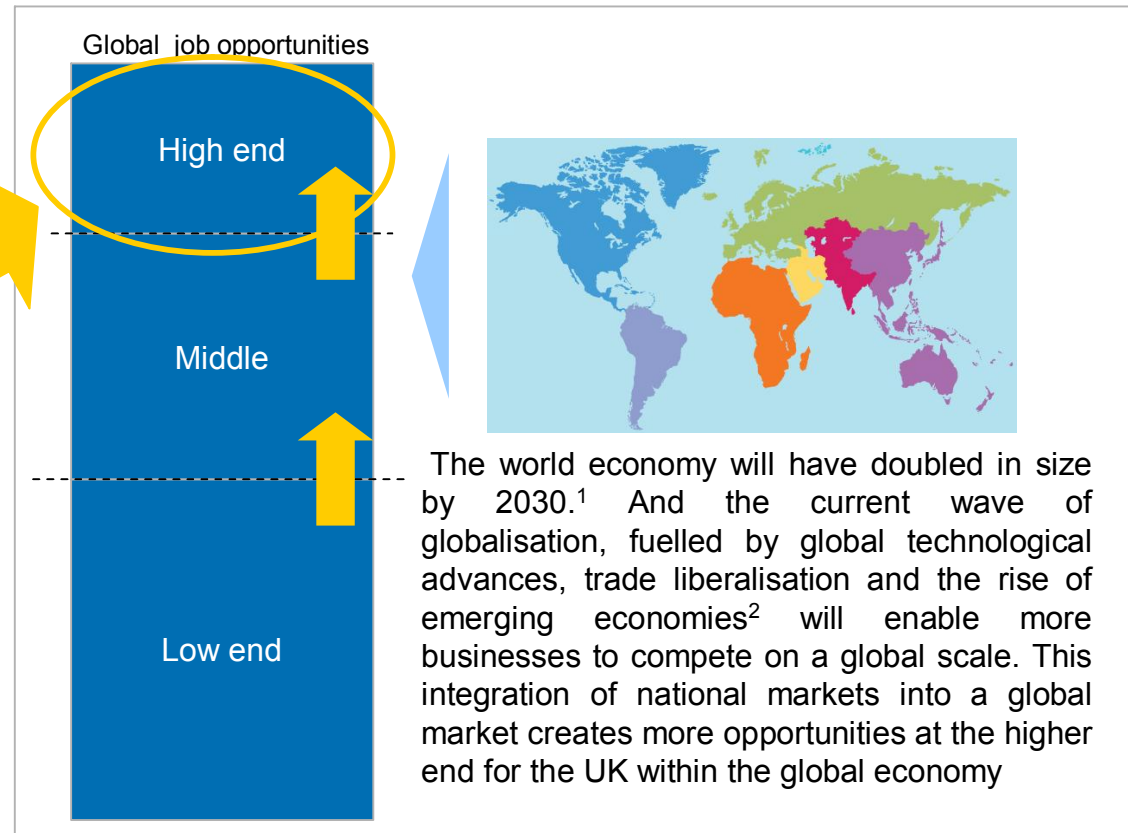
UK job opportunities

High end

Middle

Low end

While more and better jobs were created in the UK throughout the 20th century, domestic markets and structures were of more importance to job progression than today. There were fewer higher end job opportunities within the global economy owing to: fewer globally traded goods and services, and a smaller world market than today (fewer participants and less wealth) with whom to trade with



Global job opportunities

High end

Middle

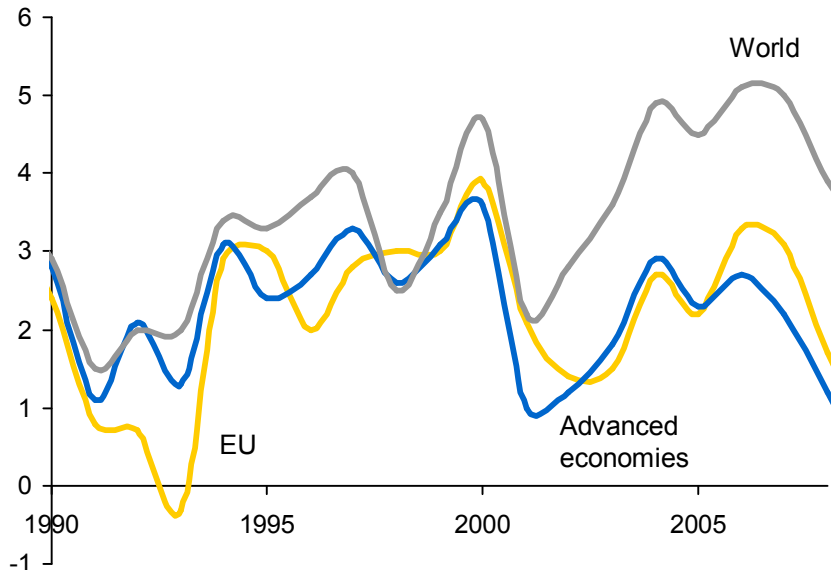
Low end

The world economy will have doubled in size by 2030.¹ And the current wave of globalisation, fuelled by global technological advances, trade liberalisation and the rise of emerging economies² will enable more businesses to compete on a global scale. This integration of national markets into a global market creates more opportunities at the higher end for the UK within the global economy

Although the global economy is experiencing a slowdown, a continued focus on the trends that will drive the creation of better jobs in the future will be crucial for long term success

Economies worldwide are currently slowing down

Growth rate, per cent, IMF¹



However, long term global trends and drivers point to future opportunities which could create more and better jobs

Future global drivers of change²

Economic	Growth of the global economy and interconnection: new markets, increased trade and investment with rapidly growing countries
Demographic	Growing global population and middle class: new, larger markets with rising world incomes driving demand for more personalised products
Environmental	Increasing effects of climate change: potential to develop carbon markets, alternative energy technology and environmental goods / services
Technological	Communication advances making world more connected: potential for new global networks to increase interaction and information sharing

- The global economy is currently experiencing a slowdown following uncertainty in financial markets, ongoing corrections in housing markets in a number of advanced economies, and surges in commodity prices. The IMF have now marked down 2009 growth projections for the global economy by 3 percentage points³
- However, over the longer term, the increasing integration of the global economy, particularly through increased trade⁴ and technology advances, is likely to provide a larger world market to trade with, creating new opportunities for more and better UK jobs⁵

These job opportunities in the UK will be driven by technological advances and changes in demand for goods and services

Drivers

Job opportunities

What could enable more and better job opportunities?

Advances in technology

1. Continuing technological innovation and unbundling
2. Shift to a low-carbon economy

Changes in demand for goods and services

3. Growth in emerging economies
4. Increased demand for higher quality services

Each section will now be considered in turn...

Introduction

1. Defining social mobility

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3. Drivers of social mobility

a. Drivers shaping emerging job opportunities

b. Building people's capabilities

1. Continuing technological innovation and unbundling

- Growth in the demand for high-skilled labour has been driven by technological advances in recent years
- Technological advances will enable further relocation of production activities, “unbundling” the production chain to various places around the world
- Businesses involved in globally traded high value activities tend to be more competitive when they cluster together
- This unbundling of the production chain could transfer more and better job opportunities to the UK

Further discussion

Growth in the demand for high-skilled labour has been driven by technological advances in recent years

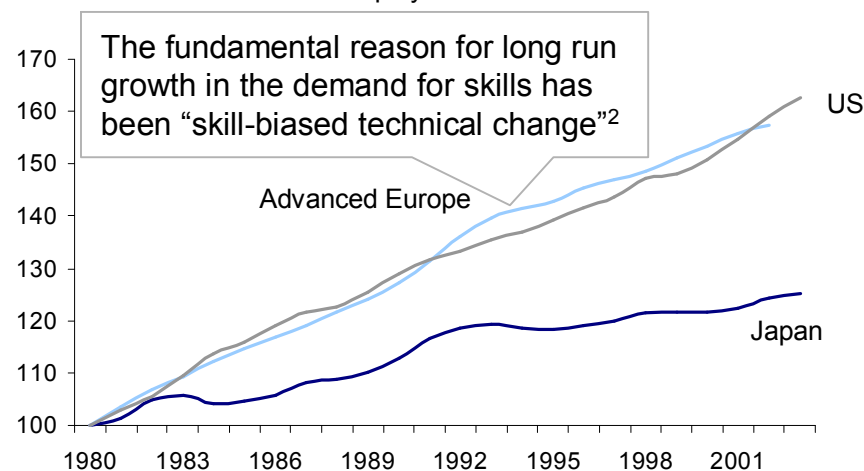
Drivers

Job opportunities

Technology & trade

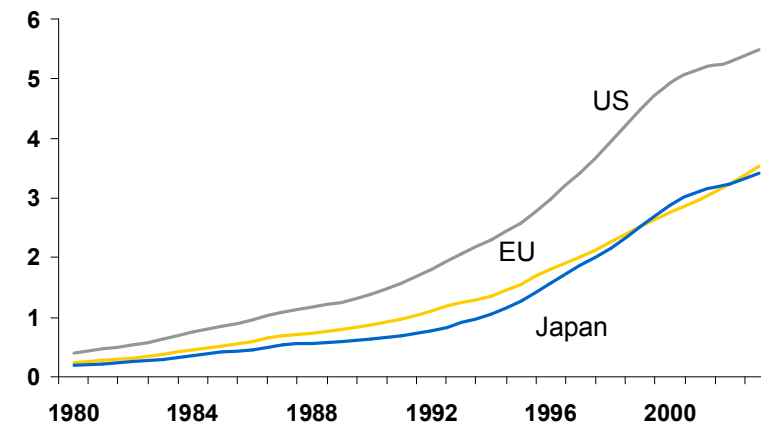
Technologically advanced countries have seen a substantial increase in skilled labour, relative to unskilled

Index of skilled to unskilled employment in advanced economies¹



This trend is likely to continue as global investment in skill-biased technology has been increasing rapidly

Information and communications technology capital as a per cent of total capital³



- “Skill-biased technical change” is a shift in production technology that has favoured skilled over unskilled labour by increasing its relative productivity and, therefore, its relative demand. Low-skilled routine tasks became automated and demand shifted away from low-skilled towards skilled labour that could utilise more productive technology⁴
- The importance of global trade (in particular the ability to locate more production processes anywhere in the world) in driving future demand for UK skilled labour may increase as domestic economies continue to integrate into a global economy⁵

Technological advances will enable further relocation of production activities, “unbundling” the production chain to various places around the world

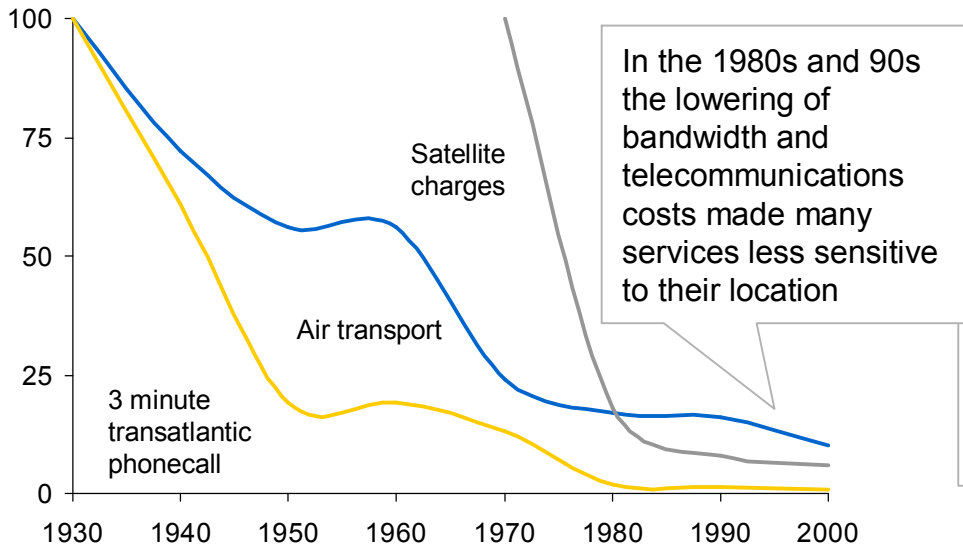
Drivers

Job opportunities

Technology & trade

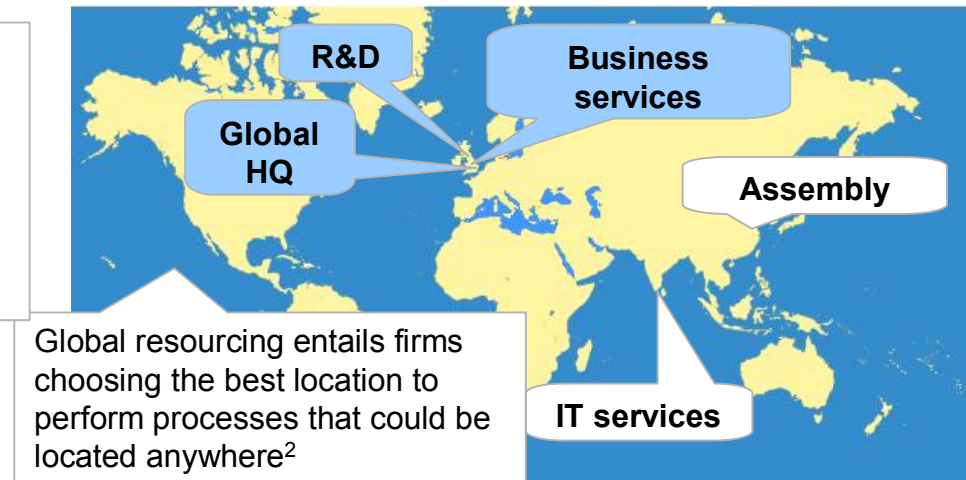
Advances in technology are driving down costs of global trade and production of goods and services

Cost of global transportation and communications, cost index, 1930 = 100¹



These developments are enabling firms' production to be increasingly globally dispersed

Illustrative globally fragmented value chain model



- A scenario has been identified by Krugman whereby more low skill intensive functions could increasingly be located in China and high skill-intensive functions located in already technologically advanced countries³
- As companies learn how to manage globally dispersed processes, location will matter less. Already many business processes can be performed remotely from their source markets⁴
- Estimates of the emerging global labour market in eight representative service sectors in 2008 suggests 160m jobs could be carried out remotely (about 11% of the projected 1.46bn service jobs worldwide)⁵

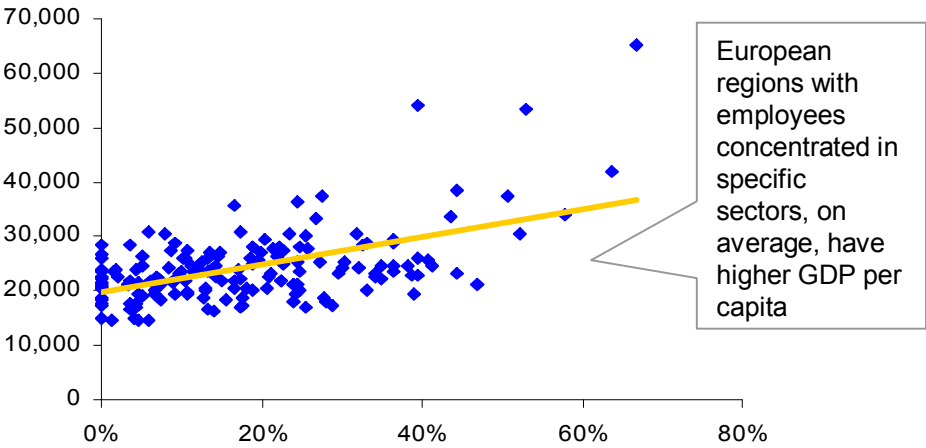
(1) Bussee (2003); (2), (5) MGi (2005) The Emerging Global Labour Market; (3), (4) Krugman (2007) Trade and Inequality revisited

Businesses involved in globally traded high value activities tend to be more competitive when they cluster together

- Drivers
- Job opportunities
- Technology & trade

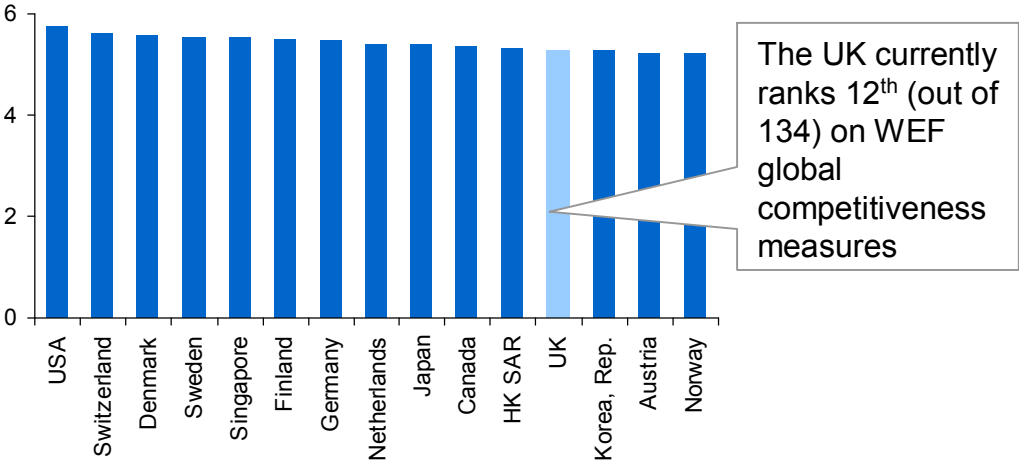
Recent evidence shows a link between regional cluster strength and per capita income

Regional level GDP per Capita (Euros, PPP adjusted) by per cent of employees working in a “cluster” (where regional employment in a given sector is four-times the national average)



The UK is well positioned to benefit, as it remains one of the most attractive locations in the global economy

Global Competitiveness index score for the UK, annual index score (out of 7)¹



- As businesses become more globally mobile they increasingly choose to agglomerate with similar firms as this has tended to enhance performance. Equally, nations and regions compete on becoming the most productive locations for business³
- Stimulation of clusters has become an important focus in many countries competing to become the most productive locations for business.⁴ Doubling of the size a cluster (generally measured as employment of a given sector in a given region) has been shown to lead to a productivity gain of between 3-8 per cent⁵
- A world class telecommunications infrastructure will be vital in ensuring UK clusters in knowledge-based industries remain globally competitive - the UK is one of the most knowledge-intensive economies in the world, with knowledge-based industries representing 41% of gross value added⁶

(1) World Economic Forum (2004/05) Global Competitiveness Report (2) Porter (2008) Clusters, innovation, and competitiveness: New findings and implications for policy – data from the European Cluster observatory; (3) Rosenthal and Strange (2004) Evidence on the nature and sources of agglomeration economies; (4) Forfas (2004) Innovation Networks; (5) Rosenthal and Strange (2004); (6) ESRC (2008) Society today: The Knowledge economy

This unbundling of the production chain could transfer more and better job opportunities to the UK

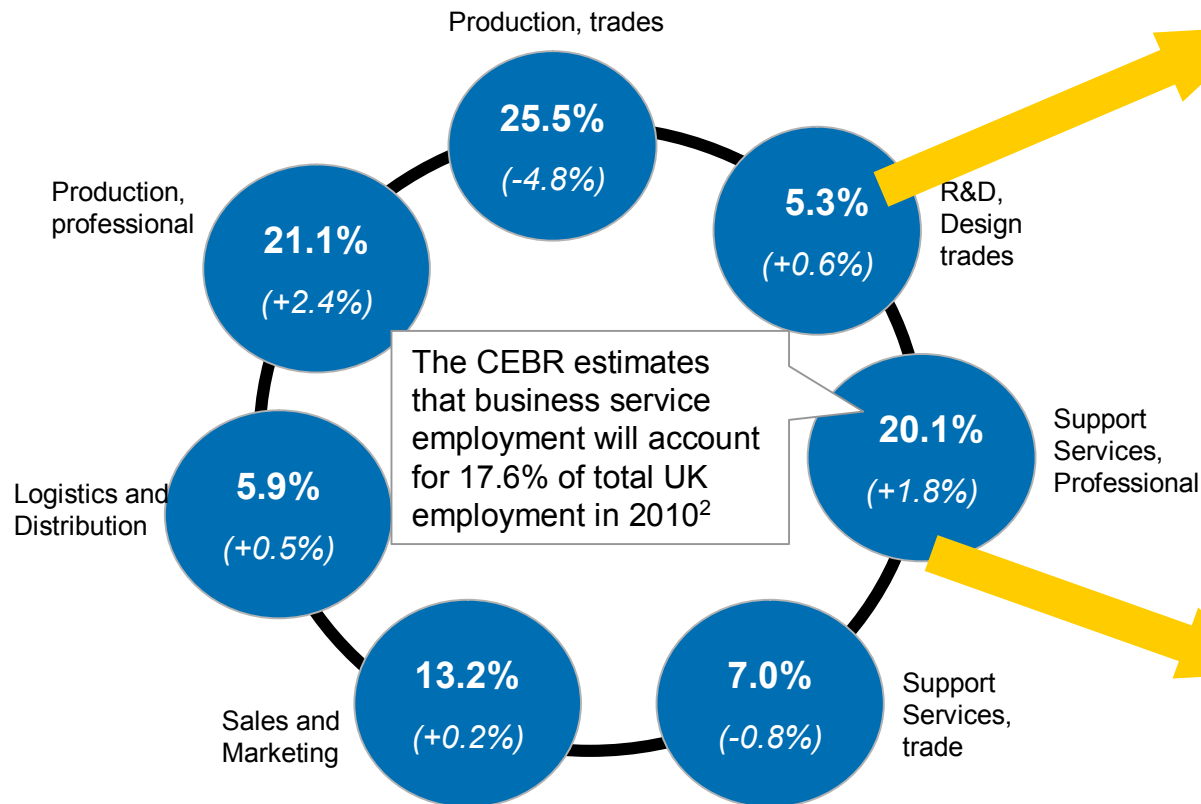
Drivers

Job opportunities

Technology & trade

High skilled sectors in the UK benefit from fragmentation and specialisation of global value chains

Share of all UK manufacturing earnings across value chain 2006 (per cent point change share from 2001-6 shown in brackets)¹



R&D: the pharmaceutical industry³

- The pharmaceutical industry is the biggest investor in R&D in the UK. It accounts for around 25% of total investment by business, valued at £3.3bn in 2005
- UK-headquartered companies GlaxoSmithKline and AstraZeneca have both achieved significant global success

Business services: advertising

- UK advertising industry is the fourth largest in the world. International, London-bred agencies include Saatchi and Saatchi, BBH, M&C Saatchi, WCRS and AMV
- London is home to the world's largest PR agencies; in 2006, seven of the top ten agencies worldwide had their corporate head quarters in London, raising combined revenues in excess of \$3.5 billion

Note: This is a representation of just one sector. Value chains vary considerably between sectors

(1),(2) BERR (2008) UK Manufacturing Strategy, BERR Analysis of LFS micro-data, ONS (3) BERR (2008) The Pharmaceutical Sector in the UK

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2. Shift to a low-carbon economy

- Meeting carbon emissions targets whilst maintaining economic growth will require new environmental technologies
- The UK is well placed to harness increasing opportunities for more and better jobs in the growing global market for environmental technologies

Further discussion

Meeting carbon emissions targets whilst maintaining economic growth requires new environmental technologies

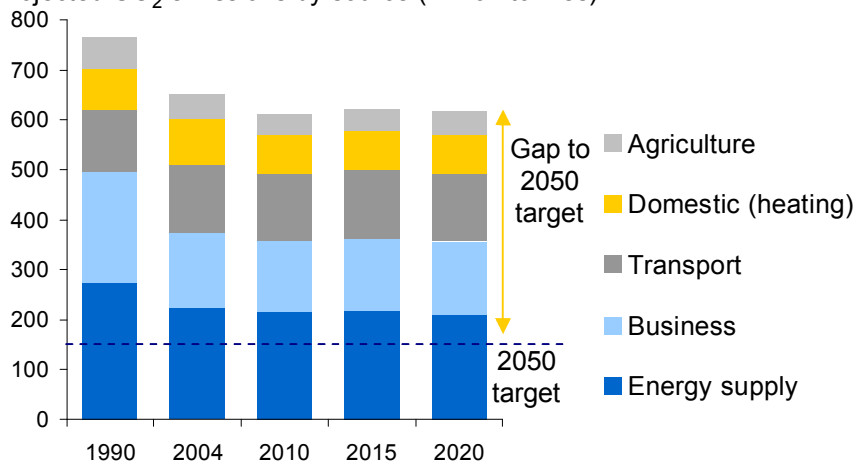
Drivers

Job opportunities

Low carbon

Significant reductions in carbon emissions will be needed in the UK to meet its 2050 target...

Projected CO₂ emissions by source (million tonnes)¹



...and there is new investment bringing forward the development of new low carbon technologies

UK Environmental Transformation Fund (ETF) programmes 2008/09 – 2010/11²

- Offshore wind capital grants programme
- Innovation programme (including research accelerations, technology accelerators and incubators)
- Low carbon technology enterprises
- Low carbon technology businesses
- Energy efficiency loan schemes
- Bio-energy capital grants
- Low carbon buildings programmes

The UK focused element of the Environmental Transformation Fund aims to bring forward the development of new low carbon energy and energy efficiency technologies in the UK³

- The EU is committed to ensuring that 20% of its energy consumption is met by renewables⁴
- Over the next 25 years the UK will need to replace all of its nuclear energy generating plants, and expand the use of renewable energy.⁵ The large combustion plant directive in the UK will mean a number of coal plants must close by 2015 - 15% of total electricity production⁶ (this could increase to 25% if the EU integrated emissions directive is adopted)
- This transition to a low-carbon, resource efficient economy will see the emergence of new technologies and innovations stimulating new, products and services creating new industries and job opportunities.⁷ UNEP predicts enormous potential for “green jobs” from \$1,300bn per year to \$2,700bn by 2020. A reliable early indicator of this shift is the surge in the flow of venture capital into clean technologies. In the United States this currently constitutes the third largest sector after information and biotechnology⁸

(1) DEFRA analysis (2007); (2),(3) BERR, DEFRA, DIUS (2008) UK Environmental Transformation Fund: strategy; (4) EU council (2007) Climate change and energy agreement; (5), (6) BERR (2007) Energy Review; (7) HMT (2006) Stern review on the economics of climate change (8) UNEP Green Jobs: towards decent work in a sustainable, low carbon world

The UK is well placed to harness increasing opportunities for more and better jobs in the growing global market for environmental technologies

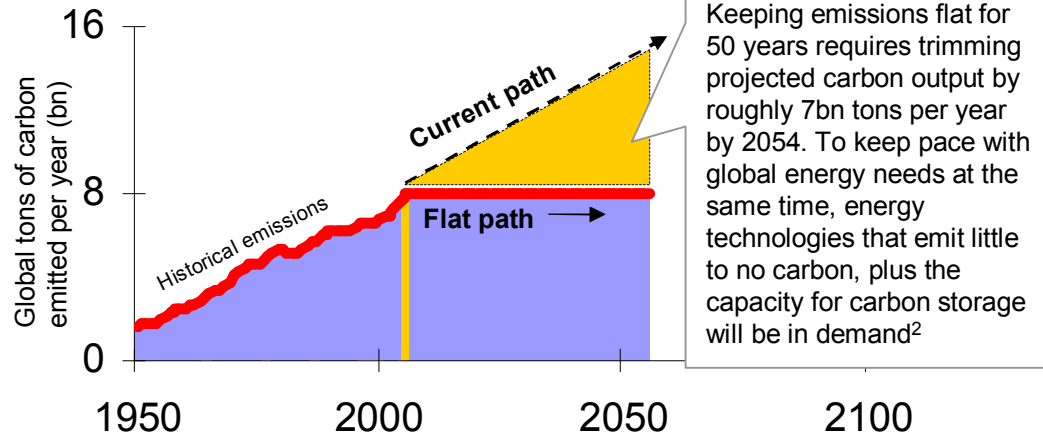
Drivers

Job opportunities

Low carbon

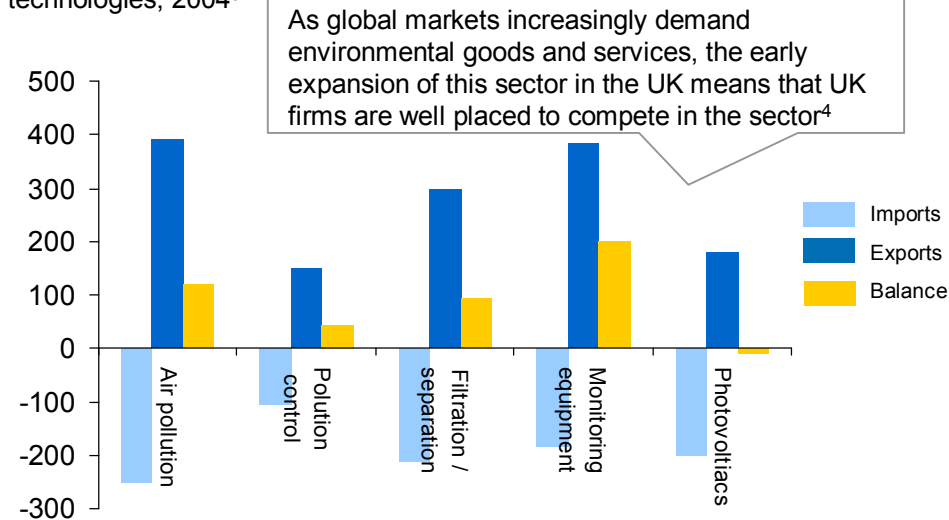
There will need to be significant global investment in environmental technologies

Stabalisation wedges model illustrating the need for energy technologies and carbon capture developments to cut global carbon emissions¹



The UK economy already exports a host of environmental technologies into the global economy

UK balance of trade for select portfolio of environmental goods and services technologies, 2004³



- The environmental market place is large, global and growing rapidly. In the UK, the environmental goods and services sector is estimated to have a turnover of £25 billion and to employ 400,000 people. The City of London, for example, has already become a global hub for carbon trading⁵
- The Commission on Environmental Markets and Economic Performance has estimated that the overall added value in the low-carbon energy industry could be at least \$3 trillion per year worldwide by 2050 and that it could employ more than 25 million people. If Britain maintains its share of this growth, there could increase to over a million people employed in our environmental industries within the next two decades⁶

(1) Based on: Pacala and Socolow (2004) *Stabilization Wedges*; (2) Princeton carbon mitigation initiative (2008) *Brief: Building the stabilisation triangle*
(3),(4),(5),(6) Defra, DIUS, BERR (2007) Commission on Environmental Markets and Economic Performance

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3. Growth in emerging economies

- Falling trade barriers have accelerated growth in many emerging economies
- This increasing wealth in emerging economies, such as China, will lead to increased demand for high-skill produced goods and services in the global economy
- The UK is well placed to provide a share of this, increasing demand for high-skill labour

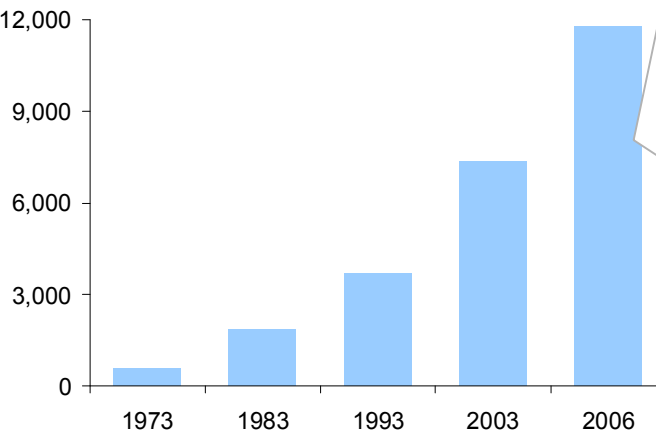
Further discussion

Falling trade barriers have accelerated growth in many emerging economies

- Drivers
- Job opportunities
- Emerging economies

World trade is becoming more inter-connected, increasing the income and wealth of emerging economies

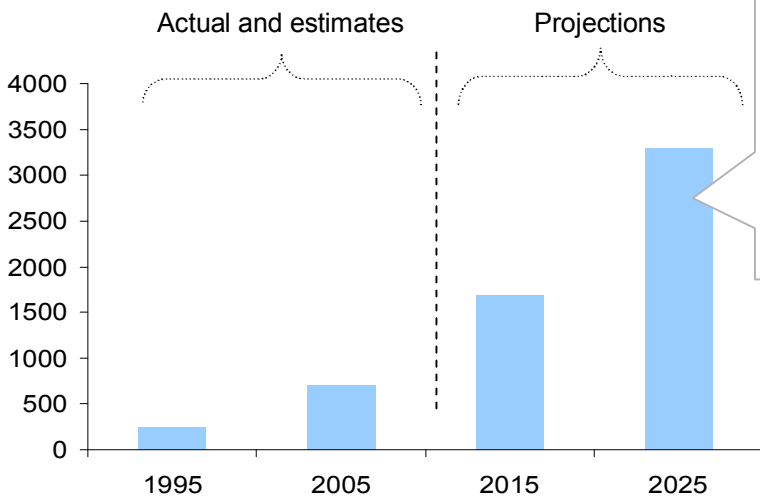
World merchandise exports (US\$ billions)¹



International flows of goods and services have grown, and emerging economies have become significant players in the world economy – China and India together have more than tripled their share of global output over the past 25 years

Disposable incomes in emerging economies, such as China, could rise significantly

Aggregate real disposable income for urban Chinese, \$bn at current rates²



Urban China's aggregate disposable income could be over two times that of Germany by 2025

- An urbanising China could become the third largest consumer market in the world. Current trends show China's urban population expanding from 572m in 2005 to 926m in 2025. The urban consumption share of GDP will rise from 25% in 2005 to 33% in 2025³
- Aggregate consumer spending in India could more than quadruple in coming years, reaching 70 trillion rupees by 2025, making it the world's 5th largest consumer market. Higher private incomes and, to a lesser extent, population growth will further affect this rise in consumption⁴

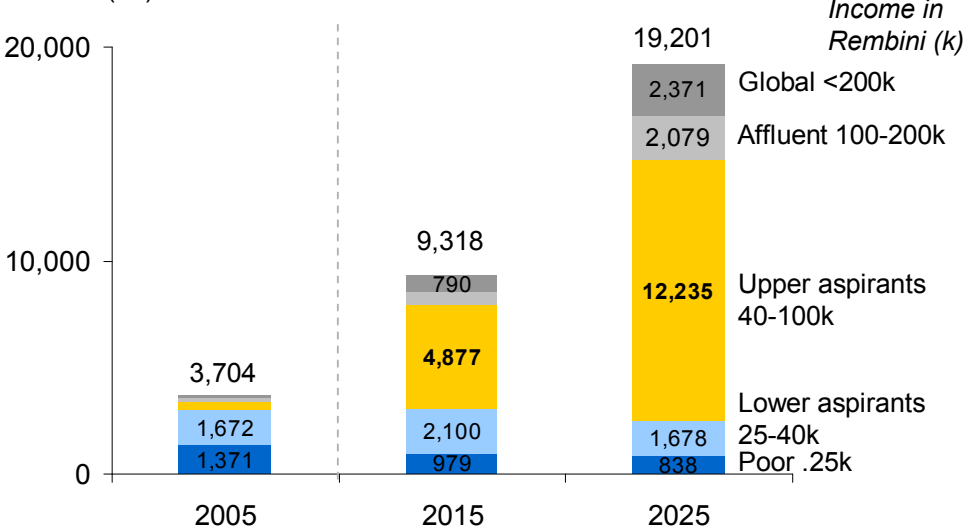
Sources: (1) WTO (2007) International Trade Statistics; (2) Adapted from: MGI China consumer demand model, v.2.0 (3) McKinsey Global Institute (2008) Preparing for China's urban billion NB: real renminbi, base year -2000; (4) McKinsey Global Institute (2008) Tracking the growth of India's middle class

The increase in the income and wealth of emerging economies, such as China, will lead to increased demand for high-skill produced goods and services in the global economy

- Drivers
- Job opportunities
- Emerging economies

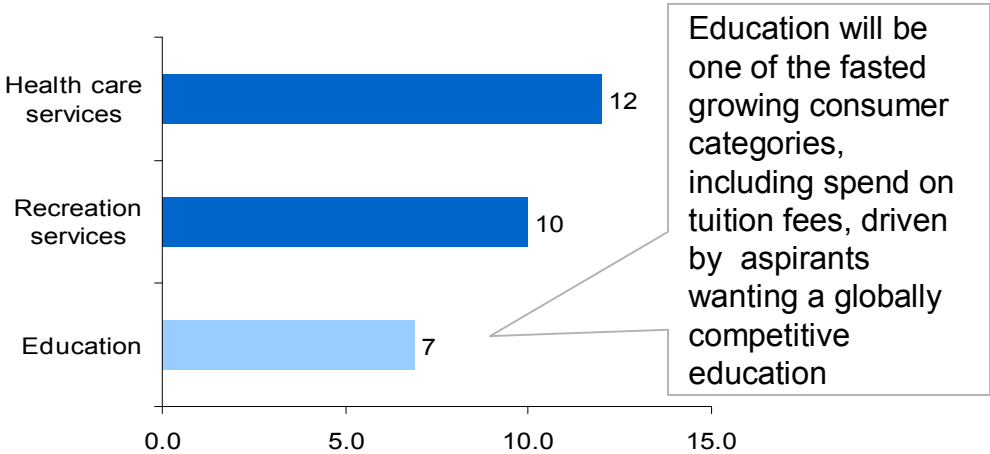
If middle and affluent classes drive a sharp rise in consumption expenditure in emerging economies...

Chinese urban consumption expenditure by income class, in 2000-constant Rembini (bn)¹



...then the global demand for high-skill goods will rise

Projected relative compounded annual growth rate for selected fast-growing product categories in China, 2005-25 (%)²



Education will be one of the fastest growing consumer categories, including spend on tuition fees, driven by aspirants wanting a globally competitive education

- The World Bank forecasts that by 2030 more than a billion people in developing countries will belong to the global middle class group and will participate as active consumers of goods and services in the global market place³
- The shift to consumption of non-essential items is likely to take place at lower average income levels than seen previously in other countries. Discretionary spending as a per cent of total private income in India is expected to rise from 52% to 70% by 2025. South Korea went through a similar transformation in the 1980s, when its per capita incomes were about twice those of India today⁴

Sources: (1) McKinsey Global Institute (2008) *Preparing for China's urban billion* (2) Adapted from: MGI China consumer demand model, v.2.0; (3) World Bank (2007) *Global economic prospects* (4) McKinsey Global Institute (2008) *Tracking the growth of India's middle class*

The UK is well placed to capture a share of this, increasing demand for high-skilled labour

Drivers

Job opportunities

Emerging economies

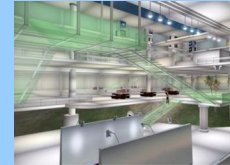
The UK could become a world leading exporter of world class education...



The University of Nottingham Ningbo, China¹

- The Ningbo campus is the first Sino-foreign university in China and is run by the University of Nottingham
- It has nearly 4,000 students and more than 250 staff. All courses in Ningbo are conducted in English with the same teaching and evaluation standards as at Nottingham
- All students in Ningbo now have the opportunity to study in the UK

...so too could our creative industries, which are already expanding into emerging economies



BBH advertising agency²

- BBH Global Headquarters is based in London and has offices in New York, Shanghai, Singapore, Sao Paulo and Tokyo
- BBH has total global billings of \$US 1.5bn and employs nearly 1000 staff
- Having previously run some campaigns in India from offices in other countries, BBH has now announced the opening an office based in Mumbai, to open in November 08

- China has been the fastest growing export market for the UK since 2002. Between January and May 2008, the UK exported more than £2bn of goods and services to China, an increase of 44% on the same period in 2007.³
- India is the UK's second largest export market in the developing world and is growing rapidly. In 2004 the UK exported £3.05bn of goods and services to India. This grew to £3.9bn in 2005⁴
- In addition to China and India, trade with the Eastern European countries joining the EU has also grown rapidly in recent years - the share of UK exports going to the new member states, known as the "accession 10" increased from less than 1 per cent in 1992 to 1½ per cent in 1999, and reached 2¼ per cent by 2005⁵

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4. Increased derived demand for high-skill jobs in the UK

- Changing lifestyles and rising expectations are likely to increase domestic demand for high-quality professional and personalised goods and services
- Meeting an increased demand for personalised services will require a greater use of higher skilled labour

Further discussion

Changing lifestyles and rising expectations are likely to increase domestic demand for high-quality professional and personalised goods and services

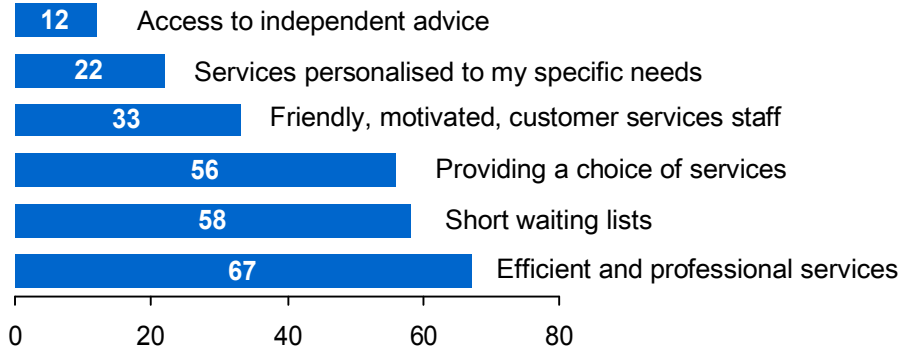
Drivers

Job opportunities

Personalisation

Professional, high-quality and personalised services are important to the public

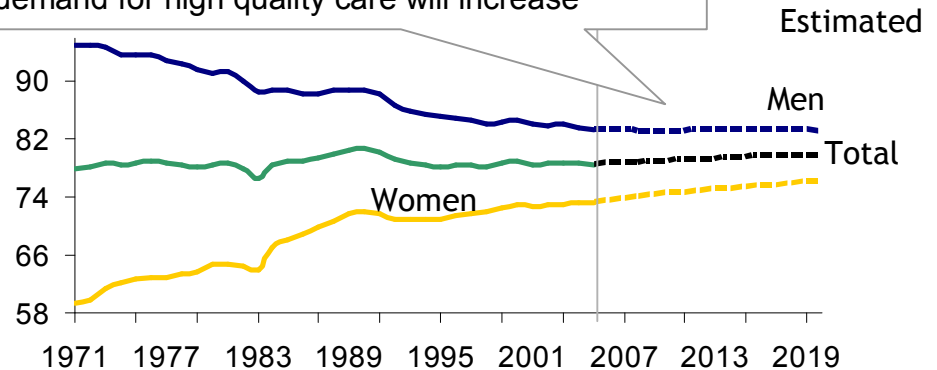
“Thinking about public services (eg. NHS, schools, police, social work), rank the three most important areas the government should focus on?”, (per cent believing most important)¹



Demand for high quality support from families will increase as lifestyles continue to change and time is more pressured

Working-age (current definition) activity rates, per cent; 1971-2020²

As female labour market participation increases, demand for high quality care will increase



- Expectations for personalised services are increasing with the internet providing access to far more consumer information and fuelling consumer demand for more tailored products. Demand in the service sector for employees with strong interpersonal skills is increasing³
- The rise in prosperity over the past ten years has also increased demand for higher quality and more experiential services ranging from leisure (eg. the growth of higher end hotels and restaurants) to health (eg. growth in fitness and well-being centres)⁴
- The number of older adults in the UK will rise significantly over the next twenty years and this, coupled with increasing numbers of women joining the workforce⁵, could raise demand for more personal carers with strong interpersonal skills to provide tailored interventions and support for the elderly⁶

Meeting an increased demand for personalised services will require a greater use of higher skilled labour

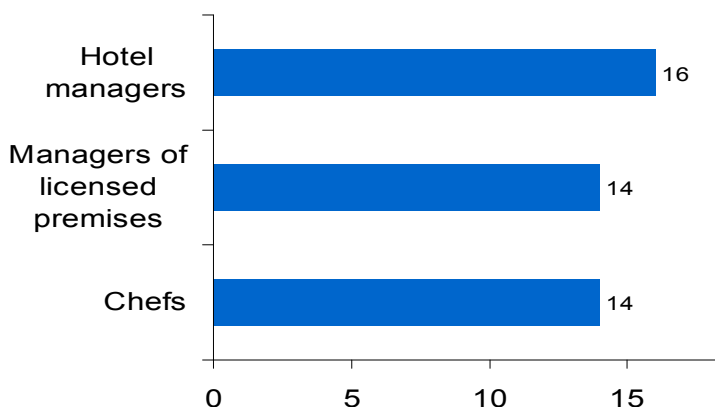
Drivers

Job opportunities

Personalisation

Traditionally low-skilled sectors will need to upskill their workforce to meet consumer expectations

Per cent of hospitality, leisure, travel and tourism sector with no qualifications¹



This sector employs nearly 2m people but is currently the least productive in the UK according to its own sector skills council. It also lags behind international competitors – labour productivity is nearly double in France and a third higher in the US²

Low-skilled occupations are likely to require more skilled labour to satisfy new demands

Child Carer	Up skill from supervisory role to a more personalised one, building child's emotional well-being and cognitive skills
Nurses	Learn new skills to conduct doctoral roles and procedures in primary care, avoiding patient having a hospital admission
Catering staff	Up skill from basic waiter to a specialist in food / wine and trained in professional high-quality customer service

- Evidence suggests demand for skilled labour is increasing in a number of traditionally low skilled sectors. The national employers skills survey identified particular difficulties in the construction, building and engineering industries, hospitality and tourism services, and social care employers³
- A recent report showed that UK hoteliers will need to improve quality of service in order to compete against global brands. For example, it found that changes such as the growing use of online booking has resulted in strong demand for those with the required skills to develop and maintain the software⁴

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Policy implications

- These trends present an opportunity for the UK to position itself to create more and better jobs

Further discussion

These trends present an opportunity for the UK to position itself to create more and better jobs

Drivers

Job opportunities

Implications

How does the UK maximise job opportunities?	What is the potential role of Government?	Possible areas of government focus to enable the creation of more and better job opportunities in the UK
<p>1. Ensuring a highly skilled and capable workforce</p>	<p>Ensure workers are better able to respond to increased demand for higher skilled labour</p>	<ul style="list-style-type: none"> ▪ Building workforce capabilities and skill levels to enable businesses to pursue higher-quality product strategies ▪ Ensuring the UK is strategically developing the skills needed in a global economy (e.g. ensuring the UK has the skilled engineers to upgrade UK infrastructure)
<p>2. Ensuring a responsive and flexible economy</p>	<p>Enable firms and the UK economy to respond more rapidly and effectively to changing demands and technological advances</p>	<ul style="list-style-type: none"> ▪ Ensuring an institutional framework, aligned to the global economy, which enables UK business to respond rapidly to market signals ▪ Enabling firms rapidly to shift their product strategies towards high-skill-intensive products, including building skills of decision makers within firms ▪ Ensuring a world-class infrastructure which enables firms and individuals to plug into the global economy and new markets
<p>3. Enabling successful global sectors to grow in the UK</p>	<p>Understand what successful UK sectors in the global economy are likely to be and work in partnership with those sectors to build on our strength</p>	<ul style="list-style-type: none"> ▪ Developing a better understanding of successful sectors across the economy, how they have achieved success, and the barriers to further growth ▪ Developing an improved understanding of the economic factors supporting the comparative advantage of globally successful sectors, the role government may have played, and how these factors may vary by sector

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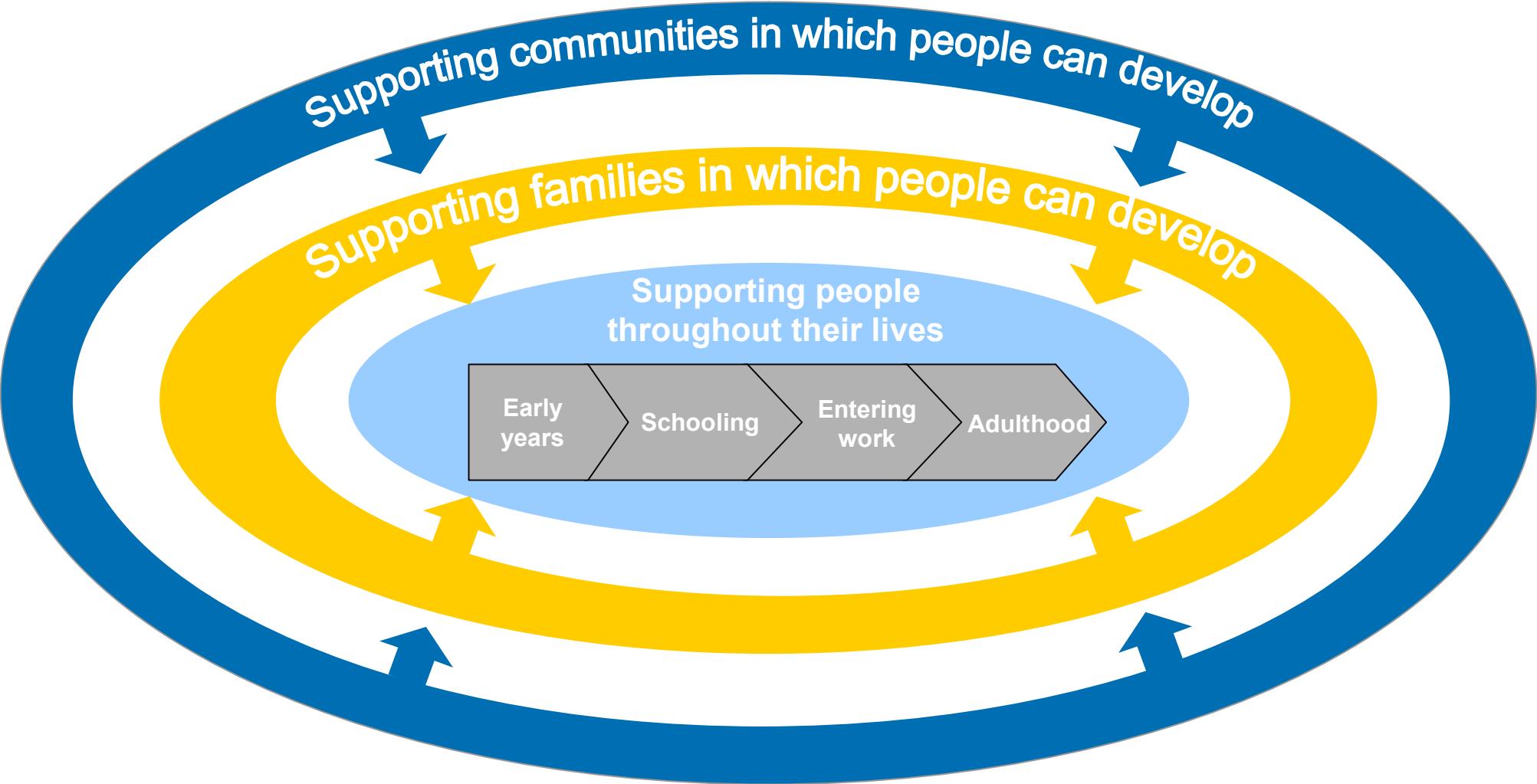
Introduction

- This section examines the drivers of building people's capabilities through four key life stages, as well as how people can be supported to develop within families and communities
- For each life stage, the paper will examine four key questions in turn

This section examines the drivers of building people's capabilities through four life stages, as well as how people can be supported by their families and communities

Drivers

Capability



For each life stage, the paper will examine four key questions in turn

Drivers

Capability

Question

Summary of evidence

	Early years	Schooling	Transition to work	Adulthood
1. Importance: why is this life stage key to building capabilities?	Children's early years environment has a profound impact upon their subsequent lives	Success in school is the most important factor, up to age 16, for explaining future mobility. But a relatively high proportion of UK children did not attain school qualifications	Gaining post-16 qualifications is crucial in providing people with the capabilities and skills needed to move up into the best jobs	The majority of the workforce of the next decade are already aged over 25. Increasing their social mobility requires improving their opportunities to progress in the workplace
2. Gaps: are there barriers to everyone having fair chances?	Social background influences children's development during their critical first years	Those who leave school with few qualifications are overwhelmingly from particular social backgrounds	Those who choose vocational routes into work tend to be from disadvantaged social backgrounds, while being NEET (not in employment, education or training) affects future life chances	Differences in people's earlier life chances play out, and are compounded, once they enter the workplace
3. Progress: what foundations are in place for building capabilities?	Government has responded with a greater range of early years services and improved support for parents	Overall educational attainment has improved recently and is improving at a faster rate for previously lower performing groups	Young people are now receiving more support to study for all types of qualifications, and steps have been taken to reduce the number of NEETs	Progress has been made in enabling people to update and increase their skill levels, as well as ensuring the right to second and third chances for career progression
4. Potential: Where might further progress be made in building people's capabilities?	However, evidence suggests more could be done to give children the best start in life	Evidence suggests teachers have a significant impact on future potential, but good teachers are less likely to be in schools facing challenging circumstances	Ensuring a more joined up system to support young people's pathways and transitions could enable more people, especially from lower socioeconomic groups, to fulfil their potential	Ensuring all individuals have the opportunity continually to learn new skills and progress in the workforce is crucial to removing barriers to realising full potential

Introduction

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1. Early years

- Children's early years environment has a profound impact upon their subsequent lives
- Social background influences children's development during their critical first years
- Government has responded with a greater range of early years services and improved support for parents
- However, evidence suggests more could be done to give children the best start in life

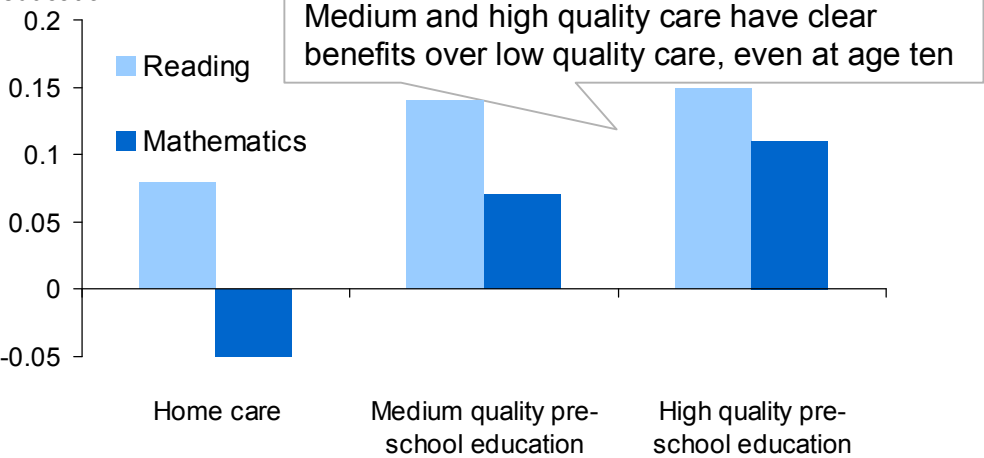
Further discussion

Children's early years environment has a profound impact upon their subsequent lives

Early years	Importance
	Gaps
	Progress
	Potential

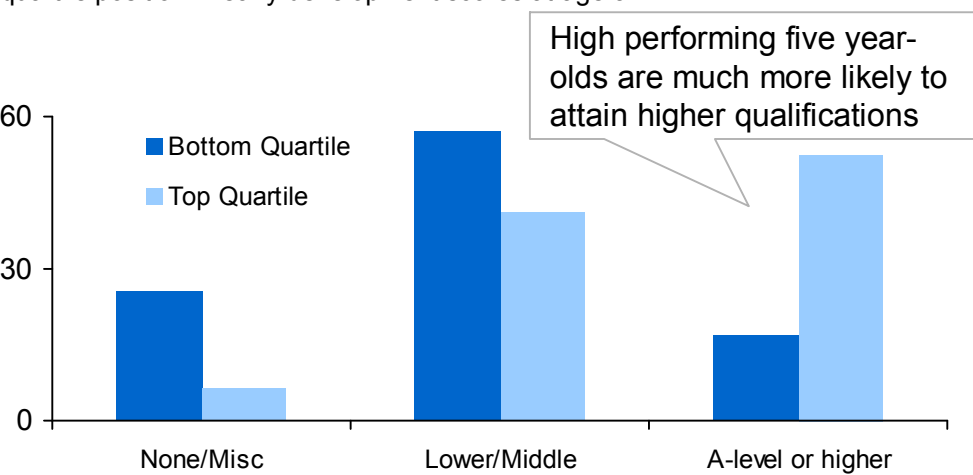
Those able to access medium and high quality early years provision still show benefits at age ten

Size of effect of childcare on ability at age 10, relative to low quality pre-school education¹



Children in the top quartile at age five in 1975 were more likely to gain better qualifications by age 26

Percentage of 26 year olds attaining educational and vocational qualifications by quartile position in early development scores at age 5²



Certain indicators in the early years predict outcomes throughout life, for example:

Low birth weight

More likely to have slower early development and poorer health throughout life³

Slow cognitive development

Once children fall behind in cognitive development, they are likely to fall further behind at subsequent educational stages. Enhancing mental capital at the beginning of life improves future learning and wellbeing later in life⁴. Poor cognitive development increases the risk of future offending⁵

Infant obesity

30% greater risk of being obese as an adult which is associated with higher risks of hypertension, coronary artery disease, type 2 diabetes and cancer⁶

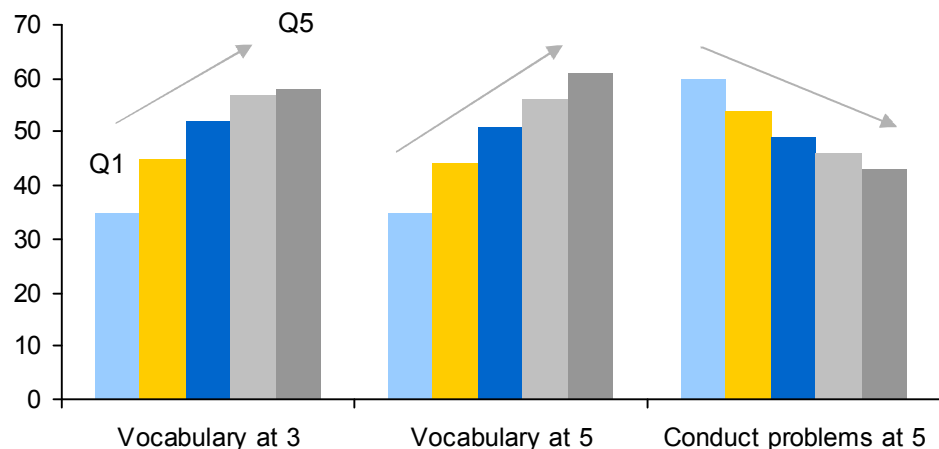
These indicators are all shaped by a child's home environment, which is discussed in detail later in this paper

(1) EPPE (2004) (2) Feinstein, L (1999) The relative economic importance of academic, psychological and behavioural attributes developed in childhood (3) Jefferis et al (2002) Birth weight, childhood socioeconomic environment, and cognitive development in the 1958 British birth cohort study (4) Feinstein, L (1999) Pre-school educational inequality? British children in the 1970 cohort (5) Carneiro et al (2007) Maternal Education, Home Environments and the Development of Children and Adolescents (6) Foresight (2007) Tackling obesity: future choices

Social background influences children's development during their critical first years

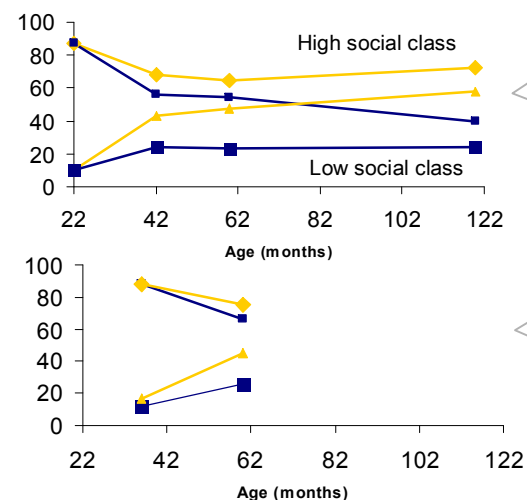
Gaps between children from different backgrounds emerge early and are highly correlated with parenting and cognitive development

Scores on various tests of UK children born in 2000 and 2001, by family income quintile (Q1 lowest)¹



Lower social class children born in 1970 who scored highly in early cognitive tests, were overtaken by age 10 by higher social class children who originally scored lowly

Evolution of educational attainment by percentile and social class²



For children born in 1970, those with high initial test scores from lower social classes rapidly fell behind higher social classes³

A similar pattern emerges for those born in 2000/2001 who will be entering the workforce around 2020⁴

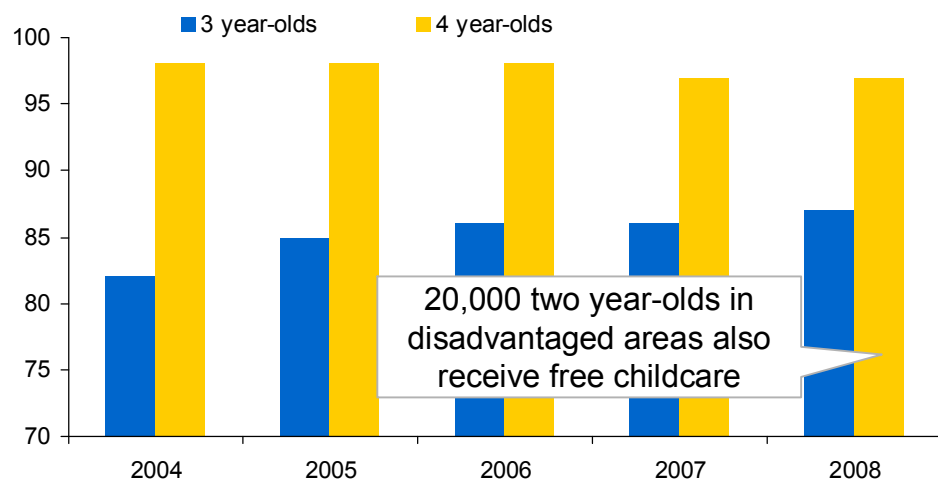
- Pupils from disadvantaged backgrounds are more likely to have lower birth weights⁵, behavioural conditions⁶ and to begin primary school with lower personal, social and emotional development and communication, language and literacy skills than their peers⁷
- The effects of growing up in a disadvantaged household are seldom reversed later in life – gaps in attainment continue to widen during school and into further and higher education⁸
- The gap in attainment between boys and girls is already evident at age 5⁹

(1) Waldfogel and Washbrook (2008) Early Years Policy (2) (3) Feinstein (2003) (4) Blanden and Machin (2007) Recent Changes in Intergenerational Mobility (5) DCSF (2004) The Health of Children and Young People (6) Ermisch (2008) Origins of social immobility and inequality: parenting and early child development (7) DCSF (2006) Social Mobility: Narrowing Social Class Educational Attainment Gaps (8) Analysis produced by DCSF: SDAU3 Targets and Delivery Team (September 2008) (9) DCSF (2008) Foundation stage profile results in England, 2007/08

Government has responded with a greater range of early years services and improved support for parents

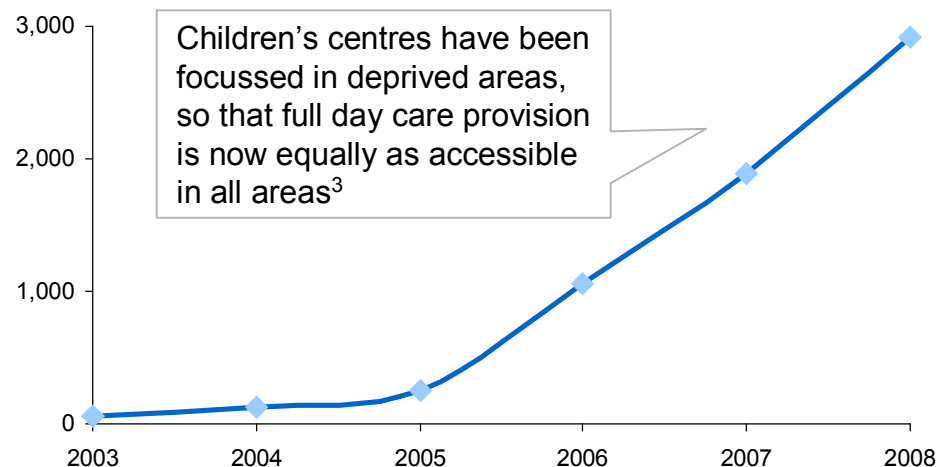
Increasing numbers of children are taking up the free nursery provision available for three and four year olds

Percentage of part time equivalent free early education places filled¹



Children's centres are being built in every community, starting in deprived areas

Number of children centres²



- Government investment in early years and childcare was over £5bn in 2007-08, four times greater in nominal terms than in 1997-98; allowing the number of childcare places to double²
- Qualifications of staff providing childcare has improved in all types of settings. In 2007, 72% of staff in full day care settings held a level-three qualification or higher, whereas in 2003 only 54% had such qualifications³
- Childcare tax credit pays up to 80%* of any formal childcare that eligible working families use⁴
- Parents can now take advantage of 9 months paid and 3 months unpaid paid maternity leave, two weeks paid paternity leave, 13 weeks unpaid parental leave for each child, and the right to request flexible working until their child is six⁴

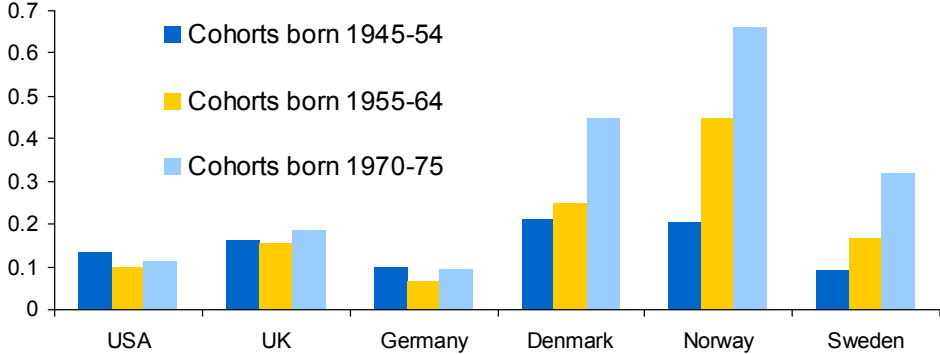
(1) ONS (2008) *Provision for Children Under Five Years of Age in England 2008* (2) DCSF briefing to the National Council for Education Excellence (3) DCSF (2008) *Childcare and early Years Providers Survey 2007* (4) direct.gov.uk *Up to a maximum of £175 per week for one child, and £300 per week for two or more

However, evidence suggests more could be done to give children the best start in life

Early years	Importance
	Progress
	Gaps
	Potential

In Scandinavia, the links between parental and child attainment have weakened for generations benefiting from universal childcare

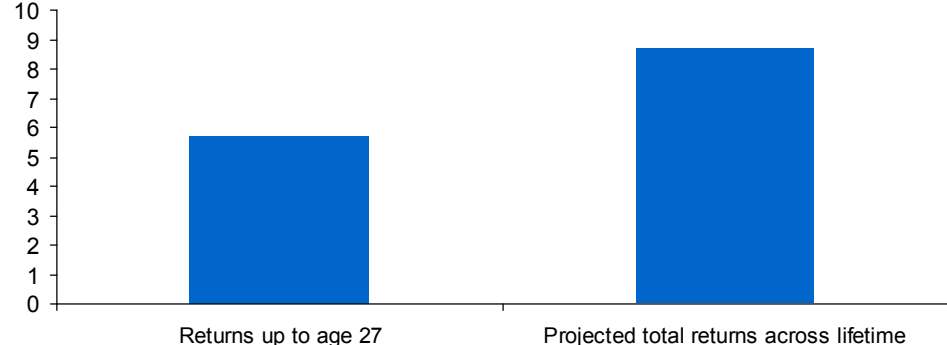
Probability of a child of a low educated father completing upper-secondary education relative to a child of a higher educated father¹



- A decline in Scandinavia in the impact of parental factors on children’s educational attainment coincided with the introduction of universal high-quality child care
- It is argued that providing this access to high quality childcare for all has allowed disadvantaged children to have a better start in life and consequently have higher educational attainment¹
- This suggests the increased UK investment in such care will have some impact on the next generation, but a stronger impact could be achieved with more investment

There is evidence that high quality childcare can have a long term impact on children from disadvantaged backgrounds

Financial returns from improved outcomes following Perry Preschool Program interventions for disadvantaged children, US \$ per \$ of original investment²



- Evidence from around the world finds that formal care has an above average beneficial impact on disadvantaged children’s development³
- In the UK, the benefits of higher quality pre-school are greater for boys, children with special educational needs and disadvantaged children. The difference between attending a high quality pre-school and attending a low quality pre-school is larger for children who come from more disadvantaged backgrounds⁴

(1) Esping-Andersen (2007) *Untying the Gordian Knot of Social Inheritance* (2) Carneiro and Heckman (2003) *Human Capital Policy* (3) Melhuish (2004) *A literature review of the impact of early years provision on young children* (4) DCSF (2008) *Effective pre-school and primary education 3-11 project (EPPE 3-11)* influences on children’s cognitive and social development in year 6

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2. Schooling

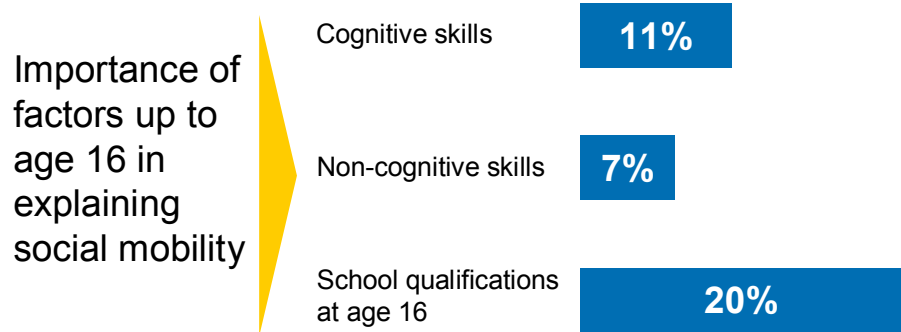
- Success in school is the most important factor, up to age 16, for explaining future mobility. But a relatively high proportion of UK children did not attain school qualifications
- Those who leave school with few qualifications are overwhelmingly from particular social backgrounds
- Overall educational attainment has improved recently and is improving at a faster rate for previously lower performing groups
- Evidence suggests teachers have a significant impact on future potential, but good teachers are less likely to be in schools facing challenging circumstances

Success in school is the most important factor, up to age 16, for explaining future mobility. But a relatively high proportion of UK children did not attain school qualifications

Schooling	Importance
	Gaps
	Progress
	Potential

At age 16, school qualifications are the most important determinant of mobility, but cognitive and non-cognitive skills remain important

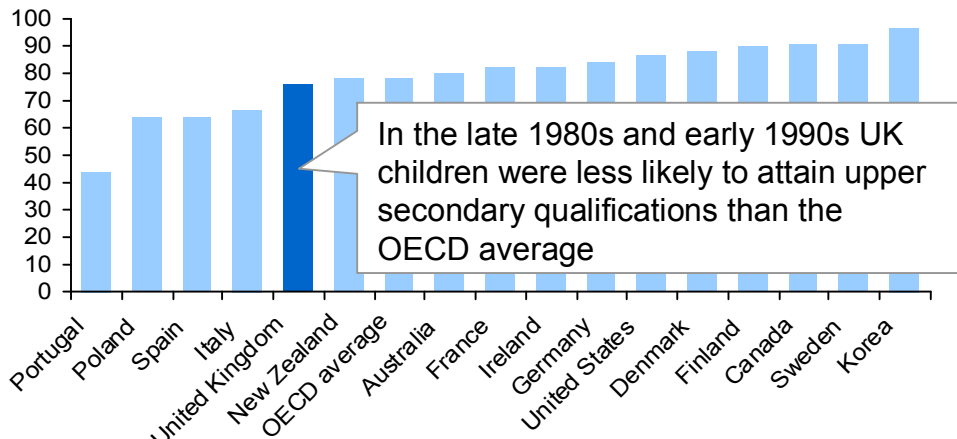
Percentage of intergenerational mobility of sons that can be explained by given factor¹



- Time spent in education is by far the most important determinant of future social status²
- There is a strong link between behaviours during education and future prospects in work:
 - poor behaviour and self-esteem aged 10 are good predictors of male unemployment and low wages and can increase the risk of long term unemployment for some groups by almost 10%³
 - girls' attitudes to control and responsibility aged 10 are strongly related to later employment outcomes⁴

To enable more people to move up into better jobs the UK's education system needs to ensure more children attain qualifications than have done in the past

Percentage of 25-34 year olds that have attained at least upper secondary education. These individuals turned 16 in the period 1986-96⁵



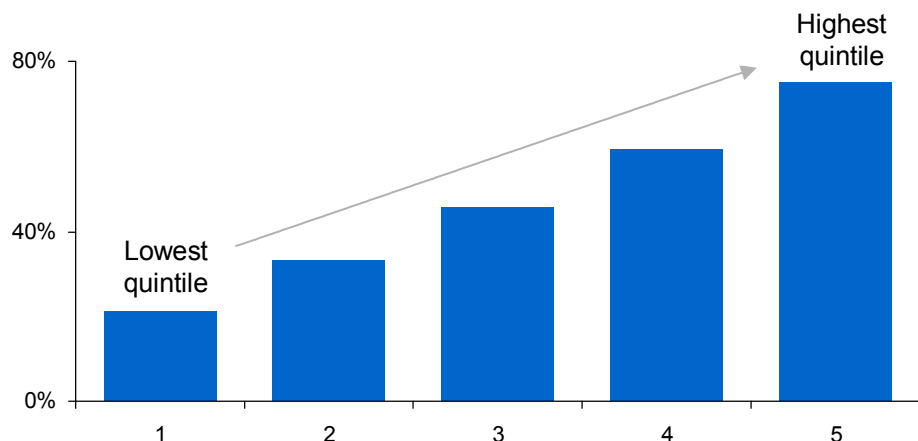
- More recently, international comparisons suggest that British 15-year-olds' science attainment is close to the average, but there is a below average proportion of poor performers⁶. But the disparity between the very highest and very lowest students is relatively high⁷
- The number of poor performers at 15 in the UK is also below the OECD average for mathematics and reading competency⁸

(1) Blanden, Gregg and Macmillan (2006) Accounting for intergenerational income persistence: Noncognitive skills ability and education; (2) Schoon (2008) A Transgenerational Model of Status Attainment (3) and (4) Feinstein (1999) The relative economic importance of academic, psychological and behavioural attributes developed in childhood (5) OECD (2008) Education at a glance (6) (8) OECD (2007) PISA 2006: OECD briefing note for the United Kingdom (7) Anne-Marie Brook (2008) Raising Education Achievement and Breaking the Cycle of Inequality in the United Kingdom

Those who leave school with few qualifications are overwhelmingly from particular social backgrounds

Children from lower socio-economic backgrounds are less likely to leave school with 5+ good GCSEs

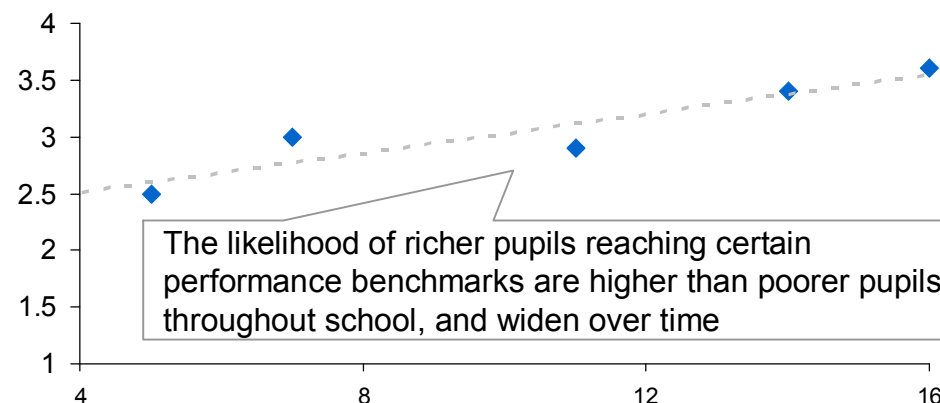
Percentage of children obtaining 5+ A*-C GCSEs, by socio-economic position¹



- Attainment gaps do not tend to close during school: 10% fewer pupils from the bottom social group—who were in the bottom educational quintile at age 7—climb out by 11, compared to all other groups (30% versus 40%)³
- Lower attainment is associated with lower parental occupational class, level of qualifications⁴, and income
- Ethnicity and gender are also associated with attainment: pupils of Chinese ethnicity are almost twice as likely to gain five good GCSEs including English and maths as black pupils; and girls continue to outperform boys⁵
- Across a range of countries, the impact of family background on mathematics results was found to be the highest in the UK.⁵ However, another cross country comparison of the influence of socio-economic background on science attainment found the UK was close to the OECD average⁶

Evidence on attainment gaps suggests children from deprived households perform relatively poorly throughout school

Ratio of a non-FSM (free school meal) pupil achieving performance benchmarks relative to a FSM pupil at various stages during education, by age²

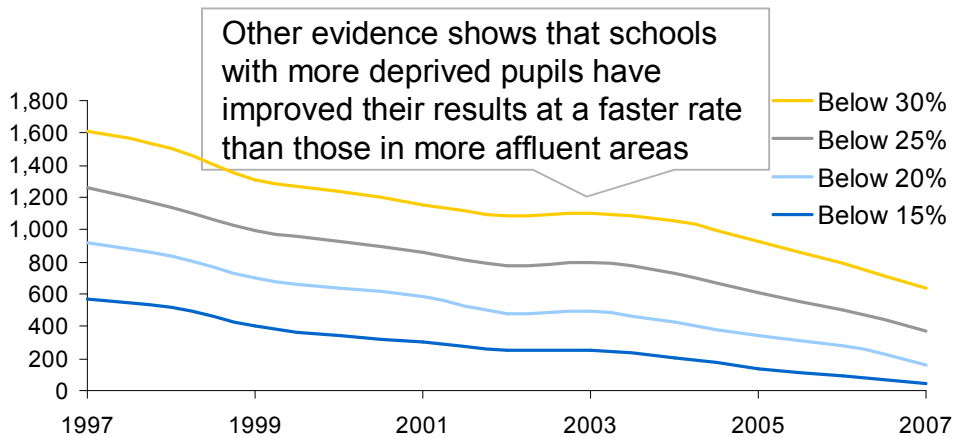


(1) Barreau et al (2008) The socio-economic gradient in child outcomes (2) Analysis produced by DCSF: SDAU3 Targets and Delivery Team (September 2008); (3) Locate source; (4) DCSF (2006) Social mobility: Narrowing Social Class Educational Attainment Gaps; (5) OECD (2006) Programme for International Student Assessment figures (5) OECD (2007) PISA 2006, Briefing Note for the United Kingdom (6) Scheutz, Ursprung and Woessman (2005) Education Policy and Equality of Opportunity

Overall educational attainment has improved recently and is improving at a faster rate for previously lower performing groups

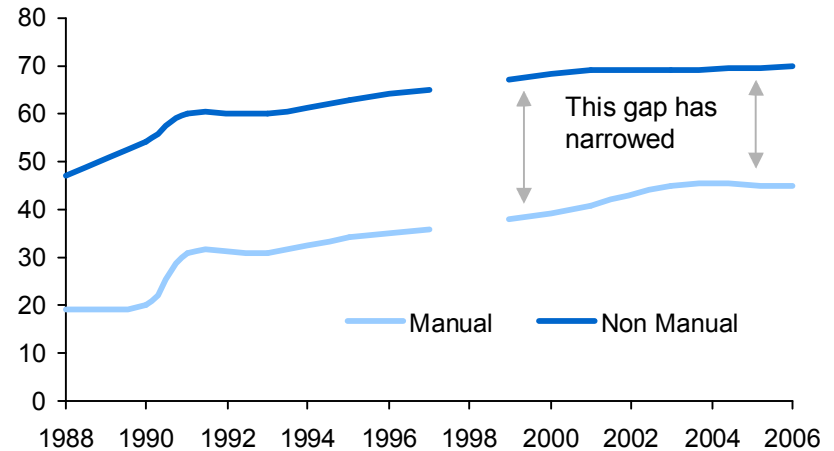
Rising attainment, particularly in deprived areas, has reduced the number of poor performing schools

Number of schools with less than certain percentages of 15-year-old pupils achieving 5+ A*-C GCSEs including English and maths¹



GCSE attainment has risen and at a faster rate for children of manual workers

Percentage of cohort achieving 5+ A*-C GCSEs by parental occupation: 1988-2006² (some data unavailable)



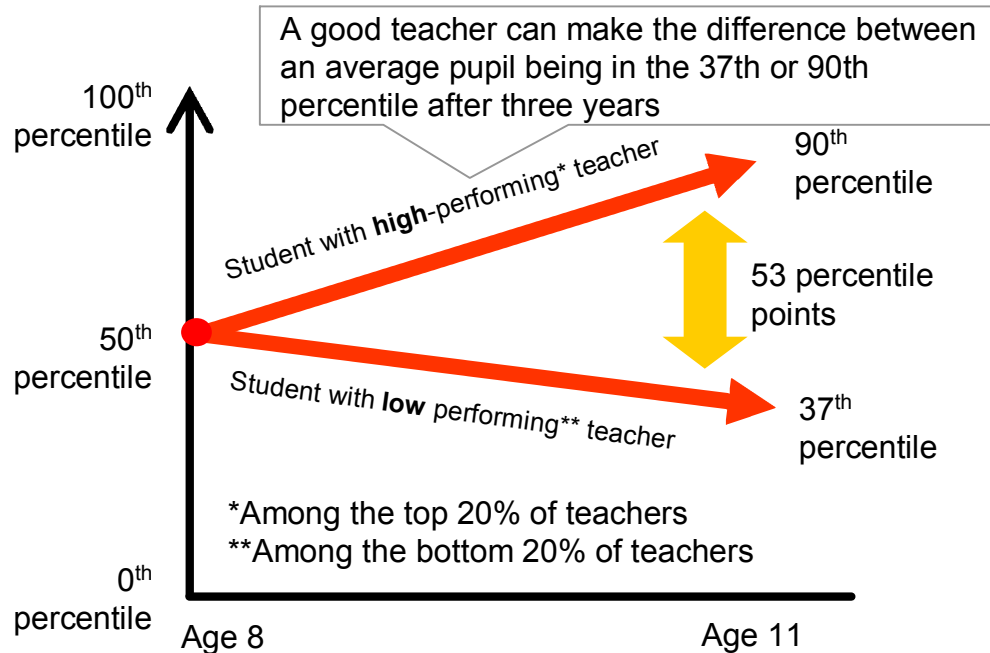
- English and maths attainment of 11 year-olds has risen, and the gap in the percentage attaining expected levels at this age between FSM (free school meals) and non-FSM pupils has declined from 27% gap in 2002 to 24% in 2007³
- There has been particular success at GCSE for certain areas, groups and schools: attainment in London has risen above the national average, Bangladeshi pupils have risen from being the lowest performers to being above average and academies, which tend to be in deprived areas, achieve twice as high results as their predecessor schools⁴
- Recognising the importance of non-cognitive skills for social mobility, the Social and Emotional Aspects of Learning (SEAL) programme has been launched to develop these skills through a whole-school approach, and across the curriculum. An evaluation found that it had a major impact on children's wellbeing, confidence, social and communication skills, relationships, and school behaviour and attitude⁵

(1) DCSF, 2008 (2) (3) (4) DCSF (5) Susan Hallam, Jasmine Rhamie, and Jackie Straw, Evaluation of the Primary Behaviour and Attendance Pilot, Research Report 717, DCSF, IoE (2006)

Evidence suggests teachers have a significant impact on future potential, but good teachers are less likely to be in schools facing challenging circumstances

Teachers have a significant impact on attainment¹

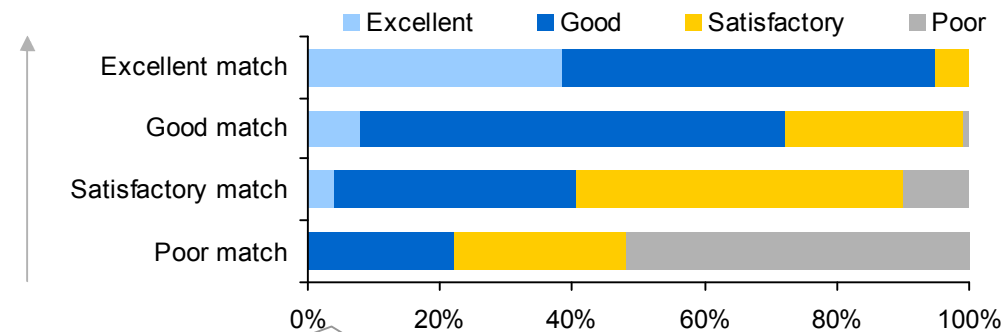
Student performance, US data



- This US finding is replicated in the UK: one study found pupil attainment is four times more varied at the classroom level than at the school level²
- Another study found that out of a group of 50 teachers, a child taught by one of the best ten will learn at twice the speed as one taught by one of the worst ten³

Teachers who are most qualified in their subject tend to teach better, but are less likely to work in schools facing challenging circumstances⁴

Percentage of teachers rated excellent, good, satisfactory and poor, by degree to which their qualifications match the subject they are teaching



Teachers who are not qualified in the subject they are teaching are more likely to work in schools where more than 20% of pupils are eligible to receive free school meals

- Teachers in schools where more than 20% of pupils are eligible to receive free school meals are also more likely to be rated worse in their teaching, are less likely to have come from an outstanding PGCE provider, and are likely to stay a shorter time⁵

(1) Sanders and Rivers (1996) *Cumulative and Residual Effects on Future Student Academic Achievement* (2) Dylan William speech to the SSAT (2006) (3) Wiliam, D., and Thompson, M. (2000) *Integrating assessment with instruction: what will it take to make it work?* (4) Ofstead Inspection Data (2005) (5) TDA (2008)

Introduction

1. Defining social mobility

2. Trends in social mobility

3. Drivers of social mobility

a. Benefiting from global job opportunities

b. Building people's capabilities

Further discussion

3. Transition to work

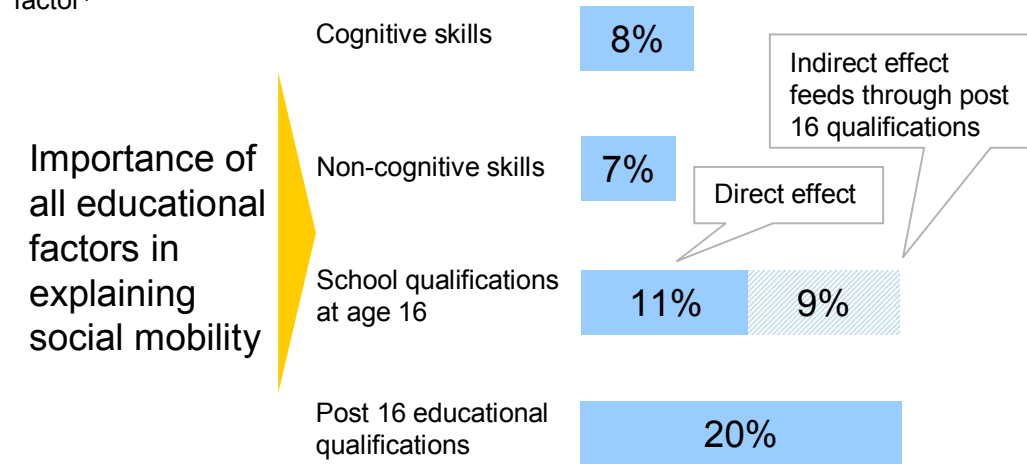
- Gaining post-16 qualifications is crucial in providing people with the capabilities and skills needed to move up into the best jobs
- Those who choose vocational routes into work tend to be from disadvantaged social backgrounds, and they receive less support from government
- Being NEET (not in employment, education or training) affects future life chances and those who are NEET are disproportionately from lower socioeconomic backgrounds
- Young people are now receiving more support to study for all types of qualifications, and steps have been taken to reduce the number of NEETs
- Ensuring a more joined up system to support young people's pathways and transitions could enable more people, especially from lower socioeconomic groups, to fulfil their potential

Gaining post-16 qualifications is crucial in providing people with the capabilities and skills needed to move up into the best jobs

Transitions	Importance
	Gaps
	Progress
	Potential

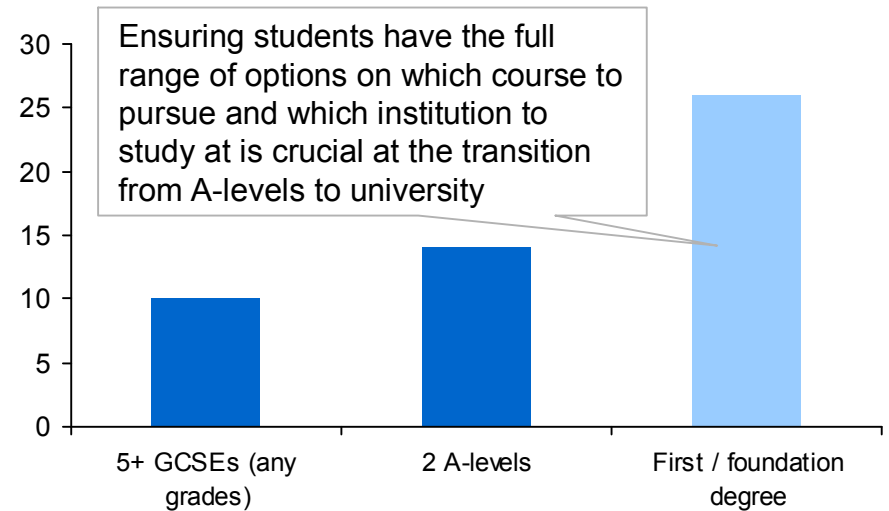
School qualifications at 16 in part determine social mobility by allowing people to obtain further post-16 qualifications

Percentage of intergenerational mobility of sons that can be explained by given factor¹



Progressing on to gain a degree significantly increases wage returns

Average wage return (per cent) versus no qualifications, 1997-2006²



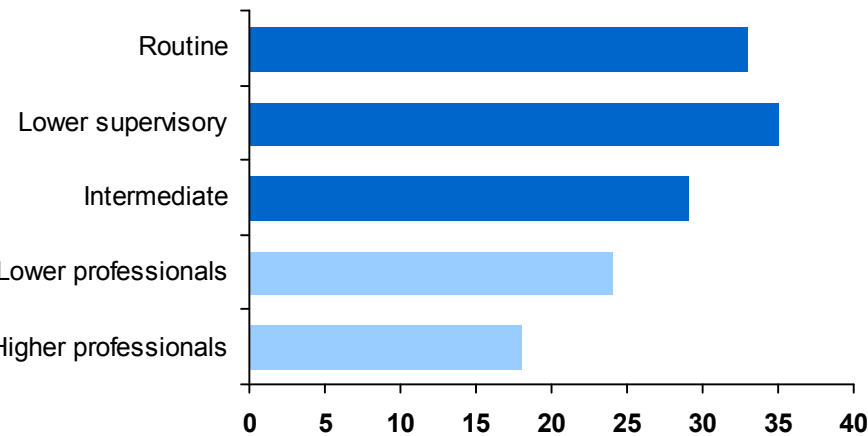
- In addition to higher wages, better qualified individuals enjoy improved employment prospects and an increased likelihood of receiving workplace training. They are more likely to get promoted and undertake further learning, including progressing into higher education³
- The root cause of low representation in higher education by certain groups is most likely due to poor prior attainment and the development of lower aspirations before the age of 16⁴
- Lower socio-economic groups are under-represented in higher education: the 20% most disadvantaged students are around six times less likely to participate in higher education than the 20% most advantaged pupils⁵

(1) Blanden, Gregg and Macmillan (2006) Accounting for intergenerational income persistence: noncognitive skills, ability and education; (2) Jenkins et al (2007) Returns to qualifications in England; (3) DCSF (2007) Raising Expectations: Staying in education and training post 16; (4) Sutton Trust (2008) Ipsos MORI Young People Omnibus Survey (5) Higher Education Funding Council, Young Participation in Higher Education (2005)

Those who choose vocational routes into work tend to be from disadvantaged social backgrounds, and they receive less support from government

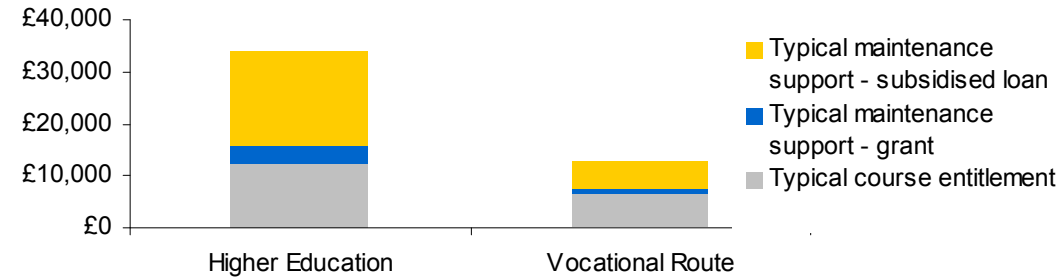
Those from lower socioeconomic groups are more likely to choose vocational routes

Main study aim at age 16 by parental occupation: percentage reporting aiming for a vocational qualification 2004¹



And there is less financial support per person in vocational training than there is in higher education

Support “typical” students doing vocational and academic training might expect to get (£)*²



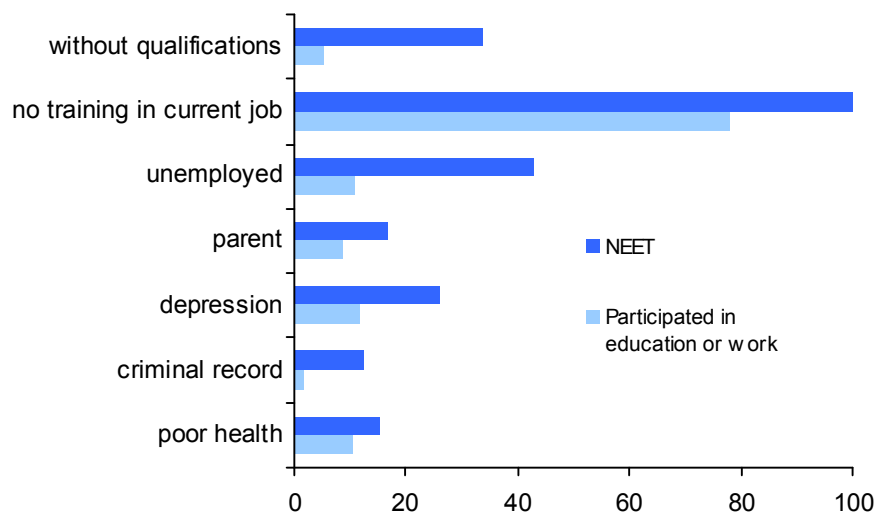
* Note: it is not possible to make an accurate direct comparison between the courses studied in each route and the support needs of learners because the systems are so different. 1) Part of the difference in the spend figures relates to different course lengths. 2) Maintenance loan costs refer to cash outlay rather than the true cost of providing the loan. 3) Participation costs consist of both institutional grant and tuition fee loans (also in cash terms)

- 73% of 19 year olds in 2005 from higher professional backgrounds had achieved Level 3 or above qualifications, of which 89% came via obtaining A/AS level qualifications³
- For those with parents in routine non-manual occupations, only 31% had Level 3 or above qualifications and, of these, only 55% had obtained these via A/AS level qualifications⁴
- Substantially more young people want to stay on in full time education than eventually do so (84% versus 72%) and the gap is largest for those from lower socio-economic groups⁵

Being NEET* affects future life chances and those who are NEET are disproportionately from lower socioeconomic backgrounds

Being NEET during early adulthood has long-term impacts on outcomes

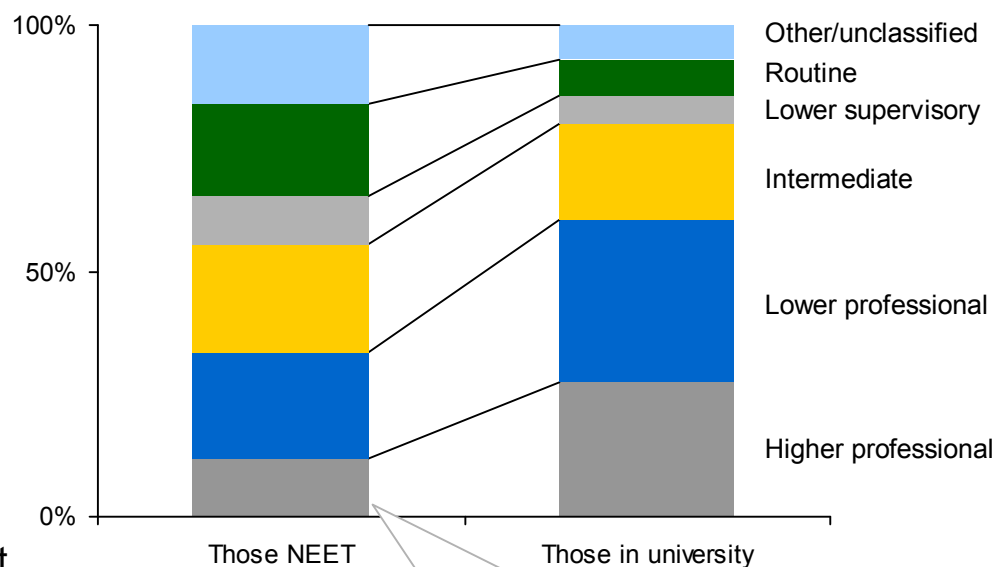
Per cent of males with symptoms of social exclusion aged 21, who were either NEETs or non-NEETs when aged 16-18¹



- Being NEET between 16-18 is the single most important predictor of unemployment at age 21³
- The average cost of being NEET (both in terms of a reduction in productivity and additional public finance costs) is estimated to be around £97,000 per person over a lifetime (2000/01 prices)⁴

Those not in education, employment or training are much more likely to come from lower socioeconomic backgrounds

Socioeconomic grouping of 19 year olds families²



Nearly half of NEETs come from lower socioeconomic backgrounds, compared with less than a quarter of university students

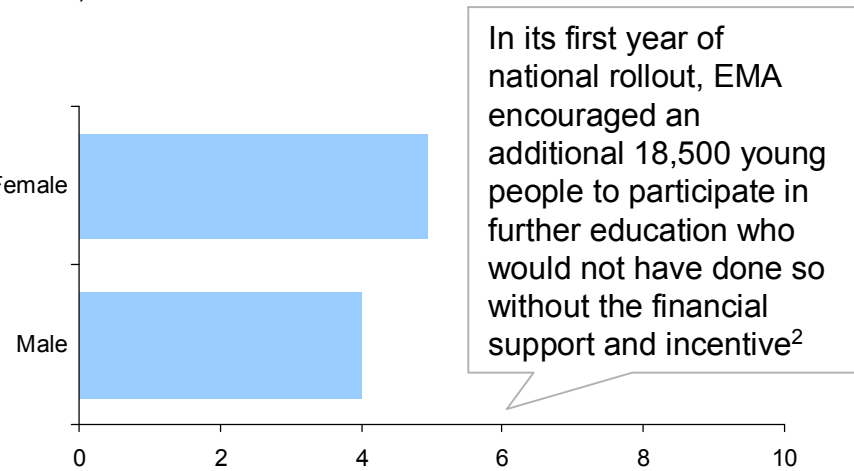
* Not in Employment, Education or Training (1) 1970 British Cohort survey in SEU (1999) *Bridging the gap*; (2) DCSF (2008) *Youth Cohort Study, Cohort 12, sweep 4* (3) Blanden, Gregg and Macmillan (2006) *Accounting for intergenerational income persistence: non-cognitive skills, ability and education*; (4) DCSF (2002) *Estimating the cost of being 'Not in Education, Employment or Training' at age 16-18*

Young people are now receiving more support to study for all types of qualifications, and steps have been taken to reduce the number of NEETs

Transitions	Importance
	Gaps
	Progress
	Potential

Educational Maintenance Allowances have increased the number of young people staying on and gaining Key Stage 5 qualifications

Estimated per cent impact of EMAs on pupils attainment (A-level point score), 2002/03 cohort¹



The government has a targeted strategy for reducing NEETs, aimed at tackling disengagement and ensuring young people have a range of learning options

DCSF strategy for reducing NEETS 2008³

Careful tracking systems	To identify early those young people who are NEET, or who are at risk of becoming NEET
Personalised guidance and support	To make sure young people know how to access education, training or employment and to enable them to overcome barriers to participation
Provision of a full range of courses	To engage young people through sufficient provision at every level and in every style of learning
Emphasis on rights and responsibilities	A clear set of incentives for young people to re-engage as soon as possible if they drop-out

- 78% of 16 year olds are in full time education—a rise of 6% in 3 years—and 90% of 16 year olds are in some form of education or training⁴
- There are currently 160,000 16 to 18 year olds amongst a total of 250,000 apprentices in training, up from 75,000 in 1997⁵

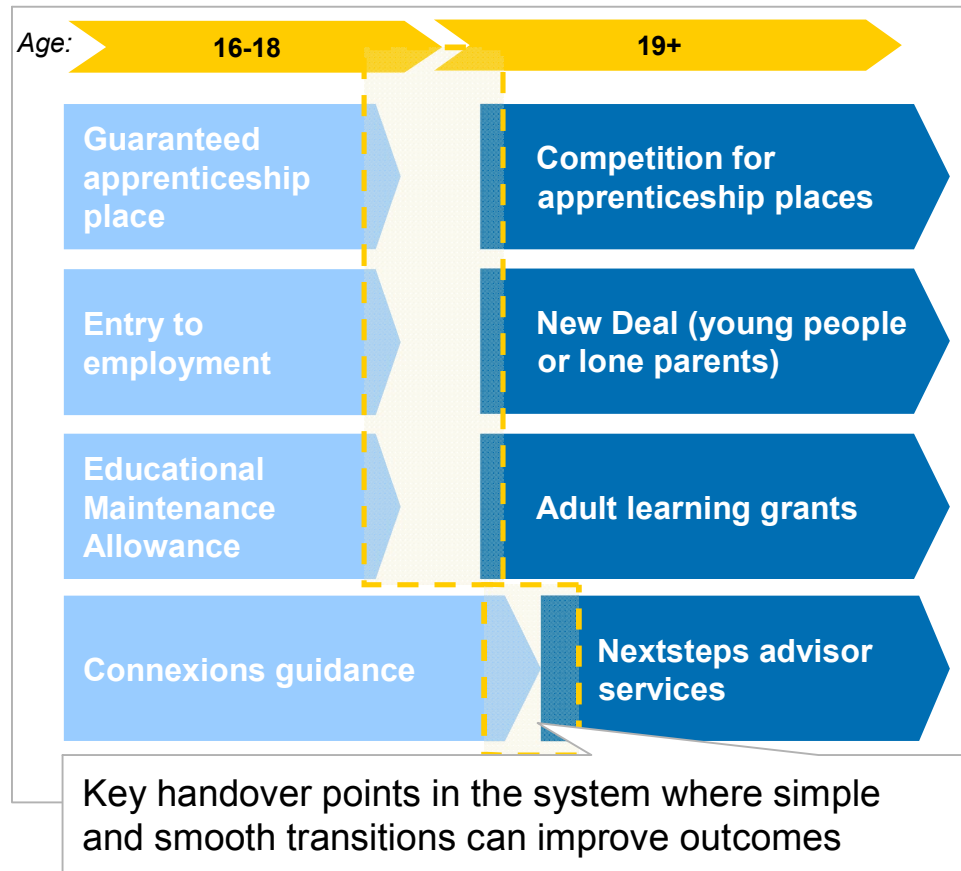
(1) IFS (2007) Education maintenance allowance: Evaluation with administrative data; (2) RCU (2007) research focussed on the perceptions of a sample of 2,000 Learners receiving EMA, the perceptions of 375 Providers administering EMA, and the results of Data Analysis of existing MI datasets (3) DCSF (2008) Reducing the proportion of 16-18 year olds NEET: The strategy ; (4) DCSF (2008) (5) DIUS (2008)

Ensuring a more joined up system to support young people's pathways and transitions could enable more people, especially from lower socioeconomic groups, to fulfil their potential

Transitions	Importance
	Gaps
	Progress
	Potential

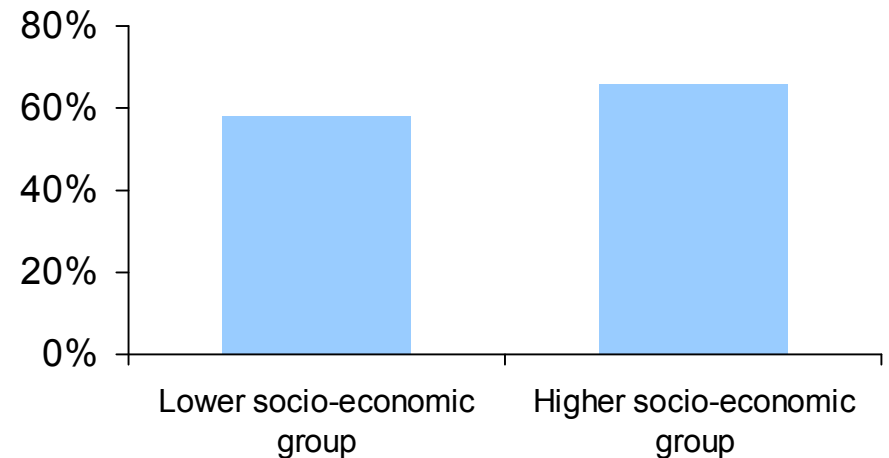
A more joined up support system could enable a smoother and simpler path and transition into the workplace

Examples of transition points for some young peoples' progression into the workplace¹



More people from lower socioeconomic groups could go on to the institutions that have higher returns

Per cent applications to Russell group institutions for those with 30+ UCAS points, 2001 by socio-economic group²



- Better information on appropriate pathways, stronger incentives to make long-term decisions, and support to tackle barriers at key transition points could enable more young people to progress post-16
- Evidence also suggests there is a period in early adulthood when people regret dropping out of school and are likely to want a second chance to return to learning³

(1) DCSF (2008) (2) DCSF (2006) Social mobility: Narrowing Social Class Educational Attainment Gaps; (3) Cabinet Office SU (2008) Life chances: Supporting people to get on in the labour market

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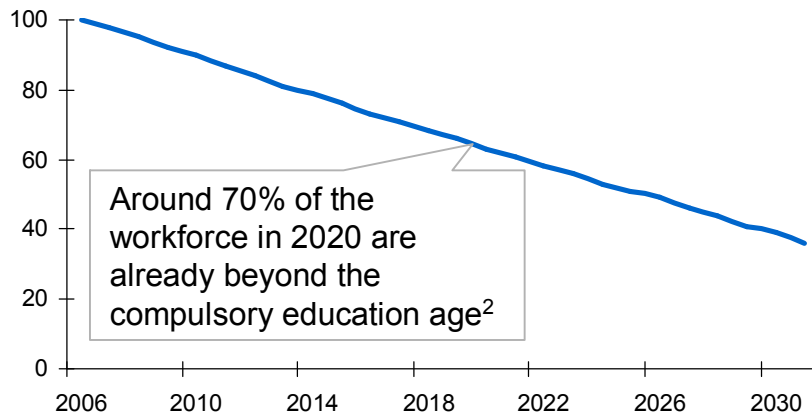
4. Adulthood

- The majority of the workforce of the next decade are already aged over 25. Increasing their social mobility requires improving their opportunities to progress in the workplace
- Differences in people's earlier life chances play out, and are compounded, once they enter the workplace
- Progress has been made in enabling people to update and increase their skill levels, as well as ensuring the right to second and third chances for career progression
- Ensuring all individuals have the opportunity continually to learn new skills and progress in the workforce is crucial to removing barriers to realising full potential

The majority of the workforce of the next decade are already aged over 25. Increasing their social mobility requires improving their opportunities to progress in the workplace

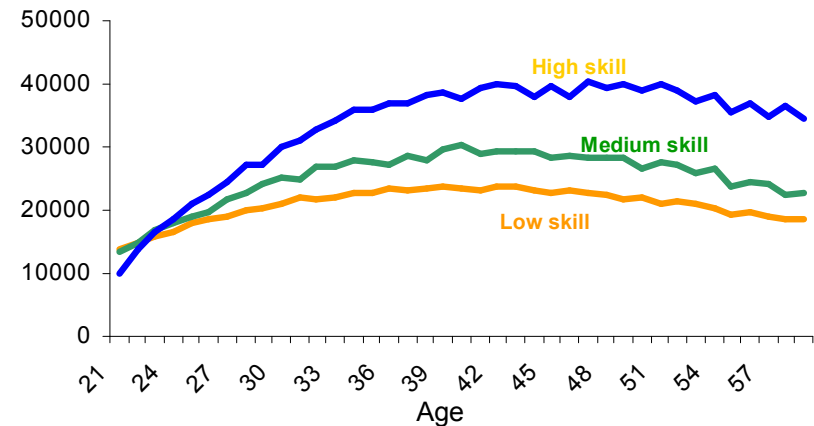
More than half of the future workforce will be people who are already aged 25 or over

Per cent of total working age population who were aged 25 and over in 2006¹



And those with less skills have more limited progression prospects

Gross median annual earnings (£) by age for men, disaggregated by skill level, 1994-2006²



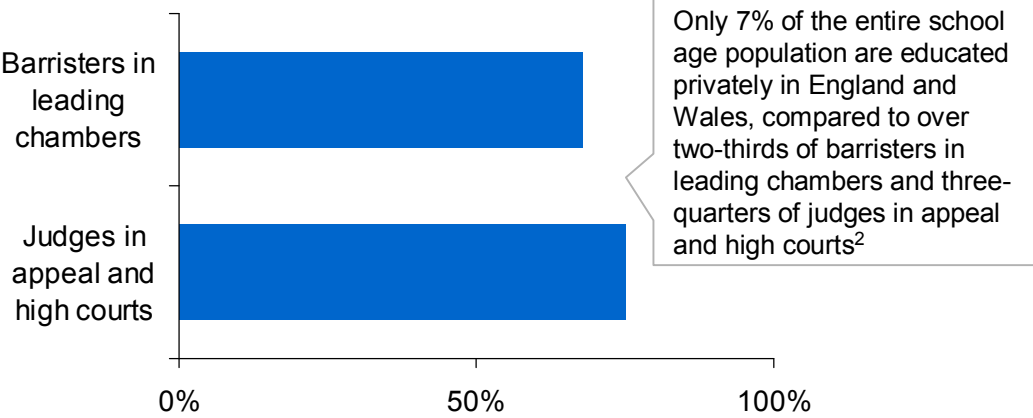
- Effective training and opportunities within the workplace are important in enabling progression. Those currently aged over 25 will account for over half of the working age population in 2020. This is beyond the age when people are likely to participate in the traditional education route from school through to university³
- Recent regional learning and skills councils reports have also highlighted the importance of training the current workforce to meet future skill demands. For example, in the West Midlands the business and professional services sector’s high skills need is expected to grow over the next 10 years, but within the sector there are still 62,500 people with qualifications below Level 2, of whom 17,000 have no qualifications⁴

(1) GAD Population Projections, based on 2006 principal projections; (2) BHPS Waves 1-15 (3)DWP / DIUS (2007) *Opportunity, Employment and Progression: Making skills work*; (4) Learning and Skills council (2007) *Review of education and training in business and professional services – west midlands*

Differences in people's earlier life chances play out, and are compounded, once they enter the workplace

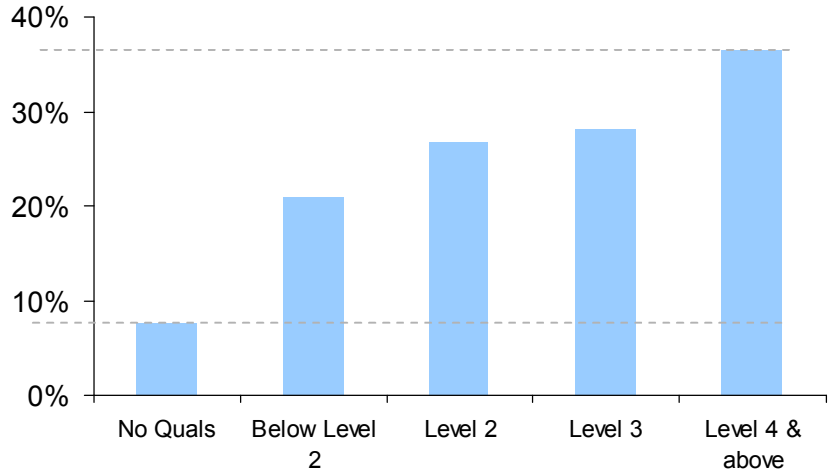
For the top professions, access is limited for those from a less privileged background

Percentage of judges from high and appeal courts and barristers from eight leading chambers who attended a fee-paying school, 2004²



Those who are low-skilled are less likely to receive in-work training, further compounding their disadvantage

Per cent of employees who have undertaken job related training in the past 3 months, by highest qualification level, 2007¹



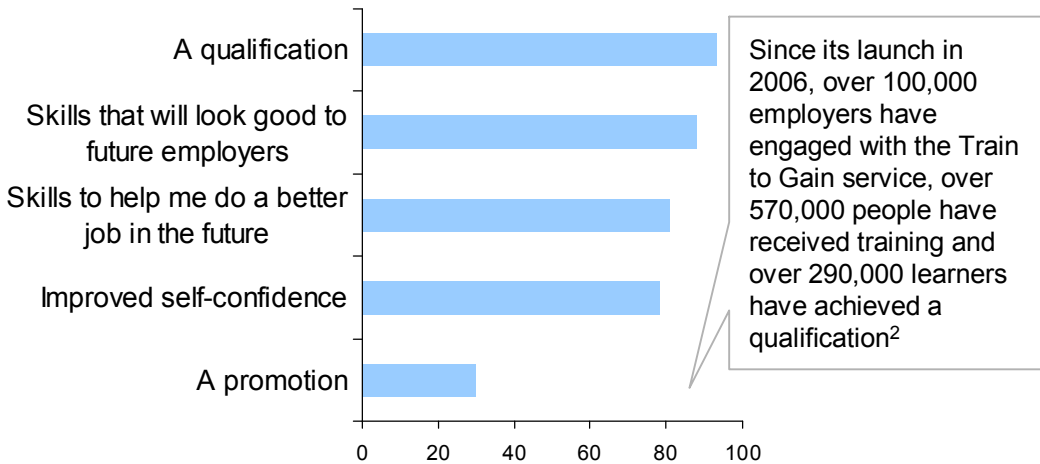
- The UK still has nearly 5 million people of working age without any qualification, 7 million adults with numeracy problems and 5 million not functionally literate. However, employers and employees often fail to address their skills needs, suggesting various barriers exist⁵
- US evidence shows low paid workers are more likely to improve their earnings mainly by moving to another firm, typically at the same occupational level⁴

(1) Labour Force Survey Q2 2007; (2) The Sutton Trust (2005) *The educational backgrounds of the UK top solicitors, barristers and judges* (3) Blundell et al (1996), also LFS 2007; (4) Dearden et al (1997) *Labour turnover and work-related training*; (5) Cabinet Office Strategy Unit (2008) *Life chances: Supporting people to get on in the labour market*

Progress has been made in enabling people to update and increase their skill levels, as well as ensuring the right to second and third chances for career progression

Government is helping both businesses and individuals to improve skill levels

Train to Gain programme: stated actual training outcomes for the learners in wave 1 learner survey, spring 2007 (per cent)¹



The broad range of advice and support services are increasingly being joined up to enable progression

Regional trials, becoming operational nationally in 2010

Skills Accounts

A new online tool where, throughout their career, an individual can log their skills and training, access funding to accumulate the necessary skills credits needed to progress and access advice and support

Adult advancement and careers service

Draws together a full range of advice and support on issues such as jobs, skills, childcare, housing, financial and personal issues to address the broader needs of customers and drive progression

- Progress has been made in providing the support to help individuals get into and progress in work including: free training up to level 3 for all aged up to 25, support for all adults to gain free basic skills and level 2 qualifications, more apprenticeship and advanced apprenticeship places
- Progress has also been made in supporting employers to better access the range of opportunities for improving the skills of their employees. For example the introduction of skills brokers and government funding including a subsidy of up to 100% for Skills for Life and first full level 2 qualifications

(1) Learning and Skills Council (2008) *Train to Gain learner evaluation: report from wave 1 research*

Ensuring all individuals have the opportunity continually to learn new skills and progress in the workforce is crucial to removing barriers to realising full potential

Adulthood

Importance

Gaps

Progress

Potential

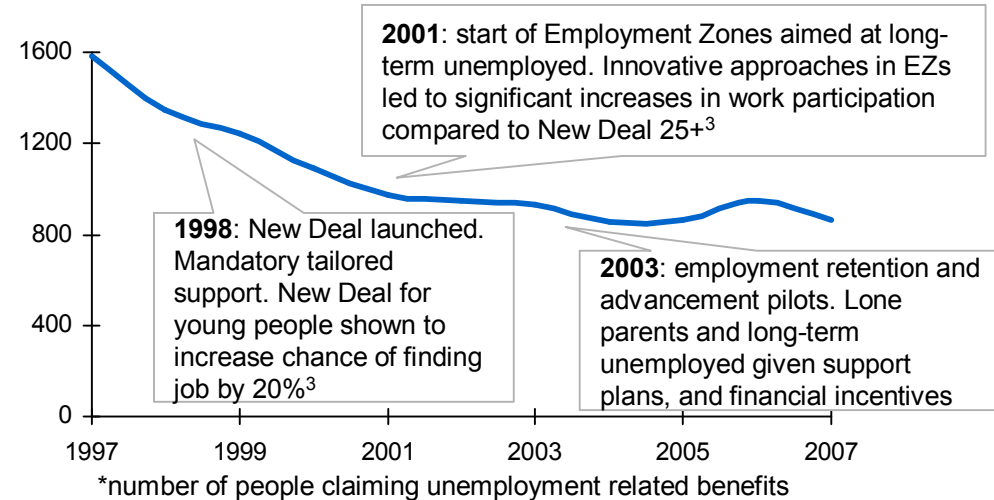
Tackling barriers to training could help individuals and firms to invest more time in up-skilling

Possible barriers to individuals investing in training¹

Time	Difficulty in balancing training with other responsibilities and commitments
Motivation and attitudes	Think training is not relevant to them, possibly due to poor earlier education experiences
Information	Not aware of opportunities for training, or able to calculate the likely returns
Cost	Not able to afford training / cost of income foregone. Returns to training may appear low

Active interventions can help people sustain work and progress

UK unemployment claimant count, 000s* and government programmes²



- There are clear returns to increasing skills for individuals and businesses. An additional 10% increase in employees receiving job related training is associated with a 6% increase in productivity, and a 3% increase in wages.³ However, UK employees only spend an average of two days a year in training, half that of Denmark⁴
- Integrating employment and skills systems could improve job retention and advancement. Some 4.6 million people of working age are without qualifications, of whom 2.2 million are inactive and 280,000 are unemployed.⁵ Training is usually most effective when directly connected to a particular job⁶
- Those with poor literacy skills have an employment rate of 55%, compared with around 75% for those with good literacy skills⁷

(1) (6) Cabinet Office SU (2008) *Life chances: supporting people to get on in the labour market*; (2) ONS (2008) *Estimates of seasonally adjusted claimant count in the UK* (3) NSCR (2003) *Evaluation of employment zones*; (4) Dearden et al (2005) *The impact of training on productivity and wages*; (5) Eurostat (2002) CVTS2; (7) DWP (2007) *Opportunity, employment and progression: making skills work*

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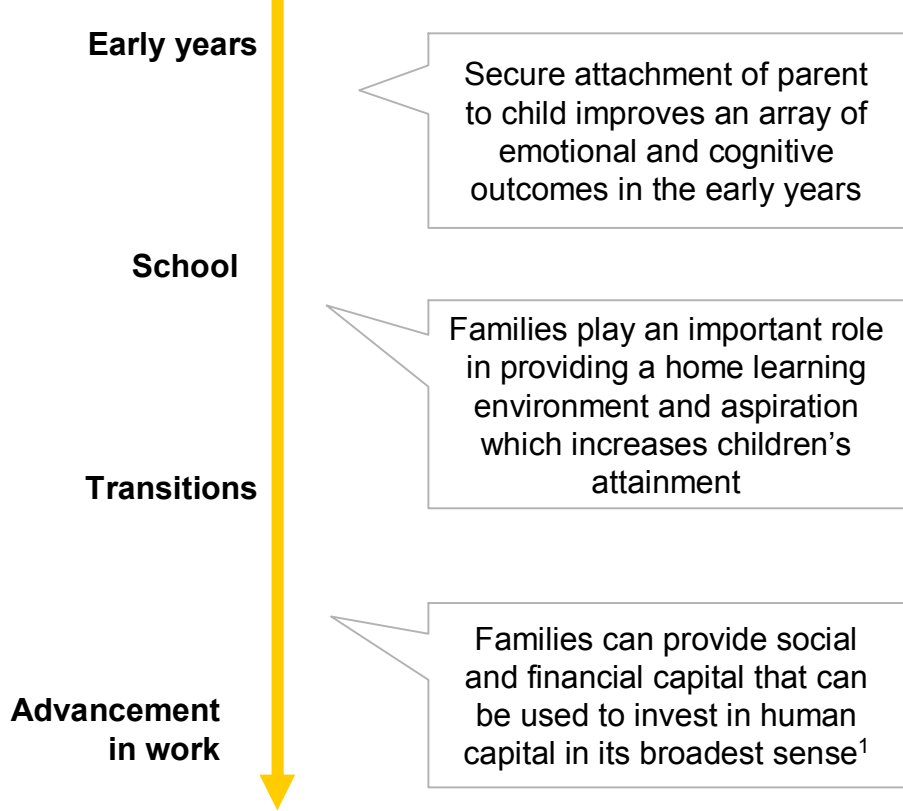
Supporting families in which people can develop

- Family is a unique and important institution that creates the conditions for individuals to progress. What a family does, and how, is important throughout the four life-stages
- Emotional attachments in the early years of life are crucial to forming life-long bonds that help children to develop capabilities in several distinct ways
- Parental involvement in education and parents' aspirations for their children's future increases children's attainment
- Lack of financial resources in a family is likely to have a negative impact on children's capabilities
- Family is also an important mechanism for providing social and cultural capital

Family is a unique and important institution that creates the conditions for individuals to progress. What a family does, and how, is important throughout the four life-stages

- Drivers
- Capability
- Family

Families help their members across the life stages



Government supports families in two ways: reducing pressures on them and enhancing their capabilities

This is best illustrated around a typical life event

	Approach	Policy
Reduce pressures	<ul style="list-style-type: none"> ▪ Rights and legal protection ▪ Financial support ▪ Support in kind 	<ul style="list-style-type: none"> ▪ Maternity and paternity leave ▪ Flexible working and childcare ▪ Targeted benefits such as childcare tax credits
Enhance capabilities	<ul style="list-style-type: none"> ▪ Information and guidance ▪ Skills and training ▪ Intervention 	<ul style="list-style-type: none"> ▪ Health visitors provide information and training ▪ Antenatal classes provide advice and support

(1) Strategy Unit, Life Chances and Social Mobility: an Overview of the Evidence (2004)

Emotional attachments in the early years of life are crucial to forming life-long bonds that help children to develop capabilities in several distinct ways

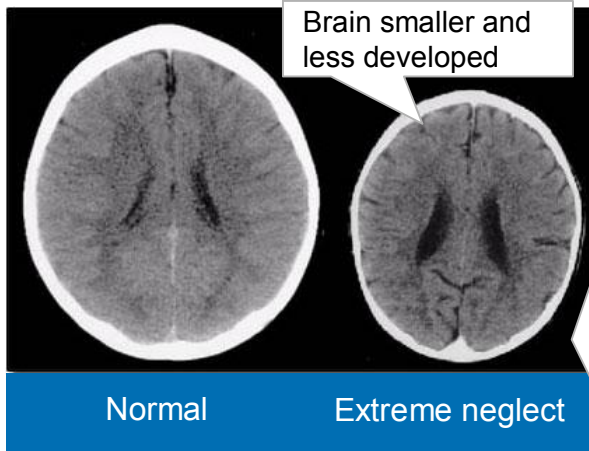
Drivers

Capability

Family

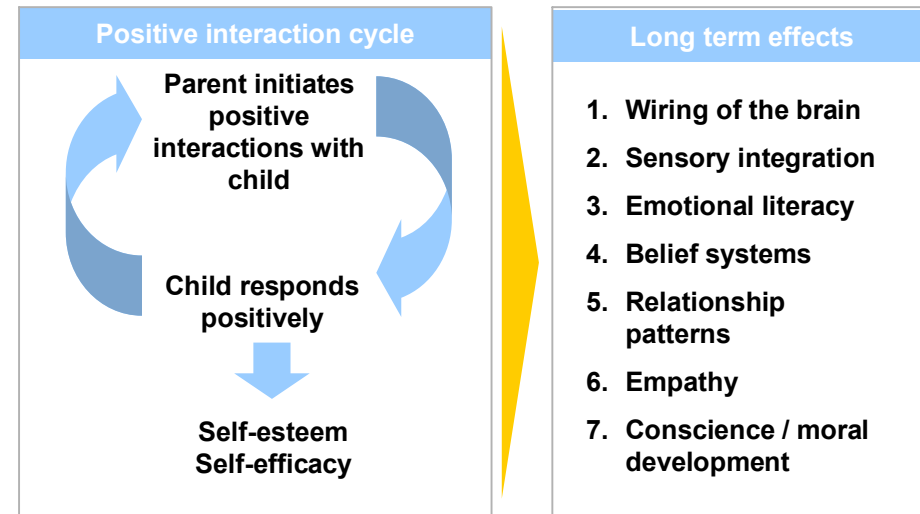
Emotional bonds are important to a child's neurological development

CT scans of 3 year olds' brains¹



The quality of a child's early environment and the availability of appropriate experiences at the right stages of development are crucial in determining the strength or weakness of the brain's architecture (synaptogenesis, the process connecting pathways in the brain, is fastest in the first year of life). This, in turn, determines how well a child is able to think and to regulate emotions²

Positive early years experiences have long-term effects on development³



- Nurturing and stable relationships with caring adults are essential to healthy human development from birth. Early, secure attachments contribute to the growth of a broad range of competencies, including a love of learning, self-esteem, self-efficacy, positive social skills, successful relationships at later ages, and a sophisticated understanding of emotions, commitment, morality, and other aspects of human relationships⁴
- Sensitive and responsive parent-child relationships are also associated with stronger cognitive skills in young children and enhanced social competence and work skills later in school⁵
- Foresight research has identified clear adverse factors for foetal and early brain development such as poor maternal diet and adverse maternal lifestyle (eg. chronic stress, alcohol, tobacco, and recreational drug abuse)⁶

(1) Perry(2002) Childhood experience and the expression of genetic potential: what childhood neglect tells us about nature and nurture, Brain and Mind 3: 79-100; (2), (4), 5) US National Scientific Council on the developing child (2004) Working paper 1: Young people develop in an environment of relationships; (3) adapted from Northumberland NHS Trust presentation on the importance of the early years; (6) Foresight (2007) Mental capital and well being project research – key emerging findings

Parental involvement in education and parents' aspirations for their children's future increases children's attainment

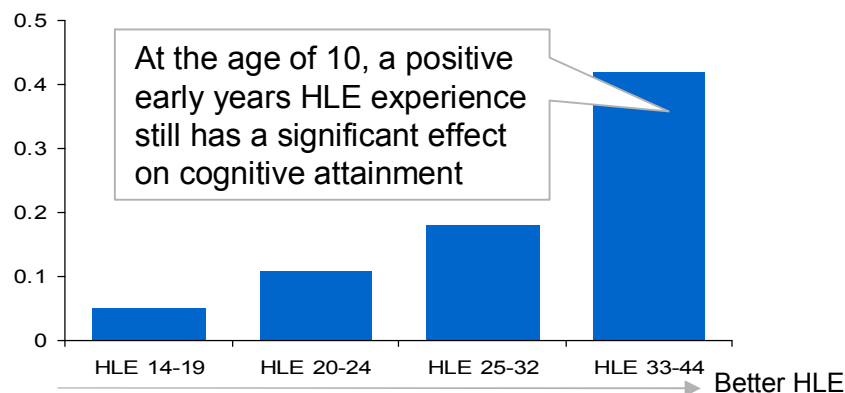
Drivers

Capability

Family

A positive early years home learning environment for a child can greatly enhance their attainment

Strength of the effect of home learning environment on year 6 maths attainment by early years Home Learning Environment (HLE) index scores¹



- Parental interest in their child's education has four times more influence on attainment by age 16 than socio-economic background²
- Parental involvement in their child's reading has been found to be the most important determinant of language and emergent literacy³
- Parental education and engagement in their child's development have a huge influence on children's educational progress and life chances⁴

Parental aspirations are important for children's attainment

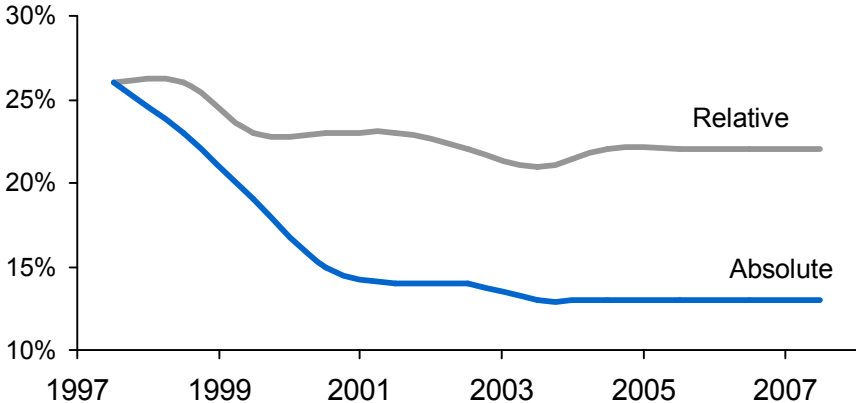
- Parental aspirations have a positive influence equivalent to the impact of four additional school terms on pupil progression⁵
- Strand (2007) found that young people aged 14 whose parents aspired for them to stay on post 16 achieved Key Stage 3 scores on average four points higher than young people whose parents did not have these aspirations, controlling for the other effects of family background⁶
- Educational and career aspirations developed during adolescence can have lifelong significance, influencing future occupational outcomes⁷

Lack of financial resources in a family is likely to have a negative impact on children’s capabilities

- Drivers
- Capability
- Family

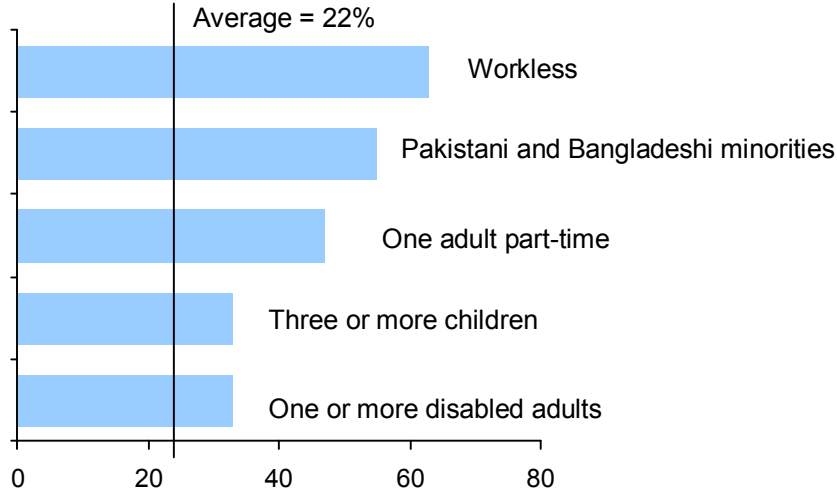
Government is making progress in reducing child poverty

Proportion of children in poverty, by type, per cent¹



However a number of groups still face a high risk of having children living in poverty

Families with a particularly high risk of poverty by per cent²



- There is a strong association between parental income and children’s subsequent earnings as adults³; the greater a family’s financial capital, the greater its capacity to invest in the human capital of children
- Parents with fewer financial resources tend to hold lower aspirations for their children⁴
- Experiencing poverty as a child has substantial impact on children’s experiences at school, where they can miss out on opportunities to learn and socialise because their families may have difficulty meeting costs of uniforms, school trips, music, art and out-of-school activities⁵

(1) (5) HMT (2008) *Ending Child poverty: Everybody’s business*; (2) HMT (2008) Data on households below average income 2005-06; (3) Cabinet Office (2007) *Reaching Out: Think Family*; (4) Schoon, I. (2006). *Risk and Resilience*

Family is also an important mechanism for providing social and cultural capital

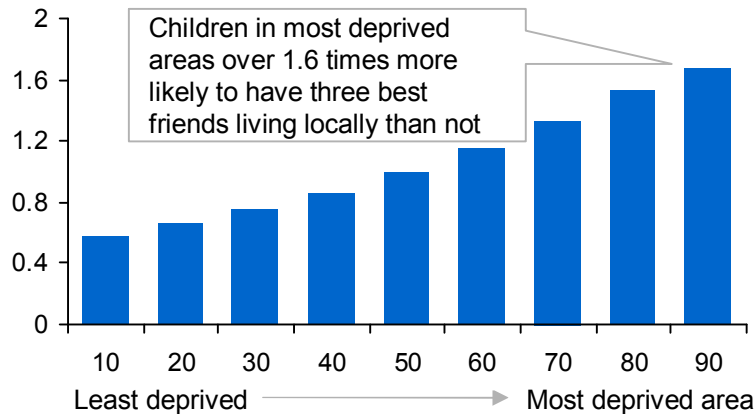
Drivers

Capability

Family

Better off families typically have greater access to sources of strong social capital, such as networks extending beyond their immediate locality

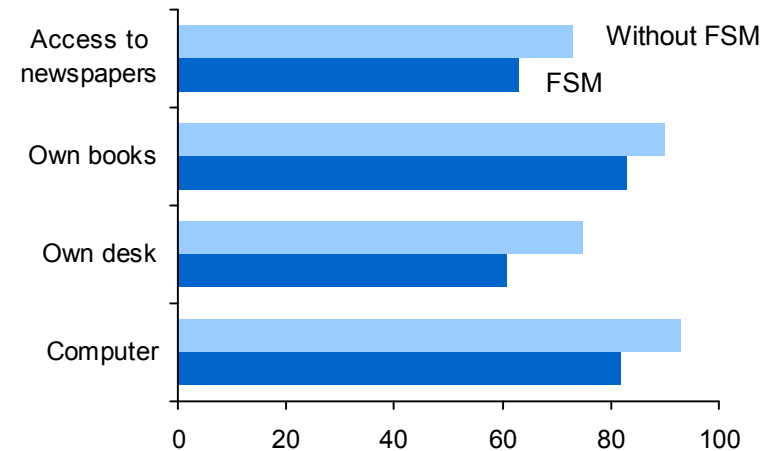
Odds of a child's three best friends living locally by index of multiple deprivation¹



- Families are an important source of social capital. Middle class families may have greater access to social capital than working class families. Middle-class families²:
 - tend have more extensive ties
 - can give their children more access to these networks
 - tend to have further opportunities to develop networks at university and elsewhere

Access to sources of information are lower in homes with children that qualify for free school meals

Per cent of children with access to means of acquiring information³



- Cultural capital consists of familiarity with the dominant culture in a society and especially the ability to understand “educated” language⁴
- Families play a key role in disseminating cultural capital through books in the home, consumption of high culture and intra-family discussion⁵
- Cultural capital may be important for children’s cognitive and motivational development, reflected in such things as reading behaviours⁶

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Supporting communities in which people can develop

- Outcomes associated with low social mobility are associated with living in deprived areas and being in social housing
- Geographic polarisation by wealth and variation between different deprived areas enhances the case for tailored and targeted initiatives

Further discussion

Outcomes associated with low social mobility are associated with living in deprived areas and being in social housing

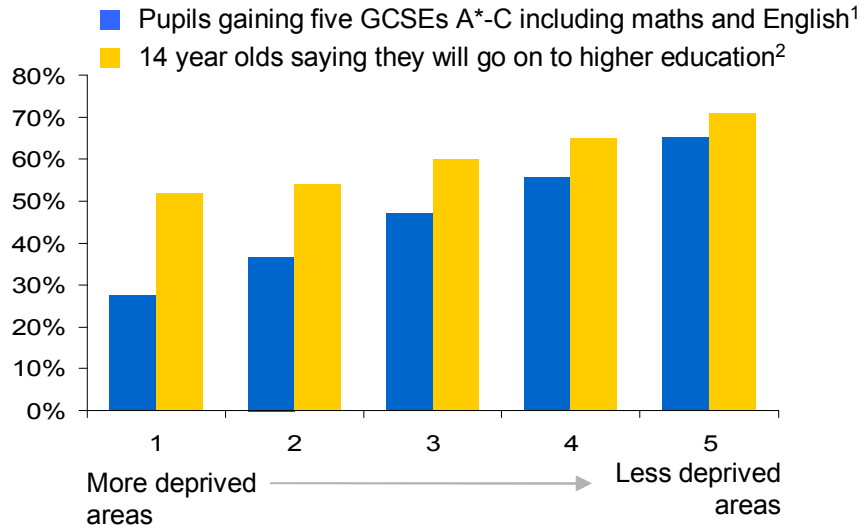
Drivers

Capability

Community

Lower levels of educational attainment and lower aspirations are associated with living in deprived areas

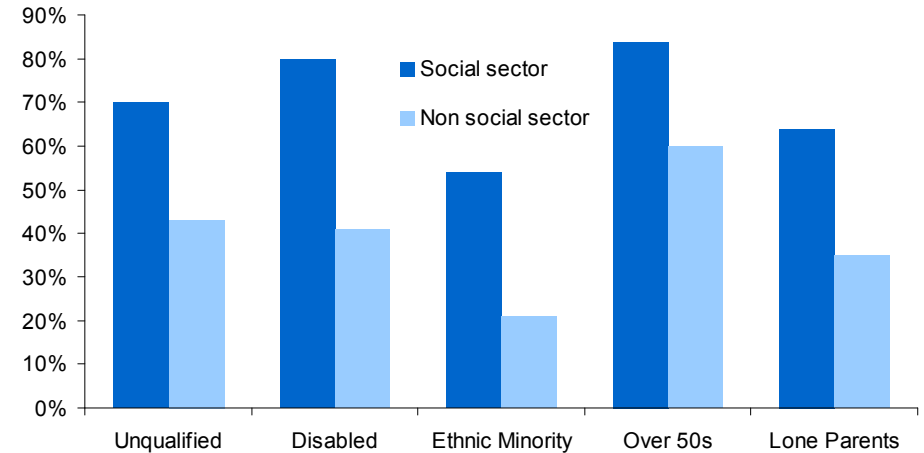
Achievement and aspiration levels, by Income Deprivation Affecting Children Index quintiles, England



- Worklessness is also geographically concentrated and persistent: of the areas in the highest decile of worklessness in 1999, 85% were still there in 2005³
- However, between 2000 and 2005, areas with the highest JSA and IB claimant rates tended to see bigger than average declines in claimant counts⁴

Working age social tenants are more likely to be workless than people living in other sectors

Worklessness rates of groups at risk of worklessness, by housing sector⁵



- Living in social housing has become more associated with a range of unfavourable outcomes in later life⁶
- Social housing is concentrated in the most deprived areas: 51% of households in the 10% most deprived areas are social tenants compared to 16% elsewhere⁷

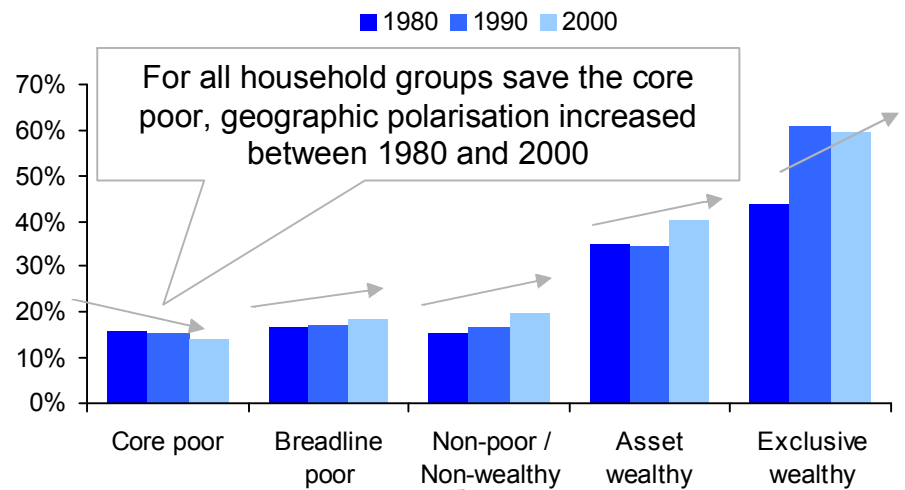
(1) Income Deprivation Affecting Children Index (2007); (2) Longitudinal Study of Young People in England (2006); (3) Neighbourhood Renewal Unit (2005) Making it happen in neighbourhoods; (4) Dorling et al (2007) Poverty, wealth and place in Britain, 1968 to 2005; (5) Labour Force Survey (2006); (6) Feinstein et al (2007) Public Value of Social Housing; (7) English House Condition Survey, Indices of Multiple Deprivation (2004)

Geographic polarisation by wealth and variation between different deprived areas enhances the case for tailored and targeted initiatives

- Drivers
- Capability
- Community

There is little direct data on the impact of area on social mobility, but poor and wealthy households have become more geographically segregated

Index of dissimilarity (per cent of each group that would have to move to produce an even geographic distribution of all groups), by household group¹



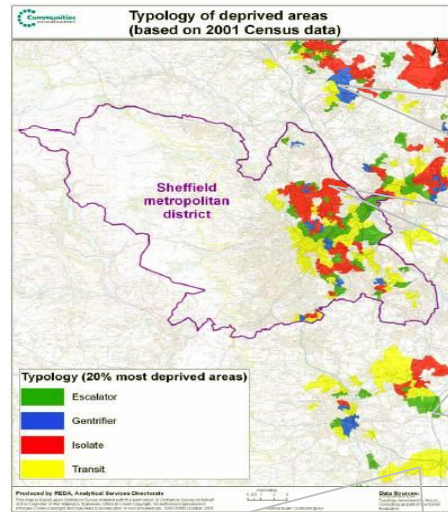
For all household groups save the core poor, geographic polarisation increased between 1980 and 2000

Groupings of households categorised by income, housing wealth, inheritance tax thresholds and potential to be “excluded from participating in the norms of society”¹

- Wealthy households have concentrated in the outskirts and surrounds of major cities, especially London¹

However, there may be significant variation between the economic prospects of those in different deprived areas

Typology of deprived areas based on 2001 census data²



“Gentrifier” areas are those which attract more affluent households. Those moving in will come from better areas and displace existing residents, who will move to similar or poorer areas

“Isolate” areas are disconnected from the wider housing market. Those moving in and out will largely be restricted to similar or poorer areas

“Escalator” areas are those to which people move, usually at the start of their careers, and then move onwards and upwards to less deprived areas as their careers develop.

“Transit” areas are those well connected with better housing markets, often with lower house prices. People stay in these areas for a short while until their prospects have improved.

- Aspirations also vary between different deprived areas. For example, young people in northern, ex-industrial areas with settled communities tend to have lower aspirations than young people in densely populated inner-city areas, with high levels of ethnic diversity and population mobility³

(1) Dorling et. al. (2007) Poverty, wealth and place across Britain 1968 to 2005; (2) Robson et al (forthcoming) A typology of the functional roles of deprived neighbourhoods; (3) Social Exclusion Task Force (forthcoming) Aspirations and attainment among young people in deprived communities

Introduction

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Further discussion

Feedback on the analysis presented in this paper is welcome, and should be sent to the Strategy Unit by email to **socialmobility@cabinet-office.x.gsi.gov.uk** or by post to the Social Mobility Project, Strategy Unit, Cabinet Office, Room 4.17 Admiralty Arch, London, SW1A 2WH

This paper is a Strategy Unit discussion paper and is not a statement of Government policy. Every effort has been made to ensure accuracy and that the data used is the most recent available.