



Social Mobility &
Child Poverty
Commission

Bridging...

...the Social Divide

*Making Social Mobility and Child
Poverty Core Business for the
Next Parliament*

Foreword

Making Social Mobility & Child Poverty Core Business for the next Parliament

For decades British politicians have agreed that **boosting social mobility and reducing child poverty** are essential if Britain is to fulfil its potential, be at ease with itself and be confident about the future. The Attlee welfare state and the Butler education reforms, perhaps two of the most significant political reforms of the last century, expressed this consensus. The Thatcher and Blair Governments made aspiration their political calling cards. The Coalition Government of 2010-15 placed itself squarely in this political tradition by committing to make Britain “an aspiration nation”, one that seeks to be truly meritocratic and free of child poverty.

That consensus has produced real results. Child poverty has fallen by 40 per cent from its post-war high in 1992. There are fewer children in workless households than at any time in over two decades. Employment is at record levels and educational inequalities, though wide, have slowly narrowed. More working class youngsters are benefitting from higher education than at any point in history. And, despite the unprecedented fiscal constraints of recent years, the political commitment to reduce poverty and improve mobility has remained undiminished. Counter to today’s prevailing anti-politics mood, the fact that we have made progress on the

most intractable social problems of our age, is **testament to the ability of our political system to deliver.**

Nonetheless, it is obvious that the **progress that has been made has been too limited and too slow.** This is not a criticism of what has gone before, but an exhortation to all the political parties to continue to bend to the wheel.

The strength of the British economy at the start of the century meant considerable resources could be directed to reducing poverty and there were some successes, particularly in relation to workless households, poverty pay and tackling educational disadvantage. But it proved much harder to create enduring pathways out of poverty and too many children from lower income backgrounds still found the best routes to success in our society blocked to them.

The last five years have seen much governmental focus on increasing social mobility, but the **significant challenge of matching the economic recovery with a social recovery has not yet been overcome.** Educational attainment by children from disadvantaged families has improved but the gap between them and that of their more fortunate peers has improved only marginally. The number of disadvantaged children going on to higher education has increased but they

have much less chance of going to the most-sought-after universities than their privately educated peers.

Employment has grown considerably since 2010, yet despite recent increases in wages they are still lower in real terms than they were before the recession and the number of workers who are low paid has also increased. Home ownership rates among young people have halved in just twenty years. And, as we show in this report, **there is a postcode lottery in social mobility** with some parts of the country faring far worse than others when it comes to educational and employment opportunities to progress.

If more progress is to be made in the next parliament than in this one, urgent action and renewed energy will be needed, particularly given the strong headwinds which any new government will almost inevitably face. Without a new approach **the risk is that Britain becomes a permanently divided nation** as Britain's fiscal deficit and deep-seated changes in the labour and housing markets coalesce to make social mobility harder not easier. In this report we set out what we believe the priorities for action should be behind this new approach.

We have done so because so far, rather than facing up to the possibility of a divided nation, politicians of all parties have ducked the challenge of setting out in detail how they would seek to make social progress in a time of austerity. In an unpredictable and divisive election the consensus on

social mobility and child poverty could all too easily evaporate. So far, the general election campaign has been dominated by the economy and health with mobility and poverty issues being treated as a side-show. That means too little debate now and potentially lots of bad decisions later.

There is a real risk that the enormous fiscal challenges facing the next government will persuade whoever is in 10 Downing Street after May to consign progress on mobility and poverty to the **"too difficult" pile**. We believe that this would be a **mistake of catastrophic proportions**.

The 2015 General Election should be an opportunity for political parties to step up to the plate and explain what they want to achieve when it comes to tackling poverty and improving mobility - and how, if they are elected, they plan to do so. Certainly, voters are looking for answers. Public concern about poverty and inequality has been rising: the **proportion of people who say it is one of the most important issues facing the UK has increased threefold** since the recession with more people highlighting it as an important issue than education, crime, housing or terrorism¹.

The **Credit Crunch Generation**, those born after 2008, will not be able to vote at this election but their life chances will probably be shaped more by decisions made in the next parliament than by any other in their lifetimes. Without concerted effort on the part of the next government, this generation could be

5 Key Priorities for the next administration

the first in more than fifty years to see their prospects for **social progress actually going backwards**. Unless action is taken, millions of people will struggle to make ends meet despite being in work, and millions of young people will face little prospect of ever owning their own home.

More damagingly, the certainty that working hard is a guaranteed path to success - the glue that has bound British society together for generations - could erode. That would heighten already growing tensions in British society.

It would be all too easy for each of the political parties to take refuge in simple policy solutions and treat them as easy answers to the problem of high levels of child poverty and low levels of social mobility. In truth, simply relying on economic growth, any more than simply relying on a higher minimum wage or a lower starting level of tax will not make Britain a high-mobility, low-poverty country. Fundamental changes in the labour and housing markets, in the nature of poverty and in the fiscal position facing any future government mean that **a new approach is needed if child poverty is to be beaten and social mobility improved**. A concerted and holistic plan of action is needed. Some of the biggest barriers to social advancement - the education and welfare systems - are directly within the purview of the State. Meanwhile the housing and labour markets that once enabled mobility in Britain are now having the opposite

effect, making action by the government an urgent necessity.

That is why we look to all the main political parties – as they prepare to issue their election manifestos – **to set out how they will seek to bridge the social divide in Britain**. In this document we examine the five key issues we believe are priority areas for action.

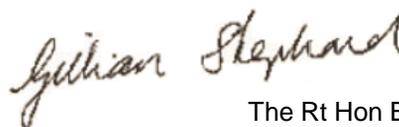
These priorities are to:

1. **Redeploy** spending to maximise social progress
2. **Restart** the twin engines of social mobility: Education and Housing
3. **Realign** policy on the working poor
4. **Refocus** on opening up the top of British society
5. **Rebuild** a coalition in the country behind less poverty and more mobility

We believe action on all of these fronts could form the basis of the new consensus we seek. It is now up to the political parties to decide whether they simply allow the fiscal and political challenges of our age to overwhelm them, or whether they will rise to this challenge, and together **make social mobility and child poverty core business for the next Parliament**.



The Rt Hon Alan Milburn



The Rt Hon Baroness
Gillian Shephard

5 key priorities for the next administration:

1. **Redeploy** spending to maximise social progress

- ❖ The old public policy answer to the problem of stalling mobility and entrenched poverty was to spend more. In an age of austerity that is no longer an option. The new approach must be about maximising the social mobility bang for the buck. That will entail hard-headed targeting of public spending and a new determination to better reconcile social policy ends with fiscal means.

2. **Restart** the twin engines of social mobility: Education and Housing

- ❖ The education system and the housing market are the twin engines that can drive higher social mobility. A good education opens the door to a good career. Owning a home fulfils aspiration today and cascades family wealth tomorrow. Neither engine is firing properly. Disadvantaged children are doing better at school but the gap between them and their better-off peers remains far too wide. More young people are in work but more young families are finding it increasingly hard to get their foot on the home ownership ladder.

3. **Realign** policy on the working poor

- ❖ Britain's economy is moving forward. Low inflation and interest rates help all families including the poorest. There are more jobs than ever in the British economy. The number of poor children in workless households is falling. But almost twice as many children in poverty now live in a working household than a workless one. Work, the best stepping stone away from being poor, is not the panacea it once was. High levels of low pay, with 5.3 million people – mainly women – earning less than the Living Wage, mean that poverty is today a problem for working families rather than just the workless or the workshy. Public policy, for decades focused on welfare to work, now needs to realign to move more people from low wages to living wages.

4. **Refocus** on opening up the top of British society

- ❖ Social mobility relies on access to the top universities and professions being open to all those with ability and potential, regardless of background. Both universities and employers have worked hard in recent years to open their doors to a broader range of talent but Britain remains, at heart, elitist. The top jobs and places are dominated by those from a private school background. But as both higher education and professional employment expand in the next five years there is an opportunity to refocus on opening up the top of British society.

5. **Rebuild** a coalition in the country behind less poverty and more mobility

- ❖ Britain is at risk of becoming more divided, not less. Tackling poverty and improving social mobility require action at every level. There is no single silver bullet. Parents, communities, schools, colleges, councils, employers and universities all will need to take a lead if Britain is to avoid being a permanently divided nation. Government has a key role to play, not only in getting public policy right, but in forging a coalition for action in the country. A growing economy provides the foundation for a new national effort to make Britain the most open, fair and aspirational society in the world.

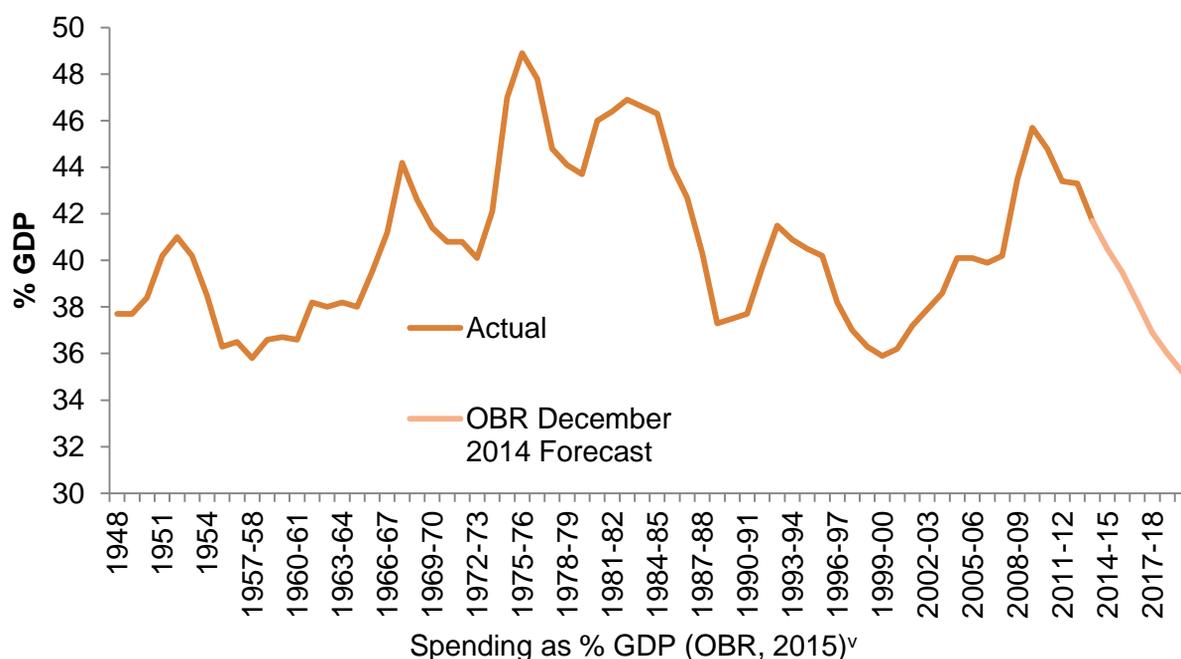
1. REDEPLOY

REDEPLOY spending to maximise social progress

The old public policy answer to the problem of stalling mobility and entrenched poverty was to spend more. In an age of austerity that is no longer an option. The new approach must be about maximising the social mobility bang for the buck. That will entail hard-headed targeting of public spending and a new determination to better reconcile social policy ends with fiscal means.

Public spending in the UK is set to reach historically low levels over the next Parliament. The Office for Budget Responsibility notes that current spending plans will “take government consumption of goods and services – a rough proxy for day-to-day spending on public services and administration – to its smallest share of national income since 1948”ⁱⁱ. According to data from the International Monetary Fund, public spending will be almost as low in the UK (37.8 per cent) as in the USA (37.3 per cent) by 2019ⁱⁱⁱ.

All of the political parties have said they will make significant additional cuts in public spending between 2015-16 and 2019-20 if they win the next General Election. These cuts will need to be achieved in the context of a number of pressures on public spending which will tend to increase expenditure without further policy action. For example, the Institute for Fiscal Studies estimates that existing spending pressures - including the Dilnot reforms to social care and increases in public sector employer National Insurance contributions due to the ending of contracting out - will cost an additional £6 billion^{iv}. This excludes the pressures on public services from a growing and ageing population.



In the fiscal consolidation to date, many social mobility areas of spending have been protected relative to other areas. For example, real terms spending by central and local government on primary and secondary education in England fell by 3.3 per cent between 2009-10 and 2012-13 compared to (for example) 12.4 per cent cuts in police services, 25.9 per cent cuts in transport and 45.2 per cent in housing and community amenities^{vi}. It will be more difficult to maintain this relative protection in the next phase of consolidation.

So far, the poorest families in the country have shouldered more of the burden of fiscal consolidation than anyone except the very richest, both as a proportion of income and in cash terms^{vii}. The impact of consolidation to date has also been more strongly felt by the young: for example, welfare spending on children fell by 10 per cent between 2009-10 and 2014-15, while welfare spending on pensioners increased by 10 per cent over the same time period^{viii}. Cuts in public spending have also had a far bigger impact on families with children than others^{ix}.

The Commission acknowledges that the next government will face hard choices. Equally we find it difficult to see how across-the-board reductions in public spending can be made without seriously affecting the public services that aim to level the social playing field and the income transfers that prop up the revenues of families in and out of work. We accept that fiscal consolidation will have to happen but we look to the next government to properly align public resources with its social policy objectives. If progress is to be made on reducing poverty and improving mobility in an age of austerity, more will need to be done to reconcile ends and means. That is why we look to the next government – whatever fiscal approach it adopts – to give the Office for Budget Responsibility a new statutory duty to analyse the distributional impact of the government's tax and spending decisions and to publicly report on the likely consequences for social mobility and child poverty.

We also suggest that each political party sets out in detail:

- ❖ **What spending they will cut and what spending they will protect to ensure that further fiscal consolidation does not have a negative impact on social mobility and child poverty.**
- ❖ **What action they will take to protect financial support for the working poor.**
- ❖ **How they will re-balance the burden of austerity between the young and the old.**

2. RESTART

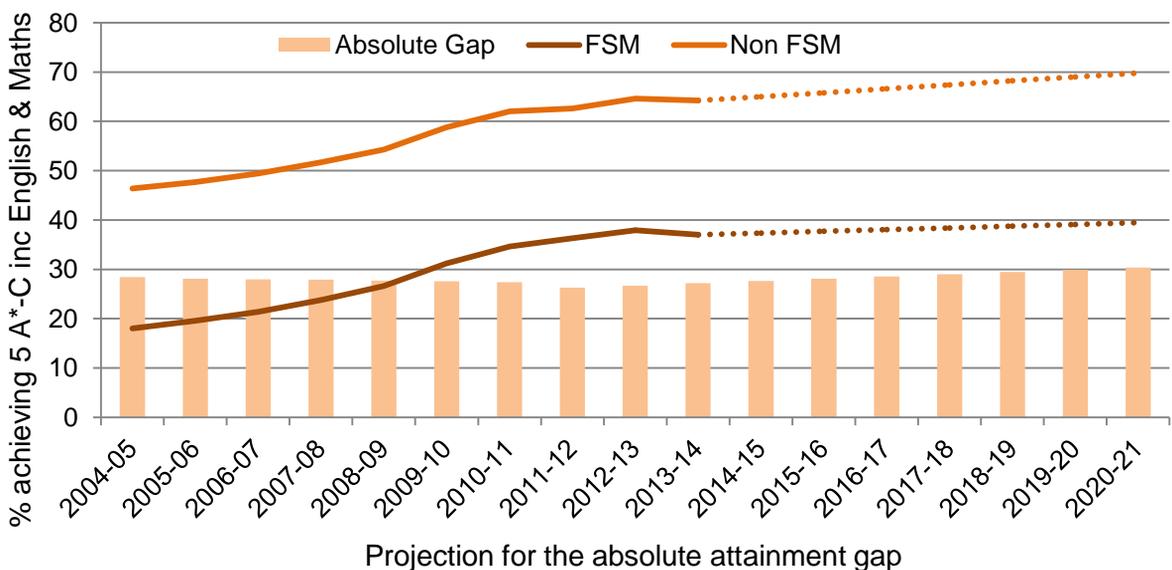
RESTART the twin engines of social mobility: Education & Housing

The education system and the housing market are the twin engines that can drive higher social mobility. A good education opens the door to a good career. Owning a home fulfils aspiration today and cascades family wealth tomorrow. Neither engine is firing properly. Disadvantaged children are doing better at school but the gap between them and their better-off peers remains far too wide. More young people are in work but more young families are finding it increasingly hard to get their foot on the home ownership ladder.

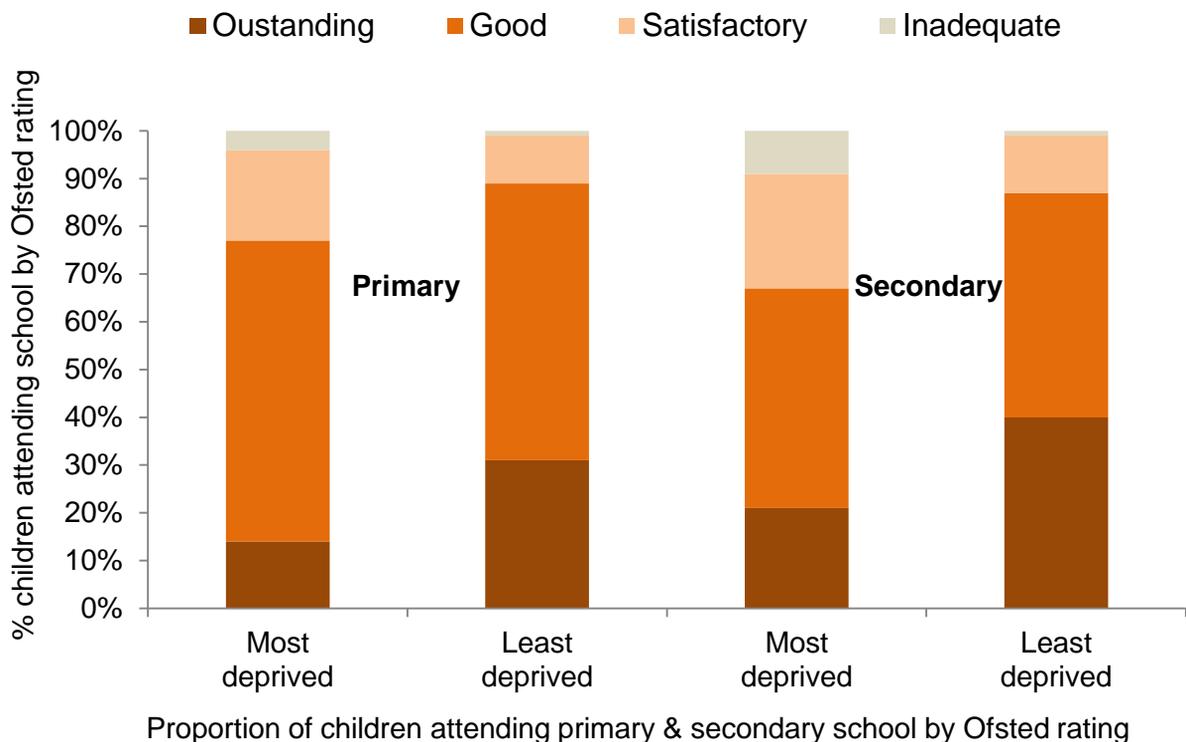
Education

The education attainment of the poorest children has improved in the last decade and the gap between them and their better-off peers has slowly narrowed. Since 2010 the attainment of all children (5 A*-C GCSEs including English and Maths) has improved by four per cent, the attainment of children eligible for free school meals by seven per cent and those eligible for the Pupil Premium by 12 per cent.^x The Academies programme, the Pupil Premium and teaching reforms have all had a positive impact.

Despite this welcome progress the gaps in development and attainment between children from rich and poor backgrounds remain stubbornly wide. Over half (55 per cent) of disadvantaged children are not school ready at age 5, meaning they are unable to do a range of things at a good level for their age including follow instructions, play well with other children and read simple words.^{xi} The attainment gap between children eligible for free school meals and others in achieving 5 A*-C GCSEs including English and Maths is narrowing too slowly - by just 0.7 percent from 2010/11 and by only 4 percent since 2004/05.^{xii}

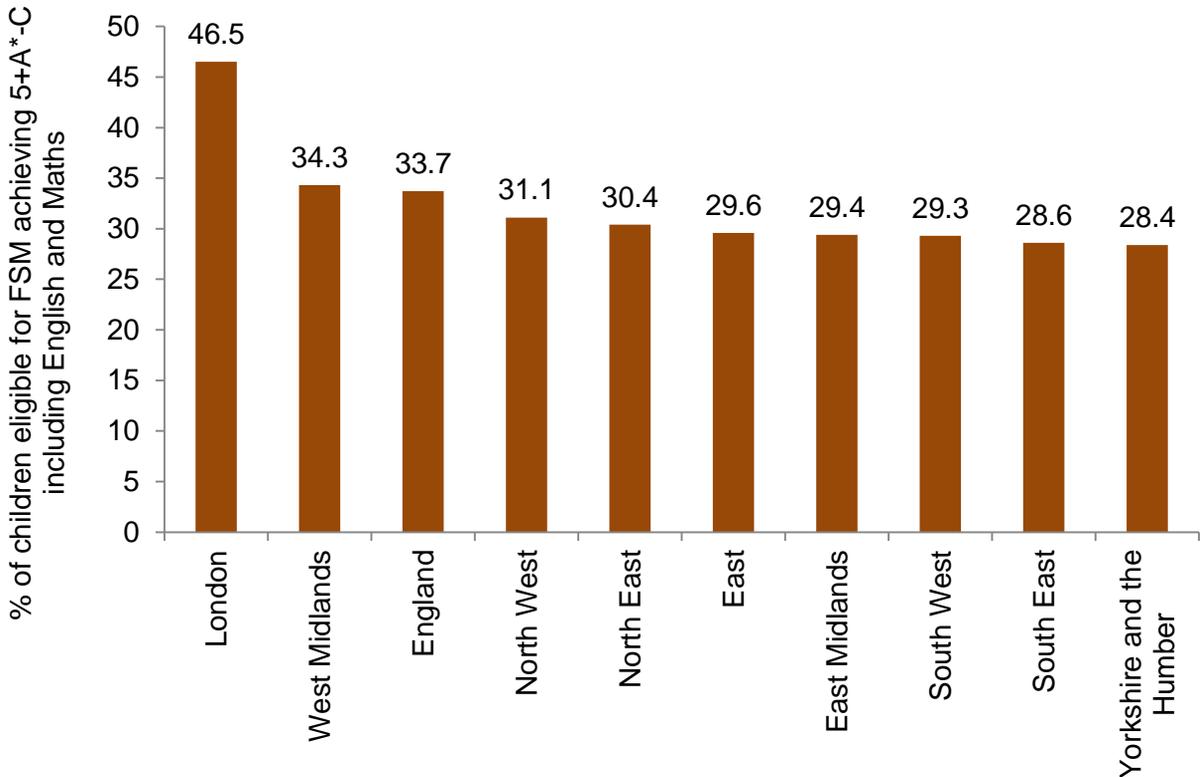


Children in the most deprived places are around half as likely to attend a school with teaching rated at the highest Ofsted level, compared to their better-off counterparts. Between 2010 and 2014 there were welcome increases in the proportion of the most deprived children attending outstanding primary (19 per cent) and secondary (11 per cent) schools. Despite this, children from the most deprived areas are half as likely to attend an outstanding primary or secondary compared to those from the least deprived areas. It is welcome that the proportion of the most deprived children attending an inadequate primary school decreased between 2010 and 2014 (from four to three per cent), but the increase in the proportion who attended an inadequate secondary school (from five to nine per cent) is an unwelcome trend.^{xiii}



The best performing schools are helping three times as many disadvantaged children to achieve five good GCSEs including English and Maths as schools with similar levels of disadvantage. In the best performing schools,^{xiv} 60 per cent of disadvantaged children achieve five good GCSEs including English and Maths compared to only 25 per cent in the lowest performing.^{xv} If schools closed half the gap in performance to the top 20 per cent of schools with similar concentrations of disadvantage, over 14,000 more disadvantaged students would get 5 good GCSEs each year.^{xvi}

Low performance in the past does not have to determine the future outcomes of the credit crunch generation. In 2002, Inner London was the lowest performing area in England for GCSE attainment; now it is the second best despite high levels of deprivation. Disadvantaged children in London are now 35 per cent more likely to get five good GCSEs including English and Maths than children elsewhere.^{xvii}



As London schools illustrate, disadvantage need not be destiny. Success there can be replicated nation-wide but only if the right actions are taken.

We suggest that each of the political parties set out in detail:

- ❖ **How they will improve the targeting of schools and early years funding, so that resources are apportioned on a genuine needs basis.**
- ❖ **What they will do to ensure the poorest areas have far more of the best schools and the best teachers have the right incentives and opportunities to work in struggling schools.**
- ❖ **What they will do to ensure schools focus on closing the education attainment gap.**

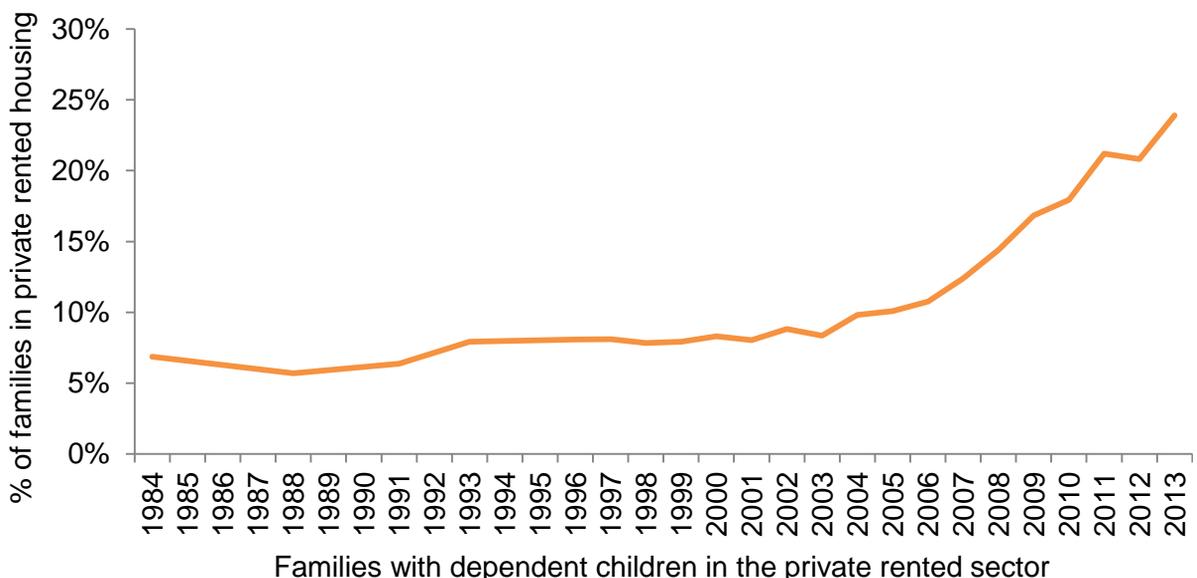
Housing

More homeowners are feeling the benefit of historically low interest rates.

Mortgage costs have halved in real terms since July 2008^{xxiii}. The number of first time buyers in 2014 was at its highest since 2007 with 312,000 people buying their first home^{xxix}, although there are still over 20 per cent fewer first time buyers than there were in 2006.^{xx}

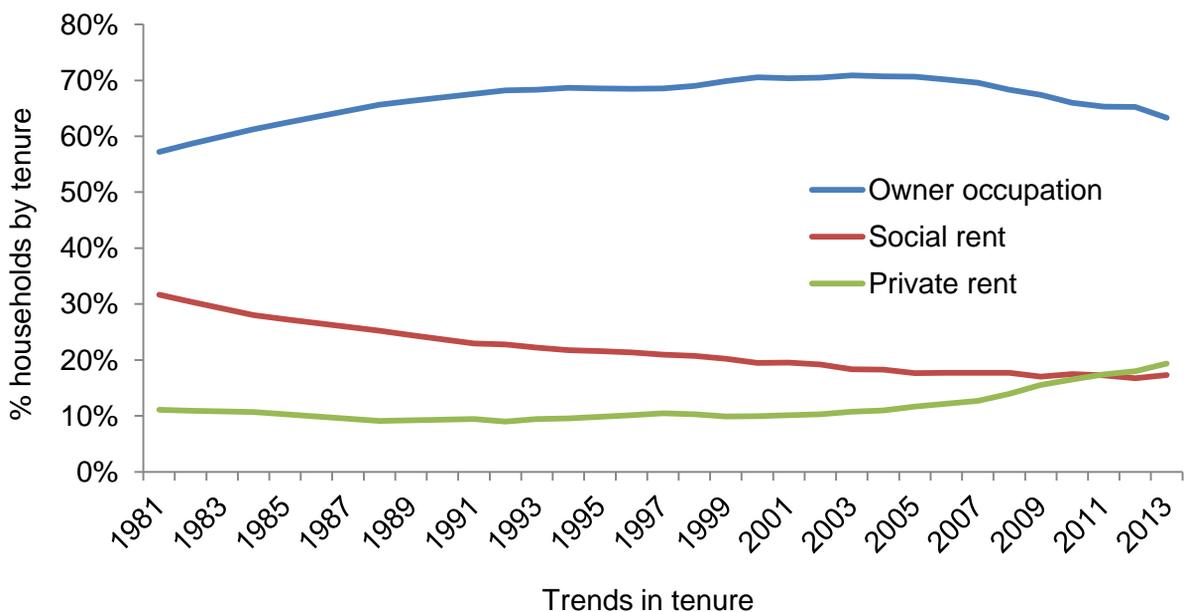
The rate of home ownership among 25-year-olds has halved over the last two decades, from 45 per cent for those born in the mid-1960s to 21 per cent for those born in the mid-1980s.^{xxi} First-time buyers now usually need large deposits and unless they have parents who can help, this is not realistically achievable for couples with children, even after over a decade of saving (and over two decades in London).^{xxii} Unsurprisingly there has been a sharp rise in the number of 20-34 year-olds living with their parents, up 25 per cent since the mid-1990s.^{xxiii} It seems unlikely that this generation will catch up with the home ownership rates of their parents' generation without radical change.

Changes in the housing market are also having a significant impact on families with children, with the proportion living in the private renting sector increasing almost fourfold over the past 25 years: from 5.7 per cent in 1988 to 10.1 per cent in 2005-06 and 23.9 per cent in 2013-14, including 37 per cent of never married single parents. Private renters face housing costs that are on average 40 per cent of their average incomes – far higher than other tenures.^{xxiv} The shift to the more expensive private rented sector is one of the reasons why poverty trends are worse when housing costs are taken into account. Almost a third of children (31 per cent) are in absolute poverty after housing costs – the same proportion as a decade earlier, including one in four (23 per cent) working households.^{xxv}



More private renters means that a growing proportion of the population are not enjoying the benefit of low mortgage rates. While the costs of mortgages have halved the cost of renting has increased in real terms. Those in private rented accommodation also face housing insecurity as most tenants are on assured short-hold tenancies only guaranteeing a home for 12 months.

The rise in the private rented sector reflects a reduction in the size of the social housing sector. In 2013-14 3.9 million households (or 17.3 per cent of households) lived in the sector, compared to 5.4 million households (or 31.7 per cent of households) in 1981.



Housing policy has been a second order issue for previous governments. It must become a priority for action for the next. Demand for housing is rising and supply is not keeping pace. Home ownership rates among the young are falling sharply. The private rented sector, once seen as a temporary haven for young single people, is now home for millions of families, most of whom are living on short-term tenancies with little security.

We suggest that each of the political parties sets out in detail:

- ❖ **What they will do to increase the supply of affordable housing.**
- ❖ **What they will do to ensure that home ownership is open to many more young people.**
- ❖ **What they will do to ensure that there are alternatives to home ownership which offer families secure, reasonably-priced accommodation.**

3. REALIGN

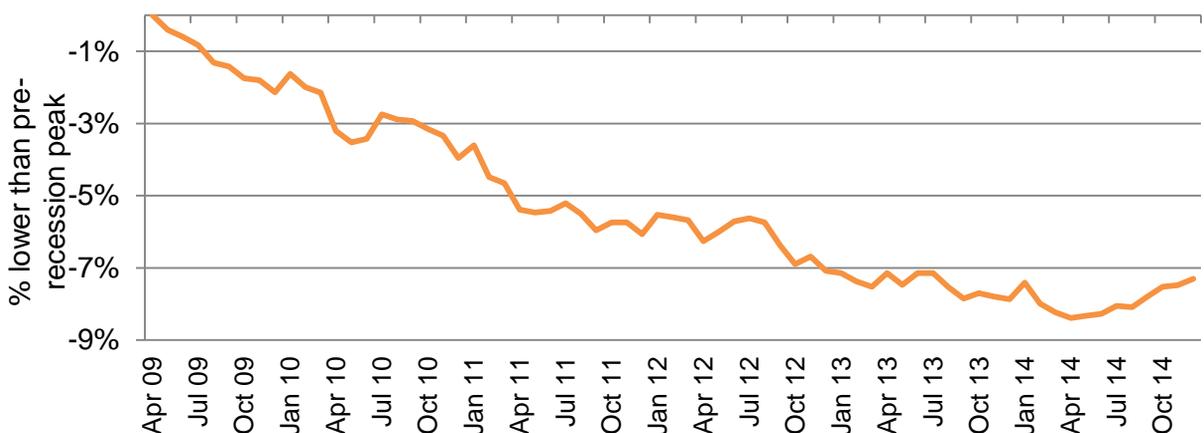
REALIGN policy on the working poor

Britain's economy is moving forward. Low inflation and interest rates help all families including the poorest. There are more jobs than ever in the British economy. The number of poor children in workless households is falling. But almost twice as many children in poverty now live in a working household than a workless one. Work, the best stepping stone away from being poor, is not the panacea it once was. High levels of low pay, with 5.3 million people – mainly women – earning less than the Living Wage, mean that poverty is today a problem for working families rather than just the workless or the workshy. Public policy, for decades focused on welfare to work, now needs to realign to move more people from low wages to living wages.

Relative child poverty has fallen by more than a third since 1997 and absolute child poverty has almost halved. Incomes at the very bottom have also risen significantly, with incomes of the bottom 10 per cent now 19 per cent higher than they were in 1997^{xxvi}.

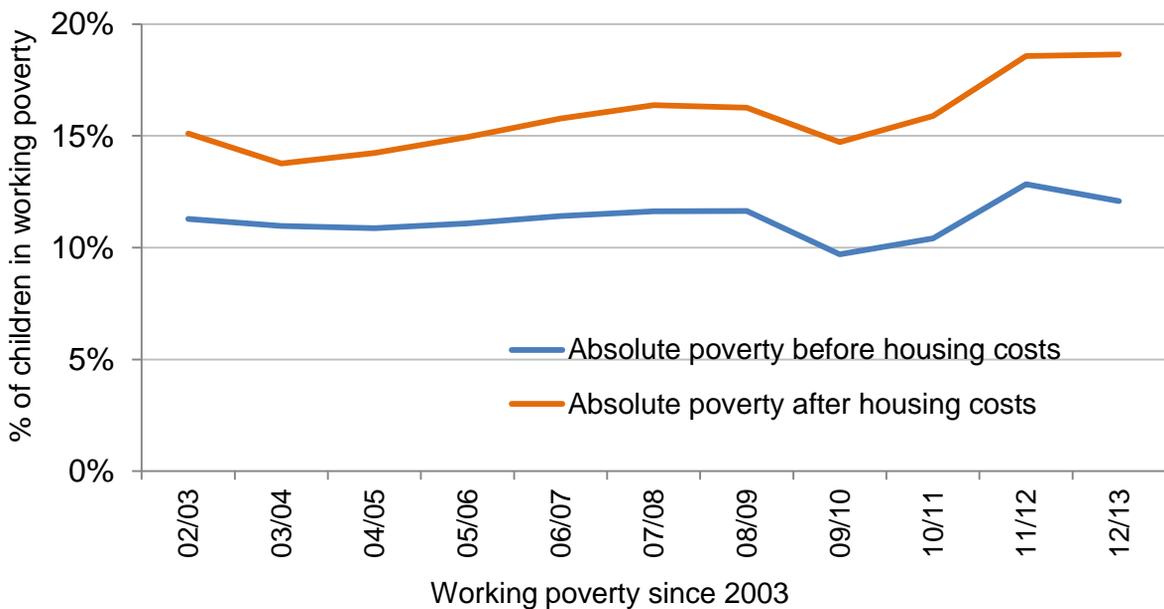
There has also been very strong employment growth in recent years with 1.9 million more people in work than in February 2010. Almost three quarters – 73.2 per cent - of working-age adults are in work, meaning that the employment rate is at record high levels^{xxvii}. As a result the proportion of children who live in workless households has decreased by a fifth since 2010 - 16.2 per cent in 2010 to 12.7 per cent in 2014 - and is now lower than it has been for at least two decades.^{xxviii}

Recent improvements in earnings are welcome but there is still a long way to go before they recover to pre-recession levels. Inflation is at historically low levels, with CPI inflation at 0.3 per cent, the lowest level since 1960^{xxix}. Average real pay increased by 1.2 per cent between April 2014 and December 2014 but is still 7.3 per cent below the April 2009 peak^{xxx} and real wage growth is still less than half the post-war average.^{xxxi}



Trends in real average regular pay since the recession

Child poverty is set to rise not fall in the next five years. The Institute for Fiscal Studies predicts that 3.5 million children – one in four - will be in absolute poverty by the end of the next Parliament, 50 per cent more than a decade earlier and almost five times the statutory target set in the Child Poverty Act 2010^{xxxii}. 2020 is set to mark the end of the first decade in recent history in which absolute poverty has increased and living standards at the bottom have fallen. Even worse, after taking account of rapidly rising housing costs there will be more children in absolute poverty than there were in 2000 – an unprecedented two decades of stagnating living standards for those at the bottom^{xxxiii}.



Increasing parental employment and falling numbers of poor children in workless households is not enough to compensate for a sharp rise in working poverty. Three quarters of children in working poor families have at least one parent in full-time work and six out of ten live with parents who would be considered to be working sufficient hours within the Universal Credit in-work conditionality regime^{xxxiv}. The uncomfortable truth is that work is failing to provide a reliable route out of poverty for too many families, despite welfare reforms by successive administrations aiming to “make work pay”.

The UK has one of the highest rates of low pay in the developed world^{xxxv} with more than five million people - one in five of those in work - paid less than two thirds of the median hourly wage (less than £7.62 per hour)^{xxxvi}. This hits part-time workers – including many mothers returning to work after having children - particularly hard, with over 40 per cent in low pay.^{xxxvii} Almost two thirds of Britain’s low paid workers are women.^{xxxviii}

A two-tier labour market means that, all too often, a low paid job is not a stepping-stone to a better-paid one. Research for the Commission by the Resolution Foundation shows that of those who were in low paid work in 2002 only one in four had completely escaped from low pay by 2012. Most cycled in and out of low pay over the decade. Unless parents moving into low paid entry level employment are able to progress in work and see their earnings rise there is a high risk that a move into work will just substitute workless poverty for working poverty^{xxxix}.

Successive governments have relied on welfare to work policies to deliver less poverty. While getting more parents into work and tackling unacceptably high levels of youth unemployment is still very important, it is no longer sufficient to guarantee progress. There are almost twice as many children in poverty in working households as in workless ones. Public policy needs to realign to focus on the working poor. The priority – for Government and employers alike - is to move people from low pay to living pay. That means action not just on tax and benefits but also in the labour market, on vocational education, on childcare and on the “poverty premium” which forces the poorest families to pay the highest prices for many of life’s essentials.

We would suggest that each of the political parties sets out in detail:

- ❖ **What they will do to stop absolute poverty rising and to ensure that the poorest families share in the proceeds of growth over the next five years through rising living standards.**
- ❖ **What action they will take with employers to reduce the number of people in low pay so that Britain can become a Living Wage country by 2025.**
- ❖ **What changes they will make in the tax and benefit system to support people’s efforts to work their way out of poverty.**
- ❖ **What they will do to reduce the poverty premium and to improve the affordability of childcare so more parents can work the hours they need to lift them out of poverty.**

4. REFOCUS

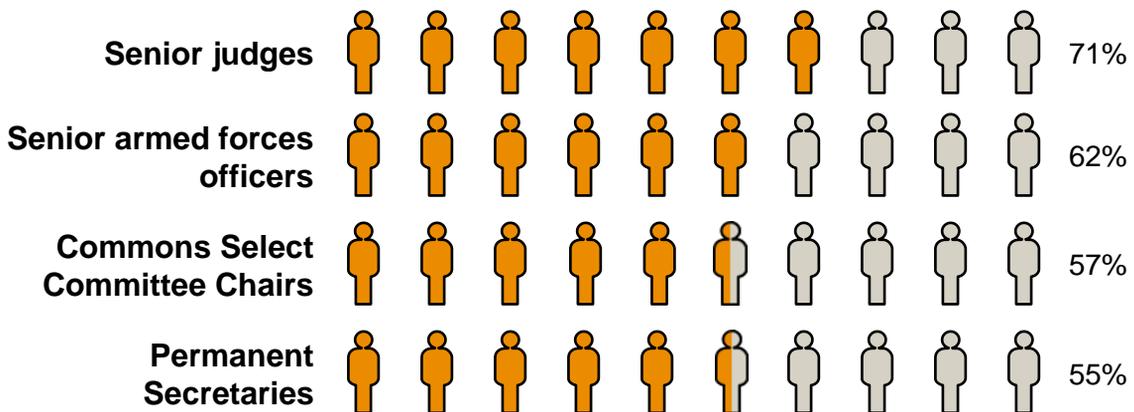
REFOCUS Opening up the top of British Society

Social mobility relies on access to the top universities and professions being open to all those with ability and potential, regardless of background. Both universities and employers have worked hard in recent years to open their doors to a broader range of talent but Britain remains, at heart, elitist. The top jobs and places are dominated by those from a private school background. But as both higher education and professional employment expand in the next five years there is an opportunity to refocus on opening up the top of British society.

The Professions

Some professions have taken welcome action to improve access. The accounting profession has launched Access Accountancy, a work experience programme. Health Education England is rolling out its new work experience strategy. In banking some firms are beginning to develop school leaver programmes and the civil service continues to grow its diversity internship programme. In law, a small number of firms are adopting new selection and recruitment criteria. In the media, the BBC has created an apprenticeship scheme which aims to have 174 apprentices by 2017. These are welcome, if small, steps.

But at the top Britain remains an elitist society. Seven per cent of children attend independent schools, but 71 per cent of senior judges, 62 per cent of senior military officers, 55 per cent of Whitehall Permanent Secretaries, 53 per cent of senior diplomats, 50 per cent of members of the House of Lords, 45 per cent of public body chairs, 44 per cent of the Sunday Times Rich List, 43 per cent of newspaper columnists, 36 per cent of the Cabinet, and 22 per cent of the Shadow Cabinet are privately educated.^{xxxx}



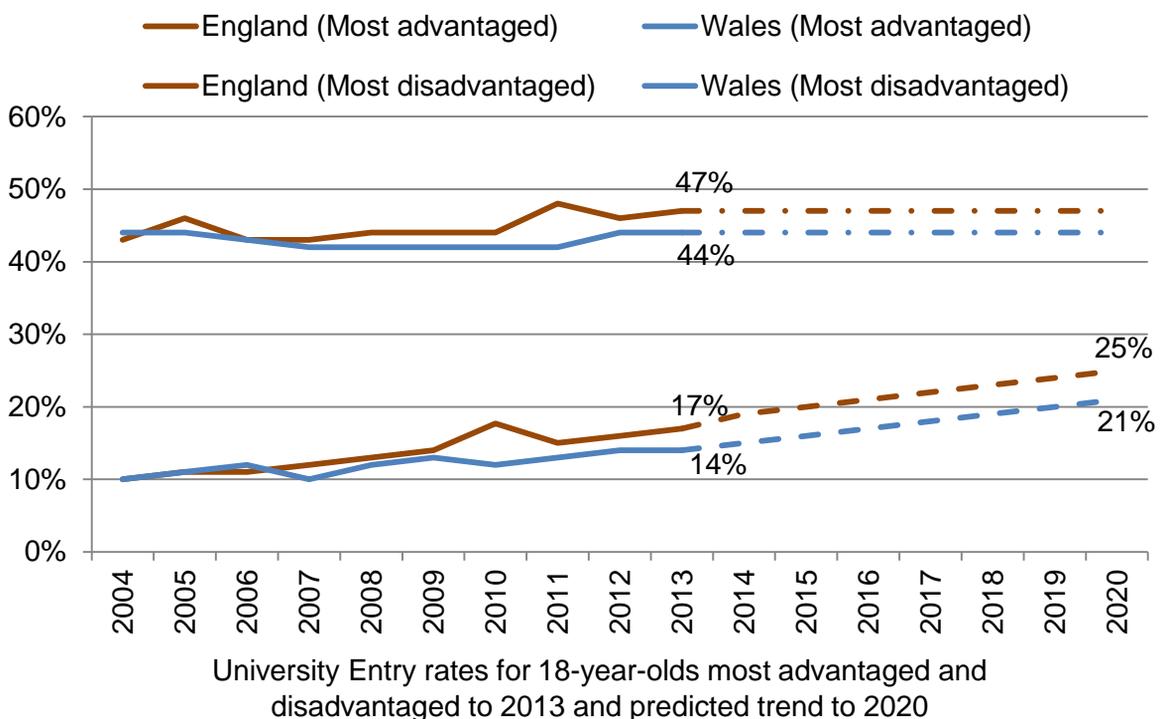
Britain's professions are set to increase jobs by around 2 million by 2020.^{xxxxi}

There is the potential for a big social mobility dividend if efforts to improve access to the top can be scaled up.

Universities

Universities are recruiting more students from low income backgrounds and are investing heavily in widening participation initiatives. Since 2006, there has been an increase of 69 per cent in the proportion of 18 year olds in England eligible for free school meals entering higher education^{xxxxii}. University spending on widening participation has increased by nearly £300m since 2011/12 to £735m in 2015/16. The best results appear to be where universities invest in coordinated partnerships with schools that have high proportions of disadvantaged pupils with low progression rates to university.

University still remains the main route into the top professions but access to our best universities remains highly socially polarised. The most advantaged students are still six times more likely than the most disadvantaged to enter an elite university than the most disadvantaged, a rate which has remained broadly flat for over a decade. Current trends suggest that in 2020 the most advantaged will still be twice as likely to enter university as their peers from less fortunate backgrounds.^{xxxxiii}



The uncapping of student numbers is an excellent opportunity to radically improve admission of students from poor backgrounds. The key groups to target are the most disadvantaged young people (for example, those who received free school meals) and the 3,700 young people from state schools who have the grades but don't get the places at the most selective universities.^{xxxxiv} It is a matter for universities how they respond to this, but more direct work with schools and greater use of contextual admissions will likely play a part.

In previous decades an expansion in higher education and in professional employment has created new opportunities for people to move up and get on. **The efforts we have seen in universities and professions to diversify their intakes can be turbo-charged by the next wave of expansion.** It provides the chance to make the top of British society more meritocratic. But it will not just happen. Public policy has a key role to play.

We would suggest that each of the political parties sets out in detail:

- ❖ **How they will encourage universities to take more effective action to increase the number of young people from disadvantaged backgrounds who make it to university in general and the more sought-after universities in particular.**
- ❖ **What they will do to address features of the professional job market such as unpaid internships that give unfair advantages to those with well-connected or more fortunate backgrounds.**
- ❖ **What they will do to encourage employers to adopt more open recruitment practices that take account of the context in which applicants achieved educational results.**

5. REBUILD

REBUILD a coalition in the country behind less poverty and more mobility

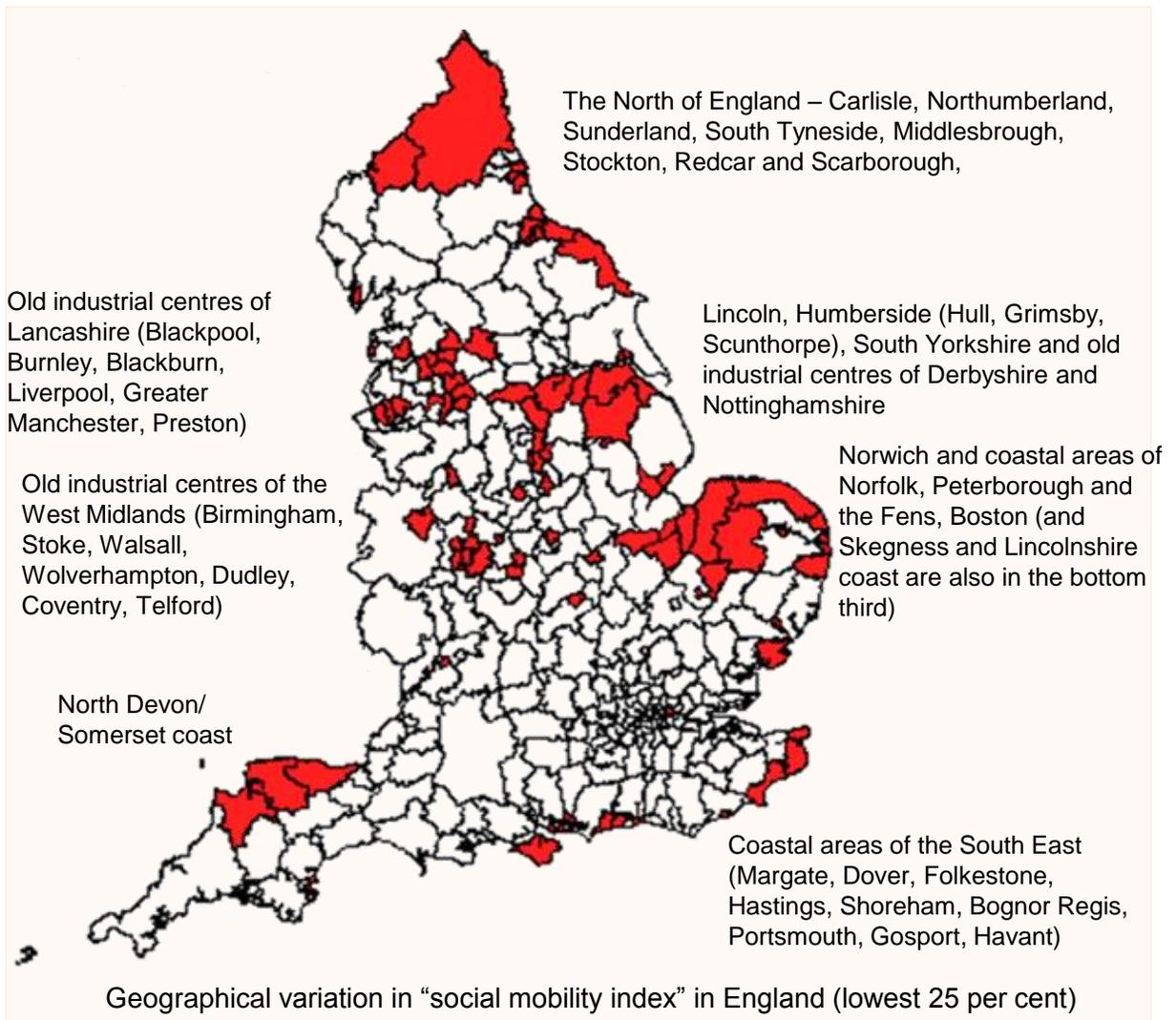
Britain is at risk of becoming more divided, not less. Tackling poverty and improving social mobility require action at every level. There is no single silver bullet. Parents, communities, schools, colleges, councils, employers and universities all will need to take a lead if Britain is to avoid being a permanently divided nation. Government has a key role to play, not only in getting public policy right, but in forging a coalition for action in the country. A growing economy provides the foundation for a new national effort to make Britain the most open, fair and aspirational society in the world.

More employment and a stronger economy have not as yet produced a social recovery. If anything the gap between the haves and have-nots is growing. That gulf is not just between rich and poor or young and old but between one part of Britain and another. There is a postcode lottery in opportunity and in outcome.



The map overleaf illustrates the geographical variations in opportunities across the country. It shows the lowest-ranked quartile of English local authority areas based on a simple "social mobility index"^{xxxxv} that ranks areas based on:

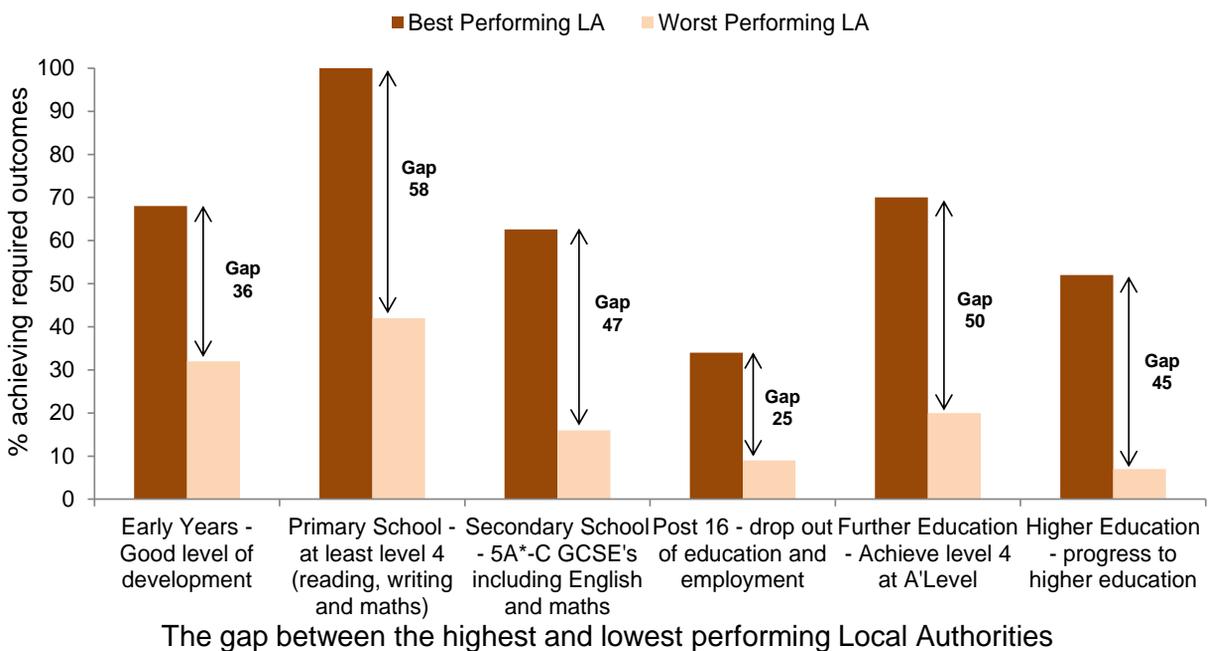
- GCSE results overall
- GCSE results for children eligible for free school meals
- the proportion of children who live in poverty
- the proportion of children who live in workless households.
- the proportion of employment that is in managerial or professional jobs.
- median hourly wages.



This map is surprising for three reasons:

- **The concentrations in the East of England around the Wash.** These are driven largely by very low educational attainment – for example, Norwich has the worst GCSE attainment of any of the 326 English local authority district areas – and, while worklessness is low in most areas, jobs are more likely to be lower skilled and lower paid than England as a whole;
- **The concentrations in coastal areas of the South East.** Poor educational attainment plays a big role here. Labour market outcomes are relatively good in most of these areas, with some exceptions (for example, south east Kent has relatively few professional jobs and Hastings has high worklessness and child poverty);
- **The good performance of London.** Despite relatively high rates of child poverty and worklessness, this is offset by good educational outcomes and the buoyancy of the labour market, with large numbers of professional jobs and relatively high hourly pay.

When social mobility and child poverty are a national problem with huge local variations, local authorities have a key role to play in narrowing the geographical divide. Many councils have risen to the challenge and launched initiatives to tackle the issues in their areas by developing new partnerships and services, ranging from early years support to help for the young unemployed. Central government needs to find ways to encourage such initiatives and then ensure that national policies reinforce rather than undermine these efforts.



When the early years are so critical in shaping a child's future, families and charities have a key role to play in giving every child the best possible start in life. Parental involvement during a child's earliest years is the single biggest influence on their development. Voluntary organisations also have an important role in supporting parents in the early years of their child's life. By providing advice, guidance and support they can play the role of intermediary to families that need provision. Central government can do more to create a shared agenda which will mobilise parents and charities to transform the standard of early care for all children.

When education unlocks social mobility, early age, school and careers services have a key role to play in helping every child achieve their potential. Attendance at pre-school is associated with improved GCSE attainment and improved literacy and numeracy. Those from deprived backgrounds benefit the most from attending good-quality childcare. A great education can break the cycle of intergeneration mobility while good quality careers advice ensures that young people can select educational routes that are suitable for them and allow them to achieve their aspirations and potential. Central government can help by ensuring that those services focus harder on closing the gaps in attainment between poorer and wealthier children.

When low pay is the principal cause of child poverty today, employers have a key role to play in ensuing that work lifts families out of being poor. Many employers have already responded to the government's Business Compact or signed up to the goal of becoming a Living Wage employer but more needs to be done more quickly to lift pay and ensure that there are good career and progression paths in place. Central government can help by championing good employment and pay practices.

Over recent years the issues of social equity and mobility have had renewed public salience and political focus. We welcome that. There is much goodwill in place and many excellent initiatives underway. The opportunity now exists to forge a genuine coalition in the country for change. Government cannot do it alone but it does have a key leadership role.

We would suggest that each of the political parties sets out in detail:

- ❖ **What they will do to work with local councils to reduce the wide variations in social mobility that currently exist across the country**
- ❖ **How they will support parenting and work with charities and education services to ensure that children of all backgrounds develop the character and social skills necessary to help them succeed.**
- ❖ **How they will work with all sectors of the economy and all types of employer to address the problem of low pay.**

Key Questions

1. Redeploy spending to maximise social progress

- ❖ What spending they will cut and what spending they will protect to ensure that further fiscal consolidation does not have a negative impact on social mobility and child poverty.
- ❖ What action they will take to protect financial support for the working poor.
- ❖ How they will re-balance the burden of austerity between the young and the old.

2. Restart the twin engines of social mobility: Education and housing

- ❖ How they will improve the targeting of schools and early years funding, so that resources are apportioned on a genuine needs basis.
- ❖ What they will do to ensure the poorest areas have far more of the best schools and the best teachers have the right incentives and opportunities to work in struggling schools.
- ❖ What they will do to ensure schools focus on closing the education attainment gap.

3. Realign policy on the working poor

- ❖ What they will do to stop absolute poverty rising and to ensure that the poorest families share in the proceeds of growth over the next five years through rising living standards.
- ❖ What action they will take with employers to reduce the number of people in low pay so that Britain can become a Living Wage country by 2025.
- ❖ What changes they will make in the tax and benefit system to support people's efforts to work their way out of poverty.
- ❖ What they will do to reduce the poverty premium and to improve the affordability of childcare so more parents can work the hours they need to lift them out of poverty.

4. Refocus on opening up the top of British society

- ❖ How they will encourage universities to take more effective action to increase the number of young people from disadvantaged backgrounds who make it to university in general and the more sought-after universities in particular.
- ❖ What they will do to address features of the professional job market such as unpaid internships that give unfair advantages to those with well-connected or more fortunate backgrounds.
- ❖ What they will do to encourage employers to adopt more open recruitment practices that take account of the context in which applicants achieved educational results.

5. Rebuild a coalition in the country behind less poverty and more mobility

- ❖ What they will do to work with local councils to reduce the wide variations in social mobility that currently exist across the country
- ❖ How they will support parenting and work with charities and education services to ensure that children of all backgrounds develop the character and social skills necessary to help them succeed.
- ❖ How they will work with all sectors of the economy and all types of employer to address the problem of low pay.

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**Social Mobility &
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Bridging... ...the Social Divide

