

# CSN POLICY BRIEFING

## State of the Nation 2013: social mobility and child poverty in Great Britain

Date 12 December 2013  
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### Summary

The Social Mobility and Child Poverty Commission's first annual report, [State of the Nation 2013](#), sets out detailed evidence and analysis on child poverty and social mobility. Despite the commitment and efforts of Government and others, the scale and depth of progress are unequal to the social, economic and fiscal challenges. The Commission calls for a renewed drive and new approaches to overcoming poverty and enhancing mobility.

The breadth and importance of the issues raised make this report of relevance to all local politicians and strategic policy officers. Lead officers in economic development, children's services and education, will welcome the quality of analysis and recommendations.

### Briefing in full

#### Foreword

This is the first annual report of independent advisory body, the [Social Mobility and Child Poverty Commission](#), which was established in 2012 under the Child Poverty Act 2010 and is chaired by Alan Milburn. It has a broad remit to monitor, advise and report, holding the Government and others to account, on the progress being made on child poverty and social mobility.

The report opens with a reminder of the social and economic context to the political dynamic that brought the Commission into being:

- in contrast to many other developed nations, Britain has high levels of child poverty and low levels of social mobility;
- too often the circumstances into which a person is born defines their destiny;
- Western countries with high social mobility enjoy a much higher economic growth rate than low-mobility economies;
- unearned wealth for a few at the top, growing insecurity for many in the middle, and stalled life chances for those at the bottom are not a viable social proposition;
- 'worth not birth' is the new holy grail of public policy – raising social mobility so that the extent to which a person's class or income depends on their parents' class or income is reduced.

The report focuses on UK Government action (and, to a lesser extent, that of Scottish and Welsh Governments) in terms of tackling poverty and improving social mobility. The contribution of schools and universities, employers and professions, as well as councils and communities falls within its purview but will receive greater scrutiny in subsequent reports.

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It is structured in thematic chapters. Each looks at past trends and lessons that can be learned from previous approaches, the current approach and the impact it is having, and the Commission's best assessment of its likely impact in the future. Each concludes with detailed recommendations. A separate Annex sets out the latest data against indicators in (or related to) the UK, Scottish and Welsh governments' strategies.

## What makes for less child poverty and more social mobility

Child poverty and social mobility are two sides of the same coin: the more children in poverty, the lower the level of social mobility we are likely to achieve. The report offers significant evidence to show how, over decades, our society has become wealthier but not fairer:

- one in six UK children, 2.3 million in total, live in relative income poverty, higher than Denmark, Sweden and Germany; poorer children fall behind in development before the age of 3 and never catch up;
- disadvantage and advantage cascade down the generations - the association between incomes of fathers and sons is twice as strong here as in Finland, Australia and Canada;
- social divisions are various - from spatial divisions to divides in earnings and education by ethnicity and gender, with over 60 per cent of low paid workers being female;
- poverty is 'dynamic' - today's young people face the prospect of having lower living standards as adults than those of their parents.

The problems are deep rooted and come at a socio-economic price: child poverty costs £1,000 per taxpayer per year; improving social mobility by raising all children to average levels of educational attainment could contribute £56 billion a year by 2050.

Drawing on historical and international evidence, the Commission identifies features of societies with lower child poverty and higher social mobility and offers these as benchmarks against which to assess developments in the UK:

- adults supported to be warm authoritative parents actively engaged in their children's education, particularly in the early years;
- high-quality, affordable and universal childcare that enables more parents to work and helps improve children's early development;
- high-quality schools and teachers relentlessly focused on raising standards, building social skills and closing attainment gaps;
- clear accessible routes into work for those pursuing both vocational and academic education and training;
- plenty of high-quality jobs throughout the country with good progression opportunities and fair recruitment processes;
- family incomes that are supported by decent levels of pay and the right incentives to find employment and work enough hours;
- society becoming less unequal over time and individuals with little wealth being supported to build assets.

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## The challenging context

The key question is not whether the Government's intentions are sound but whether its actions are right. Improvements over the last 15 years in living standards and life chances took place during economic growth. Future progress is now threatened by four interlocking challenges.

1. **The economic challenge of achieving balanced recovery** - the recession was deep and the recovery is slow and uneven. More needs to happen to rebalance the economy, close the gaps between nations and regions, and ensure that poverty is reduced, and social mobility increased, across the UK.
2. **The fiscal challenge of reducing the deficit fairly** - there is, and will continue to be, less money to support low wage families and fund services to equalise life chances; the demands of an ageing society are rising and deficit reduction measures have placed an unfair burden on the poorest households. Political parties are tasked with spelling out their plans for better distributing the impact of fiscal consolidation.
3. **The earnings challenge of growing employment and incomes** - employment is rising and unemployment reducing but experiences differ amongst age groups: a fifth of 18-24-year-olds (2.5 million) are not in full-time education or employment. The market has shifted to more part-time and insecure employment, and the value of average weekly earnings is now lower, in real terms, than in 1997.
4. **The challenge of improving living standards** - the cost of living has outstripped wages, adding to pressures on low-income families who already pay a 'poverty premium' linked to lack of affordable credit, use of pre-payment meters and lack of internet access.

## Poverty today

Poverty is considered in its widest sense, to include employment opportunities and living standards. In the past 15 years, the UK's child poverty levels have fallen, from being amongst the highest in Europe to near average. The numbers of children in relative poverty and workless household have reduced but, more recently, the number of children in absolute poverty has risen, so too the proportion of poor children in working families - two thirds of children in poverty are in households with a working parent. Without urgent action, the 2020 target of ending child poverty will be missed.

The most effective way of tackling child poverty is through getting more parents into work, supporting them to stay in work and helping them progress into jobs that pay enough to escape poverty. Getting these levers to work 'in sync' must be the key priority for public policy. Low pay is now a stronger predictor of poverty than low hours and more is required to enable full-time employment that pays well, which in turn depends on childcare.

The squeeze on living standards could be acceptable in the short-term if there is success in addressing longer-term drivers of poverty. Universal Credit offers a significant improvement in terms of encouraging more people into paid employment but its impact is weakened by high childcare costs and the impact of benefits outside of its scope such as council tax.

The Commission considers the impacts of welfare reform on employment and hours of work to be insufficient. A new approach is required to address poverty levels and, especially, the 'forgotten' 5 million working poor adults and their children. It calls for a new child poverty settlement based on:

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- higher employment in every region;
- a new focus on action to raise wages;
- action to tackle living costs - especially on essentials like energy, food and housing;
- personal responsibility - with parents supported and challenged to find work, work enough and improve skills.

## Life chances and social mobility

Despite social mobility becoming a central concern of public policy in recent years, the UK remains a low-mobility society compared to similar nations. The UK Government's social mobility strategy is welcome and its ambitions to ensure that poor children don't become poor adults and access to good jobs dependent on merit not unfair advantage, are laudable.

Evidence persists that, all too often, the circumstances into which a child is born shapes its destiny and being born poor leads to a lifetime of poverty. Increasingly, the gap between the top and the middle is growing as competition for the best opportunities intensifies and there is a backdrop of uncertainty about the prospects of improved living standards for the next generation.

The UK Government's commitments are not matched by its efforts. Evidence of improvements in social mobility are mixed. Many services that contribute to the goal of improving life chances are under severe pressure, including children's centres, wider local authority funding and asset-based welfare. There is an over-preoccupation with the needs of children on free school meals, at the expense of those from more average families whose low attainment pre-disposes them to poor adult outcomes or thwarts their higher achievements.

Rising child poverty levels and high youth unemployment compound the risks, making efforts to close attainment gaps and 'break the cycle' of disadvantage more challenging. A new national effort is needed involving parents, communities, employers and schools, local and national governments.

## The early years

The quality of life from birth to age 5 is an important public policy priority with good evidence to suggest that it is possible to close the gap in life chances that opens up during this time, driven in large part by home circumstances and parenting. Progress on this is slow.

High-quality childcare can improve child development and enable employment yet Britain has among the highest proportion of women in the OECD who switch to part-time working part-time after having children, in part because of caring responsibilities and high childcare costs. The extension of free childcare to disadvantaged 2-year-olds is welcome but take-up and quality are too variable, particularly in the poorest areas.

Flexibility and affordability are big issues for working parents. The Commission seeks a longer term plan that strikes a better balance between quality and volume, heading towards the universal, affordable and high-quality childcare in Nordic countries, and new local accountability mechanisms for the delivery of children's centres and free early learning places. It urges a new focus on parenting which, despite being the single biggest influence on children's futures, remains a public policy 'taboo' and "*the Cinderella of early years services*".

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## Schools

The Government's "*energetic focus on school reform to drive social mobility*" has narrowed the gap between the poorest and wealthiest children at primary school and GCSE-level. But, the gap is widened at A-level and the most deprived areas still have 30 per cent fewer good schools and get fewer good teachers.

There is a stronger link between family background and performance in schools in the UK than many other OECD countries. International experience challenges popular and policy expectations that it is 'natural' for wealthier children to excel while poorer children lag behind. London schools have transformed education prospects for less well-off children and exposed stark regional differences in the quality of schools and teachers, and educational achievements.

The missing piece in the Government's approach to life chances are low attainers from low to middle income families, neither sufficiently well off to be insulated by parental resources nor sufficiently badly-off to qualify for additional support on grounds of poverty.

In the context of greater school autonomy, the Commission wants to see schools give equal priority to raising standards and closing the attainment gap. The best teachers should be deployed to low attaining and disadvantaged students; free schools should have an explicit objective of narrowing attainment gaps; there should be flexibility over use of the Pupil Premium for disadvantaged students and low attainers. Careers advice, in particular, needs new Government resources and have a far higher focus in schools.

## Moving from school to work

In part, the UK's youth unemployment problem predates this government and the recession, reflecting a long-term decline in the youth labour market. For decades, public policy has valued higher education far above the vocational education that 'the other 50 per cent' is likely to enter - and at odds with the success of countries like Germany where vocational education commands a far higher status.

Vocational courses attract lower funding, greater complexity and more variability in quality than university courses. The positive impact of the Government's current aims and initiatives, such as raising the participation age and expanding apprenticeships, are weakened by other decisions, in particular the abolition of Education Maintenance Allowance. Its £1 billion Youth Contract has yet to have any real impact on long-term youth employment which is at a 20 year high.

The worst fears about the potential impact of tuition fees on higher education have not been realised in terms of entry levels of disadvantaged students to universities. But, there are large falls in mature and part-time students, both of which are key social mobility pathways.

The Commission believes that there is much to welcome in the Government's agenda for helping young people to make the transition from school to work but that it needs to up its game, setting clearer and more ambitious objectives to address youth unemployment now, prioritise vocational education in the medium term and, ultimately, ensure higher education is more socially diverse.

## Professions

The greater availability of professional jobs is a prerequisite to improving social mobility but these are still far more likely to go to men from a private school and privileged background. Class poses the biggest barrier to getting a top job. Even between similarly qualified graduates, family circumstances remain the most significant influence on career progress. A social elite continues to dominate the professions.

Limited engagement with schools, work experience offered by word of mouth, unpaid internships, recruitment from a narrow range of universities, limiting entry and progression to graduates, lack of work experience and apprenticeships, and not monitoring social profiles are all common practices that exclude talented young people from poorer backgrounds and limit recruitment potential.

Across the professions, there has been action to address the situation with a strong lead shown by the legal profession and changes following in medicine and financial services. Change in the media and in politics is less evident. Efforts must be redoubling to open access to a far wider pool of talent. Social mobility requires recognising as a strategic business and economic priority by both the Government and employers.

## Recommendations

Over and above the many detailed, subject-specific recommendations, the Commission calls for a far bigger effort from national and local government, employers and professions, councils and communities, and schools and universities alike: the nation's core business should become the creation of a more level playing field of opportunity.

There are ten principal proposals, focussed on Government action which should:

1. aim for a balanced recovery to ensure that all parts of the country benefit, with action to reduce living costs and improve earnings;
2. set a challenging aim of eliminating long-term (12 month+) youth unemployment and reducing NEETHood below the European average by increasing learning and earning opportunities for young people (including tougher benefit conditionality);
3. join with business leaders to ensure that half of all firms offer apprenticeships and work experience to make it easier for 'the other 50 percent' to pursue high quality vocational training;
4. focus on reducing in-work poverty by enabling the Low Pay Commission to raise the minimum wage, paying job agencies for the earnings people receive rather than the number of jobs and reallocating Budget 2013 funding for childcare from higher-rate taxpayers to help those on Universal Credit meet more of their childcare costs;
5. urge employers to accept that the taxpayer can no longer bridge the gap between earnings and prices, and that employers need to provide higher pay and better career prospects;
6. ensure a fairer intergenerational share of the fiscal consolidation pain and, over time, reallocate public resources from the old to the young;
7. create a long-term plan to make early years' provision universal, affordable and high quality, and to do far more to help parents to parent;

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8. urge schools to adopt a dual-mandate of raising standards and closing the attainment gap with more help for low attainers from average income families as well as low-income children to make it to the top, not just get off the bottom;
9. resource careers advice better and provide extra incentives for teachers to teach in the worst schools, with colleges paid by the results achieved for their students in the labour market and not the numbers they recruit;
10. urge the professions to open their doors to a wider pool of talent by ending unpaid internships and recruiting more widely, and top universities to do likewise by using contextual data and offering foundation degrees.

## Comment

This is a huge report with something to engage every local politician and every council officer tasked with providing local services. The foreword alone is essential reading, presenting the Commission's substantive findings and thesis in summary.

The report is appreciative of the Government and others' intentions but critical of their actual achievements. It is as depressing, in its stark portrayal of the UK's persistent, pervasive levels of poverty, economic stagnation and social rigidity, as it is challenging in its assessment of the experience, here and abroad, that lend hope. It is especially persuasive in its call for far greater attention to be given to the invisible millions 'in the middle' – of income and attainment levels. Without question, it succeeds in 'holding the Government's feet to the fire'. And we should all feel the heat

It challenges everyone to far greater British effort. The Government has a special role to play, providing national leadership, designing policies and creating incentives that influence other players. However, leadership is sought from every level and in every activity, from families and communities to education providers and employers. Local authorities are in the frame throughout.

The report tackles issues that lie beyond party politics and electoral cycles. It concedes that the recommendations will be no mean feat to fulfil. In this new age of austerity, policy-makers who are serious about making social progress are tasked with ensuring the maximum mobility-improving, poverty-reducing 'bang for their buck' and politicians, with working out how best to rebalance the nation's prospects and prosperity, for everyone's ultimate benefit.

## External Links

[Social Mobility and Child Poverty Commission](#) website

[State of the Nation 2013 : social mobility and child poverty in Great Britain](#)

## Related Briefings

[Child Poverty – Recent CPAG and NCB reports](#) (September 2013)

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