Report from the Independent Commission on Social Mobility

January 2009

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Report from the Independent Commission On Social Mobility

Foreword

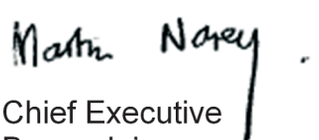
The day after his election as leader of the Liberal Democrats in December 2007, Nick Clegg held his first meeting with members of *End Child Poverty* a coalition which I chair. Shortly after that, he asked me to chair a Commission which would examine and report within 12 months on how social mobility in the UK might be increased. I was assured that the commission would be entirely independent and that has proven to be the case. I was able to select the membership (although I did accept one nomination from the Liberal Democrats). One of their officials has offered the commission administrative support but there has been no interference in our deliberations. I have been able to recruit my own researcher and her costs have been met entirely by generous sponsorship. No commission costs at all have fallen on Barnardo's

I have been supported by a Commission of high calibre. I am hugely grateful for their guidance and the considerable amount of time they have dedicated to this without payment. Most of all, I am grateful to Di Mc Neish who has carried the burden of sifting the evidence and drafting this report. Her contribution has been outstanding. Our deliberations were informed by over 60 submissions from charities, Trades Unions and from academia. Additionally we took oral evidence from Professors Goldthorpe and Blanden and the Joseph Rowntree Foundation hosted a day seminar for us with presentations by Ian Cole, Ruth Lupton and Richard Berthoud.

A full list of those who responded to us and biographies of the Commission members are annexed to this report.

We have recommended nothing that would not, in our view, make a significant difference to making the UK a better and a fairer place to raise our children. We have produced what I believe to be a thorough analysis of what might be done in the UK to boost social mobility through increasing equality of opportunity. We are however conscious that the cost of implementing many of our recommendations would be extremely high and implementation might take many years. We do not expect any government, particularly because of current restraints on public spending, to be able to implement all of our recommendations very quickly. But some of the recommendations do not involve significant expenditure and two of our recommendations, if adopted, would generate savings against current expenditure of £4billion a year which could be invested in significantly improving equality in the United Kingdom. And we are quite clear that, investment now which might, for example contribute to greater equality through reducing child poverty will save much greater government expenditure in the long term.

Martin Narey



Chief Executive
Barnardo's

January 2009

Independent Commission on Social Mobility Summary Report

Introduction

This Commission was set up amidst concerns that social mobility in Britain has declined and that the extent of mobility is low relative to other developed countries. In calling for evidence, we learned that we were entering a field of lively debate: academics and other economic and social commentators have different views as to whether or not social mobility has decreased over the past twenty years.

Such debates are clearly of interest and we summarise some of the key arguments later in our introductory chapter. However, our analysis of the evidence we have received has led us to conclude that, for the purposes of future government policy, it is ***equality of opportunity*** rather than social mobility itself that should be the prime consideration**.** Equality of opportunity will improve as we positively affect the drivers of social mobility**.**

Social mobility and inequality

Britain is a society of persistent inequality. The life-chances of children in Britain today remain heavily dependent on the circumstances of their birth. As we set out in the themed chapters of this report, children born to poorer families have less favourable outcomes across every sphere of life. Inequality creates barriers to upward mobility. These barriers impede progress at all stages: from before birth into the early years, through primary and secondary school and into the adult labour market. They are revealed in the measurable gaps in educational attainment, in differential employment opportunities and in health inequalities.

The present Government came into office with a commitment to tackle this social exclusion and it needs to be acknowledged that many of the policies implemented since 1998 have contributed to positive change and the long- term return on others, such as Sure Start have yet to be realised. However, ten years on there is still much more to be done. A recent analysis by the Joseph Rowntree Foundation, considers the Government's record across a range of indicators of social exclusion. What stands out is that, after an initial period of success, improvement in many areas has slowed down or remained unchanged. Up to about 2002 the picture was positive with over half (30) of the 56 indicators showing an improvement and only a few worsening. In contrast, over the past five years, only 14 indicators have improved while 15 worsened (leaving 27 steady). As the authors point out, this is a fragile position to be in when entering a recession.

As we face the challenge of the present economic downturn, there are those who argue that we cannot afford more investment to give disadvantaged children more equal life-chances. This Commission argues that we can't afford not to. The inequality of opportunity faced by disadvantaged children and young people represents an incalculable waste, not only for the individuals denied a chance to do well in life, but for the country as a whole. In a context of increasingly global competition, Britain cannot afford to waste the talents of substantial numbers of its young citizens whose aspirations fail to be realised, not through lack of ability but through lack of opportunity.

Six critical policy areas

In this report, we set out our recommendations for improving the opportunities of disadvantaged children and young people across six key areas: child poverty, early years, education, employment, health and communities.

We believe that if implemented our recommendations would make a significant difference to the life-chances of millions of young people and bring us several steps closer to the equality of opportunity needed to make Britain a truly socially mobile society.

Child Poverty

The children and young people most likely to experience inequalities have one core thing in common: poverty. The impact of growing up in poverty is well documented: it not only affects the quality of childhood but is a key determinant of outcomes in adulthood. Any strategy to improve social mobility must address the challenge of child poverty. Of course, tackling child poverty involves more than just raising family incomes: it also needs action to address the factors underpinning poverty and the consequences of living in poverty which affect well-being. However, a reasonable income level is essential for a decent quality of life and is a basic prerequisite of social mobility.

Low income affects every aspect of children's lives: health, housing, education and family life. Low income puts children's standard of living well below what most people would deem an acceptable level for a country as wealthy as the UK.

In 1999, the incoming Labour Government made a bold commitment to halve child poverty (from its 1998 level) by 2010 and eradicate it by 2020. Over the next few years, important progress was made. Between 1998/9 and 2004/5, the number of children living in relative poverty fell almost every year, and by 2006, 600,000 had been lifted out of poverty: a 17% fall from 3.5 million to 2.9 million children. The UK achieved the second largest fall in child poverty among developed countries in the previous decade. The Government is entitled to be proud of that achievement.

However, income inequality remains greater in the UK than in three-quarters of developed countries, and in the last few years it has become apparent that the downward trend in child poverty has slowed, and gone into reverse. In each of the last two years, child poverty has risen by 100,000. Even allowing for investment announced in the 2008 Budget, which should move up to 250,000 more children out of poverty, the momentum has slowed to a stop. It is clear that the Government's ambition to halve child poverty by 2010 is unlikely to be met without significant further investment targeted at low-income families.
The halving of child poverty by 2010 and its elimination by 2020 was always an ambitious target. In the current economic climate it becomes doubly challenging. At the same time, the economic downturn makes child poverty an even more critical policy area. When times are hard the poorest tend to suffer the most and there is a moral imperative to ensure that poor children suffer as little as possible. But there is also an economic imperative to keep child poverty on the political agenda: because ensuring that the next generation is supported to be economically active and productive will save vast sums which will otherwise have to be spent on health, criminal justice and other public services as well as securing significant additional tax revenues.

Early Years

The fact that children born into poverty and disadvantage do not get a good start is now widely acknowledged. The social mobility of individuals is profoundly affected by their early childhood experiences. Nurturing and stable relationships with caring, responsive adults are essential to healthy development from birth. Early, secure attachments contribute to the growth of a broad range of competencies, including the self-esteem, self-efficacy, and positive social skills that are associated with better educational, social and labour market outcomes in later life. The importance of early years to social mobility, therefore, cannot be overstated. We need to get things right for children at the start of life. Later interventions, however important, cannot undo early disadvantage.

The Government can take credit for the development of important initiatives such as early years free entitlement, Sure Start and the Early Years Foundation Stage. There has also been significant public investment in providing support to parents including specific support to improve parenting skills. However, more still needs to be done, and if there is a serious political will to increase the upward social mobility of those born into disadvantaged circumstances, a significant and sustained investment in early years is vital.

Education

There is compelling evidence that early years investment contributes to success in education, which in turn, leads to improved life-chances. However, social class remains a key determinant of educational outcomes. Children from more advantaged backgrounds do better, and there is evidence to suggest that policies over recent decades have – however unintentionally - disproportionately benefited the middle classes.

Social class accounts for a large proportion of the gap in educational attainment between higher and lower achievers – a gap evident from early childhood and tending to widen as children get older. In 2007, only 35% of the poorest pupils obtained 5 or more A* to C GCSEs compared with 63% of their better-off peers.

More children from poorer families are staying on at school after 16. However, between 1981 and the late 1990's the proportion of poorer children getting degrees rose by just 3%, compared to a rise of 26% amongst the children from the wealthiest backgrounds. Attitudes and opportunities are an important part of the picture: research shows that high achieving young people from lower social classes are still significantly less likely to apply to the most prestigious universities.

There is a direct relationship between doing well in education and doing well in the labour market. Therefore, improving educational outcomes for disadvantaged children has to be central to any policy strategy to increase their upward social mobility.

Employment

The long-standing inequalities of access to labour market opportunities in the UK mean that any strategy to promote the upward social mobility of disadvantaged adults and young people needs to equip them with the qualifications, skills and opportunities to gain, keep and progress in employment.

The most disadvantaged are clearly those without work. A major strand of Government policy over the past decade has been to increase employment levels, particularly among parents. However, despite some progress, the number of workless households remains stubbornly high, particularly in some areas, and too many people remain trapped in a cycle of low waged work and unemployment.

Getting people into employment will not boost social mobility unless that employment is sustained Employment needs to provide not only adequate pay and rewards, but also a positive work experience and opportunities for progression. As individuals, workers require employability skills and support, not only to obtain work, but also to maintain and progress in it.

Whilst the economic downturn creates a challenging environment in which to address some of the weaknesses of the UK labour market, the current crisis also provides an opportunity to make a fundamental reassessment of how our economy and labour market function. Government policy needs to encourage a move towards 'high road' economic development, re-orientating the labour market towards high-value, high-skill, well-paid work and improving productivity and economic performance. This strategy is the one most likely to provide the best route out of economic difficulties and optimise the UK's competitive position in a global economy.

Health

Who ends up with good or bad health is not just a matter of luck. There is a relationship between health and wealth pertinent to social mobility: those who suffer poor health as children or as adults are less likely to be upwardly mobile; those who start life in a low social class are more likely to experience poor health. Despite the huge medical and public health advances of the past fifty years, health inequalities persist between those at the bottom and the top of the social stratum. These inequalities begin before birth and continue throughout the life course. A child from the lowest social class is more likely to: be born too early, be born small; have a mother who smokes and grow up to be a smoker him/herself; die or be injured in a childhood accident; become a young parent; suffer chronic illness in adulthood, and, eventually, to die several years earlier than his/her better off peers. The gulf in healthy life expectancy across the UK is deeply shocking and cannot be tolerated.
Reducing health inequalities has been a priority of this Labour Government, but although overall health outcomes continue steadily to improve, health inequalities between the most and least advantaged persist, and in some respects have worsened.

Poor health impacts on educational attainment, employment and income, thereby further decreasing the likelihood of a child born into poverty attaining upward mobility. A strategy to promote greater social mobility, therefore, has to include steps to reduce health inequalities across the life course, but particularly in childhood.

Communities

More advantaged families tend to bring up their children in more advantaged areas: poorer families frequently have little choice but to live in more deprived areas. To what extent living in a poor neighbourhood affects children's longer-term life-chances independent of other key factors such as family and income levels is difficult to assess. However, there is clear evidence that living in social housing as a child increases the risk of multiple disadvantage in adulthood, and there can be little doubt that living in a deprived community affects the quality of life for children and their parents. Improving the circumstances of deprived neighbourhoods remains an important policy objective. Traditionally policies have tended to be developed and implemented in separate domains. Some Government departments have focused on area-based regeneration and others on policies aimed at the individual through, for example, welfare to work programmes. This policy split does not reflect the reality for people living in deprived communities and the fragmentation of policy objectives are key barriers to their effective delivery.
The challenge is to develop a coherent policy agenda to bring together initiatives focused on 'place' and 'people'.

The need for a holistic policy approach

Each of the above policy areas is critical. However, they are also interconnected. Children and young people are individuals, but they are also part of families and communities. So, whilst it is absolutely vital to promote the upward mobility of individual children and young people through education and employment opportunities, policy changes in these areas alone will not be enough. The term 'holistic' may be in danger of becoming diminished through overuse, but we need to develop a genuinely holistic approach to policy which takes account of all the drivers and barriers to opportunity, not just those that occur at school and work.

A holistic policy approach would address opportunities for individuals at different life-stages. We particularly emphasise the importance of prioritising continued investment in early years, but we must also ensure that children and young people get sustained support throughout the various stages of education and into training and employment. Even in adulthood, given the

right opportunities and support, individuals can develop their potential and overcome earlier disadvantages. We therefore argue that any future government needs to recognise the particular importance of early childhood, whilst ensuring that policy continues to support the development of older children and adults.

Children and young people grow up in families. Policy tends to reflect this when children are young with an appropriate focus on childcare and parenting support. However, once in school, the focus tends to shift to the individual, yet all the evidence points to the continued importance of family factors throughout education and beyond. We therefore make a number of recommendations aimed at supporting families, recognising the impact of the child's family on their social mobility.

Families live in communities and are affected by a range of community and environmental factors, which in turn impact on life-chances. We therefore argue that to improve opportunities for disadvantaged children and young people, it is necessary to take account of these broader factors.

Main Recommendations

We recognise that there are very real issues of affordability to prevent any government from implementing all the recommendations listed at the beginning of each chapter of this report. However, we believe that the following are particularly vital. Any government committed to reducing social inequality and increasing the future opportunities of the most disadvantaged children of this generation cannot ignore these.

Tackling child poverty

Families are crucial to developing the potential of children and young people. In doing so, disadvantaged families face numerous barriers, one of the biggest of which is poverty. We therefore make no apology for starting with a series of recommendations to address low income. We believe the government should:

1. ***Establish a minimum income standard*** to ensure that the incomes that people rely on – out-of-work benefits, child-related benefits, disability-related support, tax credits and the minimum wage - are sufficient to meet families' needs and that life events such as unemployment, having a child or other livelihood changes do not plunge people into poverty;
2. ***Reform child tax credit*** so that it is only paid to those families on the lowest income and ensure that increases in Child Tax Credit are targeted on those families most in need. This would make available £1.35 billion;
3. ***Abolish the rescue package following the abolition of the 10p tax rate***. The rescue package has had virtually no impact on child poverty and its abolition would release £2.7 billion;
4. ***Implement a Poverty Premium Index*** to track changes in the prices of essential goods and services. Ensure that essential gas and electricity supplies are affordable for all customers;
5. ***Increase the availability of affordable credit***, as well as grants and interest-free loans for essential items, for low-income households as an alternative to companies which loan to the poorest but at prohibitive interest rates. These alternatives could be developed with the assistance of the banks and the credit union movement;
6. ***Ensure access to free help on budgeting*** for low-income families, as well as free, good quality, independent financial advice on savings, credit and debt.

Prioritising the early years

The early years are critical to later development. This means that as well as ensuring that every family has sufficient income to bring up their children with an acceptable quality of life, parents also need specific support to fulfill their parenting role. Good quality childcare is a fundamental component of this. We therefore believe the government should:

7. ***Develop cross-cutting strategies to reduce the incidence of low birth weight***, including national research funding to improve our understanding of risk factors and effective approaches to prevention;
8. ***Increase paid parental leave beyond the twelve months*** to be transferable between parents to enable greater flexibility of employment and care options in the first two years of a child's life;

9. ***Extend to all areas the programme of intensive home visiting*** (currently being piloted as the Family Nurse Partnership initiative), so that parents assessed as likely to benefit, receive this as an addition to the core service provided by midwives and health visitors;

10. ***Ensure that programmes of parenting education are available***, particularly to those families with children assessed as at risk of conduct disorder, providing parents with high quality, consistently delivered support;

11. ***Extend the free childcare offer to two year olds***, giving priority to children from low-income families; and increase the offer to three and four year olds to thirty hours a week for low-income families;

12. ***Increase the maximum subsidy of childcare costs from 80% to 100%*** for low-income families and, recognising that some families move in and out of employment, ensure that there is continuity of eligibility;

13. ***Increase the take up of childcare*** by those families who can most benefit by supporting the development of outreach work.

Getting the best out of education

Several of our recommendations focus on education. Whilst education alone cannot improve social mobility, it is a key factor in both promoting, and when we get it wrong, actually impeding upward mobility for the most disadvantaged and we need to ensure that policies act to support individual development at all stages. We therefore recommend:

14. ***A sustained investment in early years*** to include a stronger emphasis on pre-school programme models that have been shown to be effective;

15. ***Targeting resources towards schools with the highest proportions of disadvantaged children***, involving a review of the current funding formula to provide local authorities with greater flexibility to re-focus and target resources to schools;

16. ***Providing greater individualised support*** to disadvantaged pupils via pupil/teacher ratios and proper teaching support in the most challenging schools;

17. ***Ensuring that schools are assessed according to their performance against a range of outcomes*** for children and young people, not just against a narrow testing regime;

18. ***Providing greater incentives to teachers*** to take up posts and remain in the challenging schools;

19. ***Emphasising the importance of a system-wide awareness of the impact of disadvantage and inequalities*** on educational outcomes. This should include training and ongoing development for teachers and heads;

20. ***National funding of reading recovery programmes*** to ensure that by age 11, all children enter secondary school with effective literacy skills;

21. ***The implementation of direct admissions policies***, including greater use of admissions ballots for over-subscribed schools, to improve equality of access to the best State schools and to reduce segregation;

22. ***Expansion of vocational and work-based learning pathways for young people aged 14-19*** whose potential is not unlocked by the academic curriculum and traditional classroom learning;

23. ***Targeting information and support*** to young people from less

advantaged backgrounds to assist their progress to higher education and help them make the choices that are most likely to enhance their life-chances.

Getting people into work – and keeping them in good work

Like education, employment is not the sole answer to increasing social mobility but it plays a vital role. We need to do more to support people into employment, addressing the barriers to work. We also need to support people in work, addressing the inequalities impeding the progress of many disadvantaged people in the workplace. We therefore recommend:

24. ***High quality, sustained and tailored in-work support targeted*** at those thought likely to be at greatest risk of falling out of employment, and developing targets for training providers that reward the sustainability of jobs rather than simply securing employment;

25. ***Prioritising the objectives of Jobcentre Plus*** to prevent the cycling of vulnerable groups in and out of work through better job matching and getting parents into jobs that are a sustainable route out of poverty;

26. ***Addressing in-work poverty by effective enforcement of employment law*** to ensure that: the minimum wage and other working conditions are met; the status of part-time work is improved and the right to request flexible working is extended;

27. ***Reducing the work hours requirement*** to encourage more parents to take up employment even if for only a few hours per week.

Report from the Independent Commission On Social Mobility Introduction

This Commission was set up amidst concerns that social mobility in Britain has declined and that the extent of mobility is low relative to other developed countries. In calling for evidence, we learned that we were entering a field of lively debate: academics and other economic and social commentators have different views as to whether or not social mobility has decreased over the past twenty years.

Such debates are clearly of interest and we summarise some of the key arguments below. However, our analysis of the evidence we have received has led us to conclude that, for the purposes of future government policy, it is ***equality of opportunity*** rather than social mobility itself that should be the prime consideration**.** Equality of opportunity will improve as we affect positively the drivers of social mobility**.**

In this report, we set out our recommendations for improving the opportunities of disadvantaged children and young people across six key areas: child poverty, early years, education, employment, health and communities. We argue that each of these areas is critical and interconnected. Children and young people are individuals, but they are also part of families and communities. So, whilst it is absolutely vital to promote the upward mobility of individual children and young people through education and employment opportunities, policy changes in these areas alone will not be enough. The term 'holistic' may be in danger of becoming diminished through overuse, but we need to develop a genuinely holistic approach to policy which takes account of all the drivers and barriers to opportunity, not just those that occur at school and work.

Why does social mobility matter?

We believe that if implemented our recommendations would make a significant difference to the life-chances of millions of young people and bring us several steps closer to the equality of opportunity needed to make Britain a truly socially mobile society. But why does this matter, and why should we give it priority now, when the current economic crisis is putting so much pressure on the public purse?

We believe it matters for two equally important reasons. First, if as a society we subscribe to fundamental principles of fairness, it simply cannot be right that the life chances of a child born in 2009 should remain so strongly determined by the circumstances of their birth. Social justice requires us to act to give all children the opportunity to fulfil their potential.

However, the second reason is just as important. If Britain is to compete in a global market, we cannot afford to waste talent. This becomes even more important as we face growing economic challenge from global competition. Our best hope for the future lies in today's children: for Britain to flourish and for us to be economically competitive we must remove the barriers currently holding back the talents of so many young people. Furthermore, failing to deal with a major determinant of poor social mobility, child poverty, will burden future generations with huge additional public spending, including £12 billion on services, 2 billion on benefits and £5 billion lost in taxes and NI from adults unable to work as a direct consequence of growing up in poverty.[1]

What is social mobility?

Social mobility describes movements of both individuals within society and of society as a whole (see Figure 1). Social scientists refer to two kinds of social mobility.[2] *Absolute* mobility refers to changes in the class structure or average incomes of society as a whole. In other words, are there more or less higher skilled and higher paid jobs in the economy, and are we more or less prosperous now than a generation ago? Britain enjoyed a considerable growth in absolute upward mobility between the 1940s and the 1970s, with the growth of managerial and professional jobs: with 'more room at the top', people could move up the occupational ladder without anyone else having to move down. (In the 1930s less than 10% of the population belonged to the professional and managerial class compared to 40% today.) *Relative* social mobility refers to changes in the position of individuals in relation to the rest of society. This measure highlights where different groups within society have achieved more or less mobility (up or down) relative to others. For every upward move there is a corresponding downward one. In a perfectly fluid society, everyone would have an equal chance of rising or falling.

There is no necessary link between patterns of absolute and relative mobility. For example, there can be high rates of absolute upward mobility with individuals still remaining in the same relative position to one another.

Fig 1: Four dimensions of social mobility

Absolute mobility Changes in the overall class structure or prosperity of society over a period of time.	**Relative mobility** Changes in the class position or income of individuals in relation to the rest of society.
Intragenerational mobility Movements up or down the class structure or income distribution within a person's (or cohort's) lifetime.	**Intergenerational mobility** Differences between the class position or income of a parent and that of their child.

Social mobility, absolute and relative, can also be either *intra*generational or *inter*generational. Intragenerational mobility is concerned with movements of individuals (or cohorts) within their lifetime. Intergenerational mobility refers to the social or economic position of an individual relative to their parents. This is often seen as being the most salient indicator of social mobility because it reflects the aspiration that individuals should rise as far as their talents take them and not be held back by their family background or other unfair disadvantage. This is sometimes expressed as equal, or fair, 'life chances' – a concept which widens the debate about social mobility beyond just jobs and money, to a wider range of outcomes that individuals may value in their lives.

Has social mobility declined?

Social mobility can be measured either by income or by occupational group: each tending to give different results, which can be rationalised. The current interest in the topic has been largely fuelled by a study, published by the Sutton Trust, analysing data from the British Cohort Studies, which suggested that there was a significant decline in upward mobility between the cohort born in 1958 and that born in 1970.[3] The study, undertaken by a team of economists, focused on *income* mobility: its main finding was that the incomes of young adults born in 1970 were more closely aligned with those of their parents than was the case for the earlier cohort.

However, other academics have challenged the claim that social mobility has declined. For sociologists like Goldthorpe, social mobility is measured not by income, but by social class or occupational group. Goldthorpe's analyses have led him to conclude that relative social mobility in Britain has remained more or less constant for the past thirty years.[4] Whilst there was a

period of exceptional absolute mobility from the 1940s to the 1970s, a more normal pattern subsequently re-emerged. According to the sociologists social mobility may have slowed (for males) but there is no evidence that it has gone into decline.

The recent discussion paper from the Cabinet Office Strategy Unit[5] points out that there is not necessarily any major contradiction between these two conclusions. Research shows that income inequality within social class groups explains the different findings for income and social class.[6] Given the growth of income inequality during the 1980s, it is possible for income mobility to fall without it having a measurable impact on occupational mobility.

Trends in social mobility by gender and race

Overall measures of social mobility can obscure some important changes for particular groups in society and some differences in trends between groups. Women have tended to experience greater levels of both absolute and relative upward mobility during the twentieth century compared to men. This is largely explained by a dramatic rise in the participation of women in the labour market in the second half of the twentieth century. During this period women took a greater proportion of new employment opportunities in higher social class occupations than men. However, some of the evidence about women's upward mobility rests on the higher classification of service sector jobs, which may not accurately reflect their pay and quality.[7] There is also evidence that women can face downward mobility, particularly when returning to the labour market after having children to a lower paid job than they previously held[8] and women still face significant inequalities in the workplace.[9]

For men, Goldthorpe and colleagues have identified a slight slowing of upward absolute mobility and a slight increase in downward mobility since the mid-1970s.[10] This may be explained both by increasing labour market competition from women and a decline in the number of skilled manufacturing occupations over the recent decades.

The drivers of social mobility for particular groups are influenced by the interaction of factors associated with gender, race and ethnicity, income and social class. As we note in the education chapter, the three lowest attaining groups today are White British boys and girls, and Black Caribbean boys, from low socio-economic class homes. Platt has found that children from Pakistani and Bangladeshi backgrounds are less mobile than their White peers, whilst children from Black Caribbean, Black African, Indian and Chinese backgrounds tend to experience greater mobility than White children.[11] Variations also exist within ethnic groups, influenced by differences in religion, social class and migration histories. For example, Platt found that children from working class Hindu families were more likely to achieve professional or managerial positions than similar children from Sikh families.

Much of the mobility experienced by ethnic minority children has been upwards, in both relative and absolute terms. This in part reflects the fact that some of their parents, as first wave immigrants, are likely to have experienced significant downward mobility when they first came to Britain (for instance moving from professional to manual occupations). However, there is evidence that Black, Indian and Chinese children are better able to achieve upward relative mobility through the education system than White children, and that social class has less of an impact on their educational attainment. At the same time, Platt notes that parents from these ethnic groups who are in higher social classes themselves are less able to protect their children from downward relative mobility. Children from some ethnic backgrounds, especially Black Caribbean children, also tend to take longer to achieve their higher class positions than their white peers.

How does Britain compare to other countries?

Most comparative studies of relative social mobility find that Britain does not compare favourably with its European neighbours. Only the USA is consistently found to have lower levels of mobility than the UK. In fact, the US is generally regarded as the least fluid society in the developed world, contradicting popular myths about the 'American Dream'.[12] The Scandinavian countries and Canada appear to have the highest rates of relative social mobility. One study found that in both the US and the UK, at least 40 per cent of children could expect to find themselves in the same class position as their parents, whereas in Canada and the Nordic countries, the equivalent figure is only 20 per cent.[13]

There is, however, some debate in the literature about the exact position of Britain compared to other countries. Blanden and colleague's study of international mobility provides evidence of high levels of relative mobility in the Nordic countries and Canada, with slightly lower levels in Germany.[14] They find that the relationship between parental and child earnings in the US and the UK are broadly similar, with only slightly higher rates of mobility in the UK.

By contrast, Jantti and colleagues find that rates of relative mobility in the UK are actually closer to the Nordic countries than to the US. This study also suggests that observable differences between countries are often caused by patterns of mobility at the extremes of the income distribution rather than by very divergent overall trends.[15] For instance, they argue that the low downward mobility of men in the highest social classes in Britain accounts for most of the difference in levels of social fluidity between Britain and Scandinavian countries. They argue that mobility rates for the middle classes across the developed world are remarkably consistent.

The overall conclusion to draw from European trends is that while a number of countries have been successful in increasing levels of social mobility, the position of British society has at best stagnated. Given that similar changes in economic and class structure have taken place across Europe, this suggests that patterns of relative mobility are influenced by policy and political decisions, and are not simply determined by 'globalisation' or other related international factors.

Equality and social mobility

Social mobility is a complex concept that is frequently conflated with equality or meritocracy, but although equality and social mobility may be related they are not the same thing. It is possible to have considerable social mobility within a very unequal society. For example, the average (or indeed the poorest) person could be 'doing better' than someone in the equivalent position a generation ago, but this tells us nothing about the gap between the top and the bottom in society (which may have expanded or contracted).

Nevertheless, countries characterised by greater equality tend also to have greater fluidity: where the gap between richest and poorest is small, people can countenance movements down as well as up with relative equanimity. For example, Scandinavian countries combine some of the highest levels of 'social fluidity' with amongst the lowest levels of inequality in the developed world, while the opposite combination holds in the United States.[16] While the causal relationship between inequality and mobility is difficult to prove, there are strong correlations and associations. For example, social fluidity may be more common when the gap between social classes is smaller because this is likely to lead to more social mixing and a more attainable journey 'up the ladder' for those at the bottom.[17]

Evidence from Britain and other countries suggests that, as Esping-Anderson puts it: "*the core problem of social inheritance lies buried at the extremes*."[18] In other words, those who find themselves in the highest or

lowest social classes (or income brackets) are more likely to remain in their relative positions there than those in the middle.[19] In Britain, there is very low downward mobility from the top, especially amongst men.[20] Jantti and colleagues found that less than 10 per cent of British men born into the top income quintile end up in the bottom income quintile by middle age, compared to around 15 per cent in Nordic countries. In Britain, short-range mobility appears to be more common than long-range movements, right across the income distribution.[21]

Equality of opportunity needs to be our priority

In Britain, as well as some other countries, widening inequalities tend to reinforce the barriers to upward mobility for those at the bottom. This has led us to conclude that is ***equality of opportunity*** by affecting the drives of social mobility rather than social mobility per se that should be the priority for future policy.

Britain is a society of persistent inequality. The life-chances of children in Britain today remain heavily dependent on the circumstances of their birth. As we set out in the themed chapters of this report, children born to poorer families have less favourable outcomes across every sphere of life. Inequality creates barriers to upward mobility. These barriers impede progress at all stages: from before birth into the early years, through primary and secondary school and into the adult labour market. They are revealed in the measurable gaps in educational attainment, in differential employment opportunities and in health inequalities.

Life chances are, to a very large extent, transmitted between generations. At the same time, relative advantage becomes entrenched and reinforced in adult life, compounding the social exclusion of many of those born into less advantaged circumstances.

The present Government came into office with a commitment to tackle this social exclusion and it needs to be acknowledged that many of the policies implemented since 1998 have contributed to positive change, and the long term return on others, such as Sure Start have yet to be realised. However, ten years on there is still much more to be done. A recent analysis by the Joseph Rowntree Foundation,[22] considers the Government's record across a range of indicators of social exclusion. What stands out is that, after an initial period of success, improvement in many areas has slowed down or remained unchanged. Up to about 2002 the picture was positive with over half (30) of the 56 indicators showing an improvement and only a few worsening. In contrast, over the past five years, only 14 indicators have improved while 15 worsened (leaving 27 steady). As the authors point out, this is a fragile position to be in when entering a recession.

As we face the challenge of the present economic downturn, there are those who argue that we cannot afford more investment to give disadvantaged children more equal life-chances. This Commission argues that we can't afford not to. The inequality of opportunity faced by disadvantaged children and young people represents an incalculable waste, not only for the individuals denied a chance to do well in life, but for the country as a whole. In a context of increasingly global competition, Britain cannot afford to waste the talents of substantial numbers of its young citizens whose aspirations fail to be realised, not through lack of ability but through lack of opportunity.

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Child Poverty and Social Mobility

Summary of policy recommendations

The elimination of child poverty by 2020 was always an ambitious government target. In the current economic climate it becomes doubly challenging. At the same time, the economic downturn makes child poverty a more critical challenge. When times are hard the poorest tend to suffer the most and there is a moral imperative to ensure that poor children suffer as little as possible. But there is also an economic imperative to keep child poverty on the political agenda: because ensuring that the next generation is supported to be economically active and productive is vital if the UK is to succeed in a world economy of accelerating competitiveness.

Tackling child poverty involves more than just raising family incomes: it also needs action to address the factors underpinning poverty and the consequences of living in poverty which affect well-being. However, a reasonable income level is essential for a decent quality of life and is a basic prerequisite of social mobility. The following policy recommendations are potential ways of achieving this:

- Establish a minimum income standard to ensure that the incomes that people rely on – out-of-work benefits, child-related benefits, disability-related support, tax credits and the minimum wage - are sufficient to meet families' needs and that life events such as unemployment, having a child or other livelihood changes do not plunge people into poverty.

- Ensure that these incomes rise at least in line with average earnings to ensure that children living in poverty do not increase in number.

- Reform the tax and benefits system, including measures to reduce the complexity and retrospective character of the present system of tax credits, to ensure that the benefits system encourages flexibility for employment and provides a better safety-net.

- Abolish the compensation package, announced in response to the protest caused by the abolition of the 10p tax rate. This has had virtually no impact on child poverty. This would provide £2.7billion to spend on poor families.

- Reform child tax credit so that it is only paid to those families on the lowest incomes and ensure that increases in Child Tax Credit are targeted on those families most in need. This would release £1.35 billion for re-allocation to the poorest families.

- Implement a Poverty Premium Index to track changes in the prices of essential goods and services. Ensure that essential gas and electricity supplies are affordable for all customers.

- Increase the availability of affordable credit, as well as grants and interest-free loans for essential items, for low-income households as an alternative to unaffordable rates of interest offered by companies such as the Provident.

- Access to free help for low income families about budgeting and managing their money, as well as free, good quality, independent financial advice on savings, credit and debt. There should also be equality of access to mainstream basic bank accounts, credit and saving facilities for all customers.

- Adapt the measure of poverty to take account of the additional costs associated with disability.

- Ensure the work of Jobcentre Plus is prioritised to prevent the cycling of vulnerable individuals in and out of work through better job matching and getting parents into jobs that are a sustainable route out of poverty.

- Take measures to address in-work poverty by effective enforcement of employment law to ensure that: the minimum wage and other working conditions are met and the status of part-time work is improved.

1. Introduction: the links between child poverty and social mobility

Throughout this report we highlight the barriers to upward social mobility experienced by many children and young people today. These barriers impede progress at all stages: from before birth into the early years, through primary and secondary school and into the adult labour market. They are revealed in the measurable gaps in educational attainment, in differential employment opportunities and in health inequalities.

The children and young people most likely to experience these disadvantages have one core thing in common: poverty. The impact of growing up in poverty is well documented: it not only affects the quality of childhood but is a key determinant of outcomes in adulthood. Any strategy to improve social mobility has to address the challenge of child poverty.

But what do we mean by poverty? Of course, poverty cannot be understood simply in terms of income: growing up poor entails poverty of opportunity, of environment and of 'social capital', and in later sections of this report we discuss these issues in more detail. However, as Strelitz and Lister point out in their recent book 'Why Money Matters',[1] it is low income itself that affects every aspect of families' and children's lives, from their health, housing and education to the well-being of the whole family, through the impact of debt and the stress of the daily struggle to make ends meet. Low income puts children's standard of living well below what most people would deem an acceptable level for a country as wealthy as the UK.

Between the late 1970s and mid 1990s, the proportion of children in the UK living in households with below 60 per cent of median income more than doubled.[2] By 1998, the European Community Household Panel showed the UK to have the worst child poverty rate in Europe: at 27 per cent it was nearly twice as high as the EU-15 average.[3] In 1999, the incoming Labour Government made a bold commitment to halve child poverty (from its 1998 level) by 2010 and eradicate it by 2020.[i] Over the next few years, important progress was made. Between 1998/9 and 2004/5, the number of children living in relative poverty fell almost every year, and by 2006, 600,000 had been lifted out of poverty: a 17% fall from 3.5 million to 2.9 million children.[4] The UK achieved the second largest fall in child poverty among developed countries in the previous decade.[5] The government are entitled to be proud of that progress.

However, income inequality remains greater in the UK than in three-quarters of developed countries, and in the last few years it has become apparent that the downward trend in child poverty has slowed, and gone into reverse. In each of the last two years, child poverty has risen by 100,000. The Government's interim target to reduce the number of children in poverty by one quarter by 2004/5 was missed by 300,000 children. Even allowing for the implementation of measures in the 2008 Budget, It is now estimated that in 2010/11, child poverty will stand at about 2.2 million, or half a million children above the 2010 target.[6] It is therefore clear that the Government's ambition to end child poverty by 2020 is formidable.

2. Child poverty

- According to the Government's own measures, in 2006/7 2.9 million children

[i] For the purposes of the Government's target, poverty is defined as household income below 60% of the national median before housing costs. Poverty campaigners tend to dispute this measure, arguing that an after housing costs measure is a more accurate reflection of poverty.

(before housing costs) were living in poverty: more than one in five children in the UK (22 per cent).

- Some specific groups have a higher risk of living in poverty:
    - More than half (55%) of children of Pakistani or Bangladeshi origin;
    - One in three children in larger families (of three or more children);
    - 37% of children in lone parent families;
    - A quarter of disabled children;
    - 63% of children living in workless households;
    - Children living in particular areas e.g. 31% of inner London children live in poverty.
- However, child poverty does not comply with common stereotypes. Whilst the above groups face a higher risk of poverty, it is also the case that the majority of poor children:
    - Live in a household where someone is in work;
    - Live in two-parent households;
    - Live in families of three children or less;
    - Live in areas which are not 'deprived'.
- To meet the Government's target to halve child poverty by 2010, the current number would need to fall from 2.9 million to 1.7 million children. However, without significant investment in support for low-income families, it is estimated that it is actually likely to stand at 2.2 million.
- For child poverty to fall below 5% by 2020, there would have to be fewer than 600,000 children living in poverty in the UK, requiring more than 2 million children to be lifted out of poverty over the next 12 years: four times the reduction achieved so far.[7]

3. Where should policy be focused?

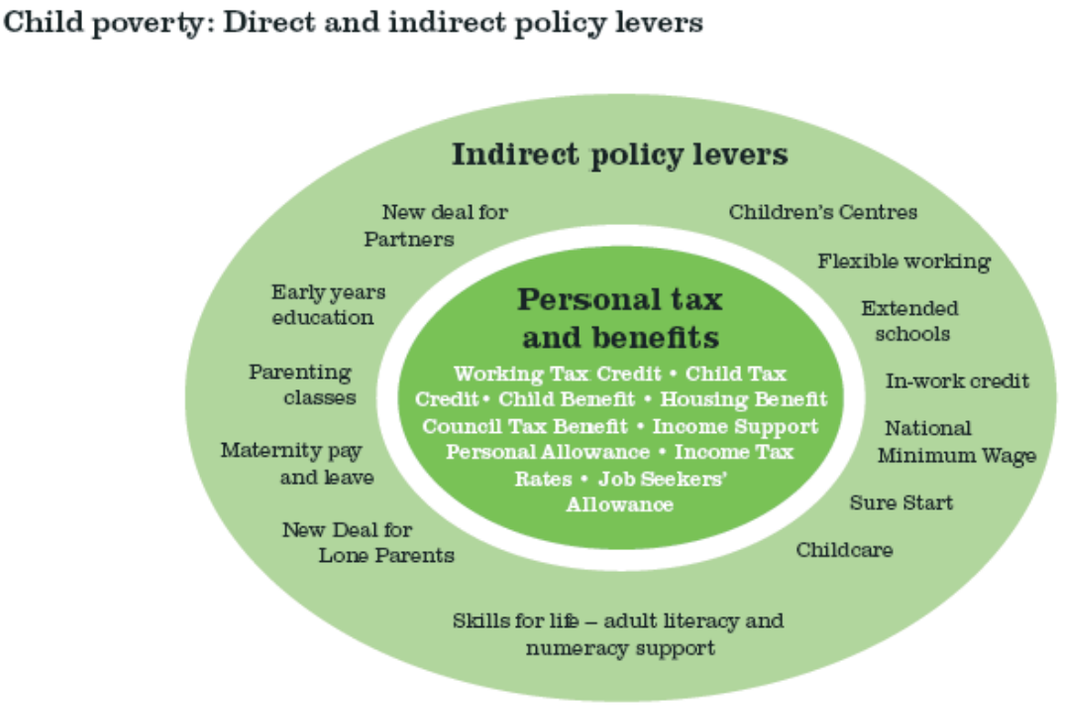
There is currently a lively debate on how the Government's ambition to eradicate child poverty can achieved. In a recent report for the Joseph Rowntree Foundation,[8] Hirsch provides a round-up of evidence from a series of JRF sponsored studies and argues that no single policy tool will be enough, but that a wide range of policies, each ambitious in its own right, could potentially achieve the desired effect. The Government's recent strategy document, *Ending child poverty: everybody's business*,[9] also recognises the need for a broad, multifaceted strategy. But, as Hirsch points out, the magnitude of the task requires big measures.

3.1. Direct and indirect policy tools

In a recent report, Barnardo's[10] and Deloitte provide an analysis of the policy options for meeting the Government's target to halve child poverty by 2010. They differentiate between indirect and direct policy levers (see Figure 1). Indirect levers do not directly impact on family incomes but can, in the longer-term, have a positive impact on household income and, therefore, reduce the risk of child poverty. Direct financial policy levers are those whereby the state reduces or increases household incomes through the tax and benefit system and can therefore have a more immediate impact on child poverty.

To improve the social mobility of disadvantaged children, attention has to be paid to all the indirect policy levers affecting education, health, employment and the other areas we cover in various sections of this report. However, reducing child poverty in the here and now requires the judicious use of more direct tax and benefit measures. There is good evidence that directly increasing the incomes of poor families has an immediate impact on children's standard of living and their development. Not only does more money offer immediate life improvements with access to more necessities, better nutrition, more activities and lower stress levels in the family home, but the evidence also suggests significant long-term effects. Persistent poverty has the harshest impact on children's lives.

Figure 1



Sustained decent incomes can therefore result in better outcomes for children.

3.2. Reduce further the proportion of children in workless families

The links between child poverty and employment are evident and a central plank of a child poverty strategy needs to be a continued emphasis on getting parents into sustainable, flexible and good quality jobs to reduce the risk of poverty for those children living in workless families. In particular, there is a need to challenge the discrimination against mothers with small children seeking work. Women with young children face the greatest employment inequality: lone mothers with a child under 11 and partnered mothers are respectively 45% ansd 40% less likely to be in work than a man with a partner.[11] We discuss these issues in more detail in the employment section of this report.

3.2. Reduce the risk of poverty in work

Kenway's study[12] shows that there has been little progress made in lowering the risk of poverty in work over the past decade. A child in a household with all adults working has an 8% chance of being in poverty, or a 29% chance if only one adult is working – exactly the same in 2006 as in 1996. Employment is not necessarily a route out of poverty if the work is insecure and poorly paid. Solutions need to address earnings levels and not just the role of tax credits in topping up low earnings.

3.3. Reduce the out-of-work poverty risk

The poverty risk for children in workless families remains high because basic benefits are insufficient to lift families out of poverty. Rises in benefits are needed to bring this risk down: benefits on average need to rise faster than earnings, rather than having some benefits rising with earnings and some in line with prices as in the present 'default' policy, Hirsch points out that such a change would be easier to contemplate if in-work earnings for parents in relatively low-paid jobs rose, allowing work incentives to be maintained and releasing funding from the tapering of tax credits to make higher benefits more affordable.

3.4. Reform the tax and benefits system

There are strong arguments for the reform of the current tax and benefits system. Many people experiencing poverty feel that the system is against them. This has damaging effects, not just on their sense of well-being but on how far they are able to make positive choices supported by the system. Zacchaeus 2000 Trust (Z2K) argues that there is an urgent need to reform the welfare system. They suggest that in many cases it holds people down rather than helping them forward and cite David Freud's review of the Government's welfare to work policy which highlights that *" A range of international evidence suggests that complexity in the benefit system acts as a disincentive to entering work, and that badly designed systems create unemployment and/ or poverty traps. Government should also do more to change the perception, where it exists, that moving into work does not pay; a perception which can be a function of fragmented delivery by the central benefit system, local authorities and tax authorities."*

3.5. Paying for reforms

There is no escaping the fact that ending child poverty will necessitate significant initial investment. Research by the Joseph Rowntree Foundation, based on modelling by the Institute for Fiscal Studies,[13] showed that the Government would need to spend £4.5 billion extra per year – closely aimed at particular tax credits – to meet the target of halving child poverty by 2010. After the 2007 Budget, which directed some extra resources into child benefit and tax credits, the estimate was that £4 billion a year will be needed, and a further £1 billion was included in the 2008 Budget. The Campaign to End Child Poverty has therefore been calling for £3 billion a year to be invested in benefits and tax credits in order to meet the 2010 target. Where is the money to come from?

In their report published in September 2008, Barnardo's and Deloitte argue for a 'recycling of resources already spent supporting families'. Analysis by the Institute for Fiscal Studies, commissioned for this report, of the impact of the Government's compensation package, announced in response to the protest caused by the abolition of the 10p tax rate, concluded that it had had virtually no impact on child poverty. The report therefore recommended that it should be abandoned, saving an immediate £2.7 billion. Barnardo's were not the only body to be unconvinced by the 10p compensation package. The Treasury Select Committee noted:

£2 billion of the £2.7 billion committed to [responding to the 10p tax abolition] is not devoted to compensating losers from the removal of the starting rate of income tax. As such, the option chosen on 13 May represents an allocation of resources which is not directed at the Government's priorities relating to child and pensioner poverty.[14]

Barnardo's recommended a further cost savings package by changing the way in which the family (and baby) element of Child Tax Credit (CTC) is paid, so that it is reduced as income increases in the same way as the other elements in tax credits. The analysis found that this would save an annual £1.35 billion, currently being spent on relatively well-off families, which could be redirected to families in greatest poverty.

By making both of these changes, the Government could save over £4 billion, currently being spent inefficiently, and redirect these resources towards families living in poverty and make a real difference to these families' lives.

Although meeting the 2010 target alone necessitates an annual investment of £3billion, there is ample evidence that in the longer term it will save government expenditure. The Joseph Rowntree Foundation has estimated that it currently costs £25 billion a year ***not*** to end child poverty: £12 billion on services, 2 billion on

benefits and £5 billion lost in taxes and NI from adults unable to work as a direct consequence of growing up in poverty.[15]

4. Potential policy recommendations

The elimination of child poverty by 2020 was always an ambitious target. In the current economic climate it becomes doubly challenging. At the same time, the economic downturn makes child poverty an even more critical policy area. When times are hard the poorest tend to suffer the most – there is a moral imperative to ensure that poor children suffer as little as possible. But there is also a hard-nosed economic imperative to keep child poverty on the political agenda: ensuring that the next generation is supported to be economically active and productive is our best long-term route out of recession. The following policy recommendations are potential ways of achieving this.

4.2. Establishing a minimum income standard that rises in line with earnings

If child poverty is to be abolished by 2020, there must be a minimum income standard established which ensures that the incomes that people rely on – out-of-work benefits, child-related benefits, disability-related support, tax credits and the minimum wage - are sufficient to meet families' needs and that life events such as unemployment, having a child or other livelihood changes do not plunge people into poverty.

Oxfam GB, in their submission to the Commission[16] advocate a strong safety net ensuring that everyone has the right to a secure income that can support a decent standard of living whether in or out of employment. They point out that the benefits system assumes that people can move from unemployment to full-time work in a single step. That rarely happens, as unemployed people are much more likely to be offered short-term contracts or part-time work, which they find hard to accept because it offers little long-term financial security.

A minimum income standard needs to ensure that the minimum income goes up at least in line with average earnings to ensure that poverty rates do not continue to rise as a result of the Government's benefit up-rating mechanisms.

Recent research has been carried out to find out what level of income people think is needed to afford no more than a socially acceptable standard of living in Britain today, and to participate in society.[17] It was considered that, in order to maintain a minimum socially acceptable quality of life, a couple with two children needed £370 a week (after income tax and not including housing or childcare costs). The extent to which families in poverty fall short is demonstrated by the example of a family of two parents and two teenage children, with the father in full time work on minimum wage. After receiving every possible benefit to which they are entitled they have to live each week, not on £370, but on about £240.[18]

4.3. Reform of the tax and benefits system

Hirsch argues that structural change of the tax credits and benefits system is needed:

- ***To reduce the complexity and retrospective character of the present tax credits system***. The present tax credit system imposes an annual retrospective assessment on families with fluctuating circumstances, and often requires repayments for reasons that people find impossible to comprehend. This can cause direct hardship when repayments occur and much wider failures when people are reluctant to claim entitlements that could land them in future difficulties. These complexities contribute to high rates of non take-up. There has been some improvement of take-up rates under the present system, but an estimated 20% of money due under the Working Tax Credit still goes

unclaimed, and 40% of entitled claimants do not take it up.[19]

- ***To change the system of benefits to encourage flexibility of employment***. This is particularly relevant for people taking their first steps towards working. The 16-hour rule remains one barrier: the pound for pound withdrawal of benefit after a small income 'disregard' discourages 'mini-jobs' of up to 15 hours because tax credits are not available. Risk-averse people on low incomes are also discouraged from taking jobs that might not last because of the disruption caused by moving between systems.
- ***To ensure a better safety-net.*** Inadequate benefits often cause families to get into debt, and have no financial capacity to improve their situation by risk or up-front investment. Hirsch argues that a more systematic approach would entail an up-rating system capable of increasing financial support at a sufficient rate to reduce child poverty, rather than relying on individual Budget announcements.

The Campaign to End Child Poverty has called for £3billion to be invested in ***child benefit and child tax credits*** as a matter of urgency if the 2010 target is to be reached. In addition, as Strelitz and Lister point out, the poverty of children cannot be divorced from that of their parents: the ***adult rates of out-of-work benefits*** also need to be increased in real terms, as improvements in financial support for children cannot on their own lift significant numbers of families on benefit out of poverty.

Several organizations also advocate in addition for the introduction of ***seasonal or 'lump-sum' grants*** for low-income families comprising payments to help families with expensive items and costs associated with winter (e.g. fuel) and summer (e.g. school holidays). A submission to the Commission from One Parent Families|Gingerbread advocates the introduction of a series of grants, encompassing: A Child Development Grant payable either through the Social Fund or Child Tax Credit at key stages of a child's life that generate additional expenses; Child Health and Safety Grants to meet the core items essential for a child's health and safety, such as bed/bedding, cooker, fridge, heating equipment and repair or replacement of gas or electrical items; Secure Homes Grants providing lump-sum payments for core items needed after re-housing to help people fleeing domestic violence, relationship breakdown or homelessness.

One Parent Families|Gingerbread[20] also advocate for ***targeted increases in Child Tax Credits,*** but problems with the delivery of tax credits leads to them to prefer an approach that ***maximises the use of universal Child Benefit***, which is easy both for parents to understand and Government to deliver. They advocate for increases in Child Tax Credit alongside additional Child Benefit for children in larger families as relatively cost effective.

The report from Barnardo's and Deloitte suggests three policy options for meeting the 2010 target to halve child poverty, each of which assumes the implementation of the cost saving measures outlined in 3.5:

1. ***The Per Child option*** involves a straightforward increase in the per child element of Child Tax Credit (CTC). This option would increase the per child element by 26 per cent from £2,085 per year to £2,620 in 2008 rates.
2. ***The Large Family option*** involves a straightforward increase in the per child element of CTC and a new targeted increase in the per child element for third and subsequent children. The per child element would be increased by 17 per cent, from £2,085 to £2,445 in 2008 rates, and the new "large family element" would be worth £1,600 per child for the third and subsequent children.

3. ***The Choice option*** involves, again, a straightforward increase in the per child element of CTC, a doubling of the 'baby element' in CTC, and the introduction of a second earner disregard in Working Tax Credit (WTC). The per child element would again be increased by 17 per cent as in the Large Family option, the baby element would be doubled from £545 to £1,090 per year in 2008 rates, and the second earner disregard would allow a second earner to earn about £55 a week before entitlement to tax credits starts to be withdrawn.

4.4. Tackling debt and the 'poverty premium'

Debt is an almost inevitable consequence of persistent lack of income. This exacerbates the problems experienced by families in poverty, with the impact of servicing debts on household incomes and on anxiety and stress. One study found that 42% of those in poverty were seriously behind with repaying bills or credit commitments in the previous year (compared with 4% among the non-poor).[21] Families with children, especially lone parents, have particularly high rates of poverty and debt.

The problem of debt is further compounded by the fact that people in poverty pay more for purchasing essential goods and services, and face a poverty premium when paying for gas and electricity or borrowing money. Those on a low income face this poverty premium either because of the way they pay for services (for example, paying by cash or cheque as opposed to direct debit) or because of the way they buy (such as making use of 'pay as you go' options, which make budgeting easier but have a premium attached to them). Low-income consumers may also pay more because they are deemed to represent a higher risk – either directly or indirectly – to service providers. The result is that low-income consumers pay a premium of about £1,000 a year in acquiring cash and credit, and in purchasing goods and services.[22] This could account for nearly 10% of a poor family's income after housing costs. Yet, as Kober[23] points out, the Government does not currently measure the extent of the poverty premium or how it is changing over time so there is no official understanding of the extent to which it diminishes family incomes. She argues that the Government should commit itself to producing a ***Poverty Premium Index***, similar to the Retail Prices Index, to track changes in the prices of a basket of essential goods and services.

A critical element of tackling the poverty premium includes increasing the availability of ***affordable credit*** for low-income households as an alternative to those companies which will loan to poor families, including families living entirely on benefits but at prohibitive interest rates. The most prominent of these, *The Provident* is currently offering loans with a minimum interest rate of 189%. These alternatives could be developed with the assistance of the banks and the credit union movement. It is also vital that families on a low income have access to grants and interest-free loans in order to purchase essential items such as those crucial for their physical and mental health.

Families on a low income must have access to free help with budgeting and managing their money, as well as free, good quality, independent financial advice on savings, credit and debt. Money invested by the Government in the Pre-Budget report for this is extremely welcome. There should also be equality of access to mainstream basic bank accounts, credit and saving facilities for all customers in order to reduce the high levels of financial exclusion currently experienced by low income families.

Action is also needed to ensure that essential gas and electricity supplies are affordable for all customers. This would include regulating gas and electricity suppliers to close the gap between the cost of different payment methods to make sure that all families have access to the cheapest tariffs. It would also include extending government help for fuel costs to families on

a low income and ensuring that families on a low income be the first recipients of help to make their homes energy efficient.

4.5. Take more account of poverty among families affected by disability

Several commentators highlight the links between poverty and disability. Disabled parents and young people not only face additional barriers to well-paid employment, but families with a disabled child or adult also face additional costs. As Every Disabled Child Matters (EDCM) point out in their response to the Commission,[24] the over-arching factor reducing social mobility for disabled children is that their families remain disproportionately likely to be in poverty as a result of both lower incomes and higher costs.[25] EDCM urges future governments to take specific steps to end child poverty among families with disabled children. Increasing the accessibility and affordability of childcare for disabled children to allow parents to work where appropriate, and amending the tax credits and benefits system to lift families out of poverty, are essential first steps for any government wishing to improve social mobility. The extra costs of disability need to be recognized. Measuring poverty solely in terms of an indicator that includes household size and children's age but takes no account of the extra costs associated with disability inevitably hides real poverty. The government should adapt its measure of poverty when applied to households containing a child or adult with disabilities in order to reflect these additional costs.

4.6. Take measures to address in-work poverty

For most people work remains the best route out of poverty, but, as we have noted, just over half of children in poverty are in a household where someone works. For families trapped in a revolving door of low-paid work and unemployment, poverty is the only constant. Improving the ***pay and job security for low paid workers*** is therefore a key policy priority. In the employment section of this report we make recommendations for progress towards a universal, high-skilled economy in the longer term. However, over the next decade, many millions of people will continue to rely on low-skilled, part-time, temporary work. We therefore need to ensure that: agency and migrant workers are extended the same rights as other workers; there is effective enforcement of employment law to ensure that the minimum wage and other working conditions are met; the status of part-time work is improved and the right to request flexible working is extended. Furthermore, it is vital that Jobcentre plus work to prevent the cycling of vulnerable groups in and out of work through better job matching and getting parents into jobs that are a sustainable route out of poverty.

Several commentators advocate for ***Increases in the National Minimum Wage.*** In their submission to the Commission, the Zacchaeus 2000 Trust (Z2K)[26] argues that in London, for example, the current National Minimum Wage is actually a poverty wage. Z2K also highlight the circumstances of ***young people aged 16-18*** who are living independently. They point out that, though in principle all young people in this age group should be engaged in education, training or work, there are still some who fall through the net. Z2K argues that the current level of unemployment benefit for 16-18 year olds is totally inadequate for a young person to live independently. They also question the adequacy of the Education Maintenance Allowance, which they argue provides no financial incentive for the most vulnerable young people to participate in education.

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Early Years and Social Mobility

Summary of Policy Recommendations

A significant and sustained investment in early years is the most critical policy strategy to increase the upward social mobility of those born into disadvantaged circumstances. We therefore recommend:

- Extend to all areas the programme of intensive home visiting (currently being piloted as the Family Nurse Partnership initiative), so that parents assessed as likely to benefit, receive this as an addition to the core service provided by midwives and health visitors.
- Ensure that effective evidence based parenting programmes are available to those children and families known to be at risk of severe behaviour problems.
- Increase paid parental leave beyond the twelve months to be transferable between parents to enable greater flexibility of employment and care options in the first two years of a child's life.
- Introduce a home care allowance for low-income families payable to either parent up to the child's third birthday.
- Extend the baby element of the Child Tax Credit to help families either to cover the cost of additional childcare, or to offset the cost of a parent staying at home for the first three years.
- Extend the free childcare offer to two year olds, giving priority to children from low-income families.
- Increase the offer to three and four year olds to thirty hours a week for low-income families.
- Initiate a fundamental review of the childcare element of the Working Tax Credit with a view to it being included under Child Tax Credit or dealt with as a separate programme.
- Increase the maximum subsidy of childcare costs from 80% to 100% for low-income families and, recognising that some families move in and out of employment, ensure that there is continuity of eligibility.
- Reduce the work hours requirement to encourage more parents to take up employment even if for only a few hours per week.
- Support the development of outreach work to increase the take up of childcare by those families who can most benefit.
- Prioritise an integrated education and care approach, both to maximise the benefits to children and to meet the needs of families who need care for longer or during atypical hours.

1. Introduction

If the race is already halfway run even before children begin school, then we clearly need to examine what happens in the earliest years.[1]

What happens to us in our earliest years shapes the rest of our lives. The social mobility of individuals is profoundly affected by their early childhood experiences. These influences begin even before birth as what happens in the womb affects the formation of the brain's neural pathways and our consequent cognitive capabilities and ability to regulate emotions. The further development of these is, in turn, heavily dependent upon the quality of our early environment and the availability of appropriate experiences at the right stages of development.

Nurturing and stable relationships with caring, responsive adults are essential to healthy development from birth. Early, secure attachments contribute to the growth of a broad range of competencies, including

the self-esteem, self-efficacy, and positive social skills that are associated with better educational, social and labour market outcomes in later life. The importance of early years to social mobility, therefore, cannot be overstated. We need to get things right for children at the start of life. Later interventions, however important, cannot undo early disadvantage.[2]

The fact that children born into poverty and disadvantage do not get a good start is now widely acknowledged. More equalised early years experiences are likely to increase the effectiveness of later equalising interventions through education. Widening access to early years care and education can therefore contribute hugely to social mobility. The government can take credit for pursuing this agenda with the development of important initiatives such as early years free entitlement, Sure Start and the Early Years Foundation Stage. There has also been significant public investment in providing support to parents, and, though there is less evidence of its effectiveness, more specific support to improve parenting skills.

However, more still needs to be done, and if there is a serious political will to increase the upward social mobility of those born into disadvantaged circumstances, a significant and sustained investment in early years is the most critical policy strategy.

2. Early years and social mobility

- Development in cognitive ability in the early years is highly predictive of subsequent achievement, showing a strong relationship with later educational success and income.[3]
- Children from disadvantaged backgrounds are at significantly increased risk of developing conduct disorders leading to difficulties in all areas of their lives including educational attainment, relationships and longer-term mental health problems.[4] These children are also more likely to begin primary school with lower personal, social and emotional development and communication, language and literacy skills than their peers.[5]
- Disadvantaged mothers are more likely to have babies with a low birth weight, and low birth weight is predictive of slower early development and poorer health throughout life.[6] Foetal and early brain development is affected by the health of the mother, including stress, diet, drug, alcohol and tobacco use during pregnancy.[7]
- The first year of life is particularly crucial for processes of neuro-development, without which there can be lasting damage to cognitive capacities.[8]
- Once children fall behind in cognitive development, they are likely to fall further behind at subsequent educational stages.[9]
- Sensitive and responsive parent-child relationships are associated with stronger cognitive skills in young children and enhanced social competence and work skills later in school.[10]
- Parental involvement in their child's reading has been found to be the most important determinant of language and emergent literacy.[11]
- Evidence from around the world finds that formal pre-school care has an above average beneficial impact on disadvantaged children's development. [12]
- Quality counts. In the UK, the benefits of higher quality preschool are greater for boys, children with special educational needs and disadvantaged children. The difference between attending a high quality preschool and attending a low quality preschool is larger for children who come from more disadvantaged backgrounds.[13]

- Maternal employment in the first year, particularly if early and full-time, is associated with poorer cognitive development and more behaviour problems, for some children. For 1-5 year olds there are no adverse effects of maternal employment on cognitive development, but there may be effects on behaviour problems if children are in poor quality child care for long hours.[14]

- Pre-school influences remain evident even after five years full time in primary school. However, attending any pre-school is not sufficient to ensure better outcomes in the longer term. Both the quality and the effectiveness of the pre-school setting predict cognitive outcomes. Attending a high quality or more effective pre-school seems to act as an important protective factor for children who go on to attend a less effective primary school.[15]

3. Where should policy be focused?

Policy needs to be based on evidence about children's needs and what we know about effective interventions at each developmental stage, from pre-birth to pre-school. Our strategies therefore need to start with maternal health and family environment before birth and continue throughout the pre-school years.

3.1. Pre and post natal parental support

There is a strong body of evidence that early intervention through intensive home visiting programmes can be effective in improving the health, well-being and self-sufficiency of low-income, young, first-time parents and their children. Trials in the U.S have shown significant and consistent benefits including: improvements in women's prenatal health; reductions in children's injuries; greater involvement of fathers; increased employment and improvements in school readiness. These findings are supported by evidence from research in Britain.[16] In England, the Government has been running Family Nurse Partnerships (FNP) in ten pilot areas since March 2007 with a second wave of sites about to be implemented. The FNP is an intensive, preventive, home-visiting programme delivered by specially trained nurses and midwives with experience of working with families in the community. It is a structured programme offered to at risk, first-time young parents from early pregnancy until the child is 2 years old, on the basis that pregnancy and birth are key points when most families are receptive to support and extra help.

Trials of the Incredible Years programmes in the US and UK have demonstrated effectiveness in the treatment of conduct disorders and for children known to be at risk of developing conduct disorders. The programmes contain all the key components recommended by NICE[17] and have been shown to work in community settings, for example Sure Start programmes in Wales. The success of the programme has led to it being included by the Welsh government as part of its Parenting Action plan.[18]

3.2. Parental leave and flexible working

Paid parental leave is associated with better maternal and child health with studies finding an association with: lower maternal depression;[19] lower infant mortality;[20] fewer low birth-weight babies; more breast-feeding and more use of preventive health care.[21] Unpaid leave does not have the same protective effects.

New mothers can take nine months paid and three months unpaid maternity leave, and fathers two weeks paid paternity leave. In 1999 provisions were introduced to allow parents to take a further 13 weeks unpaid leave sometime between the birth of the child and the child's fifth birthday (18 weeks, available up to their 18th birthday if the child is disabled). However, the fact that it is unpaid means it is likely to benefit only better off parents and studies suggest that awareness and use of this leave is low.[22] Since April 2003, parents of children under 6 (or children with disabilities) have the right to request part-time or flexible hours. There is

greater awareness and take-up of this provision, though critics point out that take-up rates are higher among professional and higher paid parents than lower paid workers.

3.3. Childcare provision and early education

The provision of childcare has two purposes. First, it enables parents to remain in or take up employment, which as we have noted elsewhere is an important strategy for reducing child poverty. Second, it offers a critical opportunity to provide all children, especially those from disadvantaged backgrounds, with developmental support.

The government's Ten Year Strategy for Childcare,[23] set out four key themes: ***choice and flexibility***, for parents to have greater choice about balancing work and family life; ***availability***, providing childcare for all families with children aged up to 14 who need it; ***quality***, ensuring high-quality provision with a highly skilled childcare and early years workforce; and ***affordability,*** so that families are able to afford flexible, high-quality childcare that is appropriate for their needs.

These are still priority areas. However, the challenge remains to ensure that the children who most need and can most benefit from early years provision are served by it. Despite significant improvements in recent years, through, for example, the development of Children Centres, there are still barriers to accessing childcare. Information from the Daycare Trust[i] shows that the average weekly cost of a full time nursery place for a child aged under two is £159 in England, £141 in Scotland and £142 in Wales. The average weekly cost of a full time nursery place for a child aged over two is £149 in England, £128 in Scotland, £141 in Wales. All 3 and 4 year olds are entitled to a minimum of 12.5 hours a week free early years education for 38 weeks of the year. This leaves a significant gap in provision for working families, the costs of which need to be met out of their wages. And although 449,000 families currently get help with childcare costs from the childcare element of Working Tax Credit, the average award for this element is £65 a week: a figure which falls well short of average full-time nursery costs.

There is further evidence that there are barriers to using formal pre-school care other than cost for some disadvantaged parents. Persuading some families that care outside the immediate family can benefit their children remains a challenge, as highlighted by recent research suggesting that for some low-income families – particularly Bangladeshi and Pakistani mothers - 'childcare' was an alien concept.[24]

Quality of care – in particular, sensitivity and responsiveness to the child – is crucial and there have been important steps taken in recent years to raise standards in early years provision, reflecting research findings that the most effective childcare centres are those that integrate care and education and have programmes run by well-qualified staff.[25] Ensuring a universally high standard of childcare is crucial, particularly in areas of disadvantage. Evidence shows that pre-school by itself does not improve later attainment outcomes, whereas medium and especially high quality pre-school experience is associated with longer term benefits for the development of academic skills in both reading and mathematics.
Early years provision can be usefully combined with family literacy programmes and support to parents to encourage language development. Initiatives such as Bookstart have been shown to be effective in contributing to an increase in reading, language acquisition and literacy.[26]

3.4. Support for parenting

Policy makers have embraced parenting programmes with enthusiasm in recent years, although the evidence of their effectiveness is mixed, in part because programmes are so diverse.[27] Again, research suggests that quality is the key. For

[i] Figures obtained from the Daycare Trust website, November 2008

example, studies from the U.S have found little evidence that parenting programmes[28] improve school readiness, with the exception of high-quality early literacy programmes or that they improve social or emotional outcomes, apart from high-quality programs for families with children with conduct disorders.[29]

There is growing UK evidence about the effectiveness of the Incredible Years Programmes for children with conduct disorders. For example, recent research in the UK that suggests that Incredible Years parenting programmes may be also be effective with children with ADHD as well as conduct disorders.[30] Early, effective intervention is crucial because of the poor prognosis over time. Conduct disorders are linked to increased involvement in antisocial activity and social exclusion, which if left untreated, are costly to society.[31]

This suggests that further investment in parenting support needs to be accompanied by clear commissioning guidelines to ensure that programmes are consistently delivered to the level of quality shown to have the best results.

Support for parenting also needs to be targeted at those families most in need of it. Despite the substantial increase in the availability of parenting support in disadvantaged areas, there remains concern that it is still not reaching the most disadvantaged parents in those areas.[32] A 2003 study found that nearly half of parents did not know where to go for support in their area[33] and as recently as September 2008 a survey in Scotland found that just over two-thirds (69%) of parents were unable to name any organisation that provides support and advice on parenting issues.[34] This reflects the concerns expressed by the YWCA in their response to the Commission: they particularly highlight gaps in provision for young parents from Black and minority ethnic communities.[35]

4. Potential policy recommendations

4.1. Pre and post natal support

In the health section of this report, we highlight the importance of maternal health for the development of children. Support to parents during and after pregnancy via intensive home visiting has been shown to be effective and has informed the development of ***Family Nurse Partnership*** initiatives in pilot areas. Given the strength of the evidence base, there is a good argument for ***extending this initiative to all areas***, so that parents assessed as likely to benefit, receive intensive home visiting as an addition to the core service provided by health visitors.

The strong evidence base for Incredible Years also indicates that these programmes should be more widely available. Simple behavioural screening can identify those children at risk, making targeted effective early intervention a possibility.

4.2. Extend paid parental leave

The government has made progress in extending paid maternity leave, However, as a recent report from the Joseph Rowntree Foundation points out, there remains a two year gap between the end of paid maternity leave and the start of entitlement to free part-time childcare when the child is three.[36] Increasing access to affordable, good quality childcare is one strategy (which we discuss below), but parents also need to be given the choice to care for their young child for longer without undue financial penalties. Options include: ***extending the baby element of the Child Tax Credit*** to help families either to cover the cost of additional childcare, or to offset the cost of a parent staying at home for the first two years; ***extended paid parental leave transferable between parents***; providing a ***home care allowance*** payable to either parent in addition to increased access to childcare outside the home.

4.3. Increase opportunities for flexible working

The above policy options would enable more parents to take advantage of their right to request flexible working arrangements. However, as we discuss elsewhere, it is also important that employers be encouraged to play their part in making flexible arrangements work, particularly for those in low paid employment. Lone parents find it particularly difficult to combine childcare with employment and the National Association for One Parent Families argue that more needs to be done to ***create 'mini jobs'*** – enabling lone parents to establish or maintain a foothold in the labour market through jobs with short and flexible hours.

4.4 Increase access to childcare

Despite the introduction of the free childcare offer for three and four year olds, there are still some concerns that take up rates are lower for low-income families and, as we have noted, families from some minority ethnic communities may be particularly reluctant to have their child cared for outside the family. Waldfogel and Garnham[37] suggest that more ***outreach work*** may be needed along the lines developed by the Daycare Trust where parent champions with a positive experience of childcare explain the benefits to other parents.

The National Day Nurseries Association, in their response to the Commission[38] argue that more could be done to promote access to those least advantaged families living in the country's most deprived communities. They points out that 57% of childcare in the most disadvantaged neighbourhoods is provided by private, voluntary and independent day nurseries (which account for over 80% of provision nationally). Yet many have spare places which, if workable funding arrangements were agreed with national and local government, could be utilised by children and families who would benefit most from early years care and education.

This capacity could be used to support an extension of childcare, ***by increasing the offer to three and four year olds to thirty hours*** and ***extending the free offer to two year olds,*** giving priority to children from low-income families.

However, for access to childcare to improve, it is clear that there needs to be a review of how places are funded. The present system of funding childcare through Working Tax Credits is widely experienced as confusing to parents and unsatisfactory for providers. Waldfogel and Garnham advocate a ***fundamental review of the childcare element of the Working Tax Credit*** and suggest that it should either be included under Child Tax Credit or dealt with as a separate programme. To ensure that low waged parents benefit from the system, the ***maximum subsidy of childcare costs should be increased*** from its current 80% to 100% and the work hours requirement should be reduced to encourage more parents to take up employment even if for only a few hours per week. Implementing a policy to provide low-income parents with 100% free childcare has the potential to make a substantial impact on child poverty.

4.5. Continue to raise the quality of childcare

Given the evidence that the programmes with the best longer term outcomes are those which combine childcare with early education, any expansion of early years provision needs to prioritise an integrated education and care approach, with appropriately qualified staff, both to maximise the benefits to children and to meet the needs of families who need care for longer or during atypical hours.

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Education and Social Mobility

Summary of Policy Recommendations

Education is a critical component of a strategy to increase the upward social mobility of the most disadvantaged. Britain needs to sustain an overall investment in education but give greater priority to targeting resources towards those children and young people who are currently less likely to succeed. We therefore recommend:

- A sustained investment in early years to include a stronger emphasis on pre-school programme models that have been shown to be effective; and to improve access to high quality early years provision and affordable childcare for low income families.
- An approach to targeting resources towards schools with the highest proportions of disadvantaged children, involving a review of the current funding formula to provide local authorities with greater flexibility to re-focus resources.
- Providing greater individualised support to disadvantaged pupils via pupil/teacher ratios in the most challenging schools.
- Ensuring that schools are assessed according to their performance against a range of outcomes for children and young people, not just against a narrow testing regime.
- Providing greater incentives to teachers to take up posts and remain in the challenging schools.
- Emphasising the importance of a system-wide awareness of the impact of disadvantage and inequalities on educational outcomes. This should include training and ongoing development for teachers and heads.
- Increased emphasis on early intervention in education, giving greater priority to children aged 4 to 8 years.
- National funding of reading recovery programmes to ensure that by age 11, all children enter secondary school with effective literacy skills.
- The implementation of direct admissions policies, including greater use of admissions ballots, to improve equality of access to the best State schools and to reduce segregation.
- Expansion of vocational and work-based learning pathways for young people aged 14-19 whose potential is not unlocked by the academic curriculum and traditional classroom learning.
- Targeting information and support to young people from less advantaged backgrounds to assist their progress to higher education and help them make the choices that are most likely to enhance their life-chances.

1. Introduction: why is education important for social mobility?

If you want to know how well a child will do at school, ask how much its parents earn. The fact remains, after more than 50 years of the welfare state and several decades of comprehensive education, that family wealth is the single biggest predictor of success in the school system.[1]

There is good evidence that success in education leads to improved life-chances. Therefore, improving educational outcomes for disadvantaged children has to be central to any policy strategy to increase their upward social mobility.

However, the relationship between education and social mobility is not simple.

In fact from a theoretical perspective education could have an equalising impact by offsetting intergenerational inequalities, or it could be disequalising by reinforcing such inequalities. Whilst there is good evidence that doing well in education has helped many children from working class backgrounds to become middle class adults, poor educational attainment does not generally lead to downward mobility for children from middle class backgrounds.[2] In other words, educational success is important for disadvantaged children to improve their life-chances but educational failure does not necessarily diminish the life-chances of those who are already advantaged.

Social class remains a key determinant of educational outcomes: children from more advantaged backgrounds do better. Furthermore, there is evidence to suggest that policies to improve education over recent decades have reinforced this by disproportionately benefiting the middle classes.[3] Middle class parents, understandably, wish to retain these advantages for their children. This produces a central policy dilemma: how to ensure that all children are enabled to achieve their educational potential, regardless of background, in a way that is not perceived as a threat to those who are already reaping the benefits.

We also have to be realistic about what education can achieve in an unequal society: inequalities in life-chances persist despite increases in educational attainment. Education is vitally important – but education alone is not sufficient to increase social mobility for disadvantaged children.

2. Education and social mobility: the attainment gap

- Social class accounts for a large proportion of the gap in educational attainment between higher and lower achievers – a gap evident from early childhood and tending to widen as children get older.[4]
- The post-war expansion of secondary education did not eliminate the social class attainment gap.[5]
- Progress has been made for children of all backgrounds, but pupils eligible for free school meals (FSM) achieve an average point score of 2.5 points below non-FSM pupils at Key Stage One (age 7), a gap that rises to 5.1 points by Key Stage Three (age 14).[6]
- In 2007 35.5% of pupils eligible for free school meals obtained 5 or more A* to C GCSEs compared with 62.9% of pupils not eligible for free school meals.[i]
- Children from deprived backgrounds are also more likely to feel a lack of control over their learning and to feel anxious and less confident about school.[7]
- Indian, Chinese, White/Asian and Irish pupils are more likely to gain five or more A*-C GCSEs compared to other ethnic groups. Gypsy/Roma pupils, Travellers of Irish Heritage, Black Caribbean and White/Black Caribbean pupils are amongst the lower achieving pupils at Key Stage 4.[8]
- Although numbers recorded in these ethnic categories are small, it is clear that Gypsy/Roma pupils and Travellers of Irish Heritage have very low attainment throughout Key Stage assessments and also have much higher identification of special educational needs.
- Attainment data on Mixed Heritage pupils shows that White/Asian pupils are amongst the highest achieving ethnic groups (with 65 percent attaining 5+ A*-C GCSEs compared to the 51 percent national figure) and that White/Black Caribbean pupils have lower achievement than the average (40 percent attaining 5+ A*-C GCSEs).

[i] Source: National Pupil Database, DCSF

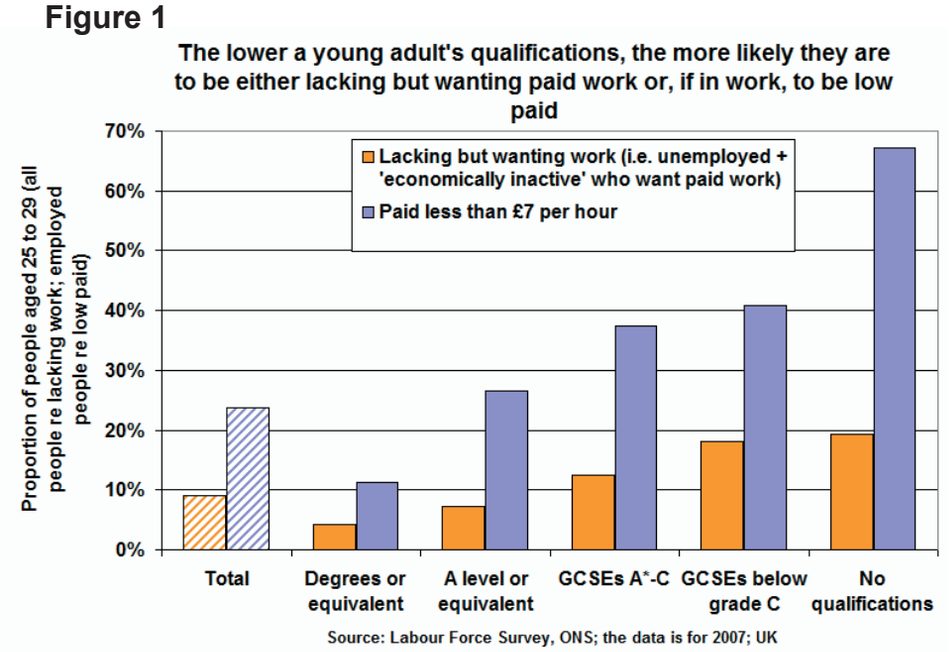
- Analysis of longitudinal data indicates the need for differentiation within ethnic groups by both gender and the socio-economic circumstances of the home. After controlling for socio-economic variables, the groups for whom low attainment is the greatest concern are:
  - White British boys and girls, and Black Caribbean boys, from low socio-economic class homes. These are the three lowest attaining groups;
  - Black Caribbean pupils, particularly but not exclusively boys, from middle and high socio-economic class homes, who underachieve relative to their White British peers.[9]

- A number of studies have found that both cognitive skills and non-cognitive personality traits (such as self-esteem and locus of control) are important factors in determining education attainment – and that these are associated with family background.[10] Research also suggests that non-cognitive abilities offer significant labour market returns in their own right, as well as mediating educational attainment. The importance of non-cognitive abilities also seems to be growing – increasing their salience to debates about social mobility.[11]

- Children from more affluent backgrounds tend to benefit disproportionately from any growth in educational opportunities. Blanden et al show how middle class take-up of post-compulsory education has helped to sustain levels of income across generations. Although the proportion of children from poorer families staying on at school after 16 has risen, between 1981 and the late 1990's the proportion of poorer children going on to get degrees rose by just 3 percentage points, while the proportion of the children of the richest quintile of parents who did so rose by 26 percentage points.[12]

- Participation in further and higher education is largely determined by prior attainment,[13] but attitudes and aspirations are also important. In one study, high achieving young people from lower social classes were less likely to apply to Russell Group universities even though they were just as likely to be accepted. Even when disadvantaged young people do go to university, they tend to choose institutions and courses attracting a lower wage premium.[14]

Figure 1



- As figure 1 shows, both lack of work and low pay are correlated with educational attainment. Although most young adults with no qualifications are in work, most of these are low paid.[ii]

- The TUC points out in their response to the Commission[15] that the financial returns from education remain high in Britain, partly because of the wide income gap between the lowest and highest paid. A 2007 study comparing intergenerational mobility across OECD countries suggests that countries with a wide distribution of income are also likely to be those where the returns from education are highest – because education gives access to jobs which are even more highly paid (relative to other jobs) than is the case in countries with a narrower distribution of income.[16]

3. Where should policy be focused?

Policy may be focused on pre-school and parenting initiatives, primary, secondary and post-compulsory education.

There is now considerable acknowledgement of the importance of the pre-school period. However, life chances are not determined by the age of five: gains made in the early years must be consolidated in the school years, and those who started school behind their peers can catch up, making good quality primary and secondary schooling an essential component of a strategy to improve social mobility. Further and higher education is also important, including opportunities to enable those who do not do well at school to have further chances in adulthood.

A number of commentators point out that the goals of education should be wider than just academic attainment and that, increasingly, life-chances are enhanced by social and communication skills.

Approaches to education, therefore, should encompass the need for children and young people to develop these skills alongside qualifications.

3.1. Early years

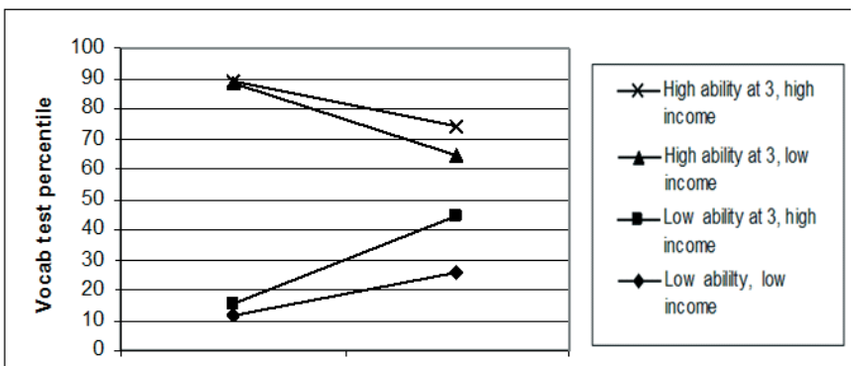
As the Institute of Education point out in their response to the Commission,[17] there is considerable evidence that inequalities in educational achievement emerge very early and parents' inter-generational transmission of skill is crucially important.[18] Similarly, the Sutton Trust[19] highlights research showing that bright children from the poorest fifth of households drop from the 88th percentile on cognitive tests at age three to the 65th percentile at age five. Those children from the richest households who are least able at age three, however, move up from the 15th percentile to the 45th percentile by age five (see figure 2).[iii]

There is good research evidence to support early intervention and, more specifically, interventions aimed at improving the skills of parents. For example, Cullis and Hansen (2008)[20] showed that mother's education is a robust determinant of a child's cognitive abilities at age 3 and 5. De Coulon et al (2008)[21] show a clear link between parental basic skills and the skills of their children. This evidence suggests that policy should prioritise early education, involving family based interventions and a continued emphasis on the development of parents' basic skills (e.g. lifelong learning), though better evidence is still needed of the effectiveness of specific interventions to improve the skills of parents.

Access to high quality early years provision brings long-term benefits (cognitive social

[ii] As the New Policy Institute point out in their response to the Commission, one reason that this is important is that the prevalence of low pay says more about society than it does about individuals, particularly as the industries where most low pay is found in the UK are not susceptible to global competition.

Figure 2
Evolution of Test Scores by Ability Grouping and Family Income for children in the Millennium Cohort Study[iv] [22]



and emotional) particularly to children from disadvantaged backgrounds and those with SEN. Conversely, poor quality provision may have negative impact.

Much progress has been made in the last decade in extending early years provision and affordable childcare. However there is evidence of lower take-up of the early years entitlement by disadvantaged groups; and the cost of childcare remains a barrier to returning to work for many women. A new UNICEF report criticises the UK for unequal access to childcare – and the benefits it can bring - for poorer children and their families.[23]

3.2. Primary and secondary education

The argument in favour of relatively early intervention in the education system has been reinforced by the results of recent work by Chowdry et al.[24] This research found that educational inequalities that emerge early in secondary school (and indeed primary school) are at the root of the low university participation rates of poorer students. In fact, for a given level of achievement at age 18, poor and rich students are equally likely to attend university. This confirms that breaking the cycle of social immobility requires us to improve the education of poor children in primary and secondary school and that interventions at early stages of education are likely to be more effective than later ones.

In their response to the Commission, Every Child a Chance[25] argues that whilst it is important to improve secondary education, even the best schools struggle with an intake that is heavily weighted towards those who cannot read, who struggle with basic mathematics, whose behaviour stops them from learning and who lack the skills in communication and social interaction that make for success at school and in employment. What is needed, therefore, is a focus on early intervention, following up pre-school initiatives with targeted support for primary schools in the most disadvantaged areas of the country.

The transition from pre-school to key stage one is particularly abrupt with many children, particularly from disadvantaged

[iii] This echoes Feinstein's 2003 study of cognitive development tested children from different social classes at 22, 42, 60 and 120 months. Children from higher and lower social classes who had similar high scores at 22 months progressed differently: by 42 months, the low social class children who had high scores at 22 months were already falling behind the high scoring children from high social classes. By 60 months the high social class children with low ranking at 22 months had almost caught up with them, and by 120 months they had overtaken them.

[iv] From Blanden and Machin at http://www.suttontrust.com/reports/summary.pdf and Blanden and Machin (2008) 'Up and Down the Generational Income Ladder: Past Changes and Future Prospects', National Institute Economic Review, 205, 101-116

backgrounds coping poorly with the move to a more formal approach to learning. An Ofsted report indicated that in schools where teaching was classified as unsatisfactory, the formal curriculum particularly appeared to disadvantage children who had not reached the Early Learning Goals before entering year one. Less mature year one pupils had problems concentrating for the full literacy hour.[26]

Every Child a Chance suggests focusing on the age range 4-8 years because of evidence that unless the impact of investment in the pre-school years is sustained through school, it is likely to evaporate. Research also shows that early intervention needs to be multi-faceted – addressing parenting, children's social development and the basic skills of language, literacy and numeracy.

Studies have also highlighted the associations between achievement and emotional well-being. Even in primary schools, one in five children suffers from either declining or consistently low wellbeing between the ages of eight and 10 These children are more likely to be boys, low achievers and children from lower socio-economic groups.[27] Therefore, teacher training and professional development needs to provide teachers with the skills to support the 'whole child'.

3.3. Further education and training

Around one in five 16-18 year olds are not in education or training and around one in ten are not in education, employment or training ('NEET').[v] Nearly half of young people who are NEET come from lower socio-economic backgrounds, whereas despite the increase in young people going to university it is still the case that less than a quarter of university students come from such backgrounds.[28] NEET young people are at risk of a range of poor outcomes - being NEET aged 16-18 is the single most important predictor of unemployment at age 21[29] and the average cost of being NEET (in terms of reduced productivity and additional public finance costs) is estimated to be around £97,000 per person over a lifetime.[30]

Part of the answer lies in improving achievement in school, since prior attainment is a key indicator of staying-on. Beyond this, we need to make education more engaging for the many young people whose potential is not unlocked by the traditional academic curriculum. We need to learn from the experience of our European counterparts, widening access to vocational learning and work-based learning. This is particularly relevant for young people from lower socio-economic backgrounds, who are more likely to leave school at 16 and more likely to choose vocational routes.[31] However, it is important to ensure a continued focus on core literacy and numeracy skills within these programmes, as the international evidence is that the earlier that the academic selection into different tracks occurs, the poorer the basic skills outcomes.

The government intends to make participation in some form of education or training mandatory until the age of 18. However, for those students who have already performed poorly and are unmotivated, it is not yet clear what the returns to education and training at 17 and 17 would be, particularly since the return on many existing vocational qualifications are low and the new diplomas are yet to be fully tested. As Brook points out, educational participation is a relatively poor proxy for skills and therefore a better policy may be to introduce compulsion only for those students who have not already achieved a minimum level of core skills by age 16.[32]

Work-based learning – such as apprenticeships and E2E programmes - can be a powerful motivator for young people who struggled in school, giving them the opportunity to learn in a different environment, helping them to see the

[v] DCSF SFR 13-2008. At the end of 2007, 9.4 per cent of 16-18 year olds were NEET (189,000 young people). 21.3% of the cohort were not in any education or training.

relevance of learning and to accept the rules and routines expected by employers. The Government has set ambitious targets for expanding apprenticeships, which are welcome, but will be a challenge to deliver in the current economic climate and against the backdrop of a long-term decline in work-based-learning.[vi]

3.4 Higher Education

Higher education has an important role to play in reducing income immobility and if we can find effective ways to intervene even in the later stages of education, this may help improve social mobility. Despite the increase in the numbers of university leavers over recent decades, graduates continue to earn significantly more than their peers with two A levels and equivalent, and those with degrees are also likely to enjoy better mental and physical health and to take a more active role in the community. But inequalities in obtaining a degree persist: while 44 per cent of young people from the richest 20 per cent of households acquired a degree in 2002, the same was true for only 10 per cent from the poorest 20 per cent of households. Looked at another way children from the richest households are four and a half times more likely to graduate than those from the poorest.

3.5 Giving greater priority to non-academic attainment

There is growing support for the argument that education should respond to the increasing importance of non-cognitive skills, building social and personal development more strongly into the curriculum.[33]

ALDES[34] response to the Commission highlighted the importance of non-academic skills for future employment, arguing that: "What an employer is looking for generally is the motivation to do a fair day's work for a fair day's pay. This is shown by a commitment to conscientiousness, reliability, honesty, willingness to learn, and a preparedness to work constructively with others." They go on to advocate for an increased allocation of time in secondary schools for the teaching the 'real life' skills, including the elements of good parenting, to developing employability attributes and to teaching how good relationships are built, commenting that "We are not worried that this will mean reduction in the time given to Shakespeare and even history and geography. A well adjusted adult can pick this up later."

In their response to the Commission, Oxfam[35] goes further, advocating for a "broader education script" and arguing that: "a narrow political conception of education that singles out economic progress as the only purpose and outcome for publicly funded education is outdated." They go on to argue that "A narrative for the future of education is one that fosters a generation of global citizens who have developed the knowledge, understanding, skills and values needed to ensure their own and others' well-being, sustain a livelihood and make a positive contribution, nationally and globally."

This argument is reflected in other responses to the Commission. Scotland's Commissioner for Children and Young People points out that Article 29 (1)(a) of the UN Convention on the Rights of the Child states that a child's education should be directed to "the development of the child's personality, talents and mental and physical abilities to their fullest potential", but all too often education is focused on children's academic achievement and not on the child him or herself. The Committee has expanded on the meaning of Article 29 and the aims of education in its General Comment No. 1, noting that "The goal is to empower the child by developing his or her skills, learning and other capacities, human dignity, self-esteem and self-confidence. "Education" in this context goes far beyond formal schooling to embrace the broad range of life experiences and learning processes which enable children,

[vi] In 1987, 17% of 16-18 year olds were in WBL, compared to just under 7% by the end of 2007. Source: DfES, SFR 13/08 (supporting data tables).

individually and collectively, to develop their personalities, talents and abilities and to live a full and satisfying life within society." The Committee goes on to say, "Education must also be aimed at ensuring that essential life skills are learnt by every child and that no child leaves school without being equipped to face the challenges that he or she can expect to be confronted with in life. Basic skills include not only literacy and numeracy but also life skills such as the ability to make well-balanced decisions; to resolve conflicts in a non-violent manner; and to develop a healthy lifestyle, good social relationships and responsibility, critical thinking, creative talents, and other abilities which give children the tools needed to pursue their options in life."

4. Potential policy recommendations

4.1. Target expenditure on the most disadvantaged

Targeting resources to the early years – for example, providing an enhanced entitlement to early years provision and extending affordable childcare for poorer families – could bring long-term benefits, underpinning a child's success through school and beyond.

The TUC suggests that a reduction in the comparative social and educational advantages of private education could be achieved by matching the spending per pupil in state and private schools, though it acknowledges that the high cost of such an option may make it politically unrealistic. Solon (2004)[36] suggests that increased educational expenditure can contribute to improved educational achievement for poorer children, although there is evidence that it is not necessarily increases in overall investment that is needed, but targeted expenditure to narrow the gap in educational opportunities and attainment.[37] This could include ***targeting extra resources at the most disadvantaged children*** – to provide extra support and also to incentivise schools to admit them.[38]

An alternative option would be ***to target additional resources at the most disadvantaged schools***. Atkinson suggests that this would entail additional investment in around 300 schools, '*based not on a formula which is unit driven but on what it takes to improve significantly educational opportunities'*.[39] Several observers have noted that the current funding regime mitigates against flexibility, and limits local authorities' ability to implement more efficient funding formulae and transferring additional funding to their most disadvantaged schools.[40] Brook argues that what is needed in a national benchmark formula for local authorities to use in allocating funding between schools while still permitting flexibility to met local needs.[41]

Some commentators argue that the testing regime in Britain has had unintended negative consequences for the most disadvantaged pupils. Brook, for example, points out the emphasis on competition between schools based on test results leads to 'gaming' by schools to keep their score up e.g. pushing less able pupils into non-academic subjects at GCSE. The Qualifications and Curriculum Authority have expressed concern that schools now devote significant time to preparing pupils for tests and deploying their best teachers to 'teaching to the test'.[42]

4.2. Improve access to good schools

The ideal scenario is to reduce variation in school quality so that all children attend their local school. However, whilst ensuring that every school is a good school should be a priority policy objective, in the meantime there is a strong argument for strategies to improve the access of poorer children to good schools.

At present, disadvantaged children are less likely to attend the best schools for a variety of reasons. First, attendance at good schools in the independent sector relies on ability to pay. Second, the link between where you live and the school you can attend advantages those who can afford to

live in the catchment areas of the best schools.[43] Third, many schools have admissions policies involving selection against a range of criteria. As Janet Dobson[44] points out, these factors determine the kinds of family backgrounds from which children are drawn at different schools and mitigate against the most disadvantaged. For example, a school which requires documentary evidence of regular Church attendance over the previous year(s) is unlikely to recruit many children who have just arrived in the UK from overseas or have been shifting from place to place because they are homeless or have moved to a new area because parents have separated, are mentally ill or in prison.

The Sutton Trust cites research it conducted in 2005 which found that the proportion of young people eligible for free school meals at the highest-ranked 200 comprehensive schools was less than 6%, compared with 12% in their local communities and 14% nationally. In other words, even when high performing schools are located in poorer areas, they tend to take in relatively few children from low-income homes. Furthermore, the Sutton Trust points out: "Our most academic schools – grammars and independents – are largely closed to those from non-privileged backgrounds, yet they continue to recruit the lion's share of the most highly-qualified teachers, particularly in shortage subjects such as maths and languages".

There has therefore been a growing argument in favour of ***direct admissions policies*** aimed at creating socially mixed schools benefiting children from lower social classes.[45] This would reduce the importance of catchment areas in the allocation of places at the best schools, thus making it more difficult to 'buy' a place via house purchase. Such approaches can meet with strong resistance where they are implemented and require considerable political will. However, the Sutton Trust argues that more use should be made of ***school admissions ballots*** to ensure fair access to oversubscribed state schools. Research funded by the Trust found that the use of lotteries in educational admissions is widespread in other countries and, when used in conjunction with other criteria (for example, faith or distance), is acceptable to parents in the UK.[46] They also advocate for a ***national school bus network*** to open up more school choices to those from modest and low-income backgrounds. They cite research showing that the children of wealthier parents travel further distances to high performing schools, whereas poorer families, who often have less access to private transport, tend to be more concerned with logistical arrangements than school standards.[47] The measures in the 2006 Education and Inspections Act to provide free transport to children on free school meals will help to address this, but the provisions fall short of a national school bus scheme, with all the environmental, social and economic advantages that would bring.

Increasing access to schools in the independent sector is one strategy that has acquired some political support in recent years, on the basis that funding places in the independent sector will confer the benefits of a private education on some children from less advantaged backgrounds. The Joint Educational Trust's[48] response to the Commission suggested that progress on developing this initiative is being impeded by the way in which education is funded. However, even if a programme to increase access to private schools were to be delivered more effectively, it would still only meet the needs of a minority of children and would be unlikely to have a substantial impact on social mobility.

Admissions policies involving selection tend to disproportionately exclude children from disadvantaged backgrounds and a number of commentators argue against any form of segregation.[49] However, there are arguments both for and against selection based on academic attainment. Advocates argue that selection on 'merit' opens up

opportunities for academically able children from less advantaged backgrounds. For example, the Sutton Trust advocates widening access to the most academically prestigious schools (including leading comprehensives, grammars and independent schools.) It advocates the voluntary opening up of independent day schools to those who cannot afford the costs. Entrance would be based on merit, with parents paying a sliding scale of fees according to their means.[vii] The Sutton Trust also argues for more schemes to widen access to top performing state schools.[viii]

On the other hand, policies to ***eliminate selection*** are advocated by others, with research suggesting that any form of selection tends to damage the performance of children from lower social classes.[50] Comprehensive Future,[51] in their response to the Commission, argue that selection labels children as failures when only half way through their education. They point out that selection is more widespread than generally perceived with a recent review[52] of admission arrangements finding that that 43 local authorities in England (out of 150) have secondary schools selecting by attainment as measured in a test. Comprehensive Future argues that selection increases social segregation[ix] and points out that selective schools also admit differentially from ethnic minorities.[53]

Comprehensive Future cites the reports of the OECD's Programme for International Student Assessment (PISA). This large-scale study of the knowledge and skills of 15-year-olds was conducted in 2000, and 2003, on the latter occasion involving 41 countries. Findings suggest that countries with more divided school systems perform less well, in terms both of overall standards and the spread of attainment, than those based on a more integrated and comprehensive approach. The PISA study repeated in 2006[54] is also cited as having found that early differentiation of students by school is associated with wider than average socio-economic disparities and not with better results overall.

4.3 Improve school quality across the board

Some analysts have argued that only around 10 to 20 per cent of the variation between pupils in their achievement is actually attributable to the school they attend.[55] Thus, schools are important but cannot by themselves improve the skills and educational achievement of disadvantaged children. However, good schools can make a difference and the aspiration of making every school a good school is widely shared, though there is general acknowledgement of the challenge it represents. Given that the performance of a school is influenced by its intake, achieving more socially mixed schools should have a positive effect on school quality. However, it is also the case that schools with similar intakes vary in their performance so individual school factors remain important.

Effective leadership is generally recognised as important in the creation of good schools. Research into successful leadership that promotes the achievement of white working class pupils identified the following factors as significant: school leaders spending time recruiting and 'growing' their own workforce, being creative

[vii] The Sutton Trust has trialled this approach for seven years in partnership with the Girls' Day School Trust at The Belvedere School, Liverpool. It would like this pilot to be extended through state funding to 100 or more independent schools. http://www.suttontrust.com/reports/BelvedereEval.pdf

[viii] The Trust has run one such scheme at the Pate's Grammar School in Cheltenham, which it claims has resulted in a substantial increase in numbers of pupils from the poorer primary schools in the area accessing Pate's in Year 7. http://www.suttontrust.com/pates.asp)

[ix] A comparison of the social segregation in England's secondary schools with other OECD countries by the Statistical Sciences Research Institute in Southampton showed that England is middle ranking in terms of social segregation (Jenkins et al 2006). High ranking countries such as Austria, Holland, Germany and Hungary have selective school systems. Countries such as the Nordic countries and Scotland have less segregation than England and the researchers conclude this is because of their non-selective school systems.

in their use of funding, having consistently high expectations, a deep respect for the community they serve and sensitivity to the emotional state of their pupils and colleagues.[56]

Teacher quality is a factor highlighted in some research[57] as having a significant impact on pupil outcomes. The Institute of Education cite research showing that teacher salaries have reduced over time and that this is associated with a reduction in the quality of the male teaching stock.[58] In the US, commentators have suggested that the best way to improve teacher quality would be to lower barriers to becoming a teacher and to link compensation and career advancement closely to teachers' ability to raise the performance of their pupils.[59] Others argue that teacher quality should be raised through selection, training and development and that more should be done to encourage the best teachers to work in the most challenging schools, including incentives for them to both take up posts and stay.[60]

A number of observers suggest that ***smaller class size*** or a ***lower pupil-teacher ratio*** is significant for improving the performance of disadvantaged children. There is good evidence from the STAR study in the U.S. that reducing class size does raise educational achievement, but the effects are most marked in the early grades, much smaller in the middle grades, and appear to be undetectable in high school. The effects are much greater for ethnic minority students and those who are socio-economically disadvantaged. Given the difficulty of targeting resources at particular groups of students within schools, this suggests that the most effective use of scarce educational resources is to concentrate class-size reduction in nursery and years one and two, and focus on the schools with high percentages of disadvantaged children.[61]

There is mixed evidence on the effect of pupil–teacher ratios (PTR) on student achievement in the UK with some studies showing little or no effect on examination performance[62] and others showing some positive effects. Cassen and Kingdon's 2007 review suggests that lower PTRs can help the achievement of poorer children, but their most unequivocal finding was that poorer pupils' achievement could be raised by providing additional targeted resources.[63] Evaluations of programmes in the USA, which combine limiting class sizes to 15 students with other forms of individualized support, do provide some promising evidence in support of smaller classes.[64]

4.4. Focus resources on early intervention

Every Child A Chance highlight a number of educational approaches with a strong track record of success in pre-school and primary education, including Talking Partners (for language development), Reading Recovery, Numeracy Recovery, school-home education support workers and the Incredible Years/Spokes parenting programmes. They claim that children in the Talking Partners, Reading Recovery and Numeracy Recovery programmes make over four times more progress than children not receiving help. Rates of behaviour problems are halved for children whose parents took part in the Incredible Years/Spokes programme. Children whose parents support their education at home as a result of school-home liaison initiatives achieve 15% higher educational levels than children from similar backgrounds without such support.

Every Child a Chance point out that these interventions offer the chance for disadvantaged children to get back on a level playing field with their peers, and stay there, but their use in this country is patchy. The interventions are often too costly for schools to fund them from their own budgets and local agencies find it hard to make the leap of imagination that would invest resources early, before children get into serious difficulties. They argue that a preventive, early intervention policy would provide an excellent return on investment -

citing research showing that every £1 spent on Reading Recovery has a return of at least £15, and every £1 spent on the Spokes programme a return of at least £18.

4.5. Give greater priority to literacy and invest in programmes which work

The National Literacy Trust,[65] in its response to the Commission, argues that literacy is a fundamental life skill, without which participation in society is becoming increasingly difficult. Research shows that literacy levels and attainment are generally much higher among children from more affluent social backgrounds than those from lower social class groups.[66] Whilst both skills-based literacy and reading for pleasure are vital, the NLT believes that the relationship between the two makes the most compelling case for the importance of literacy as a life skill. They cite a 2002, OECD research finding that reading for pleasure was a more important indicator of future success than any socio-economic factor.[67] The research drew on findings about reading for pleasure relying on self – or intrinsic – motivation. Essentially, reading for pleasure is an expression of an individual's ability to motivate them to acquire knowledge and this translates into the fulfilment of academic goals. Reading for pleasure, the ability to access a wide variety of texts and communicate effectively are essential skills to employment.

The National Literacy Trust propose four recommendations to improve literacy: ***Prioritise approaches that promote family literacy –*** Given the vital role that family literacy has in improving the nation's literacy, it is important that more support is given to parents to improve their own skills, so in turn they are empowered to help their children. Parental skills can be improved in a variety of settings; the rise in the number of extended schools should provide increased opportunities for learning. It is also vital that literacy is promoted across a wide variety of agencies, demonstrating the extent to which literacy pervades so much of society. ***Early years language support is essential –*** The importance of speech and language needs to be fully recognised as the foundation of all reading. The importance of the early years of a child's life need to be fully recognised and part of this drive should be a commitment to the Sure Start model, which provides a framework for a national, holistic and coordinated approach to childcare. ***A consistent holistic approach to literacy needs to be in place throughout a child's education –*** As children progress from early years settings into more formal education, an emphasis on literacy needs to be maintained. Speech and language are still important as social facilitators and essential life skills, but reading and writing will also become increasingly important.[68] To create a reading culture, it is important that literacy is visible throughout the entire school and curriculum. Schemes such as Reading Connects are important in helping to establish the framework for this integration. ***The creation of a culture where reading and literacy are associated with success –*** The Leitch review of skills, released in 2006, highlighted that many adults in Britain who would benefit the most from education and higher literacy skills do not consider them important.[69] Any success in a creation of a literacy culture is reliant on a multi agency approach, including government, local authorities, employers and education providers.

Every Child a Chance also emphasise the importance of literacy, citing research showing that the adults most likely to live in poverty are those who failed to learn to read at school. Parson and Bynner's[70] follow-up study of boys who were poor readers at the age of ten showed that at the age of thirty they were two to two and a half times more likely to be unemployed than good readers with similar levels of early social disadvantage. For women, early poor reading, rather than early social exclusion risk factors, was the main barrier to being in full-time employment at 30.

Evidence of the protective influence of learning to read early and well suggests

that an important element in any strategy to narrow gaps and reduce social disadvantage will be effective ***early literacy intervention for at risk-children***. Every Child a Chance points out that we are not currently very successful in achieving effective intervention for this group. Every year in England, 7% of children leaving primary school at age 11 (around 35,000) do so with reading skills at or below those of the average seven year old. For boys it is 9.2%– nearly one in ten. The majority of these children are poor. Every Child a Chance point out that these numbers have remained broadly static since the introduction of the National Literacy Strategy, which although successful in raising standards for the majority of children, has not been sufficient to narrow the gap for the most disadvantaged.[71]

Interventions that work best for children with severe difficulties are expensive for schools to fund at the point of delivery. ***Reading Recovery*** is aimed at children who, after one year of schooling, show they are having difficulty with reading. Evidence suggests that this is the optimum period for intervention: any later, and the effect of not being able to read on the child's self - confidence and attitudes to learning make remediation increasingly difficult. Children taking part in Reading Recovery receive daily 30-minute individual lessons for up to 20 weeks from a specially trained teacher, alongside work to engage the children's parents or carers in supporting their children's learning. The cost is approximately £2,500 per child, which includes all training and delivery costs – this translates into a cost to a school of approximately £15,000 to £20,000 a year. Schools hold the vast bulk of the education budget, and have to manage competing priorities when planning their spending. National targets and the current Ofsted framework have, until recently, encouraged spending on the children who with just a little help can reach the national targets, rather than the very lowest attaining children. More recently, they encourage a focus on boosting achievement in Key Stage 2 so as to secure high contextual value added scores, rather than getting children to Level 2+ in Key Stage1. Although investing in Reading Recovery will bring large savings to the economy later on, the school making the investment (often an infant school catering only for 4-7 year olds) will not see those returns directly. This means that schools tend to choose cheaper options, such as supporting the child with a teaching assistant or volunteer helper rather than a highly trained specialist teacher.

The results of Reading Recovery are impressive. More than eight out of ten children who complete the programme achieve national targets a year later and the majority maintain this level throughout their education. The implementation of Reading Recovery would reduce the 'tail of failure' (those leaving primary school without even the very basic reading skills) from 7% to no more than 2-3%.

Every Child a Chance point out that though Reading Recovery is only one of a number of literacy programmes that have some evidence of success behind them, it currently appears to be the only programme which offers a guaranteed return on investment. It works for the very lowest achieving children, works particularly well for children experiencing social deprivation, achieves higher rates of gain than other programmes, and is the only intervention with evidence of long-term impact.[x]

Some targeted, community-based funding schemes have made an investment in early literacy support programmes. Many others have not, on the grounds that such provision should be made through general education budgets. General education budgets are not, however, currently

[x] Every Child a Chance cites a follow up research study of children receiving Reading Recovery in highly deprived London schools. 86% of the children taught (the very lowest achieving children initially, falling in the bottom 5% of the attainment range) achieved the nationally expected levels for their age in reading at the age of seven, outperforming the national average (84%) for all children.

managed so as to provide this level of investment for the children in most need. There is a strong case to be made, therefore, for a coordinated strategy across national and local government to tackle the issue of early literacy failure. The DCSF are rolling out Reading Recovery through the Every Child a Reader programme, from September 2008. The scheme is part-funded by earmarked government grants – local authorities and schools have to match the funding from their own existing budgets. However, the future of the scheme should there be a change of government is uncertain.

An evaluation of a ten-year programme in West Dumbartonshire provides strong evidence that multi-component interventions to raise literacy can be highly effective. Mackay's study reports that the approach taken by the authority which has combined the use of synthetic phonics, interventions to raise expectations and intensive individual support across 58 nursery and primary schools achieved sustained improvement, enabling the evaluators to report that "The extension of the individual support study, together with the effects of the other interventions, resulted in the effective eradication of illiteracy from school leavers in the authority by Summer 2007."[72]

4.6. Increasing access to education outside school

Education does not just occur in school and children from more affluent backgrounds are further advantaged by a greater access to a wider range of developmental opportunities. There is therefore some evidence to support policies which increase opportunities for out-of-school cultural activities and chances for young people to mix with peers from different social backgrounds, including high quality extended services (linked to improved youth services) – to provide disadvantaged children with the same extra curricula opportunities as more affluent children.[73]

4.7. Further and higher education

Policies to encourage disadvantaged young people to stay on in education or training until they are 18 will depend on the delivery of a stronger vocational offer, wider access to work-based learning such as apprenticeships and E2E programmes, and the necessary support for those who face barriers to participation – such as teenage mothers, homeless young people and young people with mental health problems.[74]

Policies to improve the take-up of further and higher education by young people from poorer backgrounds might include increased ***financial assistance*** to disadvantaged young people, more intensive and personalised support for young people not in education, employment or training, the development of mentoring, better careers guidance and programmes to boost the aspirations of young people from disadvantaged backgrounds. [75]

The Sutton Trust highlights two priorities: widening access to higher education generally; and ensuring fair access to the most selective universities, where those from state schools, poor neighbourhoods and lower social classes are particularly underrepresented. Graduates of these institutions continue to dominate the most influential positions in our society. In 2007, the Sutton Trust looked at a sample of 500 leading figures in law, politics, the media, medicine and business and found that 47% of them were from Oxbridge and 53% from independent schools, which disproportionately feed our most selective institutions. The Trust is therefore pressing for: an increased focus on the ***outreach activities*** to raise aspirations towards university, such as summer schools, campus visits and mentoring programmes;[76] ***better information, advice and guidance*** about higher education opportunities to be embedded in the school day and to be available from primary school upwards; a focus on sustaining the achievement of those young people who are high performing at one stage in their school career, but who fall behind at later stages so that they remain 'in the running' for FE and university places at 16 and 18.

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Employment and Social Mobility

Summary of Policy Recommendations

There are long-standing inequalities in access to labour market opportunities in the UK, and any strategy to promote the upward social mobility of disadvantaged adults and young people needs to equip them with the qualifications, skills and opportunities to gain, keep and progress in employment. Not all work is of equal value and policy needs to promote the development of 'good work'. We therefore recommend:

- Promoting 'high road' economic development to improve the quality of existing jobs and increase the supply of 'good' jobs.
- Interventions to tackle worklessness based on evidence of effectiveness. These are personalised and take account of the multiple disadvantage faced by some individuals.
- Further development of pre-employment programmes involving employers in developing work-based solutions and using a range of delivery partners including those from the private and voluntary sector.
- Ensuring that employment and family policies are synchronised, including: 'better off' calculations which take account of the whole family; reform of Working Tax Credits to address in-work poverty among families headed by couples, and extending to all workers the right to request flexible working.
- Ensuring that priority is given to narrowing the gender employment gap particularly for mothers and Pakistani and Bangladeshi women.
- Similarly, ensure that priority is given to narrowing the employment gap for other disadvantaged groups, particularly young people and disabled people.
- Placing more emphasis on high quality, sustained and tailored in-work support targeted at those thought likely to be at greatest risk of falling out of employment, and developing targets for training providers that reward the sustainability of jobs rather than simply securing employment.
- Encouraging employers to give priority to develop their workforce and create progression pathways.
- Reducing the incidence of low pay including: ensuring that government departments and agencies become non-low paying employers, providing greater leadership and guidance on the extent to which pay and progression can be incorporated into public procurement, and recognising the role of the National Minimum Wage in tackling low pay.
- Ensuring that all low waged workers enjoy at least a basic minimum job quality, consisting not only of decent pay but also fair and equal treatment in the workplace, and the ability to balance work with family life.

1. Introduction: why is employment important for social mobility?

High levels of employment and productivity create prosperity and in turn, increase rates of *absolute* mobility i.e. the population as a whole benefits from economic success. Lord Leitch, in his 2006 review of skills, set employment, skills and productivity targets which, if achieved, would have a substantial impact on UK prosperity. However, this alone would not necessarily increase the rates of *relative* social mobility, which are the primary concern of this Commission. For employment policies to have an impact on relative mobility, there needs to be a strong focus on those who are most disadvantaged in the labour market. There is considerable evidence of long-standing inequalities of access to labour market opportunities in the

UK and any strategy to promote the upward social mobility of disadvantaged adults and young people needs to equip them with the qualifications, skills and opportunities to gain, keep and progress in employment.

There is overwhelming evidence that worklessness creates multiple disadvantages, with children growing up in workless households significantly more likely to be experiencing child poverty and to have greatly diminished prospects. A major strand of government policy over the past decade has been based on the premise that employment is key to tackling child poverty and the government has set a target of 80% of adults in employment. However, despite some progress, the number of workless households remains stubbornly high, particularly in some areas, and too many people remain trapped in a cycle of low waged work and unemployment.

However, simply getting people into employment will not boost social mobility unless it is sustained, through better jobs and skilled workers. Employment needs to provide not only adequate pay and rewards, but also a positive work experience and opportunities for progression. As individuals, workers require employability skills and support, not only to obtain work, but also to maintain and progress in it.

Whilst the current recession creates a challenging environment in which to address some labour market weaknesses, it also offers a potential opportunity to reassess the functioning of the economy and labour market. Government policy needs to encourage 'high road' economic development. This will involve the creation of more highly-skilled, well-paid work and boosting productivity and economic performance. This strategy is the one most likely to provide the best route out of economic difficulties and optimise the UK's competitive position in a global economy.

2. Employment and social mobility

- Overall employment levels in the UK compare relatively favourably internationally, with the UK having the 4th highest rate of employment in the EU and ranking 8th out of 30 in the OECD.
- However, these figures mask high levels of worklessness among particular groups including:
    - Young adults (aged under 25) for whom the unemployment rate is four times that of older workers;[1]
    - People living in certain geographical areas with high concentrations of unemployment;
    - Mothers, particularly lone mothers - one in ten lone parents leaves the labour market every year – twice the rate for other workers;
    - Disabled people - who are three times more likely to leave the labour market than non-disabled;
    - Pakistani and Bangladeshi women who are 30 per cent more likely to be out of work than White women;[2]
    - People with few or no qualifications.
- Many of the above will experience repeated unemployment: Over two thirds of the 2.4 million Jobseeker's Allowance claims made each year are repeat claims, and 40 per cent of claimants are claiming benefit again within six months of moving into employment.[3]
- The UK compares poorly with other countries on qualifications attainment, ranking 17th out of 30 countries in the proportion (35%) with no or low qualifications and 11th out of 30 in the

proportion (29%) qualified to level 4 and above.

- Despite improvements over the last ten years, nearly 5 million people of working age in the UK have no qualifications and their employment rate is below 50% compared to 75% of all those of working age.[4]

- Opportunities for skill advancement are denied to many of those without qualifications. According to the UK Commission for Employment and Skills, one in ten people with no qualifications receive job-related training, compared to around 1 in 3 of those with level 4 qualifications.

- All qualifications attract a wage premium. Those with degrees can earn up to 68 per cent more than unqualified workers, though there is considerable variation depending on the type of degree held.[5]

- Low pay remains an issue in the UK. In April 2006, more than 5 million people (23%) of all employees were paid less than £6.67 per hour in April 2006.[6]

- A 2004 study reported that 29% of British workers were in low wage jobs (defined as 50% of the median) and 51% were in jobs with no career ladder.[7]

- Women with young children face the greatest employment inequality: lone mothers with a child under 11 and partnered mothers are respectively 45% and 40% less likely to be in work than a man with a partner.[8]

- Women continue to experience inequalities in pay. A woman who works full-time earns only 83 pence for every pound that is earned by a man.[9]

- Part-time workers are particularly disadvantaged, with relative rates of pay for part-time work lower in the UK than in comparable countries.[10]

- In other words, getting into work does not necessarily mean getting out of poverty. Six in ten poor households in the UK have someone in work, while over half of poor children now live in a working household.

3. Where should policy be focused?

There is general agreement that a key policy priority is to equip people with the qualifications, skills and opportunities they need to gain, keep and progress in employment. Over the past thirty years, the profile of employment in the UK has changed markedly with the continued growth of the service sector, decline of manufacturing, and the expansion of professional occupations. Even many entry-level jobs now require a range of skills - particularly in the areas of interpersonal skills, self-presentation and IT. Strategies to get people into work and support and develop those already in work need to address this changing context.

However, policy must simultaneously address the quality of the jobs available. Unemployment can affect health, life expectancy and life chances; but employment in a 'bad job' can be similarly detrimental. Therefore policy needs to focus not only on creating work, but on creating 'good work'.

A number of commentators now argue that long-term improvements in the labour market and levels of productivity can only be achieved through 'high road' business strategies, placing emphasis on gaining competitive advantage via quality and value rather than price.

3.1. Getting people into work

To be effective, initiatives to move workless adults into employment need to recognise the full range of barriers to work. Individuals clearly need guidance on the nature of the employment opportunities open to them, to increase their understanding both of the

work available in a changing environment and the sorts of skills required.[11] However, the most positive programmes go beyond the provision of information and encompass, for example, health, confidence, transport and childcare issues as well as employment skills, and offer flexible, personalised support, often over the long-term.[12] These programmes need to focus on the most disadvantaged and disengaged, rather than those 'easiest to help' as has sometimes been the case. In so doing, as the Work Foundation points out, we need a better understanding of risk factors, such as unsafe neighbourhoods, intergenerational poverty and mental health problems and how they interact with employment.

The UK Commission on Employment and Skills[14] (UKES) points to evidence of the effectiveness of specially designed pre-employment training programmes targeted at improving the skills and capabilities of low skilled unemployed people. They argue that for these to be successful, there needs to be a clear understanding on the part of education and training providers of the sorts of skills local employers require and an emphasis on improving the 'soft skills' now so highly valued by employers.[15] These include not only interpersonal and team-working skills, but also 'aesthetic skills' - the way individuals present themselves at work - to 'look good and sound right'. Such skills are not only related to educational achievement, but also to social class background.[16] Access to even the most low-level entry jobs is much more difficult for those without these sorts of basic employability skills.

There is evidence that employer involvement in such initiatives can be valuable in improving the employment prospects of workless individuals.[17] UKES cite a review of research carried out over the past thirty years, which concludes that 'subsidised jobs' (providing temporary waged employment for the unemployed in a genuine work environment with support to assist the transition to work) can be a highly effective approach to getting people into work.[18] Getting more employers involved in providing opportunities to experience the 'real' workplace environment (alongside training/education-focused programmes) is, therefore, a key challenge and may involve changing some of the perceptions of employers - particularly about the long-term unemployed. Several studies have found that employers view this group as being less prepared for work and as more likely to quit at short-notice – a perception preventing some employers from participating in initiatives aimed at the long-term unemployed, or recruiting people that have been out of work. UKES points out that changing these perceptions, involves having an understanding of some of the concerns underpinning them, and taking steps to address them.

The CBI[19] makes similar arguments. Their response to the DWP Green Paper *In Work, Better Off,* makes it clear that business supports government initiatives to raise levels of employment and to address skills shortages, which have contributed to a greater reliance on migrant workers. Staff recruitment and retention are key drivers for business and the CBI points out that large numbers of employers are committed to supporting people into work and to enabling career progression. However, they highlight the importance of potential employees being 'work ready'. They argue that involving employers is crucial and advocate a greater use of the private and voluntary sectors as providers of welfare to work programmes.

3.2 Keeping people in work

Keeping people in work is equally important. Some people have major problems in staying in work and addressing this represents a major challenge. UKES, therefore, argues for a stronger focus on the support provided in the early stages of employment, and on the types/quality of jobs people are moving into. Research suggests that, even in the most innovative programmes, there remains a greater emphasis on getting people into jobs than on providing ongoing support for careers

development or tracking people once they are placed in employment.[20]
A lack of key employability skills increases the risk that a person will leave work. The type of work available is also important with those most vulnerable to this pattern often having access only to low-paid and temporary jobs.[21] However, the factors influencing whether people stay in work are wider than the skills of the individual and the nature of the job. A 2005 report from the DWP[22] focusing on the role of work in low-income families with children identified the following factors as key in sustaining involvement in the labour market: financial gain from being in work; material benefits and better living standards; opportunities for progression at work; interesting, challenging and stimulating work; good relationships with colleagues and employer; psychological and emotional benefits from work (e.g., confidence, self-esteem, self-respect, independence and opportunities for increased social interaction); motivation; adequate childcare arrangements and work-life balance; supportive family and friends ('strong ties' or 'social capital').

As the Work Foundation points out, 'good jobs' have, or foster the development of, the above factors: sustaining employment involves not just creating work but creating 'good work'.

3.3 Creating good work

Unemployment is bad for you, but employment in a "bad job" can also affect health, life expectancy and life chances. The Work Foundation argues that public policy should pay more attention to the *quality* as well as the *quantity* of employment.

Good work is judged not only by pay and rewards, job security and working time, but also by other important aspects of working life including control and autonomy in the workplace; interesting, challenging and non-repetitive work; a balance between effort and reward; trust and voice; opportunities for learning and progression and a fair balance between work and personal/familial responsibilities.

A key element of good work is having opportunities for progression. Advancement within work, or occupational mobility, is a crucial element of social mobility. Some groups face particular barriers to career progression with long-entrenched patterns of disadvantage. The UKES highlights the circumstances of low skilled workers, many of whom struggle to progress out of lower grade jobs, with few opportunities for training and development. Research shows that the lowest skilled workers in the UK tend to receive less training than their higher skilled colleagues and that this has changed little over recent years.[23]

Government initiatives such as *Train to Gain* in England, aim to increase employer awareness of the training options for low skilled staff, and the attainment of intermediate qualifications amongst this group. Until recently, the focus was on offering Level 2 qualifications, but there is now evidence that the income and progression returns from Level 2 qualifications are negligible.[24] A more recent emphasis is on promoting Level 3 qualifications, reflecting the evidence that improving skills to this level has a positive effect on career opportunities and earnings.[25]

Research highlights the barriers to training faced by many low skilled individuals including a lack of time, motivation, information and cost. There is evidence of the value of 'on the job' training targeted at the low skilled and utilising advisers or job coaches. Such in-work support programmes need to be sensitive to individual preferences and needs.[26]
Clearly, the worth of any qualification in the labour market is determined by the value that employers attach to it. Returns measured by income tend to be higher for academic than for vocational qualifications at intermediate levels so it is important to ensure that the reform of vocational qualifications reflects what employers value.

However, employers themselves need to be challenged in their demand for, and use of, skills among their workforce. The UKES highlights a general concern about the ability of managers and leaders in terms of the level of skills they demand of their employees, especially in smaller businesses, and about the overall quality of work in the UK. It is argued that recent economic and technical change is creating a 'polarised' or 'hourglass' economy, with an increased number of high skilled/well paid jobs at one end and low skilled/poorly paid jobs at the other, and a reduction in the number of average paid jobs in the middle. There are growing numbers of people employed in low skill, low-paid jobs, particularly in the service sector.[27] Many of these offer few opportunities to develop and use a range of skills, and few progression opportunities: effectively 'dead-end' jobs, associated with what has been termed a 'low road' business strategy, focused on a low skill, low cost approach. And, although most of these concerns focus on low skilled workers, it is also the case that there are increasing numbers of graduates (often those from the most disadvantaged backgrounds) becoming trapped in unsuitable jobs with few prospects.[28]

The progression of individuals in employment depends not only on the individuals improving their skills levels, but also in part on the willingness of employers to give individuals the opportunity to use and further upgrade their skills. Both UKES and the Work Foundation argue that it is important that policy makers, as well as looking at improving the skills held by employees, consider ways of challenging 'low-road' business approaches, and encouraging employers to better use the skills of their staff.

3.4 Targeting disadvantaged groups

As we have already noted, the UKES proposes a particular emphasis on low-skilled workers. The Work Foundation specifically identifies two groups as facing particular challenges to entering and remaining in employment: lone parents and Incapacity Benefit (IB) recipients with mental heath issues. These groups stand to benefit considerably from employment, particularly if their jobs enable them to move off benefits and out of poverty, and if labour market participation establishes a sense of independence and efficacy. However, the Work Foundation argues that if good work and its defining features are not a primary part of the employment package, then we could be setting these adults (and future generations) up to fail.

Currently, only 57% of lone parents (over 90% of whom are women) are engaged in some form of employment.[i] The target set out in the Green Paper *In Work, Better Off*[29] aims to achieve a 70% employment rate for lone parents through a combination of active labour market support and more stringent benefit conditions. Supporting lone parents into work is part of the government's strategy to reduce child poverty, which is nearly three times higher among children of non-working lone parents. With the right support, lone parents' entry into the labour market has the potential to lift these families out of poverty, a laudable objective. At the same time, feeling forced into work has the potential to worsen the circumstances of lone parents if it means that their children are unsupervised during work hours or are placed in poor-quality childcare environments. There is also evidence that low-paid, low-quality employment is linked to maternal use of angry, coercive parenting practices.[30] These problems will be intensified if families remain in poverty due to low wages.

The Work Foundation, therefore, argues that lone parents' employment must be structured to offer both choice and flexibility. In particular they need access to affordable, high-quality childcare and the right to request flexible work. Subsidised, high-quality and flexible childcare is a necessity for working parents with children under the

[i] This is an aggregate percentage across all parents regardless of their children's ages and parents' partnership status. The lowest employment rates are observed for unpartnered parents of young children under the age of 7 years.

age of 12. Although access to affordable childcare has improved for low-income families, it is almost certainly not enough nor at the times needed for work. Early evidence suggests that collaboration between Children's Centres and Jobcentre Plus remains inconsistent despite the provisions of the 2006 Childcare Act. Further, many poor working families miss income cut-offs and receive very little free childcare, especially since the Working Tax Credit covers childcare costs for only up to two children. There needs to be more free "wrap around" care for children and young people during out-of-school hours and whilst government policy is heading in this direction, more reassurance is needed that the resources will be available to make a reality of what is now an aspiration. Childcare also needs to be of good quality if the children of lone parents are to benefit from the developmental opportunities that good early years provision can offer.

Employment policy for lone parents also needs to reflect an understanding that lone parents may need some added flexibility on the job – particularly during school and Summer holidays. At present, the take-up of flexible work among low-income adults is lower in the UK than elsewhere: 2006 Labour Force Survey data show that only 27% of low-income working women with dependent children under the age of 16 years had any type of agreed flexible working arrangement. Moreover, employees may only request flexible work after 26 weeks of work with an individual employer: a policy that is particularly unfair to lone parents.

The Work Foundation also highlights the circumstances of people in receipt of Incapacity Benefit (IB). According to the DWP, just over 2.7 million people were in receipt of IB/Severe Disablement Allowance in 2006, of whom the largest single group (40% of the total) were described as suffering from "mental or behavioural disorders". Of this group, the largest percentage presented with mild to moderate mental health conditions such as anxiety and depression. Clients with musculoskeletal disorders constituted just under 18% of the total with the remaining claimants distributed across a wide range of conditions. Achieving the government's 80% employment target requires a reduction of one million in the number of IB clients. Inevitably, a significant proportion of those suffering from mental illness must return to work if the target is to be met. There have been two significant recent changes: the development of *Pathways to Work*, an active labour market programme targeted on those in receipt of IB, and the reform of IB itself, leading to the introduction of the new Employment and Support Allowance (ESA) to replace the benefits currently available to those with a work limiting disability. The Work Foundation argues that whilst The Pathways programme has great potential, there remain some major questions about its implementation including whether Jobcentre Plus staff have the appropriate skills to make judgments about who should and should not be exempt from the programme; whether primary care trusts are able to offer the support needed and whether mental health services can cope with the rising demand created by the *Pathways* programme. There are further problems concerning the sustainability of employment for people with mental health. The Work Foundation suggests that employers are unlikely to be equipped with the knowledge and understanding needed to adapt the workplace for those with a history of mental health problems; indeed, they express concern that whilst the benefits of 'good work' has the potential to enhance the mental health of many, inappropriate working conditions will exacerbate the mental health problems of some disadvantaged adults.

4. Potential policy recommendations

Reducing worklessness

The UK Commission on Employment and Skills suggest some general factors they consider important to designing effective

policies and programmes aimed at getting people into work. Interventions need to be ***personalised*** and specific to the individual, their needs, characteristics and aspirations. They need to take account of those facing ***multiple disadvantage*** and the additional barriers and challenges, well-documented in the evidence, faced by people with disabilities; caring commitments; black and minority ethnic groups; older people and women. There is a need to ensure that everyone has ***equal access to information*** which can help them make informed decisions about their opportunities - from employment opportunities in their local area, to the opportunities at university.

They specifically recommend further development of ***pre-employment programmes*** to give people the key skills that are needed by today's employers. These programmes need to ***involve employers*** in developing work-based solutions and maintain an emphasis on the support needs of long term unemployed. The CBI advocates a ***greater use of the private and voluntary sector*** in delivering such programmes.

It is important to maintain the current emphasis on those groups with unequal access to labour market opportunities. In a recent report from ippr, Lawton argues that a greater range of jobs should be made accessible to women with caring responsibilities. They also advocate for more flexibility in jobs to enable more men to play a greater role in family life, allowing both men and women to make genuine choices about work and care. They point out that, *'Such opportunities could help to ensure that higher pay is not achieved at the expense of family life, and that family commitments are not met at the expense of higher wages that could lift a family out of poverty.'* [31]

There needs to be a ***greater family focus*** in employment and welfare policy. Ippr argue that important steps towards this include ensuring that 'better off' calculations take account of whether a job would make the whole family better off rather than just the individual jobseeker; reform of the system of Working Tax Credits to reflect the greater risk of in-work poverty among families headed by couples and extending to all workers the right to request flexible working

4.2 Sustaining employment

Opportunities for progression in work can be increased by ensuring that initiatives to increase skills, such as *Train to Gain*, are designed to address the ***skills needs of the whole workforce***, whilst recognising that some groups of employees, including low-skilled workers, need to be given a high priority. More emphasis needs to be given to providing high quality, sustained and tailored ***in-work support*** targeted at those thought likely to be at greatest risk of falling out of employment. This is already being rolled out to lone parents but, Lawton argues that this should be extended to cover all jobseekers and low-paid workers identified as facing particular challenges in relation to job retention and progression, including employees with a disability or health condition.[32]

Support needs to be based on a ***better understanding of the barriers to employment and training*** faced by low-skilled workers. At present the majority of time and resources goes into getting people into jobs, with comparatively little emphasis on the support people need to make the transition to employment and to sustain work. There may be a need for ***targets for training providers that reward the sustainability of jobs*** and the 'distance travelled' by participants, rather than simply securing employment.

It is also important to ***engage employers in the acquisition and use of improved skills*** in the workplace and in so doing, understand that no single approach will work for all employers on all issues

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Engel and Sodha[33] argue that there are three areas that progressive policy-makers should be focusing on to support retention and progression in work. First, they emphasise the importance of skills – both

'hard' skills, such as numeracy and literacy, and 'softer' personal and social skills and suggest that entitlements to adult education and training need to be made more flexible and tied to the individual, not just employers. Second, they advocate for improvements to be made in the way in which people are supported in accessing, retaining and progressing in their jobs by the government's employment support services. Third, they argue that the government needs to encourage employers to promote career trajectories.

4.3 Improving the quality of work

In the past decade significant progress has been made to make work pay through the introduction of tax credits and the National Minimum Wage. At its best, work is the most effective route out of poverty, but the persistence of low pay, particularly among certain disadvantaged groups of workers, represents a significant limit on an individual's opportunity for social mobility within their lifetime.

The government should prioritise a policy objective to ***reduce the incidence of low pay*** to help focus government efforts to tackle discrimination and disadvantage in the workplace. Steps include ensuring that government departments and agencies become non-low paying employers, providing greater leadership and guidance on the extent to which pay and progression can incorporated into public procurement and recognising the role of the National Minimum Wage in tackling low pay.

However, low pay will never entirely disappear, and low wage work can be an important staging post to better jobs for some e.g. young people starting out, or people returning to work or changing jobs. Others may choose not to prioritise well-paid jobs and career progression. It is therefore essential that all low waged workers receive a ***basic minimum job quality.*** This should include decent pay (at least at the level of the National Minimum Wage); basic employment rights (strongly enforced); fair treatment in the workplace and the opportunity to achieve a balance of work and family life.

Government obviously has a role to play in ensuring these minimum standards but many of the factors determining job quality are largely under the control of employers. In other words "good work" depends on good public policy, but it depends just as much on strategic business decisions. ***Employer support*** is therefore critical and employers need to be convinced of the necessity to balance work and caring responsibilities. The rhetoric and reality gap that exists in many organisations (between organisational policy and practical implementation) needs to be closed before real progress can be made. In particular, low-income parents should not be forced to pit work and family against one another simply because they are poor. ***Complementary childcare and flexible working policies*** are a necessary part of any strategy for lone parents, requiring ongoing government funding and commitment.

Achieving a reduction in the number of people in of low paid, low skilled requires a strong policy emphasis on '***high road' economic development***: encouraging employers to demand and use skills. Employers need support to adapt jobs, products and approaches to investment to improve the quality of existing jobs and increase the supply of 'good' jobs.

'High road' economic development requires considerable investment – in education and training, in improvements to the operation of the labour market, in new equipment and processes, in the application of R&D. The development of high road approaches requires strong partnership working at a national, regional and local level. It also requires steps to limit 'low road' approaches by maintaining a wage floor and ensuring decent minimum standards of labour rights.

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Health and Social Mobility

Summary of Policy Recommendations

Despite the huge medical and public health advances of the past fifty years, health inequalities persist between those at the bottom and the top of the social stratum. These inequalities begin before birth and continue throughout the life course. Poor health impacts on educational attainment, employment and income, thereby further decreasing the likelihood of a child born into poverty attaining upward mobility. A strategy to promote greater social mobility, therefore, has to include steps to reduce health inequalities across the life course, but particularly in childhood. We therefore recommend:

- The development of cross-cutting strategies to reduce the incidence of low birth weight, including national research funding to improve our understanding of risk factors and effective approaches to prevention.
- Action to address the inequalities in access to good quality health care by targeting investment to improve facilities in the most disadvantaged areas.
- Increasing free access to activities promoting health including sports and leisure.
- Targeted financial support for pregnant woman and mothers.
- Introducing universal entitlement to free school meals.
- Better cross-government strategies to tackle health inequalities to take account of the impact of poor environments on health.
- Wider implementation of evidence based measures to reduce death and injury to children caused by road traffic.
- Greater priority to be given to access to green-space and other open areas as part of urban planning.
- Targeted interventions to reduce smoking among disadvantaged groups.

1. Introduction: why is health important for social mobility?

Who ends up with good or bad health is not just a matter of luck. There is a relationship between health and wealth pertinent to social mobility: those who suffer poor health as children or as adults are less likely to be upwardly mobile; those who start life in a low social class are more likely to experience poor health. Despite the huge medical and public health advances of the past fifty years, health inequalities persist between those at the bottom and the top of the social stratum. These inequalities begin before birth and continue throughout the life course. A child from the lowest social class is more likely to: be born too early, be born small; have a mother who smokes and grow up to be a smoker him/herself; die or be injured in a childhood accident; become a young parent; suffer chronic illness in adulthood, and, eventually, to die several years earlier than his/her better off peers.

At the same time, poor health impacts on educational attainment, employment and income, thereby further decreasing the likelihood of a child born into poverty attaining upward mobility. A strategy to promote greater social mobility, therefore, has to include steps to reduce health inequalities across the life course, but particularly in childhood.

2. Health inequalities and social mobility

Reducing health inequalities has been a priority of this Labour Government, but although overall health outcomes continue to steadily improve, health inequalities

between the most and least advantaged persist, and in some respects have worsened.[1]

- Poverty and social inequalities in childhood have profound effects on the health of children, and their impact on health continues throughout adulthood.[2 3]
- Infant mortality rates have more than halved since the 1970's, but the risk of dying in the first year of life remains higher for babies born to teenage parents and those of unskilled manual social class parents.[4]
- Infant mortality is strongly correlated with low birth weight, which, in turn, is determined to a large degree by the health of the mother.[5] Mothers from poor families are more likely to be in poorer health, to smoke and to gain less weight during pregnancy.[6]
- Children from poorer families continue to be at greater risk of death throughout infancy and childhood. Although sudden unexpected death in infancy has decreased in recent years, the social gradient has increased. Infants in the poorest families have an almost ten times greater chance of dying suddenly than those in the highest income group.[7]
- After the first year of life, the most common causes of death in childhood are external causes including injury, poisoning and cancers. Deaths from all these causes have declined and child mortality has become relatively rare, even for the most deprived groups of children. However, the difference in injury mortality rates between the richest and poorest has increased. In 2001, the death rates from all external causes were 13 times higher for children of parents classified as never having worked or long-term unemployed than for children of parents in higher professional/managerial professions. For some specific causes of injury death, the differences are greater: pedestrian deaths are 20 times higher and deaths due to fire 38 times higher for children in the lowest groups than for the highest socioeconomic groups.[8]
- Breastfeeding is a key determinant of the health and development of infants and of long-term health gains extending into adulthood. There are marked socioeconomic differences in starting and maintaining breastfeeding with babies from poorer families less likely to be breastfed.[9]
- Poorer children are at greater risk of a wide range of conditions including asthma and respiratory infections.[10]
- There is a social class gradient for mental health problems among children and young people. This is particularly marked for behavioural problems among boys, with those from the poorest income group being three times more likely to receive a diagnosis for a conduct disorder than boys from the richest income group.[11]
- Health inequalities starting in infancy (and even before birth) continue to have a profound impact on adult health outcomes. Birth weight tends to be lower in poorer infants and is associated with a range of adverse adult health outcomes including higher risk of coronary heart disease, type 2 diabetes or respiratory illness in adulthood. Sub-optimal birth weight has also been shown to influence future social class.[12]
- Mental ill-health in adulthood is also more likely in those who have experienced poor childhood socio-economic conditions.[13]
- Poor social circumstances in childhood also increase the likelihood of adults adopting adverse health-related behaviours, particularly smoking.[14]
- Survey data reveal that people's own perceptions of their life expectancy are

associated with socio-economic position with those from lower social classes more likely to be pessimistic about their life expectancy.[15]

- Recent Department of Health statistics suggests that such pessimism may not be misplaced. The gap between average life expectancy and life expectancy for those in the Spearhead[i] group of authorities has widened.[16]

3. Where should policy be focused?

There is a clear and well-evidenced relationship between poverty and health inequalities, so policy cannot effectively address the one without the other. Policy interventions to prevent and ameliorate the impact of child poverty are therefore integral to any strategy to reduce health inequalities and, in turn, reduce the impact of poor health on social mobility. In particular, there is strong evidence showing that the health and well-being of the mother has a profound impact on the health and development of the child both pre and post birth. A number of commentators therefore advocate the targeting of investment to improve maternal health and the socio-economic circumstances of young families.

Poorer families are not only prone to poorer health outcomes, but are also less likely to have access to the resources which promote health and to good quality health care services. Therefore, policies also need to address inequalities of access both to healthy lifestyle choices (such as healthy food, exercise and smoking cessation opportunities) as well as health care services.

Tackling child poverty

A briefing from End Child Poverty[17] points out that the links between poverty and ill health go far beyond the immediate health effects of living on a low income. 'As people's lives unfold, the poor health associated with poverty limits their potential and has knock-on effects on the future lives of those affected and of their children. Repeated exposure of families to poverty intensifies this process.' End Child poverty therefore argues that reducing and eventually eliminating child poverty is needed to break this cycle.

Focusing on maternal health and the start of life

There is strong evidence that low birth weight, is associated with poverty and poor maternal health and nutrition. In turn, a number of experts regard low birth weight as one of the strongest predictors of morbidity, chronic ill-health, cognitive disadvantage and behavioural pathology. In their response to the Commission, Zacchaeus 2000 cite evidence from Dr Michael Crawford[18] showing that the incidence of low birth weight in the UK has risen from 6.6% in 1953 to 7.6% in 2003, giving the UK the highest incidence of low birth weight in Western Europe. Crawford argues that the consequent costs of low birth weight are extremely high. The cost of special in-hospital care for very pre-term babies alone is running at £140m a year; if the longer-term consequences of low birth weight are taken into account (e.g. childhood disability, associated vascular disease), then the costs are incalculable. Zacchaeus 2000 point out that whilst concerns about maternal nutrition and low birth weight are not new, policy has failed to address them in a sustained and consistent way. They advocate for a cross government strategy to tackle poor nutrition with a particular emphasis on maternal health.

[i] The Spearhead Group is a fixed list consisting of the Local Authority areas in the bottom fifth nationally for three or more of the following five factors: male life expectancy at birth; female life expectancy at birth; cancer mortality rate in under 75s; cardio vascular disease mortality rate in under 75s; Index of Multiple Deprivation 2004 average score.The Spearhead Group list is made up of 70 Local Authorities and the 62 Primary Care Trusts which map to them.

One of the main causes of low birth weight is babies being born pre-term. In the UK around 50,000 babies are born prematurely each year with premature birth being the main cause of mortality in children under the age of one. The survival rate of premature babies has improved but many children who are born early go on to develop life-long health conditions. In their response to the Commission, the Tiny Lives Charter[19] calls for an independent premature birth inquiry and the development of a focused and adequately funded 10 year research strategy to investigate the risk factors involved in premature birth, test promising interventions and encourage better partnership between the scientific and clinical communities, government, industry and charities.

3.3. Improving access to health care and health promotion

End Child Poverty argue that not only do poorer people have worse health, they experience the double disadvantage of having worse access to well funded and staffed services. They therefore argue for more radical targeting of spending on services dealing with poorer communities and those aimed at detecting ill-health earlier.

However, health care services are only part of the picture. Poorer families are also more likely to live in environments detrimental to health: damp or overcrowded housing; neighbourhoods with higher levels of crime, traffic and pollution; areas with limited access to safe play and facilities for leisure and exercise. Improving access to health promoting activities therefore needs to look wider than the provision of clinics or GP surgeries: it needs to include, for example, free access to sports facilities and other activities and access to affordable outlets of healthy food.

One example of this is the provision of school lunches and breakfast clubs which, if properly planned and run, provide an opportunity to ensure that all children, and particularly poorer children, get a decent meal. However, as End Child Poverty point out, free school meal entitlement covers fewer children than actually live in poverty, and even then, not all get their entitlements. They argue that policy needs to tackle the stigma which stops families claiming and create solutions for widening access.

3.4 Targeting interventions at specific health related behaviours and at risk groups

Two of the most significant current issues concerning health related behaviours in the UK are obesity and smoking. These are both associated with poverty, with poorer families more likely to smoke and to have poorer diets.

On the whole, there is mixed evidence for the effectiveness of health promotion interventions aimed at providing information and raising awareness of the health impact of particular behaviours. The more effective interventions tend to be those which combine information with support which recognises the role particular behaviours play in peoples' lives e.g. smoking in response to stress; buying less healthy food because it is cheaper than fresh fruit and vegetables. Broad media campaigns on health therefore may be less effective than targeted interventions.

In their response to the Commission Action on Smoking and Health (ASH) [20] points out that smoking is the biggest single cause of ill-health and premature death in the UK. They also argue that it is the primary cause of health inequalities between rich and poor, responsible for half the differences in premature deaths across socio-economic groups. Helping poorer people to stop smoking and finding ways of preventing children from taking up the habit should therefore be a principal objective of any policy aimed at improving social mobility.

ASH argues that despite the steady decline in overall smoking prevalence in the UK, the gap in health inequalities between social

groups has not narrowed – if anything it has widened. Most indicators of deprivation independently predict smoking behaviour. Consequently, individuals who are very deprived are also very likely to smoke. Children raised in poorer households are more likely to be exposed to smoking and so have a high risk of becoming smokers themselves. In fact children whose parents smoke are up to four times more likely to smoke than those living in non-smoking homes.[21]

Smokers in lower socio-economic groups consume more cigarettes than more affluent smokers and are more addicted. The strength of the addiction makes it harder for poorer people to quit, a challenge that is intensified by the greater acceptance of smoking in communities where smoking prevalence is high. Smoking prevalence is highest in the population least able to afford to smoke. Smoking therefore exacerbates deprivation and may affect other health outcomes such as increasing the risk of mental health problems.

ASH argues that although progress has been made in reducing tobacco consumption, particularly via the ban on smoking in public places, more still needs to be done. The British Lung Foundation[22] similarly advocates for policies to reduce smoking and the exposure of children to smoking.

4. Potential policy recommendations

Tackle maternal poverty to prevent ill-health

There is a strong argument for targeting financial support towards mothers to help improve maternal health and ensure an adequate income for young families. This could entail changes in income support scale rates to ensure an adequate minimum income in pregnancy and when babies are young as well as increases to Child Benefit allowances.

Focus investment on early intervention

Cross-cutting strategies are needed to address the incidence of low birth weight. This could include specific research to assess the risk factors for premature birth and evaluate promising interventions for prevention.

Improving access to health services in disadvantaged areas

More needs to be done to address the inequalities in access to good quality health care services with targeting investment in improving facilities in the most disadvantaged areas. Other measures to improve access include covering the costs of transport to health facilities, providing on-site child care and, wherever practicable, developing outreach health services in local areas.

Increasing free access to activities promoting health

Increased take-up of sports and leisure facilities could be achieved by making more facilities free. There also needs to be long-term funding of health promotion initiatives to increase the access of poorer families to healthy food. This could include a national roll-out of free school meals to all children to reduce stigma and ensure that all children have access to at least one healthy meal a day.

Addressing environmental factors

Poverty and poor health tend to go hand in hand with poor environments, so health inequalities need to be addressed as cross-governmental issue. Major causes of ill-health include living in bad housing and poor neighbourhoods. Despite improvements in recent years, traffic remains one of the main causes of death and injury among children. Speed restrictions, traffic calming and traffic free streets are therefore some of the simpler and more effective strategies for improving child health.

Recent evidence suggests that living close to areas of green-space can help to reduce health inequalities: research has found that living near parks, woodland and other open spaces helps to improve health, regardless of social class.[23] An overall strategy to reduce health inequalities, therefore, should include prioritising access to green-space as part of urban planning.

Targeted interventions to promote healthier behaviour

Smoking remains one of the biggest killers in the UK, and it particularly kills the poor. Steps to address this could include: the targeting of all stop smoking services, campaigns and interventions at the most derived groups; an increased investment in the control of tobacco smuggling; better access to pure nicotine products as alternatives to tobacco for heavily addicted smokers who cannot quit; ensuring all maternity services have direct access to specialist stop smoking services; providing training and support for midwives to ensure appropriate stop smoking advice and referrals are always offered to pregnant women who smoke and the development of new services and incentives to support the efforts of pregnant smokers to quit.

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Neighbourhoods and Communities and Social Mobility

Summary of Policy Recommendations

There is an ongoing debate about the impact on social mobility of living in disadvantaged neighbourhoods. Clearly, more advantaged families tend to bring up their children in more advantaged areas: disadvantaged families frequently have little choice but to live in more deprived areas. How far neighbourhood characteristics exert an effect on children's longer-term life-chances independent of other key factors such as family and income levels is, therefore, difficult to assess. Nevertheless, there is evidence of an association between some neighbourhood characteristics and disadvantage. There is clear evidence that living in social housing as a child increases the risk of multiple disadvantage in adulthood, and there can be little doubt that living in a deprived community affects the quality of life for children and their parents. Improving the circumstances of deprived neighbourhoods remains an important policy objective. The challenge is to develop a coherent policy agenda to bring together initiatives focused on 'place' and 'people'. We therefore recommend:

- Improved integration of policies focused on people and place, directed at empowering local authorities to provide strong leadership in economic development and neighbourhood regeneration and the co-ordination of multi-agency partnership working focused on tackling shared local priorities.
- The implementation of a target to end overcrowding for families with children in the rented sector by 2020, and a strategy to meet this target and continued resources and commitment to ensure that the decent homes target for the social rented sector and vulnerable groups in the private sector is met.
- Steps to make housing more affordable, including giving greater priority to the creation of more social rented accommodation.
- Ensuring that strategies to regenerate deprived neighbourhoods address transport issues with more joined up transport policies which take into account the needs of access to employment and other opportunities for those resident in deprived areas.
- Requiring planners to give greater priority to the provision of child-friendly public spaces when redeveloping deprived communities.
- Ensuring that community initiatives take active steps to engage with both adults and young people in community planning.

1. Introduction: how neighbourhoods and communities impact on social mobility

There is an ongoing debate about the impact on social mobility of living in disadvantaged neighbourhoods. Clearly, more advantaged families tend to bring up their children in more advantaged areas: disadvantaged families frequently have little choice but to live in more deprived areas. How far neighbourhood characteristics exert an effect on children's longer-term life-chances independent of other key factors such as family and income levels is, therefore, difficult to assess.

Nevertheless, there is evidence of an association between some neighbourhood characteristics and disadvantage. Being in social housing as a child increases the risk

of multiple disadvantage in adulthood and being in social housing as a young adult increases the risk of multiple disadvantage later. This association holds in relation to health, education, self-efficacy as well as economic disadvantage.[1] Such an association is not inevitable: longitudinal analysis shows that the disadvantages of growing up in social housing have increased with the growth of owner occupation, suggesting that it is not social housing per se which is disadvantageous but its relative status in the housing market.

There is limited evidence of community-level influences on educational attainment in the UK, but studies have generated some consistent findings. These suggest that there are neighbourhood effects on attainment, though they are considerably smaller than the effects of individual, family and household characteristics. Studies have shown neighbourhood effects on developmental outcomes at ages 3, 4 and 5,[2] on school drop out rates and college participation (from US and Australian studies) and on attainment at 16.[3] Poor neighbourhoods may be linked to negative experiences of school, and it may be that some young people adjust their attainment aspirations to the cultural expectations of their community.

The notion that some communities are blighted by low aspirations is therefore a common concern. However, the evidence on this is mixed. Green and White's[4] study found some evidence of limited horizons, but other studies have found no difference in aspirations between young people in different neighbourhoods and, indeed, have found high aspirations in disadvantaged areas.[5] However, places can impact on how aspirations develop. As Power[6] points out, living in a poor neighbourhood on a low-income means that 'parenting hopes are far from parenting realities'.

A further area of debate is the extent to which living in a disadvantaged neighbourhood affects the quality of relationships and social networks that children and young people are engaged in. Social capital is a concept that has been used in recent years to describe these relationships and there have been a number of studies examining the links between social capital and social mobility. Social capital refers to the network of relationships (in terms of both quantity and quality) that derive from a particular social position or group membership.[7] Social capital affects opportunities for personal and social development for children and young people as well as structuring their expectations. Evidence of how some kinds of social bonding can limit the upward mobility of children and young people is present in the literature e.g. a lack of positive role models, poverty of ambition and risk aversion within the social network may serve as barriers to social mobility. For instance, a lack of contact with people who have experienced higher education may be a powerful factor affecting educational decision-making. Webster *et al.* found that few of the socially excluded young people in their study had established social networks beyond their immediate circle, which restricted the wider support and opportunities available to them.[8]

On the other hand, high levels of bonding social capital among middle class communities, and within the 'middle class' as a whole, might underpin and help to explain the apparent ability of middle class parents to protect their less able children from downward social mobility. Margo *et al*[9] indicate growing inequalities in the distribution of social capital: a rise in income among richer parents has enabled them to help their children's personal and social development (the average parent spends over £15,000 on this by the time their child is 21). Better-off children are considerably more likely to attend organised or educational activities, which research shows are associated with increased personal and social development.

Several studies have shown that in Britain there are deep, and growing, class inequalities in the mobilization of social resources including social capital, which pit

an apparently engaged and involved professional and managerial 'service class' against an apparently increasingly disengaged working class. Recent analysis suggests that social capital is a key element in the consolidation and reproduction of class advantage.[10]

Social capital is also important at a community level, and the voluntary and community sector can play an important role in developing capacity and social capital, which may impact on individual mobility.[11] Community involvement in local governance can build capacity and lead to improved levels of crime reduction, local social capital and general life quality.

Whatever its long term impact, there can be little doubt that living in a deprived community affects the quality of life for children and their parents, so improving the circumstances of deprived neighbourhoods remains an important policy objective. The challenge is to develop a coherent policy agenda to bring together initiatives focused on 'place' and 'people'. Traditionally policies have tended to be developed and implemented in separate domains. Some government departments have focused on area-based regeneration and others on policies aimed at the individual through, for example, welfare to work programmes. This policy split does not reflect the reality for people living in deprived communities and the fragmentation of policy objectives are key barriers to their effective delivery.

2. Neighbourhoods and communities

- Between 1970 and 2000 there was a substantial increase in the geographical concentration and segregation of poverty and wealth in Britain. Since 2000 there seems to have been little progress in reducing this.[12]

- Urban clustering of poverty has also increased and levels of inequality have risen so that in parts of some cities over half of households are poor with wealthy households concentrated on the outskirts and areas surrounding major cities.

- During the same period Britain underwent a major restructuring of the economy with a loss of manufacturing and traditional industries. High levels of economic inactivity became concentrated in particular regions, localities and neighbourhoods.

- These neighbourhoods frequently centre on estates of largely socially rented housing. Poverty has become increasingly concentrated amongst social housing tenants. Over the last 20 years, the poorest groups have become concentrated in social housing and it is widely seen as an unattractive option.[13]

- Nearly half of all social housing is now located in the most deprived fifth of neighbourhoods. Poverty rates for people living in social housing are double that of the population as a whole with only a third of tenants in full-time employment and fewer than half with any paid work.

- Longitudinal analysis of the British Cohort Study shows that being in social housing as a child increases the risk of multiple disadvantages in adulthood. This risk has increased since the War: for the 1946 cohort social housing in childhood was not a significant risk factor for adult deprivation or worklessness. For the 1958 cohort the risks of social housing in childhood appear for women, though not for men. For the 1970 cohort, there are clear negative outcomes of social housing for both men and women.[14]

3. Where should policy be focused?

1. Integrating policies for 'place' and 'people'

Since 1997, the Labour Government has implemented a raft of policies to tackle disadvantage focused either on 'people' or 'place'. As Griggs et al[15] point out, these policies have mostly developed separately within their specific domains, reflecting the different responsibilities of government departments and influenced by their different approaches and traditions. Hence employment policies have largely focused on the individual with person-focused welfare to work programmes such as: the New Deal employment training schemes; initiatives aimed at making work pay to ease the financial transition from benefits into work; interventions to enhance education, training and skills for working-age adults; and initiatives targeted on individuals in receipt of disability benefits. Area-based interventions have generally had a broader remit with worklessness as one of a number of priority themes.

There has also been a split between person and place focused policies with regard to education. Person-targeted policies – those affecting young people equally, irrespective of where they live – have included an expansion of early years provision, curriculum changes for schools, increased levels of testing of pupils and assessment of schools, and methods of 'widening participation' to higher education. Place-based education initiatives have usually focused on the most deprived geographical areas, which are often where the most underperforming schools are located. As with person-based interventions, a number of place-based initiatives have been developed that span the continuum from early years to post-16 education.

Griggs et al point out that most initiatives have either been directed at people as individuals or at areas. No more than one or two initiatives have explicitly sought to exploit the logical synergies between people and place. However, this separation in the policy world does not reflect a reality in which poverty and disadvantage are mediated by place, and places are affected by the poverty or otherwise of their inhabitants.

As Taylor points out in her recent round up of research evidence,[16] debates about whether to focus on place or people interventions impose a false divide. The social equity principles of sustainable development require effective, interlinked approaches across social, environmental and economic domains.

3.2. Housing

In their response to the Commission, Shelter[17] highlights the circumstances of children in bad housing, or those who are homeless and the impact upon their health, physical safety, enjoyment and achievement in life, and their social mobility and life chances. There are 1.6 million children living in bad housing in Britain. Bad housing does not just refer to homelessness but also children living in temporary accommodation, overcrowded conditions, insecurity, housing in poor physical condition and living in deprived neighbourhoods.

Shelter cite their 2006[18] report to show that children in bad housing conditions are more likely to: have mental health problems, such as anxiety and depression; contract meningitis; have respiratory problems; experience long-term ill health and disability; experience slow physical growth and have delayed cognitive development. Poor physical housing conditions can also make it difficult to keep children safe: almost half of all childhood accidents are associated with physical conditions in the home and families living in properties that are in poor condition are more likely to experience a domestic fire.

Housing circumstances can impact strongly on children's life chances. The high costs of temporary accommodation can make it more difficult to make working financially

worthwhile, trapping homeless families in unemployment. Living in bad housing as a child, carries a risk of low educational achievement; in turn increasing the likelihood of unemployment or insecure or low-paid work as an adult. Bad housing in childhood is linked to long-term health problems, which can affect employment opportunities later in life.

Shelter argues that improvements to housing would have a significant and long-term influence on children's life chances and social mobility as there is clear evidence that poor housing during childhood has huge financial and social costs across the life-course.

3.3. Transport

Lucas[19] in a study on the importance of transport for social inclusion concluded that transport within cities and across wider city areas was a key barrier to people entering work. Adequate public transport may also be significant in preventing or facilitating participation in civic and cultural life for both adults and children and extending social networks beyond those available in deprived communities.

3.4. Neighbourhood regeneration

There now exists good evidence that as housing and the physical environment improves crime rates reduce, and that in areas where people feel more part of their community there are better educational attainment outcomes.[20]

Delivering successful regeneration programmes seems to involve co-ordinated, long-term partnership strategies with shared priorities working towards agreed outcomes. Cadell et al[21] conclude that successful urban regeneration involves a strong local authority leading the regeneration scheme and using it not just revive a run down area but to change the whole image of the place and its strategic economic position.

Power[22] argues that more consideration needs to be given to the impact on families of regeneration initiatives. She points out that the regeneration of poor areas by knocking them down and replacing them with something better is a long and arduous process which hurts families along the way and is a very costly approach. She suggests a more incremental approach to regeneration including ongoing reinvestment, low-level improvements and on-site neighbourhood management, with more encouragement for families in work to stay or move into low-income areas to create more mixed communities.

3.5. Child-friendly public spaces

Power also argues that initiatives to improve communities need to give more regard to the importance of child-friendly space. She argues that providing more public outdoor spaces and making streets more family-friendly encourages all ages to interact and contributes to greater community cohesion. Important areas include green spaces, which as we note in our section on health, have been shown to improve well-being, and play and activity areas for children and young people.

In recent years there has been a greater recognition of the importance of play to children's development and increased investment through the Children's Play Initiative lunched in 2005. There is also evidence that increasing access to play and leisure can strengthen children and young people's social networks in communities and increase parents' confidence in the safety of the area.[23]

There is now a good deal of research that links participation in structured, extra-curricular activities with improved outcomes. Participation is linked with reduction in drugs and alcohol problems,[24] with reduced aggression, anti-social behaviour and crime[25] and reduced incidence of teenage parenthood.[26]

Analysis of the British cohort study[27] showed that participation in certain types of activities

at age 16 was associated with higher levels of improvement in agency and application traits of young people, and with better outcomes in adulthood more generally. Importantly, these activities shared a set of characteristics: they were structured, adult-led and goal-oriented, requiring regular attendance. In contrast, unstructured activities with little adult involvement, discipline or hierarchy – such as attending a youth club – were actually associated with poorer levels of improvement in agency and application. Access to these kinds of activities is by no means equitable across the income spectrum. Provision of certain activities that rely on voluntary adult participation is too low to meet demand in many areas and provision in disadvantaged areas tends to be lower.[28]

3.6. Developing collective efficacy

There is also emerging evidence suggesting ways in which community-level factors make themselves felt through the impact of 'collective efficacy' –and levels of participation in structured activities in the community.

Collective efficacy – the willingness of adults to engage with young people locally and to monitor and control their behaviour[29]– has been linked to more positive outcomes for young people on an area by area basis, particularly in studies based in the US. This research has found that higher levels of collective efficacy, including more positive attitudes towards young people, are associated with lower levels of violence and disorder in the community,[30] to lower teenage pregnancy rates[31] and to improved health and lower levels of obesity amongst young people.[32] Collective efficacy itself has been found to be associated with the socio-economic characteristics of a place: concentrated disadvantage and, in particular, low levels of home ownership are associated with lower levels of collective efficacy.[33]

Psychologists have suggested that collective efficacy impacts on antisocial behaviour in the following way: when adults take pride in their local area and care about the children and young people who live near them, they are more likely to act to protect their well-being, to intervene in problems and to support local parents in creating a safe environment. This, in turn, impacts on young people's perceptions and behaviour, making it more likely that they will behave well and feel positively towards local adults.[34] This points to what is intuitively quite obvious: adult norms and behaviours have an important impact on children and young people's outcomes not just through influences in the home, but also at the community level.

There is some evidence that levels of collective efficacy in the UK are low. A 2006 MORI survey found that over one in three people said they would not intervene if they saw two or three teenagers being loud, rowdy or noisy outside their home, and almost four in ten that they would not intervene in the case of teenagers spray-painting graffiti on a building in their street. Adults in Britain also say they are less likely to intervene in youth violence than in other countries: 65 per cent of Germans, 52 per cent of Spanish and 50 per cent of Italians say they would intervene compared to just 34 per cent of British adults.[35] These levels of collective efficacy are related to the high levels of fear of young people.

Evidence from Demos suggests that areas characterised by negative perceptions of young people are also disproportionately characterised by poorer outcomes for young people. Local authorities that are characterised by greater numbers of people who perceive teenagers hanging around on streets as a problem, also disproportionately experience higher levels of obesity amongst year 6 pupils, and higher gaps between percentages of pupils reaching expected levels of attainment at Key Stages 2 and 3.[36]

4. Potential policy recommendations

4.1. Improved integration of policies focused on people and place

Cumulative research evidence suggests that fragmented policy and governance arrangements, particularly in relation to social inclusion and economic development, remain key barriers to the delivery of more effective interventions. Debates about whether to focus on place or people impose a false divide. What is required are effective, interlinked approaches across social, environmental and economic domains at all tiers of governance. This means that policy should be directed at empowering local authorities to provide strong leadership in economic development and neighbourhood regeneration and enabling more coherence between people and place strategies through the co-ordination of multi-agency partnership working focused on tackling shared local priorities.

4.2 Tackling bad housing

Shelter argues that the housing affordability crisis must be tackled with the creation of more ***social rented accommodation*** and more help to those on ***low incomes to meet their housing costs***. This also means encouraging increased supply of market housing to help stabilise prices and enabling a more balanced and equitable housing market through taxation reform.

Overcrowding also needs to be addressed through a ***target to end overcrowding*** for families with children in the rented sector by 2020, and a strategy to meet this target. This should include increased provision of affordable, family-sized social rented homes.

One in four homes across the social and private sectors are not of decent standard. Good progress has been made with the decent homes standard in the social rented sector. However, continued resources and commitment are needed to ensure that the ***decent homes target*** for the social rented sector and vulnerable groups in the private sector is met.

Housing advice and tenancy sustainment services can play a vital role in preventing families with children from becoming homeless and enabling them to access their housing rights. They require an ongoing funding commitment. In addition agencies including Primary Care Trusts, local education authorities, Sure Start children's centres and Connexions branches should have staff trained to provide support for homeless children, with particular emphasis on prevention work around health and education. These roles should have knowledge of basic housing rights, allowing them to provide initial housing assistance, or make appropriate referrals to external organisations where necessary.

To improve life outcomes for homeless children, policies should encourage closer working relationships between key children's services and housing services to facilitate better information sharing and prevent gaps in service provision.

4.3. Regeneration

Regeneration initiatives need to take more account of their impact on families and greater priority should be given to ***incremental regeneration*** to improve the quality of life of families in the shorter-term.

Strategies to regenerate deprived neighbourhoods need to develop ***transport policies*** which take into account the needs of access to both employment and other opportunities for those resident in deprived areas.

4.4. Community engagement and efficacy

Priority also needs to be given to the provision of ***child-friendly public spaces,*** which can contribute to safer communities. Community planning needs to include the provision of ***facilities for structured activities*** for young people and priority

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Annex 1:
Independent Commission on Social Mobility Membership

Martin Narey

Martin Narey is the Chief Executive of Barnardo's. Previously he was Director General of the Prison Service and then the Chief Executive of the National Offender Management Service and a Permanent Secretary at the Home Office. Child Poverty has been Barnardo's main campaigning issue since Martin's arrival at the charity three years ago. For the last two years he has been Chairman of the End Child Poverty Coalition.

John Bangs

John Bangs started his teaching career in Tower Hamlets in 1972, having graduated in Fine Arts from Reading University and gaining his PGCE at Goldsmiths College, London. From 1975 to 1990 he taught at a special school for pupils with moderate learning difficulties where he was responsible for Art, Ceramics and Literacy. He was a teacher member for the Inner London Education Authority with responsibility for special educational needs.

He joined the National Union of Teachers (NUT) in 1990 as the Officer responsible for special needs and for the English National Curriculum and its assessment.

In 1993 he was appointed Assistant Secretary (Education/Equal Opportunities). His department covers all areas of education and equal opportunities policy. These policies not only include the National Curriculum and its assessment and special education but school improvement, evaluation and inspection, gender and race equality, pupil behaviour and 14-19 education. He is responsible for the NUT's Professional Development programme.

Clive Cowdery

Clive Cowdery is Chairman of Resolution plc, a company that he founded in 2003. He started his career in insurance advising clients as a broker and was previously Chairman and Chief Executive of GE's primary insurance operations in Europe (GE Insurance Holdings), with over $3 billion of premium income. The businesses he led included Europe's largest credit insurer with operations in twelve countries and life and pensions companies in the UK and France.

Before joining GE in 1998, he co-founded Scottish Amicable International/J. Rothschild International, a European cross-border insurance business based in Dublin and formed in 1992. He is currently Chairman of the charity The Resolution Foundation and a non-executive director of The British Land Company plc.

Hilary Fisher

Hilary Fisher is Director of the Campaign to End Child Poverty. She joined the organisation to lead a major campaigning push by charities working with children and families to challenge public attitudes to poverty and to lobby for an end to child poverty in the UK.

She is currently Chair of the Council of Europe Expert Task Force on Violence Against Women, including Domestic Violence, nominated by the Parliamentary Assembly of the

Council of Europe. The Task Force drafted the blueprint for the Pan - European Campaign to Combat Violence against Women launched in Madrid in November 2006.

Stephen Machin

Stephen Machin is Professor of Economics at University College London, Director of the Centre for the Economics of Education and Research Director of the Centre for Economic Performance at the London School of Economics. He is currently one of the Editors of the Economic Journal.

Previously he has been visiting Professor at Harvard University (1993/4) and at the Massachusetts Institute of Technology (2001/2). He is an elected Fellow of the British Academy and a member of the Low Pay.

Di McNeish

Di McNeish is co-director of DMSS Research and Consultancy providing independent policy, research, evaluation and training to a wide range of public and voluntary sector clients. Di has over 20 years experience of management, practice, research and policy development in the public and voluntary sectors.

She has an MBA (Health and Social Care) and an MA in Public and Social Policy, both from the University Of Leeds and is a registered social worker. Following an early career in social work practice and management, Di developed her research and policy experience with Barnardo's, where she was, until June 2006, Director of Policy and Research. In this role, Di was responsible for the organisation's internal and external research programme as well as its influencing and lobbying work on issues affecting disadvantaged children and young people in the UK.

Jason Strelitz

Jason Strelitz is Save the Children's Policy Advisor on UK Child Poverty, working as part of the Campaign to End Child Poverty. As part of that campaign he recently co-edited with Professor Ruth Lister "Why Money Matters: Family income, poverty and children's lives".

He has previously completed his PhD at the Centre for the Analysis of Social Exclusion at the London School of Economics, looking at social mobility of children of immigrants to the UK. He has worked for Lambeth Council on housing strategy and for the Joseph Rowntree Foundation where he co-authored Tackling Disadvantage: A Twenty Year Enterprise.

Sonia Sodha

Sonia Sodha is a Senior Researcher within Demos' Capabilites Programme. Her chief areas of expertise include:

- Children and young people's emotional wellbeing
- Education
- Asset-based welfare
- Wealth inequality

Prior to joining Demos, Sonia was Research Fellow at ippr. She has also worked for the Home Office, for a US Congressman and for an MP, and completed an internship at the Social Market Foundation.

Sonia studied for an MPhil in Politics at St Antony's College, Oxford, and holds a first class Honours Degree in Politics, Philosophy and Economics from the University of Oxford.

Graeme Cooke from IPPR and **Tom Moran** from the CBI were members of the Commission for the first half of the year. Graeme wrote an initial literature review which was very significant in informing the Commission's work. It can be found on the Commission's website at:

www.socialmobilitycommission.org

Annex 2:
Organisations and Individuals who provided evidence

Organisations

Action Medical Research
Action on Smoking and Health (ASH)
Adoption UK
Association of Liberal Democrat Engineers and Scientists
Barnardo's
British Lung Foundation
Cabinet Office Strategy Unit
CBI
Chicks
CLIC Sargent
Comprehensive Future
Contact a Family
End Child Poverty
Every Child a Chance
Every Disabled Child Matters
Fostering Network
Girlguiding UK
Home and Nashayman
Ippr
Institute of Education Centre for Longitudinal Studies and the Dept for Quantitative Social Sciences
Joint Education Trust
Joseph Rowntree Foundation
MIND
National Childbirth Trust
National Day Nurseries Association
National Literacy Trust
New Policy Institute
Norwood
One parent families/Gingerbread
Oxfam GB
UK Commissioners for Children and Young People
Social Exclusion Taskforce
Shelter
Sutton Trust
TUC
UK Commission on Employment and Skills
Work Foundation
YWCA
Zacchaeus 2000

Individuals

Elizabeth Barraclough
Richard Berthoud
Jo Blanden
Clive Bone
Ian Cole
David Cooper
Henry Cox
Alan Craw
Fiona Devine
Janet Dobson
John Goldthorpe
Stephen Gorard
Robert Ingham
Ruth Lupton
Rabi Martin
Tariq Modood
Helen Roberts
John Shepherd
Liz Simpson
Tony Vickers