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

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Abstract

The legally-binding goal of ending child poverty by 2020 is likely to be missed by a considerable margin, and progress on social mobility may be undermined by the twin problems of high youth unemployment and falling living standards. So finds the Social Mobility and Child Poverty Commission in its first State of the Nation Annual Report.

The Commission is a statutory body set up to monitor the progress of government and others in tackling child poverty and improving social mobility. Over the last 9 months, we have looked carefully at evidence on living standards and life chances in Britain.

We believe the UK Government deserves credit for sticking to commitments to end child poverty by 2020 and for adding a new one of making social mobility the principal aim of its social policy. But while we see considerable efforts and a raft of initiatives to make Britain a fairer place, we do not believe the scale and effort is enough for progress to be likely. In particular:

• since 2010 children in workless households have fallen 15% but recently there has been a 275,000 rise in the numbers of poor children in absolute poverty. Projections by the Institute for Fiscal Studies suggest that targets on poverty will be missed by 2 million children;

• there are more people in work than ever before but the numbers of young people unemployed for two years or more are at a twenty-year high and Government has been too slow to act;

• real median weekly earnings are now lower than they have been for more than a decade, putting many more families under pressure

Entrenched poverty remains a priority for action but transient poverty, growing insecurity and stalling mobility are far more widespread than politicians, employers and educators have so far recognised. More low and middle-income families are being squeezed between falling earnings and rising house prices, university fees and youth unemployment. Many parents fear that when their children grow up they will have lower living standards than they have had.

The nature of poverty has changed. Today child poverty is overwhelmingly a problem facing working families, not the workless or the work-shy. Two-thirds of Britain’s poor children are now in households where an adult works. In three-quarters of those households someone already works full-time. The problem is that those working parents simply do not earn enough to escape poverty.

We argue that the missing piece of the policy agenda is a comprehensive approach to tackling in-work poverty. Today the UK has one of the highest rates of low pay in the developed world. The 5 million workers, mainly women, who earn less than the Living Wage desperately need a new deal. The taxpayer alone can no longer afford to shoulder the burden of bridging the gap between earnings and the cost of living. We call for a new settlement in which Government will need to devise new ways of sharing the burden with employers. This includes making commitments to:

• end long-term youth unemployment by increasing high quality learning and earning opportunities for young people who should be expected to take up those opportunities or face tougher benefit conditionality;

• reduce in-work poverty by raising the minimum wage, incentivising Jobcentre Plus and paying Work Programme providers for the earnings people receive not just for getting people into work and reallocating Budget 2013 childcare funding from higher rate taxpayers to help those on Universal Credit meet more of their childcare costs;

• better resource careers services, provide extra incentives for teachers who teach in the worst schools and provide more help for low-attainers from
average income families as well as low-income children to succeed in making it to the top, not just get off the bottom.

We call on employers more actively to step up to the plate. They will need to provide higher minimum levels of pay and better career prospects in a way that is consistent with growing levels of employment. Half of all firms should offer apprenticeships and work experience. And unpaid internships should be ended in the professions.

Citizens should seize the opportunities on offer. The key influencers on children’s life chances are not schools or governments. They are parents. So we urge Government to break one of the great taboos of public policy by doing far more to help parents to parent.

A far bigger national effort will be needed if progress is to be made on reducing poverty and improving mobility. That will require leadership at every level. Government cannot do it alone.

Chair of the Commission Rt. Hon. Alan Milburn said:

It is part of Britain’s DNA that everyone should have a fair chance in life. Yet compared to many other developed nations we have high levels of child poverty and low levels of social mobility. Over decades we have become a wealthier society but we have struggled to become a fairer one. Just as the UK government has focused on reducing the country’s financial deficit it now needs to redouble its efforts to reduce our country’s fairness deficit. If Britain is to avoid being a country where all too often birth determines fate we have to do far more to create more of a level playing field of opportunity. That has to become core business for our nation.

Fingerprint

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