The long shadow of deprivation: Differences in opportunities across England

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Sept 2020
Social mobility

• Social mobility – the extent to which opportunities are equal for everyone, across big cities and small towns, whether your parents are rich or poor
1. We show *how* social mobility varies across small local areas in England for the first time
2. We explore *why* there are differences in opportunities across place: considering the role of both education and the labour market
Data

LEO (Longitudinal Education Outcomes):

- **Linked administrative data** on school records, university records & earnings and employment
- State-educated sons born 1986-88
- 820,000 sons across three birth cohorts
- Earnings outcomes at age 28
- Family circumstances at age 16
- Differences across the 320 lower-tier local authorities in England where the sons grew up
Context – our cohort of sons

Figure 1.1: Policy timeline

Primary school

Transition from Margaret Thatcher to John Major.

1992 Ofsted introduced to increase transparency and accountability.

High inflation and high unemployment from recession. ERM failure led to high interest rates and negative equity.

1986–1988 Sons are born

Thatcher era.

Right to Buy scheme saw mass shift from social housing to home ownership.

1988 Education Reform Act made considerable changes to the education system. Intention to boost standards by creating a market in education, through school league tables and parental choice.

1990–1998 Secondary school


Real increases in school funding, and major education initiatives introduced to reduce socio-economic gaps in education, but mostly targeting younger cohorts.


1997–2004

Post-compulsory and HE

2006 Increased costs of higher education: fees rose to £3,000 per year.


2002–2009

2007–2016

Labour market


Period of severe austerity in response to the Great Recession.

Main findings

1. Where you grow up matters – social mobility in England is a postcode lottery

2. In the least mobile areas family background casts a long shadow, with up to 33% of the gaps between sons from poor and rich families driven by non-education factors

3. Across all areas, education is a key driver of opportunities, but it doesn’t explain differences across areas

4. In order to ‘level up’ we need a combined approach of education policy and labour market initiatives

5. Policymakers need to prioritise areas with both a) low pay for disadvantaged sons and b) large pay gaps
1. Where you grow up matters – earnings of disadvantaged sons

Areas with the highest earnings for disadvantaged sons have pay that is twice as high as areas with the lowest earnings for disadvantaged sons

- Not a North versus South story
1. Where you grow up matters – pay gaps between rich and poor sons

- Big differences across local authorities within broader regions

Pay gaps between the richest and poorest sons are two and a half times larger in the least mobile areas than in the most mobile areas.

2.5x
2. In the least mobile areas family background casts a long shadow

More equal opportunities

Dave is from a most deprived family
Don is from a least deprived family

Same educational achievement

Don and Dave earn the same

Less equal opportunities

Jim is from a most deprived family
John is from a least deprived family

Each pair have the same test scores at age 11, age 16, age 18, and attend a similar-ranked university course

John earns more than Jim
3. Education is a key driver of opportunities but doesn’t account for differences across places

Relative contribution of education and wider labour market factors to differences in pay gaps across England

- Education gaps account for stable 10-15 percentiles everywhere
- While education gaps explains most of the pay gap in the most mobile areas...
- In the least mobile areas, around 1/3 is explained by non-education factors
4. In order to ‘level up’ we need a combined approach of education policy and labour market initiatives

• The importance of education in social mobility has been widely recognised, and many initiatives are attempting to reduce educational inequalities.

• To create a truly socially mobile country, important to understand which barriers stop deprived sons faring as well as their equally-achieving but better-off peers.

• Barriers to equal achievement in labour market:
  – Social capital – networks, IAG
  – Financial capital – ‘Bank of Mum and Dad’
  – Cultural capital – recruitment and progression
  – Geographical mobility – ‘Moving out to move on’
5. Areas with both a) low pay for disadvantaged sons and b) less equal opportunities need to be prioritised
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- **Towns Fund:** majority of the 50 LAs in bottom right quadrant are named in the list of initial 100 towns deals across England (inc. Bolton, Dudley, Hastings, Rochdale, St. Helens, Wolverhampton).
- But some of the LAs with the lowest mobility such as Hyndburn and Gateshead do not qualify.
- Government may wish to re-visit the criterion used to define eligible places, and be explicit about how it can help improve life chances.
5. Areas with both a) low pay for disadvantaged sons and b) less equal opportunities need to be prioritised

- **Opportunity Areas:** 9 of the 12 ‘Opportunity Areas’ fall into our low social mobility localities.
- Norwich, Ipswich and West Somerset - have poor education outcomes for disadvantaged sons, but relatively good earnings outcomes.
- But several of the areas with the poorest opportunity for disadvantaged sons are *not* currently covered, such as Bolton and Thanet.
- Our findings support a broader approach that extends beyond education opportunities.
5. Areas with both a) low pay for disadvantaged sons and b) less equal opportunities need to be prioritised

• Despite these promising interventions, there is a significant risk that these are likely to be dwarfed by the impact of the post-COVID-19 recession.
• If the lack of labour market opportunities reinforces the importance of family background, we might expect to see growing inequalities across the country.
• Timely to ask not only if the right areas are being funded, but also whether the current scale of investment is sufficient to obtain meaningful change.