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Witnesses: Dr Abigail McKnight, Dr Claire Crawford and Moira McKerracher

USE OF THE TRANSCRIPT

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Members present

Baroness Corston (Chairman)
 Baroness Berridge
 Baroness Blood
 Lord Farmer
 Lord Holmes of Richmond
 Baroness Howells of St Davids
 Lord Patel
 Baroness Sharp of Guildford
 Baroness Stedman-Scott
 Baroness Tyler of Enfield

Examination of Witnesses

Dr Abigail McKnight, Senior Research Fellow at the Centre for Analysis of Social Exclusion, London School of Economics, **Dr Claire Crawford**, Assistant Professor of Economics at the University of Warwick and a Research Fellow at the Institute for Fiscal Studies, and **Moira McKerracher**, Deputy Director, the UK Commission for Employment and Skills

Q11 The Chairman: Thank you very much for coming to give evidence to us today. I am sorry that you are somewhat distant, but we will be able to hear you. Would you like to introduce yourselves before we start?

Moira McKerracher: Good morning, my Lords. I am Moira McKerracher, Deputy Director of the UK Commission for Employment and Skills.

Dr McKnight: Good morning. I am Dr Abigail McKnight from the Centre for Analysis of Social Exclusion at the London School of Economics.

The Chairman: We are awaiting Dr Claire Crawford who we hope will appear pretty soon. I am going to ask you first about trends in social mobility. There are some recent sociological findings that show that there has been a slowing of upward mobility and evidence of increasing downward mobility. What are the factors that influence this mobility for school leavers?

Dr McKnight: In terms of those studies, of course it is important to be aware that an increasing incidence of downward mobility is not the same as an increasing rate of downward mobility, and it is the case that, because there has been an expansion at the top of the labour market, over the last 20 years there has been what we call greater room at the top. More people were able to move up and, therefore, there is a bigger group who are at

risk of downward mobility and, therefore, we should not be alarmed that there is an increase in the incidence of downward mobility.

We might want to unpick that a little bit further to try to understand who is most vulnerable to downward mobility. Is it the children whose parents moved up the social scale in the previous generation who are at greater risk? We do not know. There are some Swedish studies that have looked at that, but I think that might be an interesting avenue that has not been explored yet to try to understand that. In terms of who is most at risk, we do have some ideas because we understand the factors that are most likely to influence upward mobility. These factors have been the same for many years, so there has not been any great change in that. Educational attainment is the key one in terms of increasing the chance of upward mobility. Family support is very important. Labour demand is also very important.

I would add to that the area that is underexplored: the extent to which opportunities are hoarded by the middle classes. Those parents and children from more advantaged backgrounds absolutely limit the extent of upward mobility for children who are very able but who are unable to take advantage of that ability. Of course, recruitment practices I would add to that list. These are all very well-known factors and I do not think that there is any evidence that there has been any change in any of those factors over time.

The Chairman: Thank you very much. I am pleased that we can now welcome Dr Claire Crawford.

Dr Crawford: I apologise for being late.

The Chairman: Thank you for coming today.

Lord Patel: I have a short supplementary to that, which is: what would be your comment about the teaching of employability and the need for life skills as far as children are concerned?

Dr McKnight: What would be my comment on the—?

Lord Patel: The impact that the teaching of employability and life skills will have.

Dr McKnight: That is critical and, again, that has been the same now for generations. It is very important in terms of the employability of young people. We might worry about young people who are reaching the labour market at a time when there is high unemployment because there are studies that prove there are scarring effects of that, not just for those who experience unemployment but for the whole cohort. We can see from cohort studies now that young people today are in a worse position than cohorts who entered the labour

market previously. Probably for the first time in generations we are seeing young people's outlook being lower than previous generations, and that is a cause for concern. Your point about employability is absolutely the key to social mobility.

Lord Patel: Do you think the teaching of employability is being taught?

Dr McKnight: Not necessarily. I hesitate a little bit there because I am not sure that schools are necessarily—schools concentrate on education and we can ask a lot of them in terms of not just doing their bit in terms of education but preparing children for the labour market, for further education and for higher education. I think that the skill sets are somewhat different and I am not sure that we have mastered that combination of skill sets within schools, or how much you can expect schools to do that. Parents are very good at doing that. That is where I think children from disadvantaged families can miss out and we might want to think about how we can make up for that shortfall that exists for them. It is a very good point.

The Chairman: Could you tell us whether life skills education makes a difference? I am conscious that up until 2010, for quite a few years, life skills education had A-level equivalence. That was abandoned in 2010 on the election of a new Government. Is there any evidence that life skills education did make a difference?

Dr McKnight: I have not seen any evidence, but that does not mean to say that it does not exist, because I am not an expert on that. If it is taught well, one would assume that it would make a difference, but I have not seen any evidence on that.

Baroness Stedman-Scott: Have you seen any great practice, in terms of employability skills being taught, that has made such a significant difference? Where would we find that?

Dr McKnight: I have not seen any evidence. Again, that does not mean to say that the evidence is not out there. I do not think that we have mastered that. I have not seen any evidence, but, as I say, that is not an area where I have great expertise and it might be there. Again, I would stress that there needs to be a separation between education and work preparation and how much we ask our schools to do both—how successfully they achieve this I am not sure.

Baroness Blood: I am fascinated. Is there any evidence to show that where you live makes a difference to whether you are moving on? In the area I work in there might be second, third and fourth generation unemployment. It is almost a culture, so young people do not look beyond that. Is there evidence that that cycle is being broken?

Dr McKnight: Of generational unemployment?

Baroness Blood: Yes.

Dr McKnight: There is some evidence that Lindsey Macmillan has worked on that shows it is much smaller than you might think from reading the press. There is a very small group of people where unemployment seems to be running through generations and there are reasons, such as very low levels of labour demand where they live, that can explain that. I am not sure if there is strong evidence that there is an attitudinal predisposition to unemployment in young people. I would be cautious about thinking that.

Lord Farmer: You have mentioned family support as being important and also disadvantaged children from poor families. We are looking at this from the point of view of the educational system, but is there some policy that can work with strengthening families with the educational system? The educational system seems to work sometimes with a disregard to family, but if we sorted the families out it might certainly prevent downward mobility and help upward mobility if it was working together with schools and colleges.

Dr McKnight: Yes. We can see the very positive aspects of what families do to try to help their children, which should be encouraged and not prevented. We know that families are very good at supporting their children with homework, making decisions, preparing for exams and raising aspirations, and schools can be very good about engaging parents on all of those levels. Of course, if the child does not have that support at home, involving the family and allowing the family to play a key role in the success of the children disadvantages those children who do not have access to that.

I would say things like homework need to be thought through very carefully so that they do not disadvantage children who do not have that support at home. I think we could be much cleverer about how homework is set, for example. I would not say get rid of homework, because it plays an important role in engaging the family, but perhaps we should support the parents so that they can work with their children through it so that we do not disadvantage those children who do not have access to that extra support.

There are critical things in terms of school processes and systems. I think that we need to look a bit more carefully at the impact of expanding school choice on children. It is very good if expanding choice allows parents to look at schools, to try to raise standards by choosing schools that are better performing and putting demand pressures on the schools to improve. But, of course, for those families who do not exercise choice or who maybe are not able to

exercise choice, it is a much worse system for them than if that system did not exist. How schools could try to help work with parents where children do not have the advantage of their parents helping them through school choice is an area that we do need to look at.

That does not solve the problem completely. We know that disadvantaged children are more likely to be in low-performing schools, but we know that disadvantaged children in high-performing schools do not perform as well as more advantaged children. It is not the solution in itself and I do not think there is one solution across the board that would work. There are incremental gains that could be made in all of these areas.

Q12 Baroness Sharp of Guildford: There has been a lot of emphasis recently on developing outcome measures. How are successful outcome measures measured for the 16 to 24 year-old cohort? How robust are the figures that are produced? How do the outcomes for disadvantaged groups compare with other groups?

Dr McKnight: There is a range of different measures you might use to assess good transition into the labour market, and probably 16 to 21 is the hardest group to measure before they have all entered the labour market, because some are out in education, some are in training and some have short spells of unemployment. Of course, we are increasing the education leaving age—although I have some concerns about that.

Baroness Sharp of Guildford: A lot of them go into short-term employment and then move on.

Dr McKnight: Some do successfully go into short-term employment and move on, although we know that short-term employment in itself might be a risk factor for a less successful entry. I have concerns about the increasing use of self-employment among young people. I know that the OECD is much more positive about entrepreneurship among young people. I would be much more hesitant about the type of self-employment—personal trainers, van drivers, window cleaners—and whether this is entrepreneurship or very precarious employment for young people.

In terms of outcome measures, we would want to look certainly at employment post-21. We would want to look at trajectories, at whether they are on an upward trajectory, and whether they are continuing to accumulate skills. I think that we should be looking beyond the labour market at increasing independence from family, and also social and emotional skills are important.

The Chairman: We want to point out that we are very keen to hear from our other two witnesses. If you want to chip in, please do so.

Baroness Sharp of Guildford: You did not answer the second part of the question. Do we see any difference between the advantaged and disadvantaged groups here?

Dr McKnight: I could reel off a list of facts and figures, but we know that on all of those metrics, children from disadvantaged backgrounds do worse. They are less likely to have successful outcomes across all of the metrics and the problems, in terms of the paths to those outcomes, widen from when children are very young. If you take children of equal ability, say, at age five, we know that the trajectories widen; that children of low cognitive skill ability at age five are much more likely to go on and have highly successful careers than children from less advantaged backgrounds—and we understand some of the reasons why that is the case.

Lord Patel: It is an odd question to ask, but it intrigues me; you said that you were concerned about self-employment of children. What age group of children would you be concerned about? Why would you be concerned, apart from the two examples you gave, about self-employment?

Dr McKnight: First, that there is a growth in self-employment in the UK. That can be a very positive thing, but there are probably two groups within self-employment. One is the group of entrepreneurs who go on to be highly successful and go on to be the employers of the future. There is another group where it represents very precarious employment. It is the ultimate zero-hours contract; your income and your work are very dependent on labour demand as well as your own effort.

We are seeing cases of what we might call false self-employment. This is where they are effectively employees. They are working for an employer but, for convenience in terms of tax and in terms of employment protection, it is beneficial to the employer to recruit and engage young people in those types of jobs. For example, at many of the gyms you might go to, the personal trainers there are all effectively self-employed. There are some concerns about what that means for the young person.

Moirá McKerracher: I was going to add just a couple of points from a slightly different perspective on what factors in particular in the UK might be influencing downward social mobility, coming at it from the work perspective. In general, I would just make three points. Our research is telling us that experience of the workplace is fundamental; I know that you

have been discussing this earlier. Internationally, countries that have better labour market outcomes for young people are better at providing access to experience of the workplace. That can include work experience, but not just that. It is about part-time jobs for young people who are still in education and also apprenticeships.

Also, employers in the UK value work experience, yet not many offer it. Two-thirds say that work experience is a critical or significant factor when they are recruiting, yet under one-third offer some form of work placement or experience to unemployed people, schoolchildren or college students. They say work experience is a more crucial factor to them than even vocational or academic qualifications and it seems to go hand-in-hand with these life skills that we were talking about earlier.

Finally, one other factor that makes the UK stand out among what we would want to see as our competitors is that the workplace pathway into higher-skilled work—and that is where the jobs growth is, the higher-skilled work; so the workplace pathway as opposed to the traditional academic university pathway—traditionally helped a lot of young people from poorer backgrounds to build up to professional careers. The UK comparatively has had a poor record in this pathway in formal apprenticeships, and the disappearance of those pathways since the 1980s could well have contributed to this route towards upward mobility being closed off. I think that it is starting to come back again. Both government and employers are starting to rediscover the value of this workplace apprenticeship pathway, but these three things might help explain some of the downward trajectory.

Dr Crawford: I was just going to add that, in terms of outcomes for this group, I know that we are focusing quite a lot on the labour market in this session, but education and qualifications are going to be a key part of the story in terms of successful outcomes. My expertise is on the more traditional routes, I guess, but in terms of university access we see very large differences—about a 35 percentage point difference—in terms of the richest 20% and the poorest 20%, for example. Also, access to wider qualifications and education, the types of qualifications that young people are taking, the types of institutions that they are going to, are all going to contribute to successful labour market outcomes.

Baroness Blood: Lord Farmer asked about family. How important do you think early years development—the likes of Sure Start, Home Start, those types of programmes—are vital to the kind of family we are talking about?

Dr Crawford: The evidence suggests that early interventions and focusing on the early years is very important, but that is not to say that investments later on are not important too. The academic evidence would suggest that interventions are going to be most effective if they are followed up over time. We cannot just intervene early and then expect the job to be done and leave people to progress through the system. Evidence from the US in particular, and also emerging from our Sure Start programme, suggests that gaps that seem to have been rectified by some early interventions do then seem to widen again once people go into school, perhaps because they are accessing lower-quality schools or perhaps because the families are not able to continue to support their children's development over time.

In addition, I would just add to what Abigail was saying about the contribution of families and schools to children's outcomes. Schools obviously have a critical role to play in children's educational development, but the evidence suggests that the extent to which they are able to explain the differences between children from richer and poorer backgrounds is perhaps not as big as you might think. There is still a big role for families to play, and that is families not only from the perspective of support with homework and so on, but even just in terms of the income that they might have or whether they are in work—or the extent to which they might be able to put their child into childcare, for example, if we believe that childcare is having a positive effect on children. That family element is a critical part of the story. Of course, the big question is: how can we improve the environments that families are able to provide? I do not think that we have very strong evidence on that, I am afraid.

Q13 Lord Farmer: The economy is changing structurally. We saw that this week; employment in the manufacturing and industrial sector is going down and in the service sector is going up. How are these changes to the economy and the changing labour market affecting the expected outcomes for young people? At the same time, what does the growth in low-paid work and increased automation of jobs mean for upward mobility? I would imagine that it makes it more difficult.

Moirá McKerracher: Yes, you are right. There are a number of things going on in the labour market that are impacting particularly on young people, and these are structural changes: not just a feature of the recession but things that have been going on for quite some time now, with the changing shape of the labour market—what is being called the hourglass shape, where we are losing some of these middle-skill jobs. These middle-ranking jobs traditionally acted as a kind of stepping stone, allowing those in the lower-ranking jobs

where, if youngsters are going into work, they tend to go into these entry-level jobs and if they were going to progress they could step up and progress through the middle; use the rungs of the ladder, if you like. So they are disappearing. That vital rung in the middle to get into these higher-skilled, higher-paying jobs, which are a growth area in the UK, has shrunk.

This growth in high-skill jobs is good news for the UK and good news for the economy, but you cannot just pluck a young person out of school and expect them to access one of these jobs. Even a new graduate takes a bit of training—so that is a long-term plan and we need to grow both the academic route in and the work-based pathway. Again, with the growth in the economy employers are starting to feel the pinch because they are risking being constrained on being able to grow because they cannot get the right skilled labour at the moment and they have to go abroad for it. Yes, they are making plans to improve the talent pipeline now, but that will take some time to come through. Again, competition for entry-level jobs was a big feature in the economy and, traditionally, that is where young people have cut their teeth. Also, there are fewer opportunities for lower-skilled workers to progress. Traditionally, they get the least training. Even if a youngster gets into one of these jobs, they tend to be the ones in whom employers invest least for training purposes.

Then you have the extra factor, which we touched upon earlier, in terms of work experience, but in recruitment patterns. The most popular method of recruitment among UK employers is word-of-mouth recruitment and, of course, if you have networks and contacts that helps, but young people are less likely to, perhaps particularly young people whose families do not have these valuable networks and contacts. All these factors together are beginning to have an impact.

Baroness Berridge: The little that I understand of these changes is that it is going to be a massive change in the sense that we could see jobs such as ophthalmology being done by your iPad—you are no longer going to need them. Those are not just jobs that you step up from. That is the job where you reach the level and think, “Hey, great, I’ve arrived”. These changes are huge at a time when you say that young people are not optimistic and yet we also have, within this cohort, the beginning of the huge transition into the job market of our black and minority ethnic population who traditionally, or when we look at employers at the moment, are not often that well connected in these networks you talk about. Is anybody doing any work around this population? We are beginning to see the change in the percentage of young people coming through from a black and minority ethnic background.

Moira McKerracher: The sample sizes are quite small. We are able to cut some of our data. Our emphasis tends to be on what employers are doing. We take it from that side of the question, rather than the individual side, and we look at their recruitment patterns, their training investment and so on. We can look at sector, size and locality but, in terms of getting good data on that, I do not think that we would claim to have it.

Dr McKnight: Just a few points about the recession. One is that young people always fare badly in recessions and that is because they are labour market entrants. What we saw in this recession, which is very different from previous recessions, was falling real wages—and that meant that employment stayed up. It was fairly resilient over the recession. That labour hoarding, though, probably had greater consequences for young people or labour market entrants, so we think that this recession might be different in that regard.

While I do acknowledge that there are big structural changes going on in the labour market, this recession is fairly unique in terms of recent recessions where there was not any large-scale industrial restructuring. We did not have a big collapse in the manufacturing sector or the mining sector as we had in previous recessions. That is quite interesting and probably explains why older workers fared quite well in this recession. When you have large-scale industrial restructuring, skills become redundant and older workers suffer quite badly from that. This recession was different in that regard. Older workers have stayed, and in fact they are working into retirement now. IFS has done some research on how older workers' employment rates stayed up very well in this recession.

In terms of low-paid work, I have not seen statistics that show there has been an increase in employment rates for low-paid workers. It is fairly stable at about one-fifth: about 22% are in low-paid work. It does depend on how you might measure it, but that, internationally, is a very high rate of low-wage employment. The UK does stand out across the OECD as a country where there are very high rates of low-wage employment, even if that is a very stable level. The national minimum wage has proved to be very effective at removing extreme low pay but has done little to affect this overall low-wage employment rate, so it is of concern.

On Moira's point about the hollowing out of the labour market or the hourglass, in a sense the shape of that occupational distribution is probably of less concern than whether there are ladders that exist across different points.

Baroness Stedman-Scott: Can I just take you back to the point you made about employers—that in order to grow their business the skilled people are not there to do it and it forces them to look elsewhere? Is there any evidence that employers are stepping up to the mark to take responsibility for that? Is there any good practice?

Moir McKerracher: There is quite a lot. Across all the questions you have been asking I have been thinking about the good practice we have seen. If you take one of the sectors that is impacted by the skills shortage and retirement cliff edge that many of its workers are facing, if you take the energy and utility sectors—power, gas, water, waste management—part of our job is to galvanise employers to step up to the mark, invest more in training and adopt a youth policy across the spectrum. One of the things that we did in partnership with government was to incentivise the set-up of industrial partnerships in growth areas of the economy, in line with the Government’s industrial approach.

One of these partnerships is the Energy and Efficiency Partnership. The power companies have been paying top dollar—or “top sterling” if you like—for overhead line workers, just as an example. They are taking them from all over the world. They cannot get enough of them, yet a power apprenticeship, according to our analysis, is the best-paying apprenticeship you can get. We have done some analysis of where apprenticeship frameworks take you in terms of pay and progression and it is quite surprising when you see the results of that. It does not always equate to the level 3 or level 2, incidentally.

These employers are often competitors: the energy companies, the waste management companies and the water companies. Often they are competing against each other but the one good example we are seeing now is that at boardroom level, at the chief executive level—and that is only one sector—companies are coming together around the skills issue because they recognise that for UK plc this is a sector problem. They are all being hit by it: the big companies, the asset owners and the small suppliers. So they are coming together to try to address it both from the pipeline perspective, so trying to attract more people into their industry right from school, through work experience, through traineeships, apprenticeships and school leaver programmes, but also, importantly, in the workplace; so upskilling people to try to counteract this cliff edge of the retirement of experienced people. So we are seeing companies step up.

We talked about incentives earlier on: are there any incentives for companies to do work experience and to do good things like that? Some of the companies are now getting together

collectively in networks. One good example is the Movement to Work programme that Marks and Spencer originally led, but many big and smaller companies are in there as partners now. One example that they use is: in order to be a gold supplier with Marks and Spencer now you have to participate in the Movement to Work programme, which is basically a framework for offering unemployed young people a good-quality work experience placement with some training. So we are starting to see action because there is a very real need there and there is nothing better than a real need to galvanise some action.

Q14 Baroness Blood: We have discussed this and it is just a quick question. Given that 66% of employers say work experience is critical in their recruitment, have you any suggestions as to how we might make employers take that up more? There is a very low rate of work experience.

Moira McKerracher: Yes, there are many ways. The collective approach works. It could be done at a sector level, but work experience is probably better tackled in local networks. There is a bit of push and pull here. Sometimes you can set an objective on the supply side that every school, for example, should be connected with at least one business to enhance its careers education programmes and build the life skills and work skills that people need. From the business side, we have seen that in collectives sometimes big companies in certain areas can work as anchor companies. They can provide the kind of resource, the kind of framework, the how-to-do that small companies do not always have. They can set an example. They can pull in local suppliers or it could be through the Chamber or the local enterprise partnership. It is raising the importance of this at local level and getting partnerships together. We talked about outcomes agreements. In some countries this is what is happening. In Scotland, for example, the colleges, employers and local authorities are coming together, and colleges are increasingly being measured on these outcomes agreements. Part of that is moving their people into employment and building better relationships with employers.

There is a range of things that can be done, but I think it is best tackled at the local level, building partnerships there, and there is no reason why every school in the country cannot be connected. Charities have a big role to play here as well. There are some excellent brokerage schemes going on. The Business in the Community has business class, and there are career academies. They are providing this brokerage service between businesses and

schools, giving them a framework to work to, giving them support and guidance and help, and that seems to be crucial, particularly for small businesses to engage.

Dr Crawford: I agree with everything that Moira said. One thing I would say is that it is important that the schemes are open to all. A lot of businesses have informal work experience opportunities that are obviously often given to the friends or family of the people who are employed there, which is perhaps not going to do a lot to help us with social mobility. As Moira said, partnerships between schools and businesses, particularly with disadvantaged schools perhaps, might be a good way to help that.

Baroness Sharp of Guildford: In the light of what you have been saying, is what is happening with the local enterprise partnerships being successful?

Moira McKerracher: I think it is early days. There are 39 LEPs; 39 steps is the simple way I always remember it. Clearly in some areas they are combining forces with the local authority and the ones that we have noticed seem to be motoring ahead the most are the ones that are building on quite solid foundations, frankly, and existing partnerships. There are a lot of issues, like this school/business connectivity, that I think can only be solved at the local level; the one-size national approach probably will not suit all. You have some rural areas where they do not have the wealth of private employers or big companies on their doorstep, so they might have to think differently about using their local hospital or the local authority departments themselves or the local university, whatever it may be. That is their anchor company and that will have to be the provider of the important linkage. So probably it is a mixed picture at the moment.

Q15 Baroness Stedman-Scott: I understand that there has been a report from the UK Commission for Employment and Skills and the Association of Colleges that proposes that leadership is needed at a local level to link skills and provision with employer demand. Can the Government do anything to facilitate this leadership?

Moira McKerracher: I think that it can. For example, colleges are driven by two things: the funding method and the inspection regime. They have to have that front of mind or they do not survive. It is interesting. We wait to see how much funding might be devolved to local areas to have control over. Also, I think the DfE official earlier mentioned Ofsted, which is an important player in this. I think that these kinds of government agencies need to make sure they are measuring the right things, measuring broad outcomes. I think that the Government's role is to set the framework against which local players will work and will be

accountable. They should allow the flexibility for local areas to tune their priorities and their actions to local needs, but within a framework against which they are measured. I think that probably Government's role is that enabling role.

Baroness Stedman-Scott: If we take the Government setting the framework and the real action coming locally, have you seen any local leadership that has wowed you, where you have thought, "God, we should have this everywhere"?

Moira McKerracher: There are lots of great examples. Part of the challenge is getting that good practice out there. We tend to do that with businesses, for example. It is about spreading the good practice, and that works very well on a business-to-business basis. Our commissioners represent large and small businesses, as well as trade unions, the third sector and experts from further and higher education. They very much go out and about and talk about what good employers are doing and best practice partnerships and so on and that is very effective.

Baroness Stedman-Scott: Do you publish good practice case studies?

Moira McKerracher: We do lots of that. We have a youth policy in the commission; we try to practise what we preach. We did one recently and the title was invented by a young intern. It is called *Not Just Making Tea*. It is about work experience and it is trying to show employers, "Look, this is not just about a two-week placement in the summer". Not everyone can offer that and that is not what every young person needs. There is a whole mix of things. It gave good examples about what large and small employers were doing in partnership in their local communities. We do a lot of that to inspire people and to make them say, "Well, I could try that in my local area". It seems to be a very effective way of working.

Q16 Baroness Tyler of Enfield: My question is a very broad one, so it is designed to give you free rein in some senses. I wondered what factors you feel should be taken into account by the Government, or indeed other policymakers, when they are developing policies to improve social mobility for more disadvantaged groups, particularly school leavers—which is, of course, the focus of this inquiry?

Dr McKnight: I will start on the point that I mentioned earlier on, about the issue of educational opportunity hoarding by more advantaged families. I think that this is underexplored. We do not know enough about it. We need to try to break down those

barriers, to try to mimic in less advantaged households what children are getting from advantaged families. That is very important.

We know that children from more advantaged families are hoarding opportunities in good-performing schools, in grammar schools. We have less influence over entrance to private schools.

On the subject of schools, there are processes and practices about homework. I have mentioned school choice. I have concerns about how teaching assistants are used in schools, how they are deployed in schools, particularly in terms of helping children with maths. I would much rather see qualified maths teachers helping children who are struggling most with maths. We know that maths is a key predictor of later labour market success. I would like to see the badge of honour removed, “I am not good at maths. Numbers are not my thing”. I would like to see that removed from things to be proud of, and I think that maths could be taught much more excitingly at school, much more creatively, not by teaching assistants but by qualified teachers who inspire children. We could do more in terms of active labour market programmes for young people.

We have not talked about that very much, but there are clearly issues there that could be dealt with a lot better for young people and in terms of inequalities in adult education. Parents’ education is critical to the success of their children’s education. We have very wide levels of inequality in education in the adult population. We are very poor at trying to reduce those inequalities in adult education. We do not know how to do it very successfully, but that clearly is key to helping children.

Dr Crawford: I am going to start with a boring conceptual point, which you may have covered earlier in the session—apologies if you did. I think we do talk about social mobility quite a lot without being very precise about what we mean and the different definitions can mean very different policy solutions or options. Do we mean across generations or within generations? Do we mean absolute or relative mobility? You can have a situation where everyone was getting richer, for example, but you do not have any changes in where people are in the income distribution. That would be the absolute versus relative point.

We have also seen in the academic literature very different pictures in terms of what is happening to social mobility in the UK depending on whether you look at occupations: whether people are moving to higher social classes compared to their parents, versus if you look at income, for example. From the sociological literature, I know that you have discussed

the report about upward and downward mobility, but, generally, their perspective is that overall mobility has not been changing very much. Whereas from the economics literature, which tends to look more at income, we see what appears to be a weakening of social mobility—intergenerational income mobility, I should say, to be clear. What will work is going to depend on who we want to affect and in which ways. For example, you may have more success at getting people to move upwards from the middle to the top rather than from the bottom to the middle. That could lead to an increase in social mobility, but whether that is what we are trying to get to at the heart of the question is something for you all to consider.

In terms of things to take into account, Abigail gave a very good summary. Education and skills are at the heart of it. We see very large differences in education and skills, which widen as children get older. That is not to say that schools are not doing anything to reduce the gaps. We could see even greater widening in the absence of what schools are doing. We should think about access to schools and information about subject choices, for example. We were talking about the demand for high-skilled graduates and yet we do see a proportion of graduates in non-graduate jobs. So there is clearly some mismatch going on and getting to the heart of where that mismatch arises from may be useful, whether that is subjects or whether it is institutions, and whether we need to encourage good-quality schools or universities to be growing and trying to shrink those that are doing less well. They are all big questions to which I do not have any very good solutions, I am afraid.

Lord Farmer: This is a small area, but if you are looking at the most disadvantaged children, obviously they often come from a broken family background. I believe that the Government are providing more and more boarding facilities at schools. That does have the effect of lifting the children out of a very poor background into a more stable background, which would give them a better chance of a good start in life. Is that factor taken into account in any of the thinking towards upward social mobility?

Dr Crawford: I must confess that I do not know the evidence around the boarding issue. What I would say is that, in relation to what we call widening participation policies more generally—and what I mean by that is encouraging disadvantaged children to access universities, for example—people who work with young people in those areas often talk about young people feeling like a fish out of water in the sense that they go to an institution that is very different to what they are used to at home and maybe do not quite feel like they

fit in there, but when they go home they have had such a change in experience that they also do not quite fit in there. So it is important to bear in mind the young person's perspective and how they are feeling and whether they are benefiting from the opportunity when we think about those types of policies.

Q17 Baroness Berridge: I think I get, like Question Time, the last wrap-up here. What is the one key suggestion you would make, perhaps as a suggestion, to this Committee, to improve upward mobility and the outcomes and opportunities? I think it is agreed that there are informal networks. You have the BBC, which I think has closed it down completely for work experience. You have to apply centrally and no one can offer. What would be your practical suggestion? I am sorry, I cannot resist asking you, Ms McKerracher: how much are overhead cable people now paid? What is that salary range?

Moira McKerracher: You want to train?

Baroness Berridge: Yes, in case we are reformed.

Moira McKerracher: I think it can vary. Not immediately, but three years after an apprenticeship, a skilled worker can command £70,000 to £80,000. They are importing them from overseas. You see, they work not only on the power lines but on the railway lines as well. There is a lot of work there.

Shall I kick off quickly with my suggestion? From our perspective and looking very much at the labour market and thinking about how the UK is different in terms of the opportunities that young people here have compared to other similar countries, my one thing would be streamlining and improving the vocational pathway for young people. That is the big difference. We have about 50% or so going through the traditional academic route, but for the other 50% the pathways are not clear. They are not easy to navigate and you cannot always guarantee that they will lead to a good outcome. Yes, that means apprenticeships, but also, as the Lord Chairman said earlier, at the moment we need to build that demand among employers for apprenticeships. We do not have enough of them.

What are the others doing? What they are doing is they are going to college or they are in school doing vocational programmes, so you must make sure that these vocational programmes count just as much as the apprenticeships do. They should be based on a similar occupational standard. They should be aiming for the same target as the work-based route so that progression routes and the chance to cross over are built in. Now that we have our young people staying on longer in education and training, until 18, those two extra years

need to count. There is a big statistic here: over 90% of 19 year-olds who are on a level 2 apprenticeship already have a level 2 qualification—so they are almost repeating. We need to make that 16 to 18 period count in terms of the vocational courses that young people are doing. They must, in some way, relate to the standard that is set by industry for what a skilled worker should be.

In terms of aspiration, we know that if you do not have the networks and contacts you probably cannot even imagine the range of jobs and professions that are out there and available to you, but, almost by necessity, earning money, getting into a company, building up, you begin to see. You are buoyed along by the workplace and the opportunities there to learn and progress. You are almost steered by some work network to fulfil your potential, and that is a pathway that has been weakened and we have lost a bit. We do not compare well with other countries in it, so if I was to wish for one thing it would be that.

Dr McKnight: It is not a very exciting response, but we should not think that there is a magic bullet to this. Small, incremental gains are going to be the way to go. There is not one policy change, otherwise we would know what it was and we could do it—or the ones that exist are unpalatable politically; such as large scale redistribution or abolition of private schools, which I do not think the Committee is going to be putting forward. I suppose as an economist you would expect me to say that we need to improve numeracy skills. The UK is particularly bad in terms of the gap in numeracy skills between rich and poor children. In OECD measures, we come out particularly badly in numeracy and problem-solving skills and I think how maths is taught right from primary education through secondary education could be improved a lot. Improving numeracy skills will improve confidence among young people and we should remove this badge of honour, “I do not do numbers”.

Dr Crawford: I would say that we need to watch out for what is happening to the further education sector. I am not an expert on the further education sector. I am sure you will get much more informed opinion from experts in that area, but my work looks across education spending from early years to university, for example, and looks at outcomes across that range. We have seen in recent years protection for schools funding, for example, and probably over the course of this Parliament in terms of schools spending again up to the age of 19, but only in schools. We have seen university funding increase as a result of the reforms that took place in 2012. By contrast, further education has seen very big falls and that is the sector that is going to be catering for the people that I think your Committee is

most concerned about, who are those who are not following the traditional academic track and going to university.

It seems likely that the further education sector will continue to experience at least very tight funding settlements, if not falls. I am sure that the further education sector is doing its utmost to ensure that the quality of the provision does not fall, but when you are seeing cuts of 30%, for example, to date and possibly further over the course of the next Parliament, you can expect at least some change in the quality of education that is being offered. That is just something to watch out for. Also on that line I would say that there is a whole host of vocational qualifications that we know have very different returns. Ensuring that young people who are not following the academic route are channelled into the types of apprenticeships and occupations that Moira has been talking about, which do see the big returns, will be important.

The Chairman: I want to thank all three of you for coming today to share your expertise with us. It has been very useful. Thank you very much. I must say that you have made me think about not being good at numbers being a badge of honour. It is extraordinary how often you see that, even in adverts that are supposed to be slightly frivolous, particularly about women. They are worried about their wrinkles but not worried about not being very good at maths. Thank you.