

Social Mobility Commission – The long shadow of deprivation

Contents

Key findings from the study	2
Social mobility across places.....	2
The long shadow of deprivation	2
Education, education, education?.....	3
Policy challenges.....	3
Conclusions.....	4

A socially mobile country provides equal opportunities for everyone. The Social Mobility Commission's (SMCs) previous work identified a patchwork of 'hot spots' and 'cold spots' across England, with varying opportunities for education and employment across the country.

What the earlier work did not reveal was the degree to which the place you grow up has a lasting impact on your earnings in adulthood. This is at the heart of social mobility: does growing up in one town rather than another change your life chances? How unequal are outcomes between places across the country? And why do these differences exist?

Using a newly linked dataset researchers have tracked the journey of all state-educated sons in England who were born in 1986 to 1988¹. The young men were followed through their primary and secondary school journey at a time of considerable change and investment in education; to their transition into work at the time of the 2008 recession; and through to their earnings in 2014 to 2016, aged 28. In particular, the study looked at how the earnings of sons from disadvantaged backgrounds vary across local authorities (LAs) in England, and the role of education and the labour market in explaining these differences.

The findings are challenging, confirming that where an individual grows up does directly influence their earnings in adulthood. The study has shown that disadvantaged individuals aged around 28 earn more than twice as much as their counterparts in the areas of lowest mobility (over £20,000 compared with under £10,000). This extends to an even wider pay gap between disadvantaged sons and those from more affluent families, which also varies widely across the country: the pay gap in the least socially mobile areas is 2.5 times larger than in areas of high social mobility.

Most striking was the finding that in the most unequal areas, i.e. those with the largest pay gap and the poorest social mobility, up to a third of the earnings gap is driven by family background and local labour markets, over and above educational achievement. The [SMC – The Long Shadow of Deprivation – Differences in Opportunities Report](#) found compelling evidence that the greatest inequality is driven by factors outside education, and in these areas, it is far harder to escape deprivation.

¹It is not possible to provide reliable estimates for daughters since the adult earnings measures cannot be adjusted for part-time work. See the Technical Report for full details.

Key findings from the study

- Where an individual grows up does influence their earnings in adulthood. Social mobility is described in the report as a 'postcode lottery', with large differences across areas in both the adult pay of disadvantaged sons and the size of the pay gap for sons from deprived families, relative to those from affluent families.
- In areas of high social mobility, educational achievement accounts for almost all the earnings difference between individuals from deprived and affluent families.
- In areas of low social mobility, up to 33% of the pay gap is driven by non-educational factors.
- Fifty English local authorities (one in six of those analysed) have both low adult pay for disadvantaged sons and large pay gaps between those from deprived and affluent families.
- Localities with low life chances include Bolton, Bradford, Chiltern, Hyndburn and Thanet. They typically have fewer professional and managerial occupations, fewer 'Outstanding' schools, more areas of deprivation and moderate population density.
- The study calls upon the Government to equalise opportunities across the country and to consider what support can be targeted on these local authorities to improve overall social mobility outcomes.

Social mobility across places

At national level, sons eligible for free school meals (FSM) at age 16 had median earnings of £13,500 at age 28. Yet there are large differences across different areas. Differences in the earnings do not follow the typical north/south divide. There are also large differences across local authorities close to each other. While many of the highest-earning places are around London, the story within London boroughs is mixed.

There are also differences in the extent to which opportunities, as measured by age 28 earnings, are equal for those growing up in different family circumstances in the same area. Areas with the largest pay gaps are areas of low mobility, offering less equal opportunities.

The long shadow of deprivation

In a meritocratic society, it would be expected to find little difference in pay to remain once the sons from different backgrounds with similar educational achievement are compared. However, the study found stark differences in pay gaps between the most and least mobile places, even when comparing sons with the same educational achievement.

In the most mobile places, there were no pay gaps, while in the least mobile places there remained a pay gap of 8 to 10 percentiles. This means that differences in mobility rates across areas are not driven by differences in educational achievement between sons from the most and least deprived families.

In areas with low mobility there is a lasting shadow of family circumstance, regardless of educational achievement. Up to 33% of the pay gap is driven by family background, over and beyond educational achievement.

The main barriers to labour market success for disadvantaged sons in these areas are yet to be fully researched, but potential explanations include sons from richer families having better social networks or being better supported to move out to areas with higher-paying jobs. Sons from deprived backgrounds may lack examples within their immediate network of the diversity of jobs available, or they may lack knowledge of the differentials in income and life quality between different jobs or industries. This may give young people from deprived backgrounds a smaller frame of reference from which to develop and make choices.

The study goes on to state that if family background is indeed more important when there are limited labour market opportunities, COVID-19, which is widely expected to lead to a severe recession, might increase pay gaps between the most and least affluent families.

Education, education, education?

Across all areas, education is a key driver of pay gaps between sons from different backgrounds, accounting for a stable amount of the adult pay gap (10 to 15 percentiles, or on average 80%) in all local authorities. However, there are differences in the size of educational achievement gaps between sons from the most and least deprived families across areas.

Areas with a higher proportion of grammar schools and more-segregated schools, have the largest educational achievement gaps. Sons from affluent families in these areas achieve much higher GCSE results than sons from deprived families in the same area.

As with earnings gaps, the national picture hides large differences in educational achievement across local authorities – even between local authorities very close to each other or adjacent. Local authorities with large educational inequalities tend to have greater school segregation in terms of both achievement and socio-economic status, compared with areas with more equal educational achievement.

Policy challenges

The study suggests that to equalise opportunities for those from the most and least deprived backgrounds, reducing education inequalities continues to be crucial. However, in order to 'level up' between the places which have the widest income disparities for advantaged and disadvantaged young people, it is labour market interventions that will make the difference.

In the areas of greatest inequality, educational investment alone is not enough to remove differences in life outcomes between areas. Areas with lower pay for disadvantaged sons and less equal opportunities are very deprived, with fewer education and labour market opportunities.

The study also suggests that the least mobile areas are also those with the fewest high-skilled jobs. It is recognised that skills and connections may be particularly valuable in these areas to access the few good jobs available. As such, increasing the number of skilled jobs available could be another channel through which deprived individuals might be more able to access better jobs. Any comprehensive strategy to attain this will require coordination between government and employers, and a conversation on skills, training, apprenticeships and adult education provision in localities and how this can be made to best align with the needs of local employers.

The SMC argue that the Government has a powerful role to play, not simply as the setter of policy direction but as a major employer. The civil service has already done some work rebalancing its workforce geographically, with some departments having a substantial presence outside of London, but a long-run shift to further homeworking could open up new opportunities that would spread the availability of high-quality jobs more widely across the country.

There are policy initiatives, which may contribute to increasing social mobility in some of the least mobile areas and increase opportunities available. These initiatives include:

- Towns Fund – Town Deals will seek to create the right conditions to encourage private investment by improving transport, labour force skills, and housing and commercial land availability.

- Opportunity Areas – targeted local authorities (12 currently) receive investment to provide tailored interventions, primarily to young people, to address stubborn local challenges and create sustainable, long-term change. If effective, the interventions within Opportunity Areas have the potential to reduce educational disadvantage in areas with the poorest and least equal opportunities for deprived individuals.

There is a significant risk that existing interventions will be overshadowed by the impact of the COVID-19 recession. Current estimates suggest this is likely to be the largest recession in history, far deeper than the 2008 recession experienced by the cohort of sons. If the lack of labour market opportunities reinforces the importance of family background, it might be expected to see growing inequalities across the country. There is an urgent need to increase the knowledge about the best ways to remove labour market barriers for today's young people from deprived backgrounds and implement interventions that can protect them from the disproportionate impact of these recessions.

Conclusions

The paper includes several policy suggestions:

- Government should use this new evidence to inform policy about the scale and size of its place-based interventions and investment. Evidence from this research pinpoints localities where inclusion in expanded programmes might make the most difference. In the areas of greatest inequality, educational investment alone is not enough to remove differences in life outcomes between areas.
- In the localities with the most unequal outcomes, more understanding is needed about why the labour market is not serving disadvantaged young people. This should include both drawing on local authority leaders' knowledge and data, and research by central government and independent organisations to trial 'what works' labour market interventions.
- Evidence is a critical element to inform good decision-making. Government should continue improving the quality of data collection and linkages necessary to analyse social mobility well.

For a more detailed understanding of the SMC study, refer to the [SMC – The Long Shadow of Deprivation – Differences in Opportunities Report](#).