



HM Government

# Government's response to the second annual report of the Social Mobility and Child Poverty Commission

November 2014



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Presented to Parliament  
by the Secretary of State for Education  
by Command of Her Majesty

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# Introduction

This document responds to the Commission's second annual report '*State of the Nation 2014: Social Mobility and Child Poverty in Great Britain*' which was published on 20 October 2014. The report itself can be found at <https://www.gov.uk/government/publications/state-of-the-nation-2014-report>.

We welcome the Commission's full and frank assessment of the state of the nation and we look forward to working with them further.

## About the Commission

The Social Mobility and Child Poverty Commission (the Commission) monitors the progress of Government and others in improving social mobility and reducing child poverty in the United Kingdom. It provides advice on measuring socio-economic disadvantage, social mobility and child poverty and undertakes activities to act as advocates for social mobility. The Commission is chaired by the Rt Hon Alan Milburn and deputy chaired by Baroness Gillian Shephard. It includes eight other members drawn from across business, academia and the voluntary sector.

## The Government's approach to its response

The Government's response takes as its starting point the Child Poverty Strategy 2014-17 published earlier this year. This outlines the UK Government's plans to tackle the root causes of poverty, including worklessness, low earnings and educational failure. This approach reflects the reality of child poverty in the UK today and is the only way to achieve lasting change to protect the poorest in society.

We will improve the life chances of children by:

- raising the incomes of poor children's families by helping them get into work and making work pay;
- supporting the living standards of low-income families; and
- raising educational outcomes of poor children.

Alongside our Strategy, we published an in-depth evidence review which identifies what leads families to be stuck in poverty and what leads poor children to become poor adults. By identifying and understanding the root causes of child poverty, now and across generations, we can target action effectively.

Fairness is a fundamental value of this Government, and improving social mobility continues to be the primary goal of our social policy. While there are huge challenges associated with reversing the long-term historic trends associated with poor social mobility, we are taking decisive action to remove barriers in every stage of life, to give

people equal access to opportunities and help give second chances to those who need them. Organisations outside of Government are also playing their part, including schools, further education colleges, universities, businesses, professional bodies and a wide range of third sector and voluntary organisations.

The report contains around 35 recommendations for the UK Government to which we have provided individual responses. Where appropriate, these are based closely on the Child Poverty Strategy 2014-17 and other relevant actions taken since. In his foreword to the report, the Chair of the Commission highlighted 12 key recommendations, drawing from those directed at the UK Government (these are listed in Annex A).

The Commission has made additional recommendations that are partially or wholly directed towards bodies other than the UK Government, including local government, schools, employers and parents. In these cases we do not seek to respond on the behalf of others but we would encourage all those with an interest to consider the report and respond where appropriate.

The Commission also makes recommendations for the next parliament, providing a 'window into the future'; this document does not seek to respond on behalf of future governments but provides a response to the Commission's 'verdict on the past'.

### **Devolved Administrations**

The UK Government aims to end child poverty and improve social mobility across the United Kingdom, whilst recognising that many of the policy levers are the responsibility of the Devolved Administrations. Each of the Devolved Administrations is responsible for producing and acting upon their own strategy on child poverty.

The Commission's report provides a commentary on specific progress made by Scotland and Wales. The decision whether to respond to any issues relating to devolved matters highlighted in this report is that of the relevant Devolved Administration. However, the Government will continue to work closely with the Devolved Administrations to end child poverty and improve social mobility across all parts of the United Kingdom.

# Chapter 1: The 2020 challenge

The Government inherited the largest deficit in post-war history. Through this period of uncertainty, the Government's long-term economic plan ensured economic stability and provided the foundations for the UK's economic recovery. The plan is working, with the deficit falling by more than a third as a result of the action we have taken.<sup>1</sup>

The UK is forecast to be the fastest growing economy in the G7 in 2014<sup>2</sup> and has seen an increase in private sector employment of over 2 million since before this Government came to power<sup>3</sup> and 400,000 more businesses than in 2010.<sup>4</sup> The Government has continued to take the difficult decisions needed to secure a resilient recovery for all, and build a stronger society.

In this context, we are committed to improving living standards, particularly for the low paid, and the only way to achieve a sustainable increase in living standards is to focus on economic growth, employment and cutting taxes for the low paid. This is exactly what we are doing. Inflation has now been below target for ten consecutive months,<sup>5</sup> we have frozen fuel duty and council tax, and by 2015/16 we will have taken 3.2 million people out of income tax altogether.<sup>6</sup>

As the Commission pointed out, child poverty is now at historically low levels. Under this Government: 300,000 fewer children are in relative income poverty;<sup>7</sup> around 390,000 fewer children are growing up in workless families resulting in the lowest level on record;<sup>8</sup> the attainment gap between disadvantaged pupils and their peers has narrowed;<sup>9</sup> and we have recently seen the largest annual fall in unemployment on record, down over half a million since 2010.<sup>10</sup> But there is more to do, and we are getting on with the job of setting the right policies to tackle the root causes of child poverty.

The Child Poverty Strategy 2014-17 outlines our plans to tackle the root causes of poverty, including worklessness, low earnings and educational failure. This approach reflects the reality of child poverty in the UK today and is the only way to achieve lasting change to protect the poorest in our society.

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<sup>1</sup> HM Treasury (2014) Budget 2014.

<sup>2</sup> IMF (2014) World Economic Outlook. Legacies, Clouds, Uncertainties. October 2014. The G7 is a group consisting of the finance ministers and central bank governors of the seven major advanced economies as reported by the International Monetary Fund: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

<sup>3</sup> ONS (2014) Labour Market statistics, November 2014.

<sup>4</sup> BIS (2013) Business Population Estimate for the UK and Regions: 2013 statistical release.

<sup>5</sup> ONS (2014) Consumer Price Index, October 2014. Inflation was 1.3% in October 2014.

<sup>6</sup> HM Treasury (2014) Budget 2014.

<sup>7</sup> DWP (2014) Households Below Average Income. An analysis of the income distribution 1994/95 – 2012/13. July 2014 (United Kingdom).

<sup>8</sup> ONS (2014) Working and Workless Households, 2014.

<sup>9</sup> DfE (2014) SFR 05/2014: GCSE and Equivalent Attainment by Pupil Characteristics in England, 2012/13.

<sup>10</sup> ONS (2014) Labour Market statistics, November 2014.

## **Recommendation 1** [See also Key Recommendation 2]

All political parties to have come forward with credible plans for meeting the challenge of fiscal consolidation in the next Parliament, being more honest about the implications of spending cuts; ending the exemption of wealthy pensioners from austerity; and giving the Office for Budget Responsibility a new role in reporting on social mobility and child poverty impacts of the decisions made at each Budget.

### **Our response**

In 2010, the Government set out its long-term economic plan to return the public finances to a sustainable path. The plan is working, with the deficit falling by more than a third as a result of the action we have taken.<sup>11</sup>

We are protecting key support for pensioners in recognition of the fact that many have worked hard and saved all their lives. Many pensioners are on fixed incomes and are less likely to be able to increase their income by moving into work or by increasing their earnings while in work.

We have already taken unprecedented steps to assess the impact of our policies on inequality. We have published analysis of the impact across the income distribution of all tax and welfare measures announced at fiscal events since the Budget in 2010. Our commitment to transparency and evidence-based policy has been widely welcomed.

## **Recommendation 2**

The Government to have made the recoupling of earnings and economic growth a key priority of macroeconomic policy.

### **Our response**

The only way to raise living standards is to stick to our plan; that is growing the economy, creating jobs and securing a better, brighter future for Britain. Over the past year, unemployment has fallen at the fastest rate since records began. Since 2010, two thirds of the rise in employment has been in in the top three occupations, which generally

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<sup>11</sup> HM Treasury (2014) Budget 2014.

command a higher wage, and 75% of the annual rise in employment since 2010 has been full-time work.<sup>12</sup>

Economic growth and earnings growth are both priorities for this Government. It is encouraging to see that Real Household Disposable Income (RHDI) per capita is up 2% in 2014.<sup>13</sup> The long-term link between pay and productivity is not broken, as shown by independent economic research whose authors concludes that they “find no evidence of net decoupling in the UK over the 1972-2010 period as a whole”.<sup>14</sup>

Under Universal Credit we are, for the first time, creating clear incentives and supporting claimants to progress in work and increase their earnings. Further, as set out in the Child Poverty Strategy 2014-17, this Government has taken action to boost living standards through a variety of measures including cutting income tax, cutting fuel duty, providing free school meals for infant school pupils and by helping local authorities freeze Council Tax.

### **Recommendation 3**

The Government to have taken further steps to devolve powers and funding to City Regions to give local areas the powers to boost economic growth in their areas.

### **Our response**

The Government agrees that local areas make a critical contribution to the Government’s long-term economic plan to secure a better future and stronger economy for our country. That is why, through City Deals and Growth Deals, we have placed increasingly greater decision-making powers and funding directly in the hands of local leaders and Local Enterprise Partnerships.

The first wave of City Deals were announced in July 2012 and focused on the eight largest cities outside London. These Deals paint an impressive picture of devolved powers and include new and innovative ways to unlock growth and deliver jobs. This includes: agreeing an innovative ‘Earnback’ model with Greater Manchester allowing for local investment in infrastructure; a commitment by Leeds City Region to become NEET (not in education, employment or training) free; and an Accelerated Development Zone in

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<sup>12</sup> ONS (2014) Labour Market statistics, November 2014. The top three occupations are managerial, professional and associate professional occupations.

<sup>13</sup> ONS (2014) Quarterly National Accounts, October 2014. Comparison between 2014 Q2 and 2014 Q1.

<sup>14</sup> Pessoa, J. P. and Van Reenen, J. (2013) Decoupling of Wage Growth and Productivity Growth? Myth and Reality. CEP Discussion Paper No 1246.

Newcastle and Gateshead. The core cities have estimated that the first wave of Deals will create 175,000 jobs over the next 20 years and 37,000 new apprenticeships.<sup>15</sup>

The second wave of City Deals was launched in October 2012. The Government has now agreed 26 City Deals in England, and one in Scotland.

Building on the success of City Deals in England and the recommendations in Lord Heseltine's seminal report "Unlocking Growth", we announced the intention to unlock £12 billion from central government departments and make it available to Local Enterprise Partnerships as part of Growth Deals. In July 2014, the Government announced the first £6 billion of local projects to have been agreed under the first wave of Growth Deals. This includes the complete allocation of £2 billion from the Local Growth Fund for 2015-16, and, because the quality of the proposals was so high, in some cases commitments are being given for following years for important long-term projects so that they can get underway.

This is a genuine revolution in how our economy is run. For the first time ever, housing, infrastructure and other funding is being brought together in a single pot and put directly into the hands of the local authorities and businesses who are best placed to make decisions that directly affect those in their local area.

## **Recommendation 4** [See also Key Recommendation 4]

The Government to have taken action on housing by increasing housing supply, helping more young families to achieve their aspirations to buy their own home and making longer-term tenancies the norm for families with children in the private rented sector.

## **Our response**

As set out in the Child Poverty Strategy 2014-17, we are committed to increasing the housing supply. Over half a million new homes have been built since April 2010 and starts on new homes in the past year totalled 139,500 – up by 17% on the previous year, and the highest since 2007.<sup>16</sup>

Since spring 2010, over 152,000 households have been helped to buy property through government-backed schemes such as Help to Buy, Right to Buy and Affordable Home Ownership.<sup>17</sup> Shared Ownership is already an integral part of the Affordable Homes Programme and contributes to the delivery of more affordable homes. Over 200,000 new

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<sup>15</sup> HM Government (2012) Unlocking growth in cities: city deals – wave 1.

<sup>16</sup> DCLG (2014) Live tables on house building. Table 213: permanent dwellings started and completed, by tenure, England (quarterly).

<sup>17</sup> DCLG (2014) Live tables on social housing sales; Live tables on affordable housing supply; <https://www.gov.uk/government/news/54000-homeowners-created-through-help-to-buy..>

affordable homes have been delivered since April 2010 and nearly 30,000 of these have been Shared Ownership.<sup>18</sup>

From 2015, £3.3bn of grant and £20bn of private funding will help deliver another 165,000 new homes – this will be the fastest annual rate of building of affordable homes for at least 20 years.<sup>19</sup>

To help families in private rented accommodation we have published a voluntary model tenancy agreement for landlords and tenants, which supports longer, family-friendly tenancies.

## **Recommendation 5** [See also Key Recommendation 3]

The Government to set a ten year ambition for the UK to become a Living Wage country by 2025 and develop and implement a cross-society strategy which can achieve this goal.

## **Our response**

With a return to economic growth, the Government believes that Britain can now afford National Minimum Wage (NMW) rises. The NMW has risen in real-terms, providing low-paid workers with the biggest cash increase in their pay packets since 2008, and it is our desire, along with the Low Pay Commission (LPC), to see further real increases.

As of April 2014, the increases in the personal allowance have given a £705 cash benefit to typical basic-rate taxpayers and taken over 3 million low-income taxpayers out of income tax altogether. Since 2010, these changes have benefited over 26 million individuals.<sup>20</sup>

In the Child Poverty Strategy 2014-17 we called for all employers to consider the case for paying the Living Wage. The Government supports employers who choose to pay the Living Wage, but this should not be at the expense of jobs. Decisions on what wages to set are for employers and workers to agree, as long as employers pay at least the NMW. The NMW is specifically set at the highest possible rate that will not damage employment prospects. The Living Wage does not take employment impacts into account.

The NMW is carefully set by the independent LPC with their remit asking them to help as many low-paid workers as possible without damaging their employment prospects. It is the Government's ambition to increase the real value of the minimum wage, an aim shared by the LPC in their most recent report.<sup>21</sup>

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<sup>18</sup> DCLG (2014) Live tables on affordable housing supply. Tables 1000 and 1010. October 2014.

<sup>19</sup> Homes & Community Agency (2014) Affordable Homes Programme 2015-18.

<sup>20</sup> <https://www.gov.uk/government/news/income-tax-cuts-to-benefit-26-million-people-from-6-april-2014>

<sup>21</sup> Low Pay Commission (2014) National Minimum Wage. Low Pay Commission Report 2014.

## **Chapter 2: Early years**

Children's development in their early years provides the crucial building blocks for later life and learning. And we know children from disadvantaged families can face the greatest challenges.

That's why the Government has placed considerable focus on the early years. We're pleased the Commission recognises the importance of this Government's policies such as: new early education entitlement for disadvantaged two-year-olds; continuing to support the funded entitlement for three- and four-year-olds; and, extending the Pupil Premium into the early years. Our goal is to ensure that all poor children arrive at school ready to learn by improving the quality and take-up of early education, getting better teachers and simplifying the curriculum.

The Government recognises the importance of early intervention and how it can have the greatest impact on a child's future life chances. Alongside the interventions outlined above, the Government is focused on the most disadvantaged families by supporting new parents with specialist nurses through Family Nurse Partnerships and expanding the number of health visitors.

Affordable, high-quality childcare is vital to ensure that parents can work and earn enough to move out of poverty. We also know that good-quality childcare and pre-school provision has positive benefits on children's all-round attainment and behaviour. The Child Poverty Strategy 2014-17 and the Social Justice Annual Report outlines further action this Government is taking to improve the life chances of poor children.

### **Recommendation 1**

The Government to revisit the basic question of what objectives its childcare policy is seeking to achieve and produce a single overarching statement of government policy and a ten-year road map for addressing gaps in childcare accessibility, quality and affordability.

### **Our response**

Our overall aims are to support parents into work and ensure children are ready for school. The availability of affordable, safe and stimulating care is crucial in supporting families by enabling parents to work. It is equally crucial to the development of babies and young children as the foundation for their future success at school and in life.

The Government's childcare strategy has been described in detail in two publications: 'More great childcare' (January 2013) and 'More affordable childcare' (July 2013). These reports set out a plan of action for how the Government will achieve its vision of a dynamic childcare market that delivers high-quality early education. We have set out

our approach to helping children before they start school in the Child Poverty Strategy 2014-17.

## **Recommendation 2** [See also Key Recommendation 5]

The Government to make the objective for the early years ensuring that all children, including those who do not attend pre-school, are school-ready. By 2020 we expect to see 85% of all children to be school-ready by age five as a staging post towards all children being school-ready by 2025.

## **Our response**

We know that the right support in the earliest years can make a crucial difference in securing good outcomes for children. Our Early Years Pupil Premium is specifically designed to improve school readiness. As outlined in the Child Poverty Strategy 2014-17, our goal is to ensure that all poor children arrive at school ready to learn, for example we've reformed the early years curriculum so that it aligns better with what children need for Key Stage 1. We have funded English and Maths Champions programmes through the National Day Nurseries Association to spread good practice in teaching literacy and numeracy in the early years. And we're toughening up training for people working in early years education to make sure they have the skills they need to help children get ready for school.

We are investing £1.4 million in the Early Language Development Programme, which has so far helped well over 100,000 parents and family members to spot problems and get support with their children's speech and language.<sup>22</sup> This work is being led by I CAN, the children's communications charity. We are investing almost £1 million in the work of the Literacy Trust to develop a model to improve targeting and engagement of the most vulnerable families by staff in children's centres and support volunteers to improve children's early literacy and language skills.

We are continuing to provide free early education for all three- and four-year-olds, and increasing the number of disadvantaged two-year-olds eligible for funded early education to 40%. By May 2014, over 116,000 two-year-olds were benefiting from early learning.<sup>23</sup>

## **Recommendation 3**

The Government to put closing development gaps between the least well-off children and others at the heart of early years policy.

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<sup>22</sup> <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2014-10-22/HL2291/>

<sup>23</sup> <http://www.publications.parliament.uk/pa/ld201415/ldhansrd/text/140723w0001.htm>

## Our response

We absolutely agree with the Commission that closing the attainment gap between disadvantaged children and their peers should be a priority for early years policy. It is unacceptable that, in 2014, only 45% of pupils eligible for free school meals achieved a good level of development in the early years foundation stage profile, compared with 69% of all other pupils.<sup>24</sup> We are committed to improving the attainment and life chances of children from less advantaged backgrounds and ensuring that they get the support, education and skills they need to get on in life and succeed.

We have introduced a new early-years education entitlement for disadvantaged two-year-olds. Around 40% of all two-year-olds, primarily from low-income households, are now entitled to 15 hours a week of free early education. By May 2014, over 116,000 two-year-olds were already benefiting from this funded early education.<sup>25</sup> In September 2014 the number of children entitled to an early education place doubled – to reach around 260,000.

We are continuing to support disadvantaged children at the ages of three and four by extending the Pupil Premium into the early years. The Early Years Pupil Premium (EYPP), worth £50 million in 2015-16, will give additional resources to those providers working with the most disadvantaged children.

## Recommendation 4

Having made the welcome decision to stretch the Pupil Premium to children aged three- and four-years-old as we recommended last year, the Government should set conditions on how the Early Years Pupil Premium can be tied to improved quality.

## Our response

We welcome the Commission's support for the Early Years Pupil Premium (EYPP). Building on the approach set out in the Child Poverty Strategy 2014-17, our ambition is that the EYPP helps to improve the quality of early education provision for disadvantaged children. Early years providers know their children best and are best placed to decide how to support the children in their care, so we don't think that we should attach conditions to the use of the premium. This decision was strongly supported by responses to the consultation on the EYPP – 87% of respondents either 'agreed' or 'strongly agreed' that providers are best placed to determine how to use the funding.<sup>26</sup>

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<sup>24</sup> DfE (2014) EYFSP attainment by pupil characteristics: 2013 to 2014.

<sup>25</sup> <http://www.publications.parliament.uk/pa/ld201415/ldhansrd/text/140723w0001.htm>

<sup>26</sup> DfE (2014) Consultation on early years pupil premium and funding for 2 year-olds. Government consultation response.

Responses to the consultation also showed strong support for examples of evidence-based best practice to be made available to inform providers' decisions on how they could use their allocations. From February 2015, the Education Endowment Foundation Teaching and Learning Toolkit will be expanded to cover the early years; and 4Children will be asking practitioners and settings to share examples of good practice.

Early years providers will continue to be held to account by Ofsted. They have agreed to update their inspection frameworks to ensure settings are effectively using the EYPP.

## **Recommendation 5**

The Government to review the pay and conditions of the Early Years Teacher Qualification with a view to making it as attractive as Qualified Teacher Status.

Childcare providers should routinely be using qualified staff to teach their most deprived children.

## **Our response**

We agree that the status of early years teachers is an important matter. We want to ensure high quality provision for all children, and the evidence shows that the input of specialist graduates is a key factor in delivering that quality. We value the work that early years teachers do and are looking at ways to continue to raise their status and recognition amongst employers and parents.

Although we can determine appropriate training routes, set professional standards and promote the status of early years teachers as professionals with specialist knowledge and training, the Government cannot set pay expectations for all early years providers, nor can we prescribe for providers how they should value and reward the specialist skills of early years teachers. With the exception of maintained provision, early years providers are free to set their own pay scales. This means that early years teachers, and those with qualified teacher status, working in the private and voluntary sector (which accounts for approximately 80% of the early years sector, and where the vast majority of early years teachers will be employed) can be paid as their employer sees fit. The same is true in free schools and academies

The Government is also improving the quality of other people working in early years education, through introducing new, more rigorous criteria leading to an Early Years Educator Qualification.

## **Recommendation 6**

The Government to expand school nursery provision of childcare and review the regulatory system to reduce bureaucracy and increase the attractiveness to schools of offering childcare.

### **Our response**

We agree and are actively encouraging schools to open up more nurseries as well as overcoming the regulatory barriers that prevent them from doing so.

Schools are often best placed to deliver flexible, high-quality early years education and childcare that meets parents' needs, particularly for the most disadvantaged. Schools can draw on highly-qualified staff and (often) better facilities. This Government's objectives have been: firstly, to encourage more schools to open nurseries; secondly, to encourage more school nurseries to take two-year-olds; and thirdly, to encourage schools to make their provision delivered more flexibly across an 8am to 6pm day.

We have made it easier for schools to take nursery and two-year-old children without having to follow complicated statutory processes. We are legislating to allow schools to take two-year-olds as part of the school rather than being required to follow a separate registration and inspection process. And we have made it easier for schools to open community facilities.

## **Recommendation 7** [See also Key Recommendation 6]

The Government to collaborate with third sector organisations to produce an innovative national good parenting programme that makes seeking parenting advice the 'norm' and breaks the taboo on public policy attempts to improve parenting, from conception to the child reaching adolescence. The national parenting campaign should be launched to help more parents become excellent parents, funded by removing childcare tax breaks from families where at least one parent earns more than £100,000 per year.

### **Our response**

Parents are the first and most important influences on their children, especially during the crucial earliest days and months, but any Government serious about promoting a strong society must strengthen and support families. Which is why we have introduced a new family test. This will introduce an explicit family perspective to the policy making process and ensure that potential impacts on family relationships are recognised in the process of developing new policy.

We have invested £30 million to successfully support relationships, and going further, in 2015, we will pilot relationship support as part of antenatal classes in six areas across the country, preparing couples for the transition to parenthood and encouraging the father's involvement.

Underpinning their importance as trusted professionals in supporting new parents, national guidance for health visitors will be introduced in 2015, outlining how to recognise and respond to the signs of relationship difficulties.

We are committed to providing 4,200 more health visitors by 2015 and we have invested over £4.5 million in CANparent to offer high-quality, universal classes for parents. These have had very positive outcomes with nearly 3,000 parents participating.<sup>27</sup>

We are investing over £50 million in our Family Nurse Partnership programme, now operating in over 100 local authority areas. This has been expanded to support 16,000 places by 2015, giving young, vulnerable first-time mothers one-to-one support during pregnancy and until their child reaches the age of two.

Troubled families have multiple, high cost problems – including worklessness; children regularly truanting; and involvement in crime and anti-social behaviour. The children in these families often have a poor start in life, and disadvantage can pass from one generation to the next. For this reason, parenting and parenting capacity is an important factor in how we work with families. Latest results from the Government's Troubled Families programme show 69,000 families have been turned around – meaning more children back in school and more people back in work.<sup>28</sup> From 2015 the programme is being expanded to help up to 400,000 additional families over five years. £200 million has been announced for the first year (2015/16). The expanded programme will reach out to families with a broader range of problems, including those affected by domestic violence, with vulnerable younger children and a broad range of mental and physical health problems.

There is a wealth of information, guidance and services available on how to parent positively, and on the key role that parents play in developing their children, some of it commissioned by the Government. The early years workforce is expected to work closely with parents to secure good progress for their child.

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<sup>27</sup> DfE (2014) CANParent Trial Evaluation: Final report.

<sup>28</sup> <https://www.gov.uk/government/news/troubled-families-programme-turning-117000-lives-around>

## Chapter 3: Progress on educating the next generation

The Commission states that '*there is much to welcome in the UK Government's approach to schools*'. This Government is relentlessly focused on ensuring that all children, whatever their background, can acquire the core knowledge and qualifications that are the foundation for successful careers. Our entire education reform programme is focused on raising attainment across the board and closing the gap between disadvantaged pupils and their peers. We are pleased that the Commission's Report acknowledges our considerable progress. This Government has raised the attainment of poor children, narrowed the attainment gaps between disadvantaged pupils and their peers,<sup>29</sup> and improved the quality of teaching and of schools that poor children attend.

The Pupil Premium is worth £2.5 billion of extra money to schools this year. This funding is in the hands of excellent teachers and schools are being held to account. And our approach is working. A recent Ofsted report showed that the Pupil Premium is making a difference in many schools. The report found that, overall, school leaders are spending Pupil Premium funding more effectively, tracking the progress of eligible pupils more closely and reporting outcomes more precisely than before.<sup>30</sup>

Poor children are four times as likely to become poor adults compared to other children.<sup>31</sup> The Child Poverty Strategy 2014-17 sets out actions this Government is taking to break the cycle of intergenerational poverty through increasing poor children's educational attainment.

### Recommendation 1 [See also Key Recommendation 7]

The UK Government should beef up current programmes, and pay reforms, which are not big enough to tackle the issue of getting the best teachers into the most challenging schools to close the attainment gap. Government should pilot a 'Teachers' Pay Premium' and commission the School Teachers' Review Body with a view to paying the best teachers more if they move to challenging schools in the hardest-to-recruit areas.

### Our response

The Government agrees that the most challenging schools should be able to offer higher pay to attract the best teachers. That is why we have introduced far-reaching pay

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<sup>29</sup> DfE (2014) SFR 05/2014: GCSE and Equivalent Attainment by Pupil Characteristics in England, 2012/13.

<sup>30</sup> Ofsted (2014) The pupil premium: an update.

<sup>31</sup> Blanden, J. and Gibbons, S. (2006) The Persistence of Poverty across generations. A view from two British cohorts.

reforms. Schools now have the freedom to offer higher pay to respond to their own schools' circumstances and to incentivise teachers to take on the most challenging roles.

Our pay reforms, which are only just starting to take effect,<sup>32</sup> are all about strengthening the ability of schools to set their teachers' salaries at the level they consider appropriate to attract and retain the teachers they need. It is this increased flexibility that supports head teachers in addressing teacher shortages in specific subjects and in certain areas of the country. It is particularly important to schools in disadvantaged areas, empowering them to attract and recruit the teachers that they need to deliver outstanding education in the most challenging circumstances.

We believe that this is a matter for schools to decide for themselves and we are confident that the new pay arrangements we have introduced are the best way to enable schools to address their own particular needs.

We also believe it is important to recognise that pay is one of several factors in attracting the best teachers, evidence suggests that there are many other elements to consider. Multiple sources cite motivation, a desire to work with children and the challenge of the career as being of similar importance.<sup>33,34</sup>

## **Recommendation 2** [See also Key Recommendation 8]

The Government to give more focus to preparing children for the world beyond schools. It should develop a new outcomes-based means of assessing school performance so that schools focus on the quality of extra-curricular activity, character development and careers guidance. Schools should not be rated as 'outstanding' without being able to demonstrate the quality of their extra-curricular activities, or how they build character or resilience and have excellent careers advice.

## **Our response**

The Child Poverty Strategy outlined action this Government is taking to support poor children to stay on in education or training. We absolutely agree that preparing children for the world beyond education should be a key focus for all schools. That is why we recently announced a new £5 million fund to support innovative ideas to help schools and young people develop character, resilience and grit.

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<sup>32</sup> The Government's pay reforms were introduced in September 2014.

<sup>33</sup> Purcell, K. and Wilton, N. (2005) Education as a Career: Entry and Exit from Teaching as a Profession. Research Report No 690.

<sup>34</sup> Ashby, P. et al. (2008) Beginner Teachers' Experiences of Initial Teacher Preparation, Induction and Early Professional Development: A review of literature. Research Report No DCSF-RW076.

We have been clear that we want to see improvements to the quality of careers advice and guidance available to young people, with many more schools and employers working together to provide excellent support. We are looking at what more can be done to improve the quality and consistency of careers advice and guidance available to all young people, and ensuring schools and employers work together to provide excellent support to young people, to equip them to make effective transitions to the workplace.

Ofsted is committed to improving the quality of careers guidance and has enhanced the guidance for school inspectors for the inspection of careers guidance from September 2014.<sup>35</sup> Ofsted will ensure that all inspectors receive appropriate training to make sure that school pupils in Years 8 to 13 receive effective careers guidance. They will also monitor how effectively the school works in partnership with other schools, providers, external agencies and the community (including business) to improve the school, extend the curriculum and increase the range and quality of learning opportunities for pupils.

The Government believes that limiting Ofsted judgments with additional criteria would give disproportionate weightings to these factors over other equally important areas. There are no plans to introduce this. Ofsted is currently consulting on changes to inspection from September 2015 to include a new focus on personal development, behaviour and welfare. Subject to the outcome of the consultation, we will work with Ofsted to ensure that high quality careers advice, extra-curricular activity, work experience and employer engagement are appropriately reflected in any changes to the inspection framework and handbook.

### **Recommendation 3** [See also Key Recommendation 9]

The Government to ensure that all schools see it as their core business to give equal priority to raising standards and closing attainment gaps.

Refocus attention on primary schools. In particular Government should work with schools and the third sector to eradicate illiteracy and innumeracy by 2025 in primary school-age children. We are pleased to see the current Government supports the ambitious and important campaign to end illiteracy. In the next Parliament, the campaign should be extended to include innumeracy. But focus should not be lost on secondary schools; an ambitious target should also be set that halves the GCSE attainment gap between children entitled to free school meals and their peers by 2025.

## **Our response**

We agree that tackling both innumeracy and illiteracy is vital. Ensuring all children leave primary school literate and numerate is central to our education reforms. The new

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<sup>35</sup> Ofsted (2014) School inspection handbook.

national curriculum has raised expectations so that they match the best worldwide. It will make sure that by the end of primary school, all pupils are fluent in the fundamentals of maths, reasoning and problem solving.

The Government is firmly committed to raising the attainment of poorer children and closing the gap between poorer children and their better-off peers – this is a core priority for all schools. That is why we have given schools £6.25 billion since 2011 through the pupil premium, so all schools have the resources to make this happen. We want all children to be able to reach their full potential, regardless of their background.

As the Commission acknowledges in its report, there is evidence that this is making a difference. The proportion of children on free school meals getting 5 good GCSEs including English and maths has increased from 31% in 2010 to 38% in 2013.<sup>36</sup> And Ofsted's latest assessment of the Pupil Premium concluded that the funding is being used more effectively than ever before and that good and outstanding schools are demonstrating 'an unwavering commitment to closing the attainment gap'.<sup>37</sup>

The Government, however, does not plan to set national targets. We want a school-led approach to raising attainment, not a top down bureaucratic approach. We also want a more intelligent accountability system that takes account of the full ability range and not just those on the C/D borderline. This is why we are introducing 'progress 8' as the headline measure for all secondary schools from 2016, replacing 5 good GCSEs. This will give all schools a stronger incentive to raise attainment across the ability range for both poorer pupils and their better-off peers.

## **Recommendation 4**

The Government to do more to share success between schools and tackle variation in their quality. The current system for doing so is confused and needs to be urgently clarified. Government should also encourage high performing independent schools to work with state schools as a means of fulfilling their tax-advantaged charitable status.

## **Our response**

We agree that sharing success between schools is key to tackling variation in their quality. We are clear that local authorities should focus their school improvement activities on the schools they maintain. However, local authorities have a key role to play in driving excellence and they should work constructively with academies. Many local authorities have built positive working relationships with academies in their areas – for

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<sup>36</sup> DfE (2014) SFR 05/2014: GCSE and Equivalent Attainment by Pupil Characteristics in England, 2012/13.

<sup>37</sup> Ofsted (2014) The pupil premium: an update.

example, through promoting and facilitating local forums where all local schools can compare data, hold each other to account and drive school-to-school support. Where a local authority has concerns about an academy, they should alert the relevant authorities quickly.

We support partnerships between independent and state schools aimed at raising attainment for all. Many independent schools offer bursaries to students from disadvantaged backgrounds and there are many dynamic partnerships between independent and state schools around the country which help to break down barriers between the sectors.

The Government is providing some financial support to stimulate the development of partnerships that will share good practice on delivering the primary curriculum.

## Chapter 4: Moving from school to work

The Government recognises that a successful transition from school to work is crucial to a young person's future life chances. The consequences of this transition going wrong, and of young people not being in education, employment or training (NEET), puts them at a much greater risk of becoming poor adults.

Giving young people the best possible chance of succeeding in the labour market is central to the Government's aim of breaking the cycle of intergenerational poverty. We are supporting young people to stay in education and training, improving the number and quality of apprenticeships and driving up the quality of further education colleges.

For Government, social investment offers a huge opportunity to transform the whole culture of our own public spending. Ultimately, because the whole premise of social investment is based on a return, linked to a given outcome. Government stops paying for the process of delivering social services and starts paying for the outcomes that are achieved. Instead of spending more and more on ineffective remedial policies, social investment dictates that we invest early and invest intelligently to tackle social breakdown at its source – putting money into proven programmes that change lives.

This Government has taken unprecedented action to harness social investment to transform the lives of the most disadvantaged in our society. As set out in the recent Social Justice Progress Report, we are tackling complex social issues, including youth unemployment, through ten Social Impact Bonds. For example, between April 2012 and up to the end of June 2014, we have helped 14,200 young people through the £30 million Department for Work and Pensions Innovation Fund.<sup>38</sup>

The Child Poverty Strategy 2014-17 provides additional information on action the Government is taking to help young people in their transition from school to work.

### Recommendation 1

The Government to devolve responsibility for increasing youth employment to local authorities and City Deals who should embed high-quality job creation in their local economic strategies and activities.

### Our response

We agree with the Commission that local areas are significant drivers of growth and have a key role in increasing youth employment. That is why, through City Deals and Growth

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<sup>38</sup> DWP (2014) Youth Unemployment Innovation Fund Pilot, October 2014.

Deals, we have placed increasingly greater decision-making powers and funding directly in the hands of local leaders.

In November 2013, the Government announced that £50 million of Youth Contract funding would be devolved to the eight largest cities outside London, and to support some Wave 2 City Deals in tackling long-term youth unemployment amongst 18-24-year-olds. Furthermore, three local areas were given devolved responsibility over the 16-17 Youth Contract to tackle NEETs as part of their Wave 1 City Deals in 2012.

## **Recommendation 2** [See also Key Recommendation 10]

The Government to work with local agencies to develop a new 'day one' intervention and re-engagement service to get unemployed young people straight back into jobs, education or training and end long term youth unemployment by the end of the decade.

## **Our response**

The Government agrees that intervention from day one is an important part of preventative measures to help young people back into education or employment. That is why from April this year we introduced a package of reforms that significantly increase the support for, and requirements on, claimants of out-of-work benefits.

Jobcentre Plus work coaches have a tremendous amount of knowledge of the local labour market and we are taking a number of steps to ensure that young people can take advantage of this. First, we are running a pilot exercise in 34 Local Authorities to see whether work coaches can help to re-engage 16-17-year-old young people who are not in education, employment or training (NEET). We are also looking at how work coaches might be made available as an expert local resource for young people to draw on when considering their career options and how they could provide more intensive support for those who need it most, especially those at high risk of becoming NEET.

We have also established more high-level apprenticeships in professions like accountancy and publishing and are currently trialling a number of pilots to help unemployed young people get back into work or education. We are taking action to reduce long-term youth unemployment through Traineeships, a new pilot to extend Jobcentre Plus support to 16-17-year-old NEETs, and 16-19 Study Programmes.

We are making progress. We have recently seen the largest annual fall in youth unemployment, down around a quarter of a million on the year.<sup>39</sup> Furthermore, the proportion of 16-24-year-olds NEETs is at its lowest in ten years.<sup>40</sup> We are on track to

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<sup>39</sup> ONS (2014) Labour Market statistics, November 2014.

<sup>40</sup> ONS (2014) Young People Not in Education, Employment or Training (NEET), November 2014.

deliver 2 million apprenticeship starts in this Parliament,<sup>41</sup> and nearly 150,000 Work Experience placements have started since April 2012.<sup>42</sup> But we recognise there is still more to do and we are committed to helping even more young people get into work and achieve their potential. This is why we have built on the success of the Innovation Fund to create the Youth Engagement Fund. This is a £16 million cross-government fund which will help reduce the number of NEETs, specifically targeting 14-17 year olds. The projects go live in spring 2015.

### **Recommendation 3**

The Government to fully implement the 'UCAS' system for vocational routes by 2017, ensuring that local areas are able to contribute to tailor the solution to regional labour markets.

### **Our response**

The Government is committed to strengthening careers support, so that all young people make informed choices and are prepared for the world of work. A key element of our overall strategy is to enable 16-year-olds to use online portals to find out about the full range of post-16 courses in their area. The plans are for the service to build on good work already being done in some parts of the country.

From next autumn we will be making sure that 16-18-year-olds can access information on the full range of education, training courses and opportunities available to them starting in 2016. Post-16 providers will be required to make available course opportunities to agreed data standards. The Government will collate this information into a national database. Portal providers will then be able to access this information and present it in user-friendly ways for young people and schools, to help them make informed decisions about their options. Schools will be expected to support their pupils to use portals as part of making their post-16 choices, and LAs will be expected to check that young people in their area have access to good quality on-line portals.

### **Recommendation 4**

The Government to work with Ofsted and the Further Education (FE) Commissioner to drive up the status and quality of FE colleges, in specific for apprenticeship training with an aim to half the proportion of apprenticeship providers rated "requires improvement" or "inadequate" by 2020 – to the same level as general FE providers today – 25 per cent.

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<sup>41</sup> BIS (2014) Statistical First Release. Further Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held. October 2014.

<sup>42</sup> DWP (2014) Youth Contract official statistics: August 2014.

## Our response

The Government agrees that we need to continue to improve the status and quality of FE colleges. While over two thirds of the FE sector are rated as “good” or “outstanding”, too many are judged as “requiring improvement” or being “inadequate”.<sup>43</sup> Ensuring high-quality provision that meets the needs of learners, employers and communities is at the heart of our skills policy.

Ofsted inspect all FE colleges in receipt of public funding. Where colleges or providers are graded as “requires improvement”, Ofsted will provide support and challenge activities to enable the college or provider to focus on the areas needed to secure improvement. When colleges are rated as “inadequate”, the FE Commissioner will intervene to bring about rapid and sustainable improvement. When providers are graded “inadequate”, the funding contract will normally be terminated.

The Education and Training Foundation, the sector-led improvement body responsible for raising the professionalism of the FE sector, has three main priorities: raising the standard of maths and English teaching; improving leadership, management and governance; and the creation of a Vocational Education and Training system with employers at its heart.

We are also improving standards and removing little used or recognised qualifications from funding so that qualifications delivered are those that employers understand and demand. We are also ensuring that providers work more closely with employers so that provision reflects employer needs. Through Trailblazers and employer ownership pilots we are working with employers to ensure they are both the customer and designer of qualifications.

## Recommendation 5

The Government to aim for half of all workplaces with more than ten employees to be offering high quality apprenticeships by 2020 with a commitment to reviewing apprenticeship funding within 12 months of the 2015 general election if changes are not leading to increases.

Employers already engaged in designing new apprenticeship frameworks should advocate apprenticeships to other businesses.

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<sup>43</sup> Ofsted (2013) The Annual Report of Her Majesty’s Chief Inspector of Education, Children’s Services and Skills 2012/13.

## Our response

The Government agrees that where possible, employers should aim to offer high-quality apprenticeships or work experience. We are promoting apprenticeships as the prime vocational route to employment and high-quality skills training.

We are planning to fund apprenticeship training through employers in the future, to give them greater control and purchasing power, so they can secure the most effective training for their apprentices.

Giving employers ownership of skills is a key element of our skills policies. Trailblazers led by employers are designing new apprenticeship standards to meet their needs. Through the Trailblazers scheme, over 1,000 employers are currently involved in designing the new standards.<sup>44</sup> Trailblazer activity will take place throughout 2014/15. It is our aim that all new apprenticeships will be on the new standards by the 2017/18 academic year.

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<sup>44</sup> <https://www.gov.uk/government/news/more-than-700-employers-to-design-top-quality-apprenticeships>

## Chapter 5: Moving up the income ladder

The evidence is clear that work remains the best route out of poverty; children are around three times as likely to be in poverty if they live in a workless family.<sup>45</sup> The Child Poverty Strategy 2014-17 sets out government action to raise the incomes of poor children's families by helping them get into work and making work pay. Through our welfare and education reforms, we are getting on with the job of setting the right policies to tackle child poverty for the long term.

Universal Credit (UC) is currently live in 26 sites. It is being extended to families this autumn and will be rolled out nationally from February 2015, ensuring that work pays. This is a major cultural shift in how our welfare state helps people. Early results show that people on UC are doing more to find work and more are in work.<sup>46</sup> UC incentivises people to move into work and to work more, and is expected to result in 0.5 to 2.5 million more hours worked a week by claimants already in work.<sup>47</sup> The vast majority of these extra hours will be worked by parents. Once fully implemented UC will increase those in work by up to 300,000, and has the potential to contribute up to £7 billion per annum to the economy in steady state; and up to £35 billion over the next decade.<sup>48</sup>

We are also reviewing zero-hour contracts to ensure that the flexibility they offer is not being abused. The Government is investing in the National Careers Service to help parents to make decisions on learning, training and work opportunities.

We welcome the Commission's support for our focus on cutting the cost of living. We will continue to work to protect the living standards of low-income families, for example we have frozen fuel duty and council tax and by 2015/16 we will have taken 3.2 million people out of income tax altogether.<sup>49</sup> The Government is committed to ensuring that working families keep more of the money they earn.

### **Recommendation 1** [See also Key Recommendation 3]

The Government to champion the Living Wage with the ambition that the UK should become a Living Wage country by 2025 at the latest.

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<sup>45</sup> DWP (2014) Households Below Average Income. An analysis of the income distribution 1994/95 – 2012/13. July 2014 (United Kingdom).

<sup>46</sup> DWP (2014) Universal Credit Pathfinder Evaluation.

<sup>47</sup> DWP (2012) Welfare Reform Bill Impact Assessment Universal Credit. Figure updated 2014.

<sup>48</sup> DWP (2014) Universal Credit at Work.

<sup>49</sup> HM Treasury (2014) Budget 2014.

## **Our response**

The Government supports employers who choose to pay the Living Wage, but this should not be at the expense of jobs. Decisions on what wages to set are for employers and workers to agree, as long as employers pay at least the National Minimum Wage.

See also our response to Recommendation 5 in Chapter 1.

## **Recommendation 2**

The Government to develop and implement a new strategy on pay and progression that integrates adult skill-funding and employment programmes.

## **Our response**

We agree with the Commission that progression in work is vital so that individuals can develop their skills and earn more. We fully support businesses that choose to pay higher wages when it is affordable and not at the expense of jobs. However, these decisions are for employers and workers to arrange themselves.

We are working towards improving adult skills by better reflecting employer demand so that employers get the people with the skills they need. That is why employer engagement in, and ownership of, skills is a key element of our skills policies.

We are also providing almost £111 million in 2014-15 for the National Careers Service. This now has a greater focus on local labour market information and partnership working with schools, colleges, Local Enterprise Partnerships (LEPs) and employers. Help and advice on career paths, choices and education opportunities is available online, over the telephone and face to face in a range of community settings including colleges, Jobcentres and prisons.

The Government has simplified the skills system and how it is funded to provide a more flexible approach to training that meets the needs of individuals to help them get into work and progress in work. Training providers now have greater freedom to tailor training to the needs of the local community and economy.

We will be considering what role progression in work could play in the future Work Programme for the long-term unemployed claimants and how it will support them into sustained work. We are also exploring how the future programme and skills provision can be better integrated to ensure claimants get the holistic support they need to find, stay in, and progress in work.

However, Central Government cannot tackle low pay or poor progression alone, so we are calling on employers to play their part in this too.

### **Recommendation 3**

The Government to recycle some of the savings from increased employment into tax and benefit policies that help working parents escape poverty.

#### **Our response**

As set out in the Child Poverty Strategy 2014-17, the Government is firmly committed to helping working parents escape poverty. The evidence is clear that work is the most sustainable route out of poverty. The introduction of Universal Credit will improve work incentives by allowing individuals to keep more of their income as they move into work.

To ensure we can deliver effective in-work support as part of Universal Credit, we are trialling a comprehensive range of approaches to understand and gather evidence about what can help people stay in work and progress to earn more and the circumstances that might make it harder for some people to earn more. This will enable us to determine how best to engage and involve claimants, employers, delivery partners and staff. We are also working with the UK Commission for Employment and Skills (UKCES) in the UK Futures Programme to invest in trials co-designed by employers to develop progression pathways for low-paid workers.

### **Recommendation 4**

Government, parents and employers to have shared responsibility to enable families to move up the income ladder – Government must ensure incentives are right and ensure that those who “do the right thing” are not in poverty, more parents must move into work and employers must pay better.

Government to ensure Universal Credit incentivises second earners to enter employment and allows families to benefit from additional income from them doing so.

#### **Our response**

We are absolutely clear that Central Government cannot tackle low pay or poor progression alone.

We are taking action by introducing Universal Credit which is designed to help improve work incentives directly. Universal Credit will ensure that individuals can keep more of their income from work. It also simplifies the system and provides more certainty about what people will receive in work. Support for up to 85% of childcare costs under Universal Credit means that increasing numbers of families will find that it pays to get a job, from taking the first few shifts back at work, right up to working full-time.

The majority of existing or potential second earners will not be affected by our welfare reforms because their household already has earnings which take them beyond the reach of the benefit system.

The Child Poverty Strategy 2014-17 sets out further action this Government is taking to ensure that parents are supported to move into work and to earn enough to move out of poverty.

## **Recommendation 5**

The Government to work with energy suppliers to ensure the Warm Home Discount reaches families in need as part of a broader poverty premium action programme.

### **Our response**

The Government is already working to reduce the cost of living and has a range of policies to address the contributing factors of fuel poverty for low-income families as set out in the Child Poverty Strategy 2014-17.

We have consulted on extending the Warm Home Discount to 2015/16, which will help to ensure that the most vulnerable and low-income households receive a discount on their energy bill. The response to this consultation will be published in early 2015.

## **Recommendation 6** [See also Key Recommendation 1]

The Government to supplement the existing child poverty targets with new measures to give a more rounded picture of poverty and publish a new timescale for achieving them.

### **Our response**

The Government is committed to ending child poverty by 2020.

Our firm belief is that we need a revised set of child poverty measures which underline our commitment to child poverty, but which better reflect the evidence about its underlying causes and where we need to target action most. We are not yet in a position to put these forward. In the meantime, we remain committed to meeting our obligations under the 2010 Child Poverty Act.

## Chapter 6: Universities and the professions

This Government is determined to build a stronger and fairer society where everyone has the opportunity to succeed whatever their background. We know that income and social background have a significant impact on a child's future life chances, yet we are clear that it is how hard a child works and the skills and talents they possess that should determine their future, not the school they went to or the jobs their parents did.

We are making good progress in this area, university entry rates for disadvantaged young people in England are the highest ever. A disadvantaged 18-year-old is 70% more likely to enter higher education in 2013 than they were in 2004.<sup>50</sup> We know that more must be done to open up opportunities for everyone, including to Parliament, so that background becomes irrelevant to success. Under our reforms the university system is fairer, more transparent and more progressive. No new student will pay fees up front, there is more financial support for poorer families, and loan repayments will be lower once graduates are in well-paid jobs.

We are clear that central government action cannot, by itself, end child poverty. Employers have a key role to play. The Child Poverty Strategy 2014-17 sets out our expectation that employers should increase progression opportunities for disadvantaged young people, for example through non-graduate entry routes and greater workplace training and qualifications.

### **Recommendation 1** [See also Key Recommendation 11]

Universities should be encouraged to use the opportunity of the removal of the student numbers cap to significantly close the access gap so that by 2020 they are aiming to admit 5,000 more students from a free school meals background, with Russell Group universities aiming to admit 3,000 more state school students who have the grades but currently do not get the places.

### **Our response**

We welcome the Commission's support for government action in this area, particularly the stronger focus on outcomes for the Office for Fair Access (OFFA).

We have been very clear about the importance of widening participation and improving fair access to Higher Education (HE). However, the Government rightly does not have the power to interfere in university admissions. Universities are best placed to identify the candidates with the talent and potential to succeed at a particular institution or any

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<sup>50</sup> UCAS (2013) 2013 Application Cycle: End of Cycle Report UCAS Analysis and Research December 2013.

particular course. Expenditure on access agreements is rising from £444 million in 2011/12 to £735 million from 2018/19, representing more than a quarter of estimated income from higher tuition fees.

University acceptances for disadvantaged students are at a record high<sup>51</sup> and the removal of controls on the numbers of students they can recruit by 2015/16 will further support wider access to higher education.

## **Recommendation 2**

The Government to increase the proportion of widening participation funding being used to support strategic partnerships with schools. By 2020 a quarter of access funding should support outreach activity including strategic engagement with schools.

## **Our response**

The Government agrees that more access funding needs to be dedicated to outreach. Access agreements set out what more the institution will do to attract students from disadvantaged backgrounds or under-represented groups. The Independent Director of Fair Access to Higher Education takes into account expenditure by institutions to develop their partnerships with other institutions to ensure widening access and student success. The Director has encouraged institutions to refocus their expenditure towards access, and institutions have responded to that guidance, with 20% of their access agreement expenditure predicted to be spent on outreach activities (including with schools) by 2018/19. The Director advises us that it is likely to grow further.

In addition, the Government published a new national strategy for access and student success in April this year. The key action in the strategy is the establishment of a new approach to collaborative outreach. Locally-based networks will each provide a single point of contact for schools and other organisations seeking to be involved in university outreach activity.

## **Recommendation 3**

The Government to ensure widening participation funding rewards and incentivises positive outcomes in social mobility by developing a robust Social Mobility Graduate Index to measure universities' success in improving social mobility and adding value.

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<sup>51</sup> UCAS (2013) 2013 Application Cycle: End of Cycle Report UCAS Analysis and Research December 2013.

## **Our response**

The Government agrees that widening participation is a key issue for social mobility but we have no powers to directly influence university admission. Data on this area is already collected, published and accessible by the HE sector and individual institutions. We publish institution-level indicators on entrants to HEIs according to their school, socio-economic, and level of participation in their local area. Particular care is taken to develop appropriate benchmarks to help HEIs assess their performance based on the characteristics of the HEI.

The new national strategy for access and student success was published in April 2014. It is an important re-positioning of the work to improve outcomes for students from disadvantaged backgrounds. It focuses not just on access activity prior to entry to higher education but throughout the period of study and on progression to further study or employment. The national strategy builds on effective practice and sets out how the Higher Education Funding Council for England (HEFCE) and OFFA will work with universities, colleges and sector partners to focus on targeting investment in widening participation more effectively.

## **Recommendation 4**

The Government to move quickly to put in place a new postgraduate loans system that is social mobility friendly.

## **Our response**

The Government agrees that funding for postgraduate taught courses should be enhanced. At Budget 2014, the Chancellor announced that to ensure the UK can compete successfully in the global economy, we will investigate options to support increasing participation in postgraduate education and will put forward ideas at Autumn Statement in December 2014.

## **Recommendation 5**

The Government to strengthen OFFA by moving to strategic three-year access agreements with ambitious access targets which are annually monitored and reported on.

OFFA's remit should be widened to cover postgraduate education.

## **Our response**

The Government recognises the need to address fair access to postgraduate taught courses. Access agreements set out a programme of defined progress each year – set

within a five-year timeframe. The Director of Fair Access to Higher Education assesses, approves and monitors progress against access agreements annually.

The Director has taken a tougher stance in determining the level of investment in access agreements that each institution should make, linked to his assessment of progress being made and how far the institution has to go to arrive at an appropriately diverse student body. He has required greater use of evidence from institutions' own monitoring and evaluation to inform and prioritise activities within the access agreement that have most impact. Nonetheless, OFFA's current remit does not extend to postgraduate provision and any expansion of its remit would require primary legislation.

## **Recommendation 6** [See also Key Recommendation 12]

The Government to ensure rigorous enforcement of existing National Minimum Wage guidelines to clampdown on unpaid internships and, if rapid progress is not made, legislation banning unpaid internships should be introduced.

## **Our response**

The Government agrees that internships and other opportunities to gain work experience should be compensated in accordance with the law. We are absolutely clear that, where interns are workers they should be paid at least the National Minimum Wage.

Government is leading the way – all interns in the civil service are paid £300 a week or more for their work.

We are absolutely clear that anyone who is entitled to the National Minimum Wage should be paid it. Since October 2011, complaints regarding unpaid interns have been fast tracked, we have written out to companies offering unpaid internships to raise awareness and we are working with other groups such as Intern Aware to ensure that all interns know their rights.

Changing the underlying legal status of interns could lead to a reduction in the number of internships that are available. This would not be good for social mobility or the functioning of the labour market. We also need to make sure that there are still opportunities out there for all young people to get onto the career ladder – now is not the time for a blanket ban.

## **Recommendation 7**

The Government to continue to fully support the Champion tier of the Social Mobility Business Compact and lead the way on social mobility, not least by signing up all government departments to it.

## **Our response**

Several government departments, including the Department for Work and Pensions, the Department for Education and the Department for Business, Innovation and Skills have already signed up to the Business Compact to demonstrate their commitment to social mobility.

Signing up to the Compact also forms an important part of the Civil Service Reform Plan. The Talent Action Plan, launched in September 2014, sets out how we will continue to support departments to focus on following best practice, by supporting people from disadvantaged social backgrounds to pursue careers in the Civil Service.

Champions have signed up to meeting a range of criteria over a 12-month period. During this time we will work closely with the Champions to shape their future role within the Compact and how the Champion Tier might grow and develop. However, meeting the Champion criteria is something that we would like all signatories to aspire to.

## Annex A – Key Recommendations

1. Supplement the existing child poverty targets with new measures to give a more rounded picture of poverty and publish a new timescale for achieving them.
2. Ensure that welfare reforms and fiscal policies protect the working poor from the impact of austerity, including by empowering the Office for Budget Responsibility to report on each Budget's impact on poverty and mobility.
3. The UK to become a Living Wage country by 2025 at the latest, underpinned by a new national pay progression strategy and an expanded role for the Low Pay Commission.
4. More shared ownership options for young people to get on the housing ladder and longer-term tenancies to become the norm for families with children in the private rented sector.
5. New focus in the early years on ensuring that children are school-ready at age five, with 85 per cent of children – including three quarters of the poorest children – school-ready by 2020, and all by 2025.
6. A national parenting campaign to be launched to help more parents become excellent parents, funded by removing childcare tax breaks from families where at least one parent earns more than £100,000 per year.
7. Higher pay to get the best teachers into the worst schools in deprived areas of the county through a new Teachers' Pay Premium and new pay grades commissioned from the Teachers Pay Review Body.
8. Ending illiteracy and innumeracy among primary school leavers by 2025 and a new focus on quality careers advice, character development and extra curricular activity in secondary schools.
9. Closing the attainment gap between poorer and better-off children to be a priority for all schools so that by 2020 more than half of children entitled to free school meals are achieving five good GCSEs rising to two-thirds by 2025.
10. Long-term youth unemployment to be ended by 2020 through a package of measures including half of all larger workplaces providing apprenticeships and a new Day One support service to help unemployed young people get straight back into work or education.
11. Universities to use the removal of the student numbers cap to significantly close the access gap so that by 2020 they are aiming to admit 5,000 more students from a free schools meals background, with Russell Group universities aiming to admit 3,000 more state-school students and 1,400 more working-class students who have the grades but currently do not get the places.
12. Unpaid internships to be ended – through legislation if necessary – by 2020.

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