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# Poverty Trapped

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Why Is Poverty Still With Us, After  
70 Years Of The Welfare State?

John Penrose MP

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## Acknowledgement & Thanks

I'd like to thank the dozen-or-so senior academics, think-tank leaders and topic experts who have been kind (and patient) enough to review early drafts of the ideas and analysis in this paper. You have all been incredibly generous with your time and knowledge, and the arguments and recommendations are far stronger as a result. Thank you all - you know who you are!

## About The Author

John Penrose has been MP for Weston-super-Mare since 2005. His campaigns to stand up for citizen-consumers include his Government-commissioned report into Competition Policy: *Power To The People: Stronger Competition & Consumer Choice So Markets Work For People, Not The Other Way Around*; it's predecessor *A Shining City Upon A Hill; Rebooting Capitalism For The Many Not The Few*; the Energy Price Cap; making housing cheaper to own or rent by allowing urban owners and developers to Build Up Not Out (now enshrined in the Government's planning reforms); making Britain's economy more generationally and socially just through a UK Sovereign Wealth Fund; and reforming formerly-nationalised utilities (e.g. energy, telecoms, water, rail) to put customers in charge, rather than politicians, bureaucrats or regulators instead.

A successful businessman before he entered politics, John has held a variety of posts since he was elected including PPS to Oliver Letwin, Shadow Business Minister, Tourism & Heritage Minister, Government Whip, Constitution Minister and Northern Ireland Minister. He is currently the Prime Minister's Anti-Corruption Champion, Chair of the Conservative Policy Forum and sits on the Party's Policy Board.

This is an independent report presented to the Government; it is not a statement of Government or Conservative Party policy.

### Foreword

The ideas in this paper have been nagging at me for a long time. Most of my previous proposals have been economic reforms that would sharpen competition to make our country more productive and successful; either by giving citizen-consumers more choice – and, with it, more power and control – over essential things like their gas and electricity or water bills; or by cutting red tape and regulatory costs so Britain’s wealth-creators can become nimbler, more competitive, and more focused on delighting their customers rather than lobbying politicians and regulators instead.

But life is more than just money, and citizens are more than just consumers. Lots of other things matter to us too; like our families, our friends, our security and health as well as our shared histories, heritage and culture. Economics and money underpin them, because they give us the means to pay for everything else, and because some (although certainly not all) jobs can give us a sense of belonging and teamwork, fulfilment and pride. But they are only a part of the equation and so, each time I finished writing an opinion piece for a newspaper or launched a new policy idea, I had to leave whole rafts of other things out.

So this paper is really the other half of those earlier proposals: the social-policy sister to the economic reforms I’ve published before. It’s based on the same principles of creating ‘big citizens’ – people with the education, information and power to live proudly independent lives by choosing the most richly-fulfilling life-path for their particular talents and needs – who are supported by a state that equips and protects them enough to make those choices for themselves, rather than trying to do it for them.

It’s a vision of a better society. Of how post-Brexit, post-covid and post-poverty Britain could become a fairer, happier society that wastes less of our human talent, and where the old political battles of class, inequality and jealousy have become quaint historical curiosities. It doesn’t claim to provide every answer, but I hope it will make you think and – perhaps – even inspire you a little bit too.

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Chapter One:

Why Haven't We Abolished  
Poverty Already?

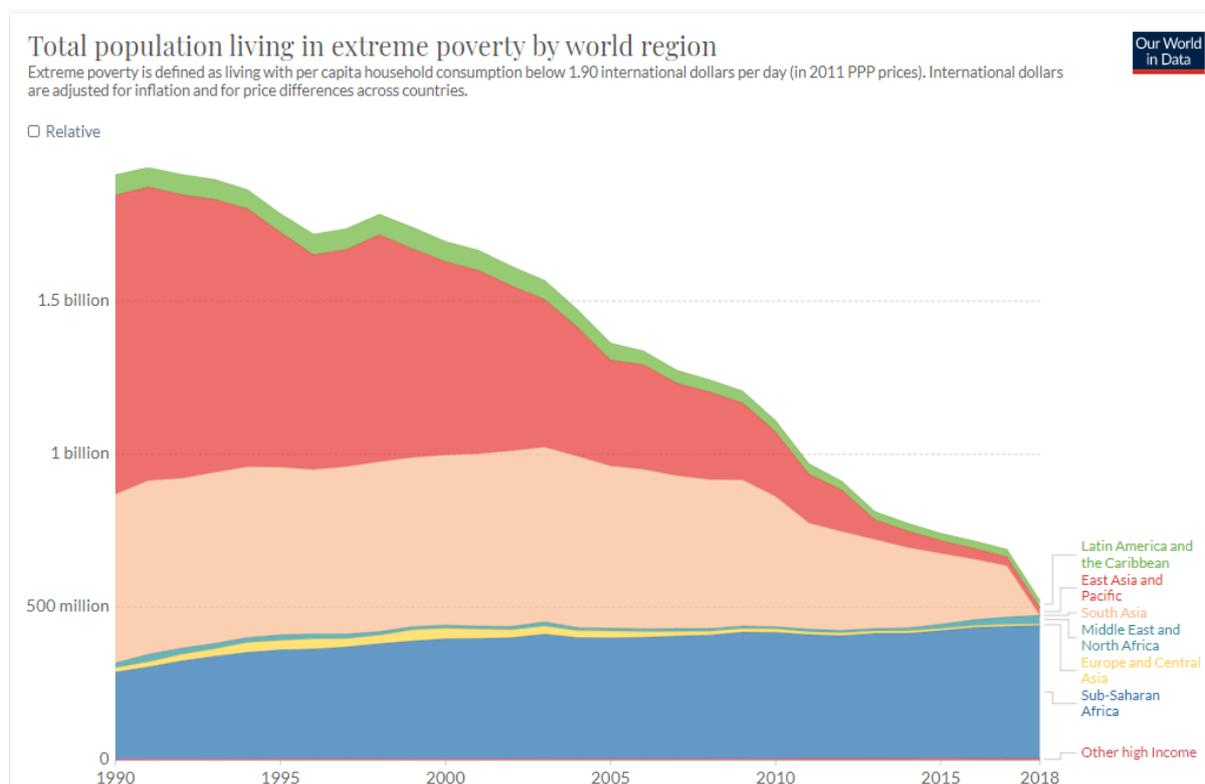


# 1. Why Haven't We Abolished Poverty Already?

## 1.1 The Whole World Has Progressed.....

In the last 40 years the number of people living in poverty has dropped dramatically, worldwide, as the graph below shows<sup>1</sup>. The spread of capitalism has allowed dozens of countries, beginning with the 'Asian Tiger' economies in the 1980s and going on to the two most populous countries on earth (China and India), to develop and grow their way out of grinding poverty. Huge advances in digital and other new technologies, from health to logistics, have reduced costs and improved the quality of goods and services almost everywhere, delivering a higher quality of life to more people, and a higher proportion of the planet's population, than at any stage in our species' history.

The same forces have been at work in Britain too. Household appliances like washing machines and fridge-freezers were rare luxuries when today's grandparents were young, but are common and affordable now. Watches and cameras were precious pieces of expensive engineering, not a free app on a phone with more computing power than the Apollo moon-lander. Personal assistants were

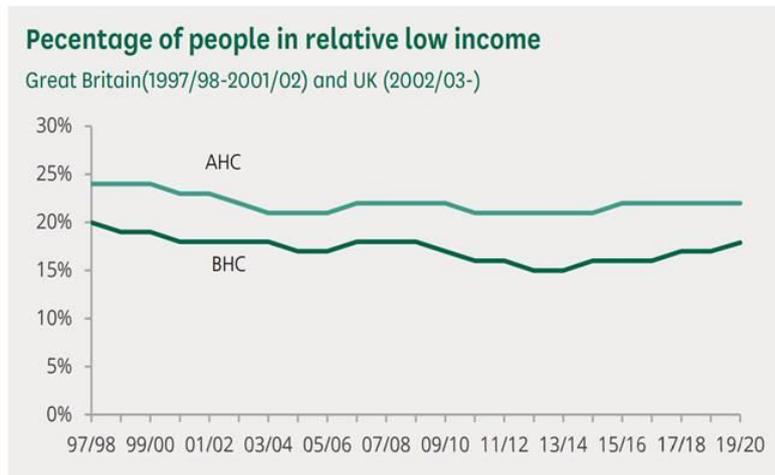


butlers and maids; the preserve of rich families rather than cheap software that everyone can afford. Knowledge was slow and expensive to find, rather than free at everyone's fingertips through an internet search. Life expectancy was years shorter than today, and healthy life expectancy was shorter still. 'Abroad' was somewhere most people had only been with the army, and the 'jet set' was a byword for glamorous, unattainable, international luxury.

<sup>1</sup> Source: World Bank PovCalNet (2020)

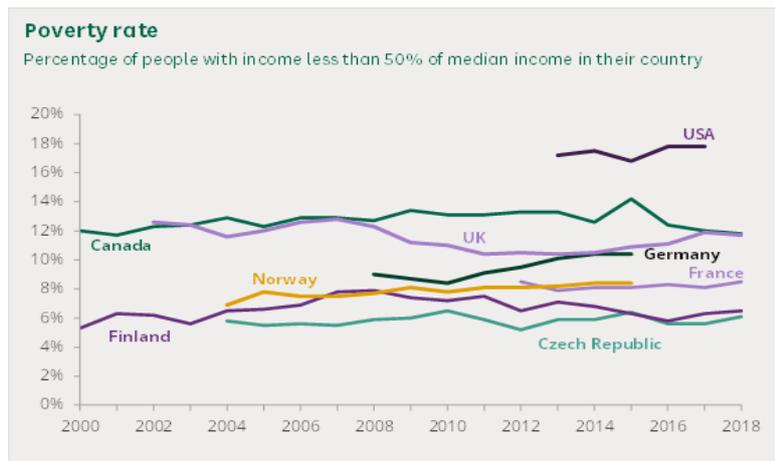
## 1.2....So Why Is Britain Stuck?

By any reasonable yardstick, Britain's standard of living today is enormously higher than it used to be. And yet UK poverty has barely budged, as the graph below shows.<sup>2</sup>



Source: DWP, [Households Below Average Income](#), 2019/20

Nor is the UK alone; many other developed nations are marking time in the same way as we are too<sup>3</sup>.



How can this be? We are now eight decades on from when the Beveridge Report<sup>4</sup> was published, and seven from when the NHS and the modern welfare state were launched. How on earth can poverty not only still exist, but remain stubbornly-immune to the huge amounts of time and taxpayers' money which we are throwing at it too?

The reason for this impossible contradiction is that our public, political debates about poverty are stuck down a blind alley; a dead-end street where everything from what poverty really is, to how it should be addressed and solved, is miles away from the reality of most people's lives.

Part of the dead-end is caused by the political left, which has devoted decades to analysing and researching the problem of poverty through the particularly narrow but powerful lens of how equal or unequal different people's pay might be. Their work has been extraordinarily successful at defining poverty as anyone who gets less than 60% of national median earnings, a threshold which is now

<sup>2</sup> AHC = After Housing Costs, BHC = Before Housing Costs.

<sup>3</sup> OECD: <https://data.oecd.org/inequality/poverty-rate.htm>

<sup>4</sup> Social Insurance and Allied Services (Cmd. 6404); November 1942

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deeply embedded in our laws and our thinking<sup>5</sup>. Even though it was officially abandoned as the Government's 'poverty line' in 2015<sup>6</sup>, it still dominates and defines the terms of any discussion about the amount of poverty there is in Britain, its' causes and what might be done to solve it. It explains why we think our levels of poverty haven't improved when our standard of living is so much better than a generation ago and, because the prism that we are using is so narrow but powerful, it limits and blinkers our approach to solving it too.

Why is income equality such a dead end? There are four main reasons:

- a) because no country on the planet – even the much-admired Scandinavians who do relatively well on the traditional poverty rankings – has ever come close to eliminating poverty on that basis, or expects to either.
- b) because it leads to obviously-silly conclusions. For example, in the recession after the 2008 banking crash, incomes were compressed so reported poverty levels actually fell, even though everybody was worse off. Or equally, if the ten richest people in the country were all to die tomorrow and leave their money to Battersea Dogs Home, the official figures would show that poverty had fallen when, in the real world, no-one's standard of living would have changed at all<sup>7</sup>.
- c) because many of us expressly and deliberately choose less well-paid careers, whether it is because we find other kinds of work more fulfilling, or so we can spend more time with our children, or to care for a sick or frail relative. We make life choices based on a much wider range of criteria than just the size of our weekly or monthly pay cheque. Income is only one of the factors each of us considers when we are choosing a life and a career and, for many of us at different stages of our lives, it's not the most important one either.
- d) because if we view everything through a single lens, we shouldn't be surprised when it focuses our thinking towards a single answer. Framing a complicated social problem like poverty purely in terms of how much smaller my pay packet is than yours leads, inevitably and inexorably, to solutions that involve taxing you a bit more, and giving the proceeds to me through benefits, tax credits or subsidies instead.

These flaws don't mean that low income doesn't matter at all – a minimum level will always be essential to stay out of poverty, no matter how it is defined – but they certainly fuel fears that the left's focus on income inequality has been chosen because it chimes conveniently with their pre-existing political beliefs about equality and wealth redistribution, rather than because it is the most effective way to understand and solve the problem of poverty itself. But the political right must shoulder a share of the blame too, for allowing these deeply-entrenched definitions to dominate our thinking so completely without fighting back with an equally-powerful alternative approach which might do the job better.

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<sup>5</sup> For example it is built into the 2010 Child Poverty Act as 'household income below 60 percent of median income' and is used throughout the DWP annual survey *Households below average income*.

<sup>6</sup> For the UK. It is still the official definition in Scotland and Wales.

<sup>7</sup> Apart from the dogs, that is.

### 1.3 We're Treating Symptoms, Not Causes



The causes of poverty, and the solutions which will solve it, are far broader than income equality admits. If your standard of living is low because you are a chaotic drug addict who can't hold down a job, using the benefits system to give you enough cash to push your income above 60% of the national median will fund your next fix, but it won't solve the real underlying problem. If you are brought up in a post-industrial community where ambitious people are cut down rather than built up, and where academic success gets you labelled as 'snobby', the question should be how to restore pride and ambition by changing deeply-entrenched social attitudes, not how many people are on 59% instead of 60% national median income. In each of

these cases, low income is a symptom of poverty, not its cause, and treating the symptoms without curing the underlying condition that's causing them will never be more than a temporary, unsustainable solution.

To be fair, some people on both the political left and right are trying to reverse out of this dead-end. They argue that poverty is much more than just income equality, with causes that range from health inequalities and disabilities, to unstable jobs and housing, childcare costs, low emotional and financial resilience to deal with problems and emergencies, and more. They have – rightly - begun to develop broader measures of poverty<sup>8</sup> (or of prosperity, as the opposite of poverty) but, so far, their work has not replaced the long-established and deeply-entrenched traditional left-of-centre view.

More fundamentally, the new work is only focusing on where and how to draw the poverty line. But while better, broader measures and definitions are vital to frame and measure the problem properly, and to understand its causes and extent, they aren't solutions in their own right. They won't move a single family out of poverty on their own.

### 1.4 We Need A New Approach

So we need a broader, better approach to get Britain out of the narrow, blind alley of income equality. One that is built on finding the underlying causes of poverty, as the people working on the new and broader measures are trying to do, and then fixing them permanently, not just temporarily bandaging the symptom of low income instead.



One of the effects of the energy-sapping monoculture that Britain's dead-end approach to poverty has created is that the idea of 'curing poverty' sounds impossibly ambitious.

Because we are so used to defining the problem in terms of income equality, and even the Scandinavians are miles away from eliminating poverty on that basis, we have quietly accepted that it will never end. Poverty has become a long term, chronic health condition for our society that everyone assumes we will have to live with forever, because it can only be managed rather than cured.

<sup>8</sup> For example, Measuring Poverty, Social Metrics Commission 2019; or Joseph Rowntree Foundation work on Minimum Income Level & Destitution; or Office of National Statistics measure of Persistent Poverty; or Government measurements of Indices of Multiple Deprivation (IMD); or Legatum Institute's UK Prosperity Index.

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This fatalism is morally unjustifiable. It accepts that a significant proportion of our fellow-citizens must live pinched, narrow, disappointed and less-happy lives because the best we can do is treat the symptoms rather than cure the disease. That isn't true, and we shouldn't accept it. Our aim should not be to live with poverty, or manage its symptoms so the pain becomes a bit more bearable, but to abolish it completely instead. Forever.

If the political right can articulate a genuinely effective alternative approach that can abolish the causes of poverty, and so give people bigger, happier, more fulfilling lives, it won't just be morally and socially the right thing to do, because poverty will be gone and Britain will be a happier, fairer place. It will help our economy, because more people will develop their skills and fulfil their talents to add more value in whichever job they choose. It will improve the country's finances and create opportunities for lower taxes by shrinking the need for parts of the welfare state, because more people will be equipped and able to live proudly independent lives, without needing to claim benefits or tax credits. And it will have huge political dividends too, because it will remove one of the main causes of division and strife that has bedevilled British politics for decades.

The rest of this paper will suggest that alternative approach. The ideas it contains certainly aren't an exhaustive set of proposals – this isn't a full election manifesto – but they are all big, necessary steps which ought to be core parts of any attempt to 'level up' our society, or to understand and then abolish poverty in Britain forever.

Chapter Two:

A Better Way



### 2. A Better Way

The previous section explained why Britain's current political approach to poverty is a dead-end that focuses on the symptoms of poverty rather than its causes. This chapter will lay out a better alternative that doesn't just treat poverty's symptoms, but attempts to level up our society by curing the underlying disease as well.

#### 2.1 Choosing Your Own Path



The alternative approach starts with the rather obvious point that no-one wants to be poverty-stricken. So if people in poverty have life-chances which would get them out of it, and are properly-equipped with the knowledge, skills and attitudes to understand and grasp those opportunities when they appear, they will take them and poverty will end.

This frames the problem and its solutions clearly: Britain should be creating opportunities for people

in poverty which are equally as good as everybody else's, rather than significantly worse as is usually the case today. If we can, it will transform our society; people in poverty will have a far better chance of overcoming whatever is causing the problem in their particular case, and getting out successfully, than at the moment.

That's easier said than done, of course. The specific proposals which will be needed to do this are outlined in later chapters but, in summary, there are three big changes which will be required. They are:

- a) We must break the glass ceilings and broaden the narrow gates which limit and confine opportunities unfairly, blocking people from rising to fulfil their true potential. Whether it's an entry-level job that only goes to rich applicants who can afford months of unpaid internships before they apply; or a tax and benefits system where work incentives for low-income people are worse than for their better-off neighbours. These and other proposals are described in detail in Chapter 4: Glass Ceilings And Narrow Gates.
- b) We must equip everyone with the knowledge, skills and attitudes to understand and grasp their life chances whenever they appear, through great schools and colleges that give students of all ages the skills and qualifications they need to follow their preferred life path; and through community and family attitudes that encourage high ambition and self-belief, rather than assuming that particular roles or careers 'aren't meant for the likes of us'. The solutions to these examples and others are explained in Chapter 5: Tools For The Job.
- c) We must be ready with effective and specialist rehabilitation support so people can bounce back successfully after a serious life reverse, whether it is a bout of mental illness or addiction, a spell in prison, bereavement, relationship breakdown or business failure. There are specific proposals to improve our approach to these problems in Chapter 6: Bouncing Back.

This approach has the advantage of being highly flexible, because it allows each person to choose the life path which addresses and solves the specific causes of poverty in their particular case, rather than taking a one-size-fits-all approach that only treats the symptoms instead. And it allows people to

change their minds if they make the wrong choices to start with, or if their particular combination of causes of poverty alters as they go through life too.

It has strong intellectual foundations as well. Giving you or me better opportunities and more control over our lives, to choose whichever path suits us best, makes us happier and more fulfilled no matter what kind of society we live in<sup>9</sup>. If each of us is able to choose whether to run our own business, own our own home, love and marry who we want, or do a job that we enjoy, we are more likely to be happier, healthier and more fulfilled than if we can't. And, rather obviously, being happier, healthier and more fulfilled makes us less likely to be poverty-stricken too. In other words, better opportunities and control over our life chances don't just make us feel good for no reason: they are key mechanisms that help us avoid or escape poverty in the first place.

Lastly, this approach is future-proof as well, because it doesn't require either the current 'relative income' measure of poverty, or any of the other alternative definitions that are currently being developed (as outlined in s1.4: We Need A New Approach above) to become the new standard measurement in the end. It will work no matter which one wins.

## 2.2 Better Opportunities Beat Equal Pay.....

But improving and equalising opportunities isn't just a good way to create a levelled-up society where citizens live more fulfilled and independent, poverty-free lives. Crucially, it is better at achieving these things than making people's weekly or monthly pay more equal too.

That's not because pay equality doesn't matter at all; it does. After all, we are competitive creatures, so we also measure ourselves relative to our family, friends or neighbours. If we are 'keeping up with the Joneses' then we are more likely to be happy, but if we are falling behind them then we can become jealous or envious, and therefore less fulfilled and less happy. This is a core argument that underpins the political left's long-established view that income equality is what matters most, because it guarantees we will never fall too far behind the Joneses<sup>10</sup>.



But, while 'keeping up with the Joneses' can clearly become a factor for all of us, research shows it is less important than having better opportunities and choices to control the important decisions in our lives<sup>11</sup>. And the more choices we believe we've got then – providing we are above the minimum low-income mentioned in s1.2: So Why Is Britain Stuck? above – the less we care about whether our neighbours made different ones that mean they've got a bigger house or a faster car than us<sup>12</sup>.

For example, if someone decides to work for a church or an anti-poverty Non-Governmental Organisation (NGO) for lower pay, they may feel equal – or even superior – to the rich corporate lawyer who they've known since school. A happily-married part-time worker who sees lots of their

<sup>9</sup> Fischer, R., & Boer, D. (2011). What is more important for national well-being: money or autonomy? A meta-analysis of well-being, burnout and anxiety across 63 societies. *Journal of Personality and Social Psychology*, (101)1, 164-184.

<sup>10</sup> For example, *The Spirit Level: Why Equality Is Better For Everyone* by Wilkinson & Pickett 2009

<sup>11</sup> Fischer, R., & Boer, D. (2011). *Ibid*

<sup>12</sup> Claudia Senik. Ambition and jealousy. Income interactions in the "Old" Europe versus the "New" Europe and the United States. 2007. halshs-00590828

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family every day may not envy their much-divorced but better-paid boss who only sees their children every other Saturday. A prize-winning scientist who makes a breakthrough discovery may know they have left a bigger footnote in history than the business person who commercialises their research and makes a fortune in the process. In each of these cases, accepting that their weekly or monthly pay isn't the only factor that counts has allowed them to choose a more richly-fulfilling and satisfying life-path that doesn't just make them more likely to succeed (and avoid poverty in the process), but which also makes them happier and less likely to feel jealous or envious relative to their neighbours, because comparisons become harder and less meaningful to make.

This means that improving opportunities is a more powerful and effective technique than equalising pay for helping lots of people live fulfilled lives that avoid or escape poverty. As a result, it doesn't make sense to turn equalising pay into the foundation stone of our country's fight against poverty. Providing better opportunities so we can make more of our own choices and live proudly independent lives is a stronger and more powerful way of solving the problem.

### 2.3.....Legitimise Success.....



Equalising opportunities doesn't just reduce envy and jealousy by making comparisons with our neighbours less important or relevant. It does it by making any differences morally legitimate too.

That's because if we believe someone else's success has been fairly earned through merit and hard work, we are much more likely to accept it as justified and applaud their achievements instead of envying them<sup>13</sup>. But we are more likely to become jealous if we believe that society is fundamentally unfair, and that other people don't deserve their success. And because improving and equalising opportunities gives everybody the same chances, by stripping out or levelling up the things which hold some of us back or give others an unfair advantage, it solves the problem at source. It deals with the causes of unfairness, rather than leaving them untouched and then trying to treat the symptoms by equalising incomes after the damage has been done.

There's a more fundamental, moral case for reducing the levels of envy and jealousy in our society as well: they aren't noble or admirable emotions, and most of us feel rightly ashamed if they start to colour our reactions or thoughts. So we shouldn't accept them as the moral foundations for our anti-poverty policy (or for anything else) either. Our society will be fairer and better if we can eliminate the causes of injustice at their source, by improving and equalising opportunities for everyone, rather than making these morally-unacceptable emotions more common and deeply-embedded by allowing the unfairness and injustice to continue untouched, and then treating the symptoms through income equalisation instead.

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<sup>13</sup> Almas, Cappelen & Tungodden 'Cutthroat capitalism vs cuddly socialism' 2019

## 2.4.....And Make Us Richer Too

The other advantage of legitimising success is that we will do well by doing good. An equal-opportunity Britain where success is both celebrated and admired, and is also within everyone and anyone's grasp rather than confined to a lucky few, will be far more economically successful than today for several reasons:



- a) because people's talents and abilities will be used to the full rather than stunted or wasted by being pushed into jobs that aren't right for them.
- b) because we all work harder and more enthusiastically if we are doing something we have chosen because we find it fulfilling and enjoyable, rather than just a pay cheque to deal with the bills.
- c) because people who are currently unable or unwilling to work because of a life reverse will be rehabilitated as fully-functioning, independent, taxpaying citizens rather than remaining as long term dependent burdens on the state.
- d) because, once we have legitimised success by giving everyone equal opportunities to achieve it, so everybody knows it has been fairly earned, it will become something that more people believe they can achieve, and which other people will admire and want to emulate, rather than envying them instead.

There's a further benefit for taxpayers and the Government's finances too, because an equal-opportunity Britain will mean more people who are equipped and able to live independently, without needing to claim benefits or tax credits. This will reduce one of the biggest long-term upward pressures on Government spending and create opportunities for lower taxes by shrinking the need for parts of the welfare state.

# Chapter Three:

## The Starting Point: How Are We Doing?



### 3. The Starting-Point: How Are We Doing?

The previous chapter upended the long-established view that equality of income matters most, and outlined why putting equal opportunities first will be a more important, powerful and effective way to create a levelled-up society with less poverty, less jealousy, better ethical foundations and more money too. This chapter will assess where we are starting from, so we can see how good (or bad) everyone’s opportunities are already, and how much further we have to go to achieve our goal.

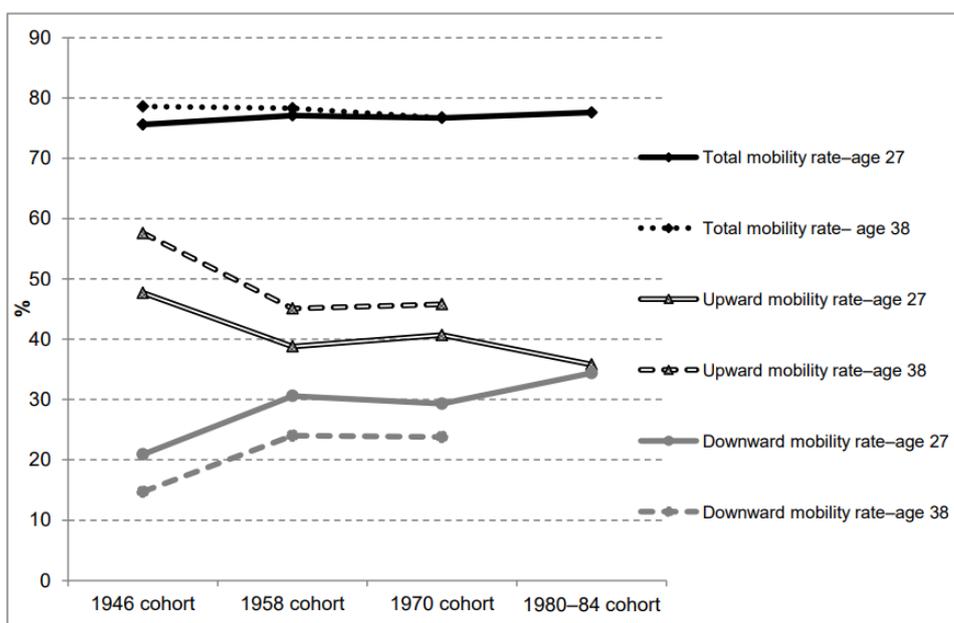
#### 3.1 We’re Better Than We Think



There’s a widely-believed ‘Downton Abbey’ caricature of British society which assumes we are a highly stratified, immobile country where your birth largely defines your destiny and, no matter how hard you work or how talented you may be, you are unlikely to change your station in life very much.

But in fact we’re a lot better than that. The top two lines on each of the graphs below<sup>14</sup> show that, in Britain, if you are a man whose father is in a particular quartile of earners, you have a roughly 3 in 4 chance of breaking out of that quartile yourself. And if you are a woman in the same situation then your chances are even better, at slightly more than 4 in 5. Those are pretty good odds, and certainly don’t justify the belief that your birth defines your destiny for the rest of your life.

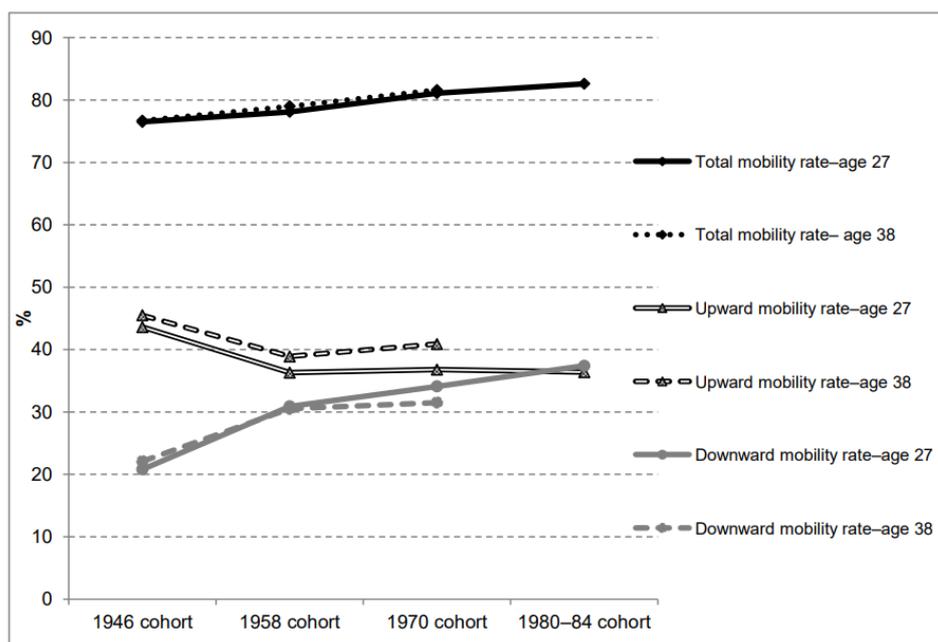
**Figure I:** Total mobility rate and upward and downward components across four cohorts at cohort members’ age 27 and across three cohorts at age 38: men



<sup>14</sup> Bukodi, Erzsébet, Goldthorpe, John H., Waller, Lorraine and Kuha, Jouni (2015) fig 1 & fig 2. Other examples include OECD (2018), A Broken Social Elevator? How to Promote Social Mobility, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264301085-en>

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**Figure II:** Total mobility rate and upward and downward components across four cohorts at cohort members' age 27 and across three cohorts at 38: women



### 3.2 Things Haven't Got Worse

The top two lines on each of these graphs disprove another piece of the caricature as well: that things have been getting steadily worse as British society becomes less mobile and more stratified over time. In fact it shows that the chances of moving up or down life's ladder haven't changed much for British men for decades, and have got marginally better for women (almost certainly as they have become a bigger and bigger part of the workforce over the same period).



Of course, the recession caused by the covid-19 pandemic will have had a short-term and seriously negative impact as well. Its' effects will have been much worse for the incomes, job security and career opportunities of many less-well-off families than for their white-collar or key worker neighbours who have been able to continue working on full pay throughout the emergency<sup>15</sup>.

But beyond the pandemic's undoubted short-term effects, the graphs above show that previous recessions and economic shocks haven't made much long-term difference to Britain's overall levels of opportunity at all. There have been serious local effects, for example when people's life chances in some post-industrial towns were blighted as major manufacturing employers pulled out (the solutions to these 'place based' glass ceilings are covered in s4.1: Geography Shouldn't Be Destiny later). But at the same time there have been improvements and growth in other industries and different parts of the country, particularly in London and the south-east. So we haven't turned into a less mobile or more stratified society overall, even though local opportunities and life chances in specific communities have undoubtedly got better and worse. If the effects of this latest recession are similar

<sup>15</sup> As outlined in, for example, the Social Mobility Commission 'State Of The Nation' report, July 2021

to all the previous ones, the same structural causes of poverty will still be waiting to be fixed once things return to normal.

### 3.3 People Move Down As Well As Up



The other lines on these graphs also show that plenty of people move down the ladder of life, as well as up. And yet almost all of our country's public discussions and debates about improving people's opportunities and life chances only mention one side of the coin. That's partly because success is always attractive, so any politician, journalist or policy wonk trying to present a new policy or idea in a good light will naturally dwell on its positives rather than negatives. And it's also because overall upwards

movement, where a rising tide of economic growth gives most people progressively better and better life chances and living standards, is a pretty realistic and sensible starting point given our economy's expansion over the last 70 years.

But there are still plenty of people who fall instead of rise. Anyone who loses their job, retires, becomes a drug addict, has a serious long-term illness, goes to prison, gets divorced or simply chooses a career as a care assistant or an artist after initially working in finance, will count as downwardly mobile for at least part of their life. So why do we ignore them?

Most worryingly, it happens because some people assume that upwards mobility is always good while downwards is always bad. Of course, in some cases this view is valid; it's hard to argue that someone who loses their job or becomes a drug addict is fortunate, after all. But for many others it isn't; some people expressly and deliberately choose less well-paid careers because they find the work fulfilling, or because it gives them more time with their children, or to care for a sick or frail relative. So assuming that these people have made the wrong choices, or are failures who deserve to be pitied, or victims who need to be helped, is condescending and disrespectful. Social mobility shouldn't be used snobbishly, to stigmatise either working-class communities, particular types of jobs, or entire industries as second-best options when, for millions of people, they are a sensible life-choice for their particular situation and interests at the time.

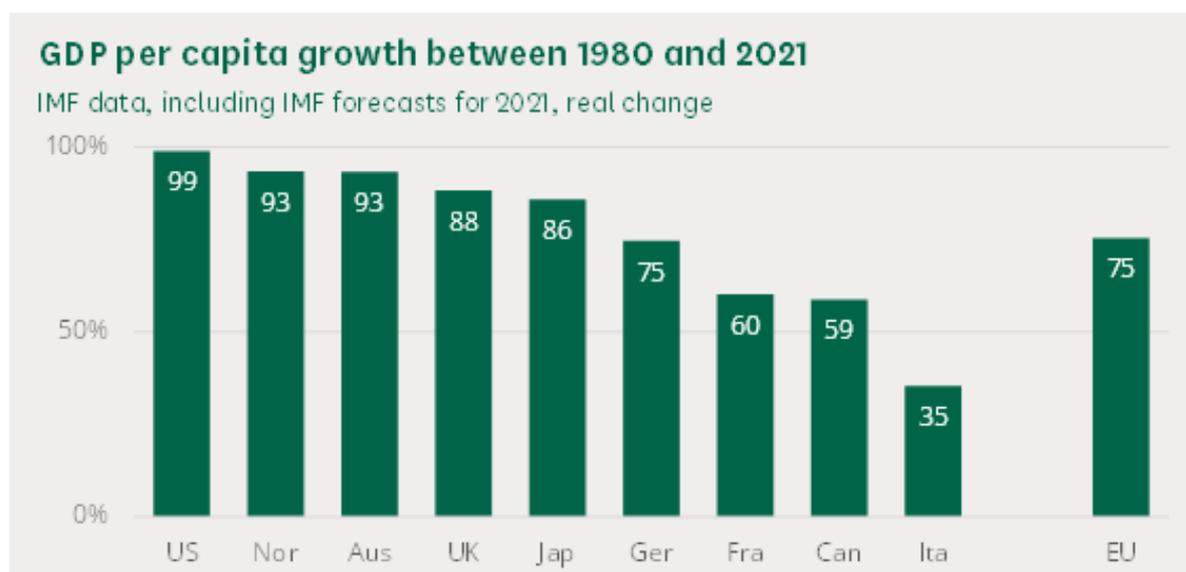
There are different but equally worrying implications if, by pretending that mobility is always upwards, we start ignoring people who are downwardly mobile because something went wrong, rather than because they chose it. A society that believes in opportunity for everyone can't just focus on how to remove obstacles that block people from rising to fulfil their potential, although that is clearly essential. It must also pay equal attention to rehabilitating people so they can bounce back after a bout of mental illness, a spell in prison, or losing everything to addiction. This isn't just morally the right thing to do, so no-one is abandoned or discarded as being less worthy than their more materially-successful fellow human beings. It is also economically sensible to help people rejoin society as fully-functioning, independent, taxpaying citizens rather than remaining as long term dependent burdens on the state.

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### 3.4 International Comparisons

Another facet of the caricature is that Britain is a halfway house between highly-mobile and meritocratic America and our rather stodgy, immobile European neighbours. But, like all caricatures, the true picture is more complicated.

The foundation of truth in the caricature is that USA's higher long-term rate of economic growth means that, on average, an American's life chances<sup>16</sup> have risen further and faster than most Europeans, while Britain has been somewhere between the two (since the 1980s at least). And, since a rising economic tide is the most powerful engine to create more and better life chances in any society, the chart below<sup>17</sup> shows it's true to say that USA is growing faster than us, while we are ahead of most of our European neighbours.



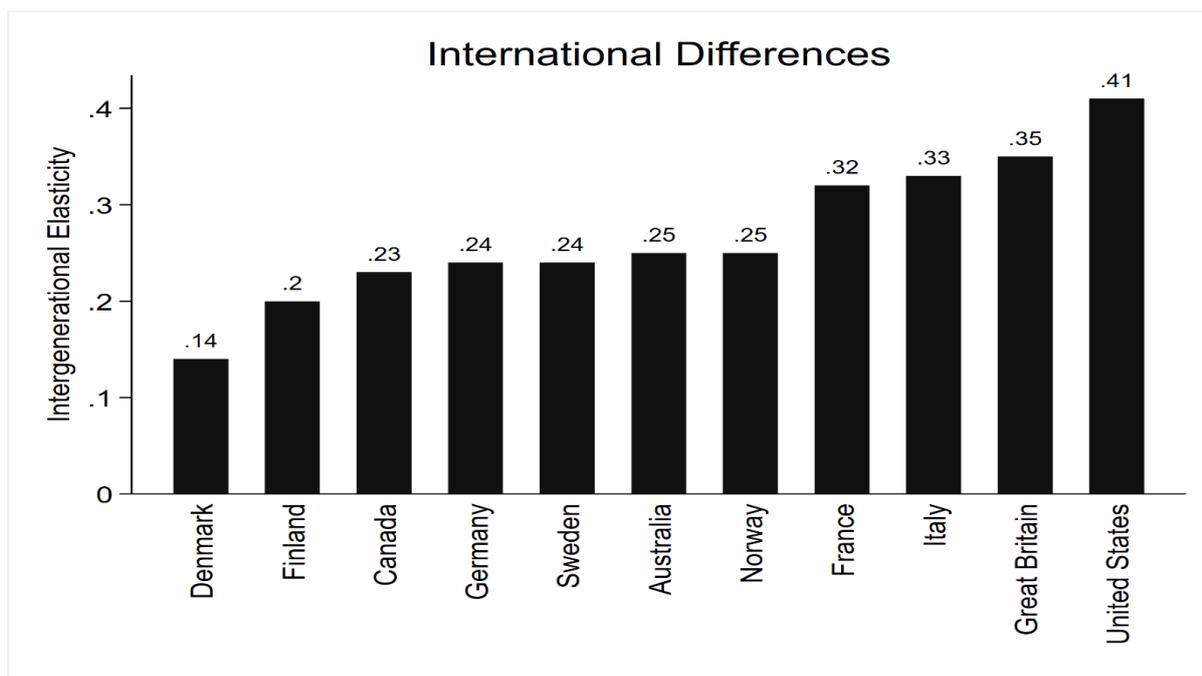
But if we strip out the effects of economic growth, so we are left with what your life chances would be in a static or shrinking economy<sup>18</sup>, the next graph<sup>19</sup> shows the opposite is true. Your chances of working in a job that is higher up the income ladder than your father are better in Italy, France, Norway, Sweden, Germany, Finland and Denmark than they are in Britain. Commonwealth nations like Canada and Australia are better than us too. The only country that's worse is USA.

<sup>16</sup> What social scientists call 'Absolute Mobility'

<sup>17</sup> [Source: IMF, World Economic Outlook database, Apr 2021](#) Real (inflation-adjusted) change in GDP. There's also a more recent trend (since the 2008 banking crash) where UK growth has lagged behind our European neighbours, although this has reversed again since the pandemic.

<sup>18</sup> What social scientists call 'Relative Mobility'

<sup>19</sup> Social Mobility And Its Enemies: Major & Machin 2018



This means that other countries are doing more with less. Their economies aren't creating as many overall opportunities as USA or, to a lesser extent, the UK as well, but they are more evenly spread so more people have a better chance of making the most of whatever opportunities there are.

Of course some of these differences are just a statistical quirk; all other things being equal, it's automatically easier for people to move up or down the income ladder in countries with more-equal pay, because the rungs of the ladder are closer together to begin with. But that also means the opportunities they are offering are smaller overall, because their ladders are shorter and don't reach as high.

Even so, there's still an important, underlying truth that transcends any statistical quirks or artefacts. These graphs show that there's no automatic or unavoidable link which says countries with faster economic growth must always be less good at providing equal opportunities for all their citizens. ***There are countries (like Norway or Australia) which do well on both measures, and so could we. Morally, socially and economically, this should be our goal.***

### 3.5 Wealth Matters

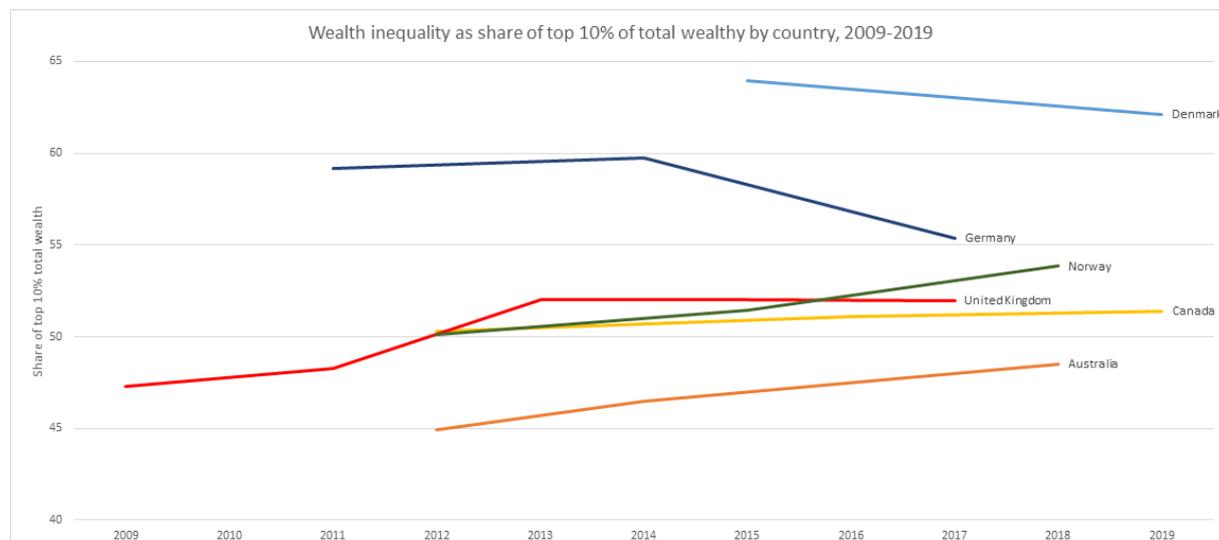


The final part of the caricature of Britain as a highly stratified, immobile society where your birth largely defines your destiny is the assumptions it makes about wealth (ie our savings rather than just our income this year or this week) and inheritance too. The caricature assumes that the only people who inherit wealth are the posh, rich descendants of equally-posh and rich parents. But, like most caricatures, it's a pretty distorted picture of reality. The first graph below<sup>20</sup> shows that British wealth is at least as evenly-spread as in countries like Germany, Denmark and Norway which rank higher under the conventional income-equality definitions of poverty. And the second shows that, while the Downton Abbey caricature was

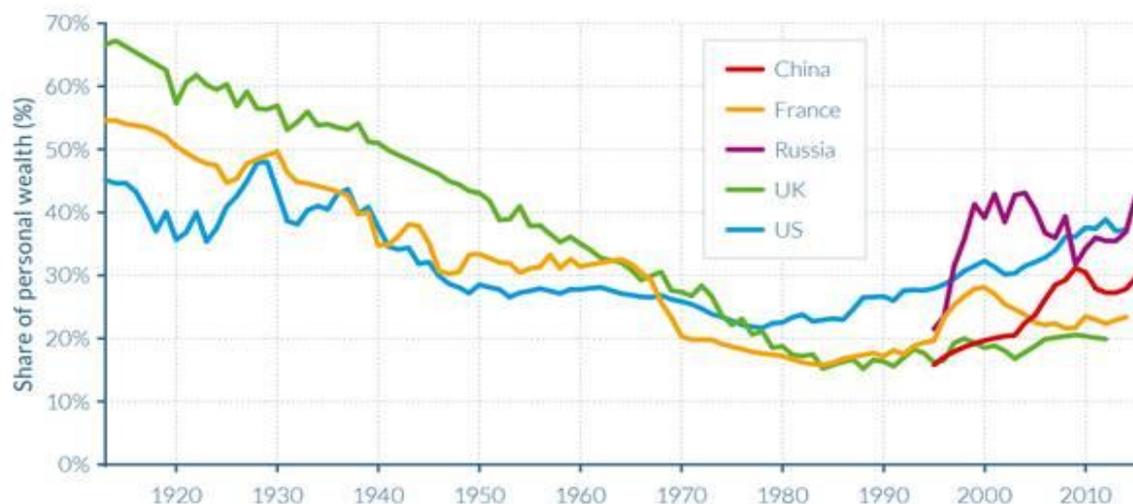
<sup>20</sup> Source: OECD.stat

## Poverty Trapped

undoubtedly true a century ago, isn't now. Our wealth is now much more evenly-spread than other major economies around the world as well.



### Top 1% wealth shares across the world, 1913–2015: the fall and rise of personal wealth inequality



Source: WID.world (2017). See wir2018.wid.world for data series and notes.

In other words, Britain's wealth isn't concentrated in the hands of a few long-established families anymore. In fact a large majority of the wealthiest people in modern Britain made all or most of their money, rather than inheriting it: 94% of the 1000 richest people in the UK are self-made men and women<sup>21</sup> and, for the last few decades, anyone whose parents owned a house in London could inherit a great deal of money as well. We have become a much more mobile society where new people can become wealthy, rather than the same people and their descendants staying rich forever.

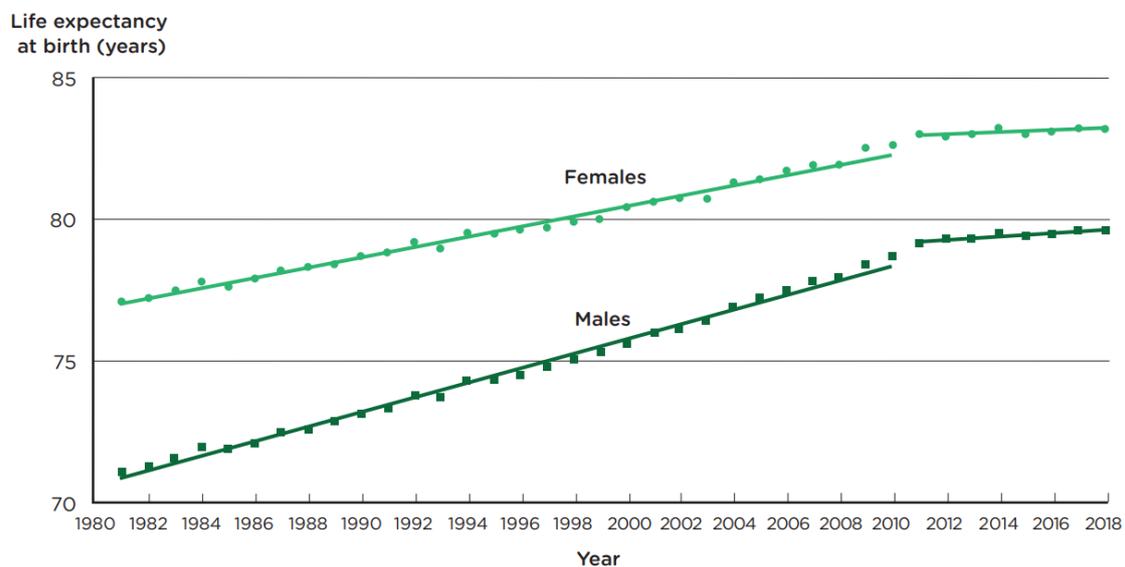
<sup>21</sup> Source: the Sunday Times Rich List 2018 <https://www.thetimes.co.uk/article/sunday-times-rich-list-2018-at-last-the-self-made-triumph-over-old-money-0qx8tqvjp>

The distribution of Britain’s wealth isn’t only important as a measure of how well or badly we’ve done in creating an equal-opportunity, legitimately-meritocratic society where more people have the chance to become rich if they want to. It also matters at the other end of the income scale, because wealth can provide an extremely effective cushion to prevent people from slipping down into poverty after a life reverse like losing their job. There is more detail on how to harness wealth and inheritance to achieve this later in this paper.

### 3.6 And So Does Health Too

Oddly, the traditional caricature of Britain as an immobile and stratified society focuses much more on money and class than on health, which is a mistake because that’s where birth is still destiny for too many people.

The initial picture looks promising, because the number of years we can all expect to live has been increasing steadily for decades, although the improvements have slowed down significantly in the last 10 years as the graph below shows<sup>22</sup>



Source: ONS, 2019 (20)

But this overall picture isn’t as good as it first appears, for several reasons. The first is that our healthy life expectancy (the number of years we can expect to live unburdened by serious ill-health) has been static or getting worse for the last 10 years<sup>23</sup> as the first column in the table below shows.

<sup>22</sup> Health Equity In England: The Marmot Review 10 years on, Institute of Health Equity 2020

<sup>23</sup> The Marmot Review 10 years on, ibid

## Poverty Trapped

Table 2.1. Healthy life expectancy and proportion of life spent in good health, by sex, 2009-11 to 2015-17 England

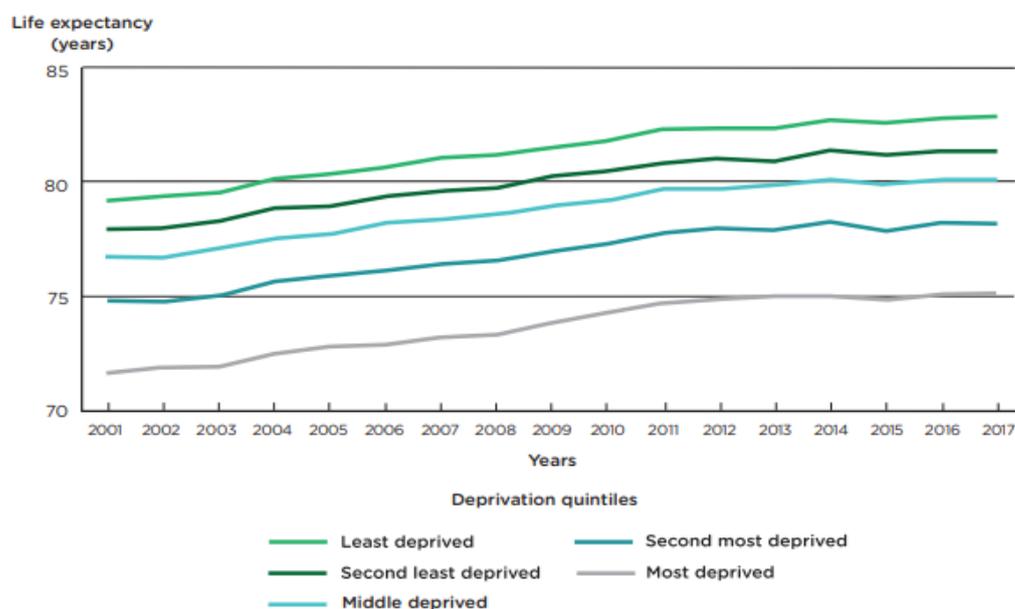
	Healthy life expectancy (HLE)	Years in poor health	Percentage life spent in poor health	Disability-free life expectancy (DFLE)	Years with disability	Percentage life spent with disability
<b>Males</b>						
2009-11	63.0	15.8	20.0	63.5	15.3	19.4
2012-14	63.4	16.1	20.2	63.1	16.3	20.5
2015-17	63.4	16.2	20.3	63.1	16.5	20.7
<b>Females</b>						
2009-11	64.0	18.7	22.6	63.9	18.8	22.7
2012-14	63.9	19.3	23.2	62.8	20.3	24.4
2015-17	63.8	19.4	23.3	62.2	21.0	25.2

Source: ONS (32)

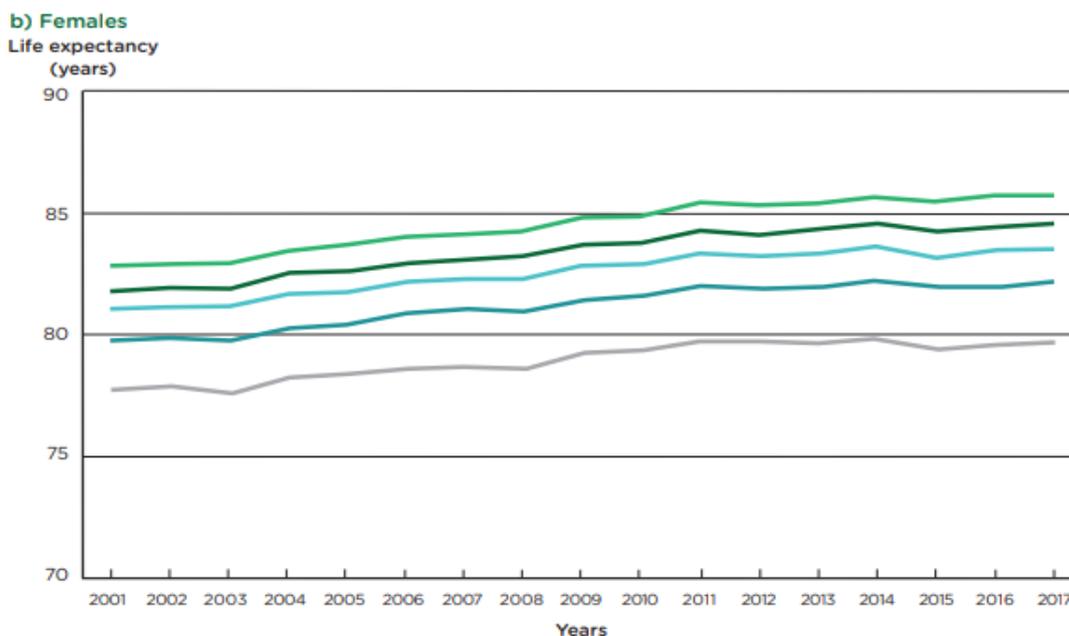
The second is that – even though illness and disease ought in principle to be equally-likely to affect any of us, no matter who we are – the uncomfortable reality is that people in some parts of British society are a great deal more likely to suffer from poor health, and the reduced opportunities and life chances which it creates, than others. In other words, some people are unlucky all the time, and they tend to be the ones in poverty: these next graphs show<sup>24</sup> they are not only more likely to suffer from serious or long term ill-health, but that (because the lines on these graphs aren't getting closer together as time passes) successive attempts by a variety of Governments have failed to solve the problem too.

Figure 2.4. Life expectancy at birth by area deprivation quintiles and sex, England, 2001 to 2017

### a) Males



<sup>24</sup> The Marmot Review 10 years on, *ibid*



Source: Calculated by Bajekal M using ONS data (2019) (24)

The reason why ill-health and poverty go together is because they share many of the same underlying causes. That’s partly because ill-health causes poverty; for example a long-term or serious illness makes it much harder for anyone to find and keep a job. But it’s also because many of the same things that cause poverty make us more likely to get ill too: for example unaffordably-expensive housing doesn’t just harm opportunities and life chances by increasing commuting costs or making it harder for families to move to find better jobs, it also makes them more likely to live in damp and overcrowded conditions where they have higher chances of catching infectious diseases as well. And chaotically-addicted drug users aren’t just less likely to be legally employed, but are more likely to overdose or catch dangerous diseases too.

These shared foundations of ill-health and poverty mean that 80% of our health problems aren’t due to the healthcare we receive, but to these other shared underlying causes instead<sup>25</sup>. So the failure of successive Governments to reduce health inequalities is also a failure to address and solve the underlying causes of poverty too. It is one of the most easily-measurable and visible results of how framing poverty as a problem of income inequality has narrowed our perspective, and pushed us to short-term and unsustainable answers instead. It exposes the poverty of our thinking, just as much as the poverty in our society. It is socially unjust, morally shaming and economically wasteful that, 80 years after Beveridge’s famous report aimed to rid our country of poverty and 70 years after the creation of our welfare state, we still have so far to travel.

<sup>25</sup> Launch of Office for Health Promotion, 29<sup>th</sup> March 2021. [New Office for Health Promotion to drive improvement of nation’s health - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-office-for-health-promotion-to-drive-improvement-of-nation-s-health)

Chapter Four:

# Glass Ceilings and Narrow Gates



## 4. Glass Ceilings And Narrow Gates

The last chapter outlined where British society is at present, so we can see how much further we've got to travel to 'level up' opportunity for everyone. This next chapter will explain a series of proposals to break the glass ceilings and broaden the narrow gates which block people from rising to fulfil their true potential.

### 4.1 Work In Progress

There are reforms already underway to remove glass ceilings and reduce injustice in two important areas, so this section will summarise them briefly rather than repeating already-published proposals in detail, before moving on to new reforms later in this chapter. They are:

#### *Making All Jobs 'Good Work'*

Most types of UK jobs create ladders of opportunity for the people doing them, whether it's to earn enough to afford a long-planned new home or holiday; to learn new skills and get promoted; to move and work in an exciting new city or country; or simply to work a shift pattern which lets you coach football on Tuesday evenings.



But the picture isn't nearly as good for some jobs. The Taylor Review<sup>26</sup> identified some that have unpredictable hours where workers have little say in what they are offered or whether to accept whatever comes up; fewer rights to holiday, maternity or sickness pay than normal employees; and limited opportunities for training or promotion. The problems apply to people who work mainly for one employer, but as independent contractors rather than formal employees in lower-paid roles with more commonplace and less-valuable skills. They have much less bargaining power, and so become more vulnerable to exploitation by less-scrupulous employers, particularly if unemployment is high so they can't find another job very easily.

For these vulnerable workers, getting stuck in one of these roles creates a powerful glass ceiling, limiting their opportunities and life chances because the insecurity and unpredictability makes it impossible to save or to plan ahead, and because the poor training and promotion opportunities mean they can't upgrade their skills to improve their chances of finding something better either. **Government Ministers agree, and have committed to introducing all the recommendations of the Taylor Review<sup>27</sup>.**

#### *Geography Shouldn't Be Destiny*

The UK has a well-known and much-studied productivity problem. There's a 'long tail' of less-productive firms and, as the graph below shows<sup>28</sup>, while productivity in London and the southeast is world class, it declines fast outside the southeast. The differences are some of the worst in Europe

<sup>26</sup> Good work: the Taylor review of modern working practices: July 2017

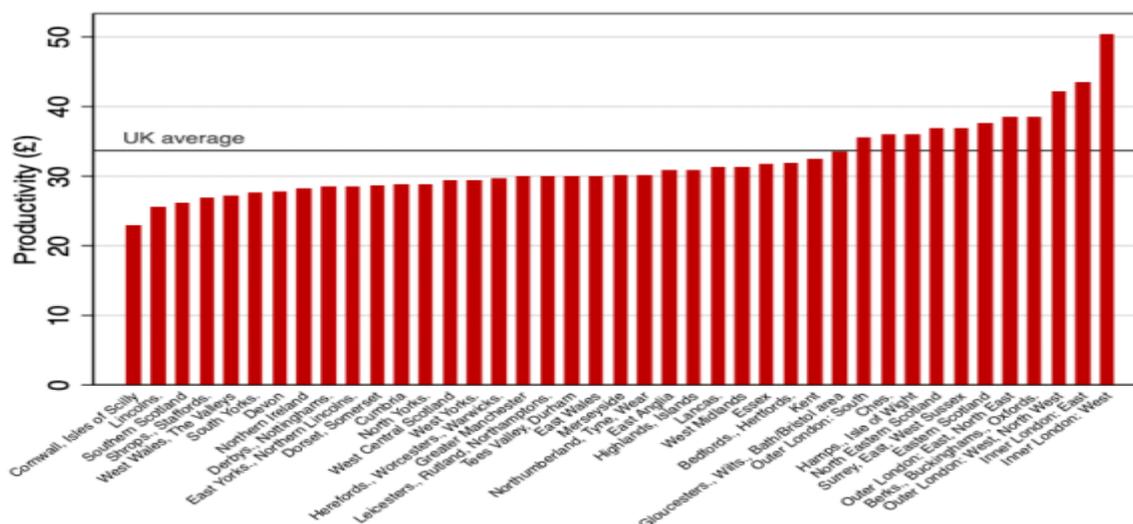
<sup>27</sup> Some are already underway, for example in the *Agency Workers (Amendment) Regulations 2019* which came into effect in April 2020. The rest are promised in the upcoming Employment Bill.

<sup>28</sup> Robert Zymek, Ben Jones, "UK Regional Productivity Differences: An Evidence Review", February 2020: [https://industrialstrategy.org/sites/default/files/attachments/UK%20Regional%20Productivity%20Differences%20-%20An%20Evidence%20Review\\_0.pdf](https://industrialstrategy.org/sites/default/files/attachments/UK%20Regional%20Productivity%20Differences%20-%20An%20Evidence%20Review_0.pdf)

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(only Poland and Romania are bigger), and the difference feeds straight through into everyone's wages. Average pay is 22% higher in the southeast than the northeast.

Figure 2: Productivity across NUTS2 regions in the UK in 2017<sup>2</sup>



Source: ONS (2019a).

The result is a glass ceiling which limits the life chances of anyone who lives in one of these lower-wage, lower-productivity areas, because the employment and promotion opportunities simply aren't as good compared to people who live in London and the southeast. Some people solve the problem by relocating to London, of course, but many others either can't or won't; either because they can't afford it, or because they have caring responsibilities and other ties that make it hard to leave home, or because they lack the self-confidence, contacts and role models to make the move. For them, geography is destiny.

It shouldn't be this way: we shouldn't have to accept that, while talent and genius are uniformly distributed throughout the country, opportunity is not. Fortunately, the causes are now well-understood, along with the solutions to fixing them<sup>29</sup>. Levelling up left-behind areas to smash these place-based glass ceilings depends firstly and overwhelmingly on ensuring each part of the country has good local skills. Good transport links (which improve local mobility by bringing more skilled staff within range of more employers, or which make shipping parts and completed goods around the world faster and cheaper) and affordable real estate also matter, but occupy a rather distant second and third place compared to local skills, and everything else is much less important still. If a location has these three things (but particularly skills) then it will attract more competitive and successful exporting firms, creating a virtuous circle which attracts more high-skilled people to live and work in the area, boosting productivity, jobs and wages even further<sup>30</sup>.

Getting trapped underneath one of these place-based glass ceilings limits the opportunities and stifles the life-chances of anyone who happens to live in a community that is affected. **Government Ministers**

<sup>29</sup> For example: Centre for Cities, "The wrong tail", May 2018; <https://www.centreforcities.org/publication/the-wrong-tail/>

<sup>30</sup> Centre for Economic Performance, "People, Places and Politics: Policy Challenges of the UK's Uneven Economic Geography", Henry G Overman, December 2019; <https://cep.lse.ac.uk/pubs/download/ea047.pdf>

*are already addressing many of them, with proposals to reform Further Education and improve lifelong learning<sup>31</sup>; to improve rail and other public transport links outside the southeast<sup>32</sup>; and to reform tenancies to make renting more secure for good tenants<sup>33</sup>.*

*These are all sensible changes which should be implemented as soon as possible.* The rest of this chapter will focus on several new proposals which will add to and improve on what is already underway.

## 4.2 Housing: Build Up. Not Out.....



One of the biggest place-based glass ceilings is housing costs, whether they are to rent or to buy. The problem is that we haven't built enough new houses for decades, no matter who's been in Government: we only add 1 or 2% more living space to our existing housing each year, which isn't nearly enough to keep up with demand. As a result, housing costs have been getting steadily harder for most households to afford for years

This doesn't just increase poverty by making the UK a less-affordable place to live, particularly for lower-skilled and lower-paid families; it also creates a glass ceiling by making people less able to take any life chances which come their way because they are – understandably - unwilling to move from low-cost to high-cost parts of the country without a big pay rise. It limits the opportunities of poorer children in short-term rented housing, disrupting their education and support networks if they have to move house and school more often than their better-off classmates. And it means that more households live in cramped and overcrowded homes, where the shared causes of poverty and poor health (described in s3.6 on health inequalities above) are more common.

The answer to rising demand and inadequate supply is, clearly, to build a lot more homes. It doesn't matter whether they are to rent or to buy; we need a huge increase in the annual output of the entire housebuilding industry. Ministers agree and have already proposed changes to planning laws which would dramatically increase the amount of housebuilding<sup>34</sup>, but those plans are now under review so this paper will suggest three further steps which will deliver what's needed.

***The first is to change our over-complicated and expensive planning laws to give people in British towns and cities the legal right to 'Build Up Not Out' up to four or five stories tall (the same height as a normal townhouse rather than a tower block) so they'd know they had planning permission in advance without having to go through the delays, uncertainty, expense and bureaucracy of the current planning application process.***

<sup>31</sup> <https://www.gov.uk/government/news/pioneering-reforms-to-boost-skills-and-jobs>

<sup>32</sup> [https://www.gov.uk/government/speeches/boosting-the-economy-through-travel?utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_source=d7c579e2-286c-44e8-9b69-fd88bfc53023&utm\\_content=immediately](https://www.gov.uk/government/speeches/boosting-the-economy-through-travel?utm_medium=email&utm_campaign=govuk-notifications&utm_source=d7c579e2-286c-44e8-9b69-fd88bfc53023&utm_content=immediately).

<sup>33</sup> Consultation on Resetting the balance of rights & responsibilities between landlords & tenants - A New Deal For Renting: MHCLG 2019

<sup>34</sup> <https://www.gov.uk/guidance/planning-for-the-future-explained>

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The new legal right would still require them to follow building regulations, to make sure any new construction was safe, and also to follow a local development code or style guide (set by their local Council) to make sure they used architectural styles and materials which matched and complemented the best of what's already there, and to prevent neighbours from infringing each other's rights by building too close or stealing each other's light. And if they wanted to build anything taller than four or five stories, or different from whatever the local development code allowed, or to alter a protected heritage building, they'd still have to apply for planning permission in the normal way.

***The new approach wouldn't only apply to homeowners; local Councils would also have a new legal right to opt into or out of the new system as well. If they opted in, then they would be exempt from all central Government housebuilding targets, and from any appeals to the Housing Inspectors about their local housing and development plans too. If they opted out, the existing rules would continue to apply.***

The effects of these changes would be electric:

- Most of Britain's towns are, on average, about two stories tall, so giving advance permission to build up to four or five would nearly double the amount of potential space for homes at a stroke; the biggest single creation of new, available living space for generations.
- The new local architectural style guides and development codes would give our towns and cityscapes back their character and beauty by stopping 'anywhere-ville' estates of identical houses.
- It would strengthen local democratic control, because Councils would have the 'veto' power of whether they wanted to take part in the first place, and would have stronger protections from being bossed around by central Government targets and planning inspectors' decisions if they decided to go ahead.
- Small builders would be able to buy one or two urban homes and create spacious new town apartments without all the pain, conflict, heartache and fat fees for lawyers and planning consultants that the current system demands. This would bring hordes of smaller, local builders and developers back into the housebuilding industry, breaking the stranglehold of large housebuilding firms
- It would attract much-needed investment to regenerate and save tired or run-down town and city centres.
- It would be greener, reducing both commuting (because people would be able to live closer to their jobs) and urban sprawl by cutting the pressure from builders to concrete over green fields and green belts at the edge of towns and cities across the country.
- It would be more economically-productive and efficient, because it would use the existing services and infrastructure (like drains, water mains, power and fibre-enabled broadband, as well as medical surgeries and schools) rather than having to build everything from scratch. And even where those existing facilities need to be modernized or upgraded, it is normally cheaper to extend or expand them than to build a complete new system.
- It would mean people struggling to own or rent would suddenly find they'd got far more choices than before. We'd go from a seller's market to a new world where renters and buyers have the whip hand for the first time in decades.

### 4.3.....Street Votes.....



But what happens if individual neighbourhoods feel the housebuilding plans or development style codes which their local Council has created won't work for their particular area? What then? If it's right to give local Councils stronger powers so they can't be bossed around by

central Government or planning inspectors, isn't it also right to give neighbourhoods stronger powers to avoid being bossed around by town halls too?

***The answer to this conundrum is 'Street Votes', an ultra-local version of Build Up Not Out (in s4.2 above), where individual streets or neighbourhoods would be able to create their own development style codes if they didn't like the Council's versions. The new plans would be democratically approved through a local referendum, with a 'super-majority' (perhaps 60% of the votes) threshold to make sure it was genuinely what the neighbourhood wanted. But once they were approved, everyone in the neighbourhood would be able to modify their home according to the new plans if they wanted to, without needing any further planning permissions.*** As with Build Up Not Out, they would still have to follow building regulations so any new construction was safe, and if they wanted to build anything different from whatever the local development code allowed, or to alter a protected heritage building, they'd still have to apply for planning permission in the normal way.

### 4.4 .....And Making Builders Build

Building Up Not Out and Street Votes (s4.2 and s4.3 above) will hugely increase the number of urban homes that are built, but there's a further problem of getting developers to build much faster once planning permission has been granted on a particular site, and giving local communities a share in the value that is created when permission is given.



At the moment, the value of an acre of land goes up by at least 10 times—often much more—when it gets planning permission. That happens before a single brick has been laid or a single home has been built. The value of actually designing and building beautiful houses to rent or buy is far less than the trading gains made by land speculators. As a result, and entirely logically given the economic incentives which have been created, a lot of firms focus more on capturing the speculative gains on the price of land which might get planning permission, rather than on the value created by actually building things once it has.

That's completely the wrong way around. It should not be more rewarding to buy land, do nothing, aim to get planning permission and then flip for a profit than it is to build houses. From a moral and an economic standpoint, design and construction should be the things that add value to land, not hope or speculation. Planning permission is a huge and value-creating decision, taken by each local community, so they should see some of the value that is created.

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***So communities need a share of speculators' profits, paid straight to local Councils on the day that planning permission is given or changed, to give neighbourhoods a financial incentive to grant more planning permissions for new homes, and to fund the local services like bigger schools, GP surgeries and fibre connections, that turn dormitories into communities.***

Fortunately, we don't need a new tax to do it. The Community Infrastructure Levy (CIL) could do what's needed with a few (small) tweaks:

- Most of CIL's exemptions and limitations would go, making it much simpler and easier to understand.
- Councils would publish their Community Infrastructure Levy rates for each area in advance, so speculators and developers would have certainty about what they would have to pay when permission was granted or changed.
- Paying the levy on the day planning permission is granted or changed means the money for local services arrives when it's needed, so they can be built and ready when people move in, rather than dribbling along a couple of years later

Best of all, it would completely replace the hideously overcomplicated section 106 agreements, with all their uncertainty, unpredictability and lawyer-friendly viability assessments. It would be simpler, faster, cheaper and more predictable for developers, planners and landowners alike.

And that's pretty much it. The only other change would be to ***give local Councils the power to charge business rates and council tax based on the date planning permission was granted, rather than when construction finally begins on site.*** We could give big developers a few months' grace to get their crews on site, but then the meter would start running. They would have a huge incentive to build and sell promptly, rather than to take their time.

Equally important, the same forces would apply to the hedge funds that own derelict brownfield land in town and city centres. These sites already have old, unused permissions, so the clock would start ticking immediately. Just think of the enormous shot in the arm—the jolt of adrenaline—that we would give to urban regeneration projects everywhere, right across the country, if the owners could no longer sit on them for years waiting for something to turn up.

## 4.5 Comparable University Degrees



The next proposal affects our long-established and otherwise-excellent, highly-successful university education system which, through an accident of history, is much less effective at creating opportunities and life chances than it should (and easily could) be, because of the way it awards undergraduate degrees.

To illustrate the problem, imagine a world where Eton awarded its own A-levels. No one else could take them and, if you got an A grade in, for example, chemistry, it was worth more than an A grade in the same subject from any other exam board.

It would be hideously unfair. Etonians would have a huge, inbuilt advantage in everything, from getting into the best universities to applying for jobs. It wouldn't matter how hard you worked, how clever you were, or how well you performed in your exams. If you didn't go to Eton, your life chances simply wouldn't be as good. Thank goodness that sort of thing doesn't happen today in the real world, right?

But it does. Right here in modern Britain, universities are doing precisely that. Instead of Eton awarding special A-levels that no one else can match, Oxford and Cambridge do it for degrees instead.

For every other serious qualification in the UK, the same grades in the same subjects mean the same things. A City and Guilds qualification in plumbing is worth the same to a student or a potential employer, no matter which further education college you studied at. A particular grade at A-level or GCSE English is worth the same whether you went to school in Truro or Tadcaster. But a 2:1 in English from Oxford or Cambridge isn't worth the same as one from most former polytechnics. How can it be fair that older institutions with long-established reputations are automatically assumed to be better than new ones, whether their teaching and courses deserve it or not?

There are a few honourable exceptions, like medical subjects which already standardise their grades so a degree is worth the same from everywhere, plus there are discussions about how to improve consistency for other subjects too<sup>35</sup>. ***This system holds the seeds of an answer for every subject, rather than just medicine. The solution is to require every university to make their qualifications equal with every other, so a 2:1 in English, Maths or History is worth the same no matter where students studied. The new system should also ensure that:***

- ***standardised grades are set, maintained and moderated by Universities rather than by Government***, to keep the system as flexible, up-to-date and free from political meddling as possible.
- ***the standardisation and moderation process are open and transparent***, so all Universities can have confidence in its quality, objectivity and consistency, and so pupils and taxpayers trust its' integrity too.
- ***the standardisation process is publicly and independently audited every year*** to make sure it is working properly, and that standards are being maintained over time to avoid grade inflation too.
- ***standardised grades do not mean identical curriculums***. This already goes without saying for other qualifications where, for example, A level students cover different historical periods or literary set texts, both within exam papers set by the same Exam Board and for those set by different Boards too. This principle should also apply to degrees, to ensure variety and choice between different courses.

Once the new system was in place, its' effects would be revolutionary. Students who fluffed their A-levels and didn't get into their first choice of university would have a second chance; they could still fulfil their potential by getting an equally good qualification from somewhere else. It would make Britain a far fairer place: a more socially-just, meritocratic, mobile society, where someone who works hard and succeeds has the same life chances whether their father is a duke or a doorman.

Directly-comparable grades would give a jolt of adrenaline to Britain's universities as well. The most selective ones would naturally expect their students to win more of the top grades, but clever students from less-selective colleges and universities would still be able win them too. And, for the first time, everyone would be able to compare the A-level grades which students had when they arrived with the quality of degree they'd earned when they left. Pretty soon, there would be league tables showing which university courses added the most value during the three years of study, and which ones added least. Students would beat a path to the doors of those with the best teaching, and avoid the worst like the plague. Poor performers would have to pull their socks up, and the good ones would have nothing to fear.

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<sup>35</sup> For example *Degree Classification; Transparent, Consistent & Fair Academic Standards*. UKSCQA Nov 2018 and there are existing moderation processes which try to reduce differences between universities but with only modest success

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Even better, universities would have a much stronger incentive to find and admit students with undiscovered talents. Bright students who'd got poor grades because they were ill on exam day, or had problems at home, or came from a disadvantaged background, would be like gold dust for admissions staff looking to vault up the new value-added rankings. All those recurring stories about there not being enough clever working-class or ethnic minority students at posh old universities would vanish, and it wouldn't cost taxpayers a bean.

### 4.6 A Points-Based Honours System

The next proposal would reform our wonderful, tradition-encrusted but thoroughly opaque honours system. For most of us, getting a title feels laughably unlikely. We assume they're either inherited by people who are extremely posh, and who are descended from and probably married to other, equally-posh folk. Or new ones are handed out by a magic circle of people who all know each other already, to other people who are part of the same gang. It's a closed world. The last, most deeply-entrenched Establishment club of all.



There's more than a grain of truth in this 'Britain's-still-Downton-Abbey-really' caricature too. Hundreds of families still inherit titles and, even though the way Civil Servants nominate and choose who gets new honours is a bit more open and objective than it used to be, no-one knows why one person was given an MBE when another person wasn't, or why someone else got an OBE instead of a knighthood either. It's as murky and old-fashioned as a London pea-soup fog.

This can't be right. Modern, post-Brexit Britain should be an open, meritocratic society, where what matters is where you're going, not where you're from. Where people do well because of their talent, ability and hard work, not because of who they know, or who their parents are. But if our honours system doesn't work that way, it will just reinforce the old Downton Abbey caricature of how Britain works. The assumption that we're still an unfair and unjust society, where impenetrable glass ceilings and narrow gates allow a gilded, out-of-touch elite to carry on looking after its own by handing out honours and titles to cronies with inherited wealth or the right connections, rather than to honest, hardworking people who've genuinely earned their success.

***The answer is to reform the system, so British honours and titles are the fairest, most transparent, most meritocratic way of recognising and celebrating achievement in the modern world, by publishing an annual UK Talent List, like the UK Rich List, scoring the country's best and brightest using simple, public criteria that we can all see and understand.*** The top teachers, for example, might be the ones who had successfully run Britain's largest or most-improved schools for the longest time. The top businesspeople could be those who had either run the largest or fastest-growing companies for many years, or the entrepreneurs who had created the most wealth from scratch. We'd develop equivalent ways to score Britain's top charity workers, philanthropists, police and anyone else who was eligible too.

***If we can create a points-based immigration system, using public criteria to choose and admit the world's top talents when they want to come and work in the UK, why can't we do it for our own people at home too? The charmed circle that makes the decisions in the current system must be using some kind of yardstick already, so we should start by exposing it to public scrutiny and debate before updating it so everyone can see it's fair.*** For example the current criteria aren't public, but are

frequently criticised for over-rewarding people whose work is close to Westminster and Whitehall, and under-representing people like leading wealth creators, teachers, accountants and others.

Once the new and fairer scoring system was in place and the UK Talent List was public, the top few names in each area would become Lords and Ladies. The slightly-larger next group below them would become Knights and Dames. The still-larger group below them would get OBEs, CBEs or MBEs. Everyone would be able to see each person's score, so we'd all know why each person deserved their new title or honour, and that the system was fair. The Downton Abbey caricature would be laid to rest.

Equally importantly, anyone who thought they, their boss or their Mum deserved an honour or a title would be able to work out what they'd score and what they'd get if they applied. The successful northern businessman or woman who doesn't know many people in Westminster could check if they'd done enough to be recognised and, if they didn't quite have enough points yet, what else they'd need to achieve to qualify next year.

Any exceptions? Well yes, but only a very few. Awards for bravery or valour probably can't and shouldn't be boiled down to a points-based system, so they wouldn't change. Nor the tiny number that are the personal gift of the Monarch. And people being appointed to the Upper House of Parliament would need a different title than 'My Lord' or 'My Lady' in future; perhaps 'Senator' or even 'Alderman'; so we could disentangle recognition for a lifetime's talent and achievement from constitutional questions of who should make our laws<sup>36</sup>.

But that's it. And the effect on British ambition and aspiration would be electric. Previously-closed doors to a cosily-privileged club would be blown wide open. No-one could credibly claim any longer that the system was unfairly stacked against them. It wouldn't matter who you knew, or where you went to school. The UK would be the place where the best and brightest are recognised and celebrated for their talent, ability and hard work. The planet's most talented people, in every walk of life, would beat a path to our door, because modern Britain would be the country where anyone and everyone could reach for the stars.

#### 4.7 Beating Bias



Bias creates glass ceilings because it prevents us from making a decision that ought to be based exclusively on merit. For example if we're choosing the best person to hire or promote at work and then make a decision for some other reason instead, we will have unfairly deprived the best candidate of an opportunity that should have been theirs. Worse still, if lots of other employers do the same thing then it reduces the moral legitimacy and fairness of our entire society, and hobbles our economy by giving jobs and promotions to candidates who didn't win

them completely on merit, and who therefore won't perform as well as whoever should have won if the contest had been fair.

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<sup>36</sup> Disclosure: the author's wife is a life peer, although there is no conflict of interest as she would not gain from this proposal.

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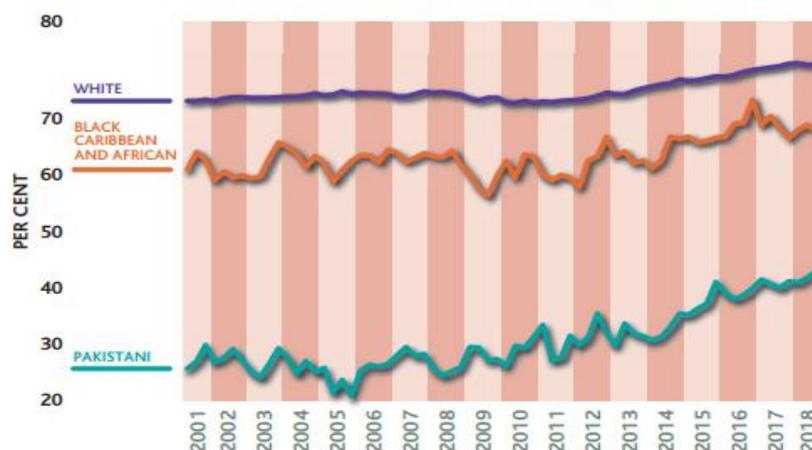
### Attitudes Have Changed

Britain has made genuine strides in eliminating bias over several decades. Social change and successive waves of equalities legislation have made publicly-stated prejudices against people of different faiths, sex, sexualities, social classes, disabilities and races<sup>37</sup> a great deal rarer than in the past. For example the graphs below shows how many more people from previously-ignored or excluded groups have jobs now than before<sup>38</sup> and how public attitudes towards women with careers<sup>39</sup>, same-sex relationships<sup>40</sup> and racial prejudice have changed for the better over time<sup>41</sup>.



Source: 2001–18 Labour Force Survey.

Figure 6.2: Employment rates for women, 16–64, 2001–18



Source: 2001–18 Labour Force Survey.

<sup>37</sup> These are examples rather than a complete list. The types of bias that are legally banned in the Equalities Act are: age, faith & religious belief, sex, gender reassignment, sexuality, disability, race, marriage & civil partnership, pregnancy & maternity.

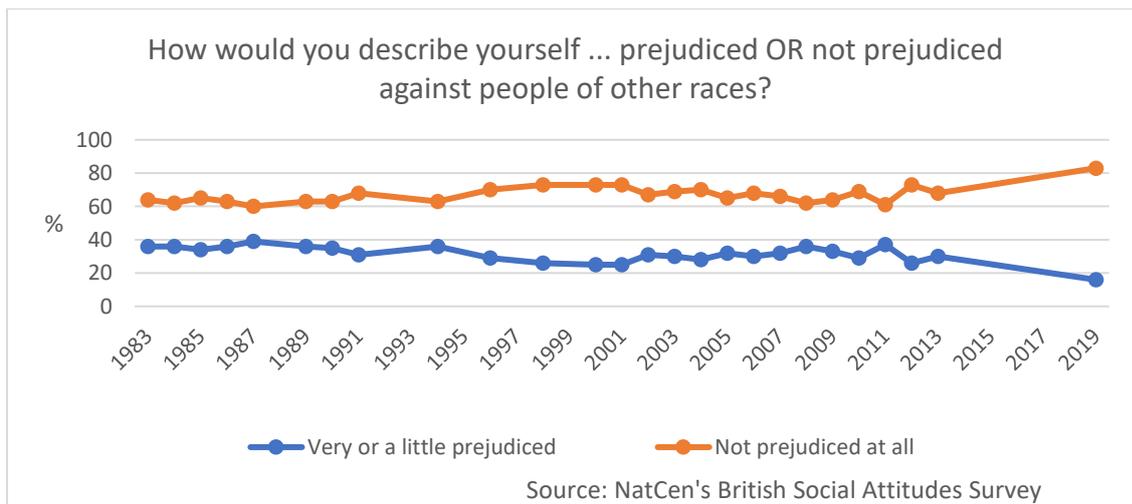
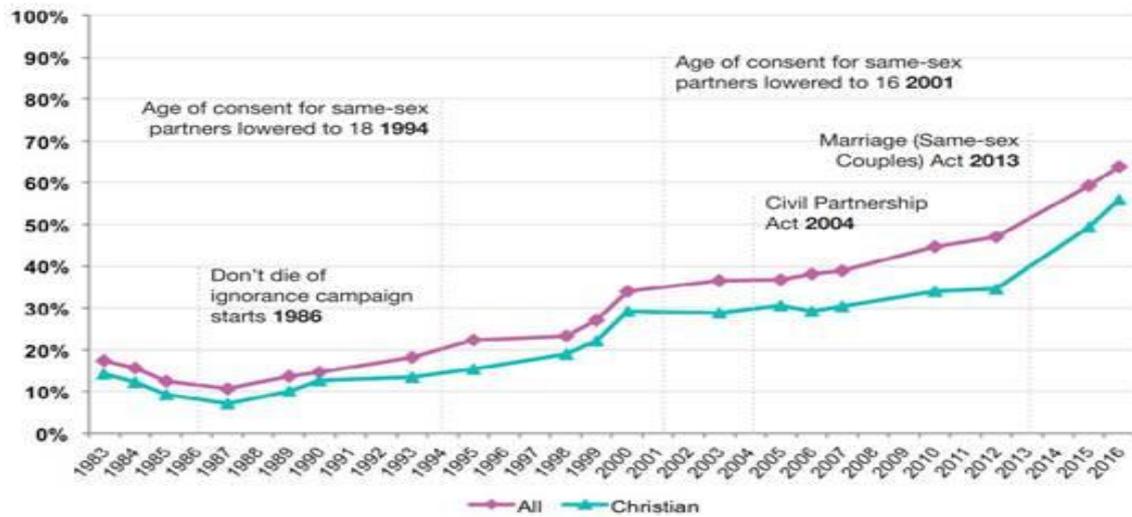
<sup>38</sup> Ethnicity, Race & Inequality in The UK: State of the Nation (2020) Edited by Byrne, Alexander, Khan, Nazroo & Shankley

<sup>39</sup> British Social Attitudes Survey 2017

<sup>40</sup> Ethnicity, Race & Inequality in The UK (ibid)

<sup>41</sup> Nancy Kelley, Dr Omar Khan, Sarah Sharrock, "Racial prejudice in Britain today", NatCen & Runnymede Trust 2017

Acceptance of same-sex relationships has increased quickly in the last four years, especially among Christians



*Bias Isn't Only Prejudice*

But reducing publicly-stated prejudice won't be enough on its own, because bias isn't only caused by hatred and bigotry (like overt racism or religious persecution). It can also appear because of stigma and fear (for example in attitudes towards people with some mental health problems). Or it can arise unintentionally, by unnoticed habits and assumptions which lead otherwise well-meaning people to assume job applicants will probably be of a particular age, or to hire and promote people who happen to be like themselves, or to continue using long-established processes and techniques (like a work-experience programme which is hard for particular kinds of job-seekers to access, or always advertising jobs in newspapers and websites that some potential applicants don't use) without questioning whether they should be modernised or updated, so they don't appoint the genuinely-best candidate for the job.

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At one level, these different underlying motivations don't matter very much, because the injustice and unfairness they inflict on opportunities and life chances are equally bad whether they were created accidentally or deliberately. But they are still important, for two reasons:

- Glass ceilings may need different tools to break them, depending on the type of underlying motivation that created them in the first place. For example a charity or business leader who wants to attract, select, promote and retain people from the widest possible pool of talent, based purely on merit, will be far more open to solutions which design unintended or accidental biases out of their organisation's culture and processes than someone leading an otherwise-identical organisation who hates people from a different faith or ethnic group, and will only treat them fairly if they're forced to by the law.
- Each underlying cause of bias is morally different from the others. For example someone who deliberately refuses to employ Catholics, Muslims or Jews is ethically worse than their well-intentioned colleague who unthinkingly assumes all applicants for an internship ought to be under 25 years old; or than an industry where the traditional route into employment is several months of unpaid work experience which only well-off applicants can afford. Even though all these biases create glass ceilings that hold people back unfairly, the unintentional or accidental examples aren't morally equivalent to deliberate discrimination that's rooted in hate and prejudice.

### Further To Go

Because many of these underlying causes of bias are hidden, even from the people who perpetuate them, the problem is too complex to be solved by just passing a few more equalities laws. There is consensus across the political spectrum that a great deal more change is still needed to eliminate the difficult, different, remaining areas of bias, and successive expert reports<sup>42</sup> have produced a broad and deep pool of recommendations with common themes including:

- a) More transparent reporting of outcomes to uncover the effects of bias in different parts of modern Britain, from the education, youth justice and prison systems to workplace pay gaps between different groups of people doing the same jobs, and the makeup of Company and Trust Board Directorships.
- b) Identifying processes, algorithms and organisation cultures which contain unintended biases, and designing them out to produce systems for fairer and more meritocratic hiring, promotion, policing, prosecution, education, marketing and much else than today.
- c) Improving trust in the legitimacy and fairness of British society, so that people from all communities are ready and equipped to grasp the life chances which our institutions create, rather than shying away because they expect to be exploited or oppressed by them instead. This problem affects different communities in different ways: for example white working class boys may distrust the education system; black Caribbean men the criminal justice system; some British Asians the advice of their GP on whether to accept a covid vaccine. It is less relevant to shattering glass ceilings, and more important to equip people with the skills and attitudes they will need to grab life-chances whenever they appear. There are more proposals on how to achieve it in s5.7: Trust & Legitimacy later.

Many of these recommendations are already being implemented in particular areas, for example the regular publications of gender<sup>43</sup> and ethnicity<sup>44</sup> pay gaps; as well as the recently-announced

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<sup>42</sup> For example 'Race In The Workplace' (McGregor-Smith, 2017); or 'Ethnic Diversity of UK Boards' (Parker, 2016); or the Lammy Review into the Criminal Justice System (2017); or Race & Ethnic Disparities Report (Sewell Commission, 2021)

<sup>43</sup> [Gender pay gap reporting - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/gender-pay-gap-reporting)

<sup>44</sup> [Ethnicity pay gaps - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/people-and-work/ethnic-groups/ethnicity-pay-gaps)

Government reviews into unacceptably low levels of rape and sexual assault prosecutions<sup>45</sup> and into the treatment of neurodiverse people by the criminal justice system<sup>46</sup>. But their coverage is both uneven and incomplete, with some types of bias (usually those with the most-organised political lobbying and campaigning power) getting much more focus and attention than others, even though they are all equally morally important.

As a result, the most powerful and immediate step towards eliminating many of these remaining areas of bias isn't to produce even more new policy proposals – the different expert reports contain plenty of them already – but rather **for Government Ministers to announce which ones they intend to implement, for all the protected groups under the Equality Act at least (plus any others they may wish to add as well, such as neurodiversity or working class young white males for example) rather than just for one or two. The implementation plans should include deadlines and budgets explaining how and when each one of them will be done.**

#### *Accidental & Unintended Bias Is Hardest To Stop*

Even after these implementation plans have been published, this broad and deep pool of recommendations will still have a few shallows, particularly in how public, private and not-for-profit employers can neutralise unintentional or accidental bias in their hiring and promotion processes caused by our unnoticed assumptions and long-established habits, as outlined in point (b) above.

The difficulty is that finding workable, practical antidotes to unintended and unnoticed bias is hard: for example the effectiveness of 'unconscious bias training' is unproven at best<sup>47</sup> and has been abandoned completely by the UK Government. Even so, there are plenty of other good practice techniques<sup>48</sup> which can reduce the impact of unintended bias in workplaces, like:

- structured and standardised interviews to ensure each candidate gets a level playing field of similar questions
- anonymised resumes to prevent assumptions about suitability based on names, ages, sex or ethnicity
- work sample tests, case studies and portfolios of work (sometimes without any resume at all – The Spectator magazine's interview process is a famous UK example)
- rewording job advertisements and role descriptions, and redesigning application processes so they don't assume applicants will have a particular age, sex or background, and therefore put off anyone who doesn't conform.
- replacing group Interview panels (often biased towards the opinions of the highest-status or loudest-voiced interviewer in the group) with sequential one-on-one interviews where interviewers rate and rank candidates individually, before comparing notes later.

The problem is that many of these more-effective techniques aren't routinely understood or used by enough UK companies, not-for-profits or public sector organisations, while plenty of the less-useful ones are still being widely applied.

***We should commission a new British Standard based on independent, peer-reviewed evidence of the most effective practical techniques for eliminating unintended bias, to deliver more merit-based hiring and promotion decisions. This would give public, private and not-for-profit organisations a***

<sup>45</sup> [End-to-End Rape Review Report on Findings and Actions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544442/end-to-end-rape-review-report-on-findings-and-actions.pdf)

<sup>46</sup> [Fairer justice system for neurodivergent people to reduce crime - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544442/fairer-justice-system-for-neurodivergent-people-to-reduce-crime.pdf)

<sup>47</sup> Unconscious bias and diversity training – what the evidence says: Government Equalities Office 2020

<sup>48</sup> For example: 7 Practical Ways To Reduce Bias In Your Hiring Process – Rebecca Knight, Harvard Business Review 2017 or: What Works: Gender Equality by Design - Iris Bohnet 2016

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***reliable, flexible and future-proof 'recipe book' of proven techniques to improve their productivity and competitiveness, which their leaders, HR professionals and external advisors and consultants could apply as needed. It would also reduce the scope for anti-bias training to be used as a politically-motivated 'culture wars' battleground too.***

The effects of finding and promoting more people purely on merit would be profound. Routinely and systematically hiring the best talent would turbocharge our economy, making British wealth-creators and exporters more successful and competitive, and public sector and charitable organisations more efficient and effective as well. Equally fundamentally, it would turn Britain into a fairer and more legitimate society: a genuine meritocracy where everyone's successes would have been fairly earned and deserved. A country where people have no need to envy their neighbours, and where talent and hard work matter more than who your parents were or where you went to school.

### 4.8 More Affordable Childcare

Childcare is absolutely essential for any parent with not-yet-independent children who doesn't want to put their career on hold. Whether it is provided free by a non-or-part-time working partner, grandparents or friends, or whether it is a paid-for service from a nursery or other childcare professionals; without it, parents find themselves trapped under a particularly-thick glass ceiling where they are unable to work a few extra hours to improve their pay, apply for a promotion, or switch to a sector with more travel or longer and less-predictable hours if it conflicts with their caring responsibilities.



So access to childcare is vital for breaking glass ceilings, whether it's for single parents and working women; or for people in low-paid roles who are trying to work their way up and out of poverty; or for anyone trying to avoid becoming downwardly-mobile if their existing childcare arrangements dry up – for example if a spouse or partner leaves, or if a grandparent dies or moves away.

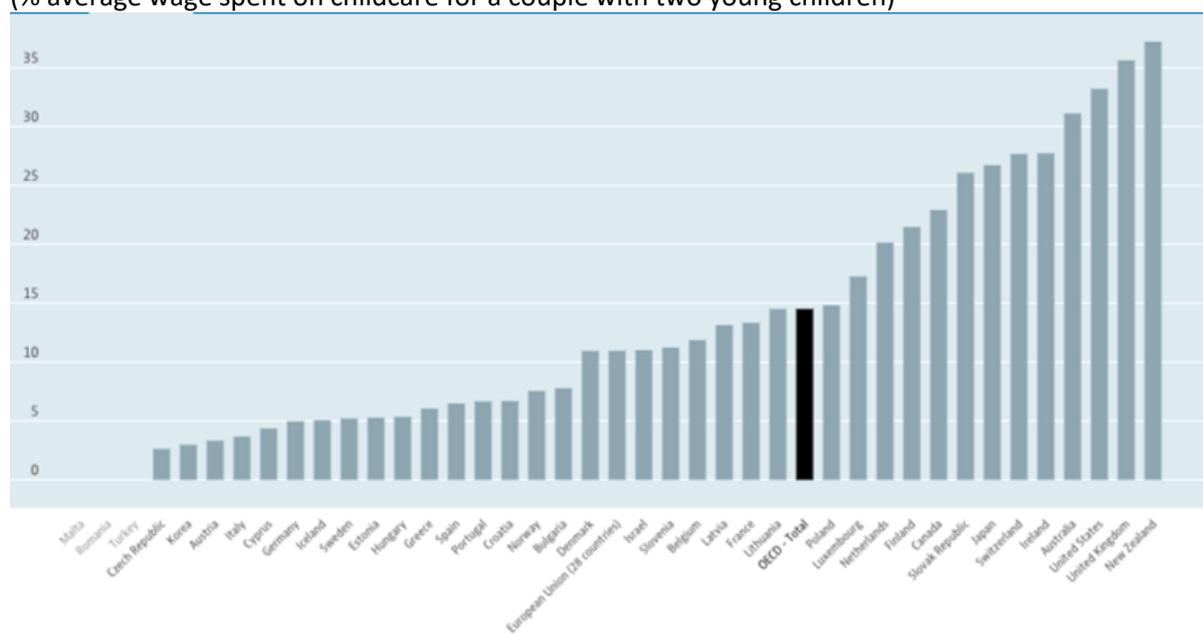
But the graph below<sup>49</sup> shows that Britain's childcare is some of the least-affordable in the developed world. And even though our childcare costs are so much higher than many other countries, many nurseries are going out of business and struggle to retain skilled staff who can earn more elsewhere, so profits and pay levels are all problematic too.

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<sup>49</sup> OECD 2019

## Childcare Costs

(% average wage spent on childcare for a couple with two young children)



So far, successive Governments have tried to break this glass ceiling by subsidising the costs for less well-off parents, with schemes like the universal 15 hours' free childcare for all three and four-year-olds; a further 15 hours for less well-off working parents of 2 – 4 year olds; a tax-free childcare scheme and plans for high-quality wraparound holiday childcare due to be announced soon. The cost to the taxpayer of these schemes is already high (over £3.6 billion in 2020/21 for example) and, given the entire industry's difficulties with retaining staff, rising costs mean this is likely to increase even further in future unless something changes.

If an entire industry is hardly profitable at the same time as charging internationally-high prices and struggling to retain staff, there is clearly a fundamental and structural underlying problem with its costs. And continuing to subsidise those costs with ever-bigger contributions from already-hard-pressed taxpayers will simply treat the symptoms rather than solving the underlying problems instead. ***So we must find and design out the causes of these internationally-high costs, so parents can find high-quality and safe childcare that isn't nearly so pricey in the first place.*** Many childcare providers say they are imprisoned by extremely detailed, bureaucratic regulations which were (rightly) intended to ensure minimum quality standards, but which also prevent them from trying different ways of achieving the same results more cheaply. ***So Ministers should launch an immediate, independent review of the regulations and other factors affecting the costs in our childcare sector, with terms of reference which require it to design out costs<sup>50</sup> to below the OECD average, while still delivering a safe and enriching level of service.***

This change should make a huge difference to both hard-working parents and to taxpayers too. It would improve social mobility and meritocracy by bringing employment within reach for many more people, particularly single parents and working women, reducing gender pay gaps and giving firms a bigger, better pool of talent to choose from when they are recruiting or promoting to fill a particular role. It would give anyone who is ambitious but currently caught in a low-paid role a better chance at promotion and developing their career. Anyone whose childcare arrangements collapsed at short notice would have less risk of losing their job because they'd find a broader and deeper pool of affordable alternative suppliers instead. Plus it would make an entire industry more economically-

<sup>50</sup> This should be the total (gross) costs of the service, not the net 'after subsidy' ones shown in the previous graph.

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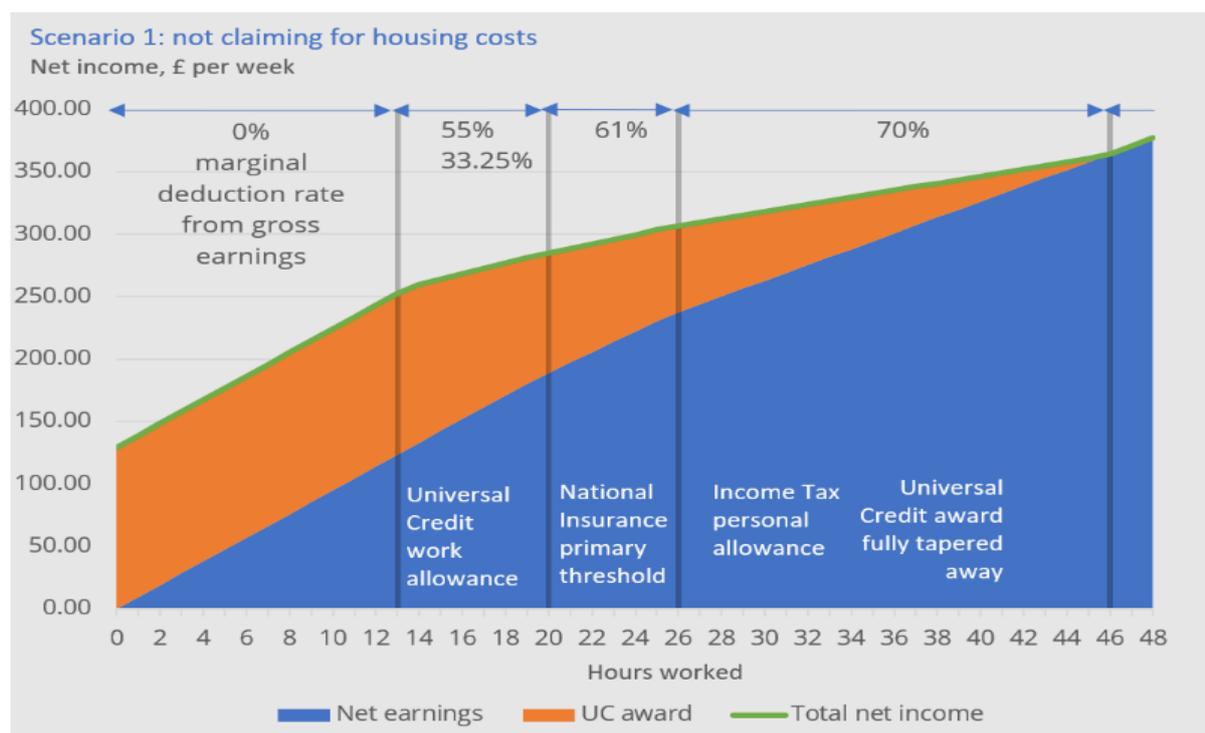
productive and efficient too, while at the same time reducing burdens on taxpayers and potentially freeing up space for tax cuts in future too.

### 4.9 Equal Taxation

The final proposal for removing glass ceilings and narrow gates is a much-needed reform to our tax system, where the tax rates paid by people who work for a living are much higher than taxes paid by the very rich who have large unearned incomes from things like dividends on investments, or rents from property portfolios. Workers pay income tax at 20%, 40% or 45%, but the rich pay just 7.5%, 32.5% and 38.1% on dividends<sup>51</sup>, 10% and 20% on capital gains, and 18% and 28% on gains from property excluding first homes.



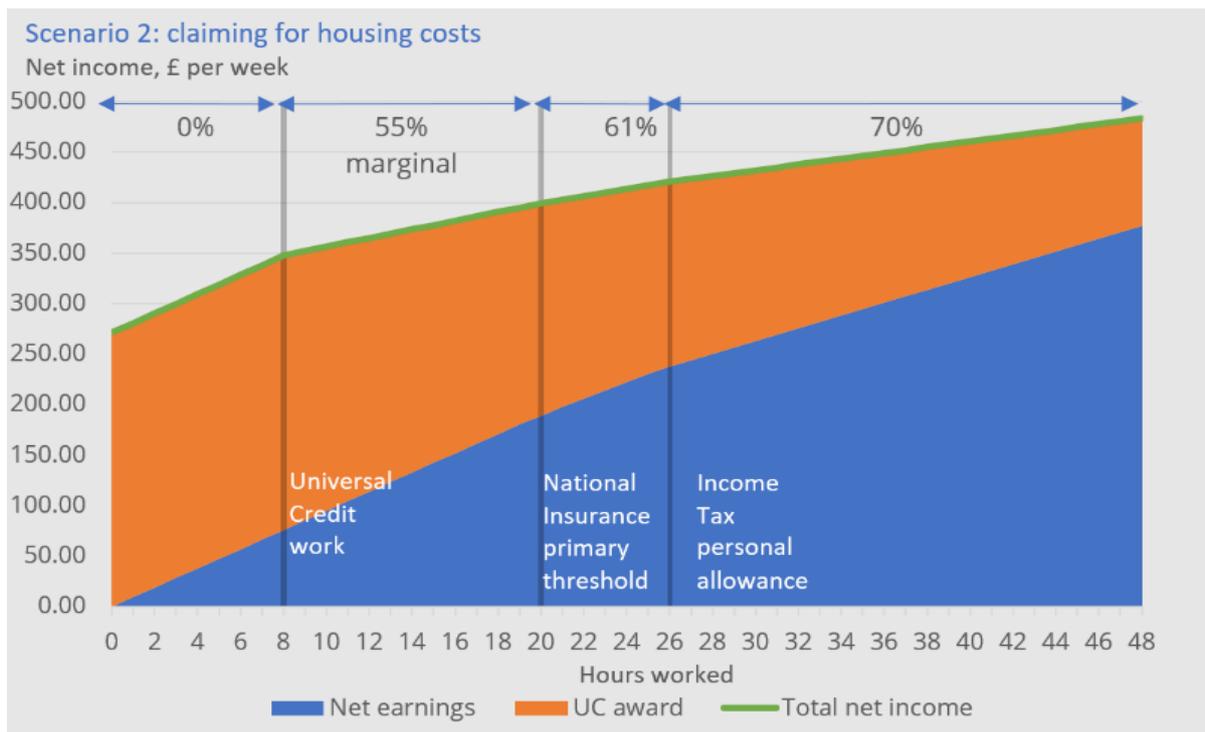
The situation is even worse for the least well-off families in Britain, who pay higher rates than anyone else because their benefits are reduced for every pound they earn, on top of the taxes they pay. This combined rate is called the Marginal Effective Tax Rate (METR) or the Marginal Deduction Rate (MDR). Even though the 2021 budget made a significant improvement in this area<sup>52</sup>, depending on the types of benefits being claimed and the number of hours someone works, it can easily add up to 70% as these two charts<sup>53</sup> show.



<sup>51</sup> The 2021 budget announced dividend taxation rates would be increased slightly from 2022, by 1.25% to 8.75%, 33.75% and 39.35% instead.

<sup>52</sup> By cutting the rate at which Universal Credit payments are reduced by 8% , from 63% to 55%.

<sup>53</sup> Source: House of Commons Library



This isn't remotely fair, and means Britain taxes income in a thoroughly regressive way by systematically giving a better deal to the rich at the expense of the poor. The 'haves' are being subsidised by the 'have-nots'. But this doesn't just undermine the fairness and legitimacy of our economy, our tax system and our society overall: it also creates a glass ceiling by making it much harder for poor people to climb the economic ladder out of poverty than for already well-off people to rise even higher.

This is an area where things have got worse rather than better: Britain's tax system used to tax earned and unearned income (although not benefits) equally from 1988 to 1998, starting when Nigel (now Lord) Lawson was Chancellor. Lawson argued that taxing different types of income at different rates was nothing more than political favouritism; a taxpayer-funded subsidy for whichever side has the best Westminster lobbyists. And, unsurprisingly, that tends to mean the rich.

Lawson also pointed out that very high tax rates have a terrible effect on work incentives, and set about reducing the highest rates of tax from over 90% to 40% to put the problem right. But as the graph shows, we have gone backwards since then; a 70% rate means less well-off families have weaker reasons than rich ones to apply for a promotion, or work extra hours of overtime, because they keep much less of the extra money that they would earn if they did. This is a very big and very thick glass ceiling and, because these sky-high tax rates apply to such a large number of less well-off households (far more than the number of high-earners who benefitted from Lawson's tax reforms) the damage caused to our economy by stunting their work incentives is very significant indeed. Worse still, the damage is concentrated in already-deprived areas where low-paid work makes up a higher proportion of the local economy.

***The way to break this big, thick and enormously unfair glass ceiling is to tax all income the same, whether it comes from benefits, work or wealth.*** The advantages would be huge:

## Poverty Trapped

- Taxes would be simpler and harder to dodge, because we would have removed the incentives for self-employed people and high-paid bosses to use complicated schemes to reclassify income as capital gains or dividends to avoid higher tax rates.
- It would be fairer, more progressive and more legitimate. The system wouldn't be rigged in favour of a gilded elite because we would have stopped subsidising the rich at the expense of the poor.
- It would create clearer and stronger work incentives, improving social mobility and social justice by giving less well-off families a better chance of moving up the income ladder.
- It would reduce in-work poverty, because it would mean less well-off families would keep more of any extra money they earned.
- It would be more economically efficient, making everybody richer by raising Britain's productivity and rate of growth because investment and jobs would flow to wherever they could be deployed most productively, without distortions from the tax system.

# Chapter Five:

## Tools For The Job: Equipping Everyone To Live

### Proudly Independent Lives

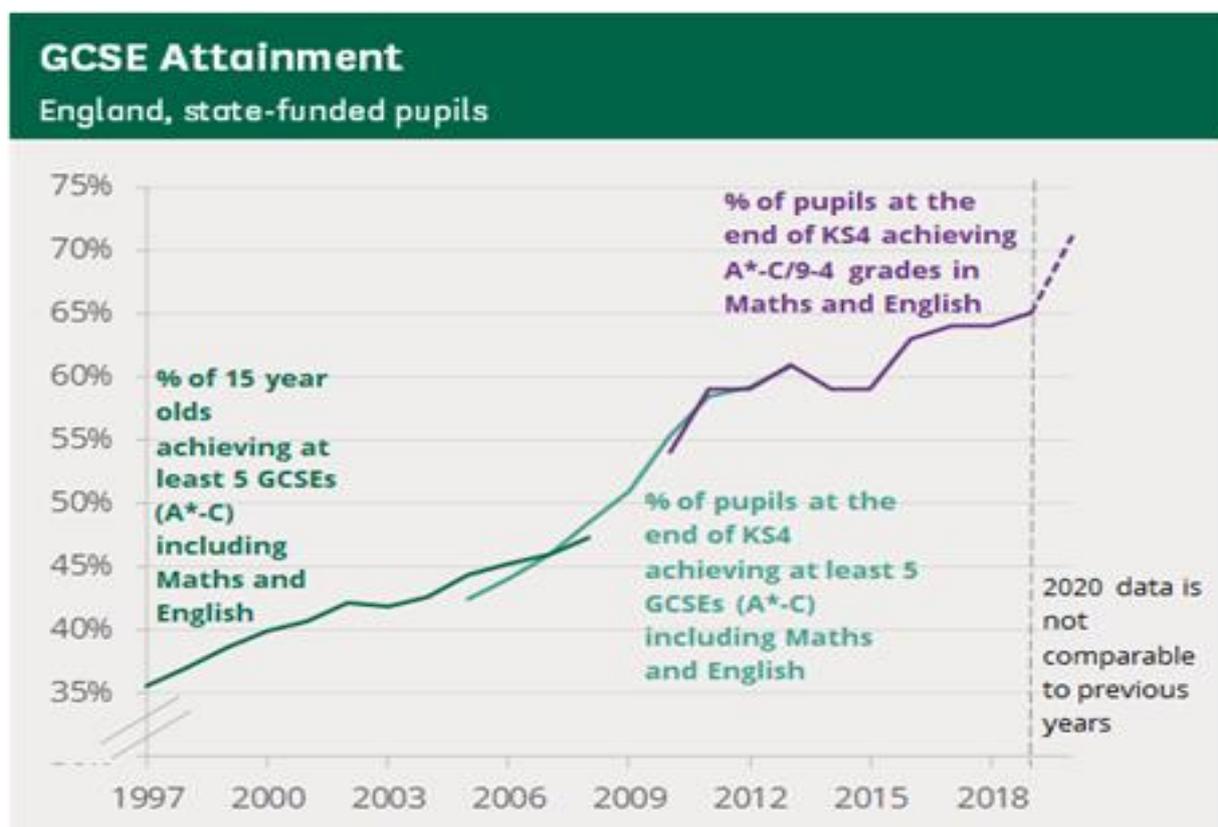


## 5. Tools For The Job: Equipping Everyone To Live Proudly Independent Lives

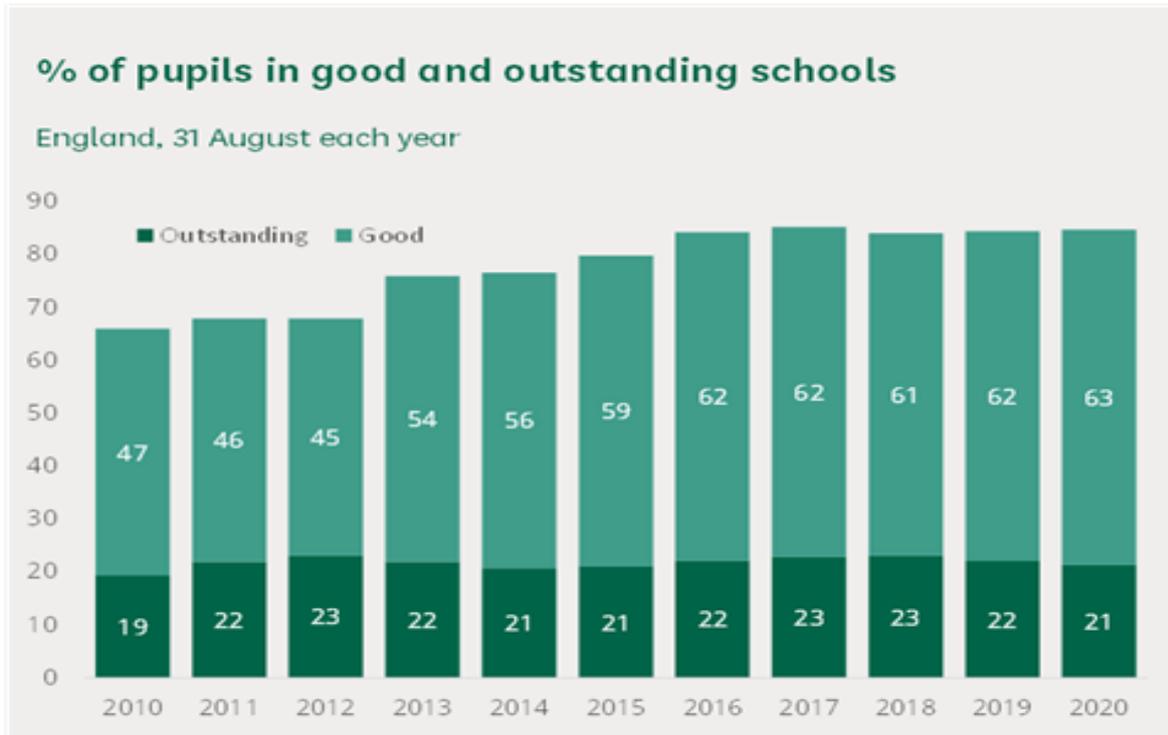
The previous section laid out a series of ideas to break the glass ceilings and widen the narrow gates which block people from rising to fulfil their true potential. This chapter will explain what needs to be done so everyone is properly prepared and equipped with enough knowledge, ambition, confidence and skills to take their newly-available life chances whenever they appear.

### 5.1 Education: Schools & Skills Are Already Improving

The most important engine for preparing everyone to lead independent adult lives is, of course, education. And here, the last 20 years of schools reform which began with Blair's academisation programme and then continued under both the subsequent Coalition and now Conservative Governments, has created huge improvements in equalising opportunities. The graphs below show how GCSE scores have improved over time and how many pupils are now taught in schools that are independently graded as 'good' or 'excellent'<sup>54</sup>.



<sup>54</sup> Source for both graphs: House of Commons Library



But education is much more than schools; the planned improvements to Further Education and Lifelong Learning announced in the 2021 Queen’s Speech and Education White Paper<sup>55</sup> won’t just improve the local skills which are the single biggest and most important weapon for shattering the place-based glass ceilings that hold people back from fulfilling their potential if they live outside the high-productivity, high-opportunity southeast (as outlined in the previous Chapter: Glass Ceilings & Narrow Gates). They will also re-equip people who have already left school so they can remain independent when their existing skills and abilities become out of date as technologies and society’s needs change throughout their lives.

***These proposed changes are essential and the plans to roll them out should continue. But there is still more to do, so they should be extended to include the further measures that are outlined in the rest of this chapter as well.***

## 5.2 Pupil Power

### Tertiary Education’s Twin Problems

The first set of extra measures is needed to deal with twin problems in our post-school tertiary (Further and Higher Education) system. The first is that, while many British university undergraduate degrees are highly-valued, internationally-reknoned qualifications, a few leave students with small jobs and big debts when they graduate. At the other end of the same spectrum, lots of further education courses give their graduates high-flying, high-earning job prospects at a fraction of the cost of university degrees, but are education’s poor relations; blue-collar,



<sup>55</sup> Skills For Jobs: Lifelong Learning for Opportunity & Growth - Jan 2021

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working-class Cinderellas overshadowed by their white-collar, middle-class University sisters even when their courses create bigger opportunities and better-value life chances.

This isn't right or fair. Assuming that academic Higher Education (HE) qualifications are automatically better than vocational and occupational Further Education (FE) ones, even if your chances of getting an interesting, fulfilling and well-paid job would be far higher if you took an FE course instead, increases the risk of more students making the wrong life choices for their particular interests, abilities and talents. And making the wrong choices won't just make them more likely to fall into poverty later; it also reduces Britain's economic productivity by shoehorning the wrong people into the wrong jobs, so both they and their employers will perform less well as a result. Even worse, it is old-fashioned snobbery which should have no place in modern Britain either.

The second structural problem affects older students. As soon as you have a family, rent or a mortgage, it gets much harder to switch careers: you've got bills to pay so, if you need to retrain, you can't just down tools and go back to studying. Unless you've got plenty of savings to tide you over, rich parents, or an extremely understanding partner who earns enough on their own, full-time courses are out of the question. If there isn't a part-time course that lets you learn while you earn, or a bursary if you want to become something like a nurse, you'll be stuck in the same old job for the rest of your life.

### *Fully-Informed Choices*

Fortunately, there's a single, simple idea to solve both of these problems at once. At the moment, it's surprisingly hard to know which of the bewildering array of different Higher or Further Education courses offers the best (or the worst) chances of getting a job once you graduate. In an age where apps give us oodles of information to choose everything else in our lives, from coffee to ketchup, education is a ridiculous exception.

***If students could compare the percentage of students who got jobs within a year of finishing every further and higher education course in the country, and what the average starting salaries were for each one, it would be revolutionary.*** It would put students firmly in the driving seat, creating 'Pupil Power' because – for the first time ever – they'd know for certain whether the chances of getting a fulfilling job after taking ***this*** course at ***that*** University were better or worse than a similar version at a rival College a few miles away. And whether taking on thousands of pounds of student debts would be worth it or not as well.

Picking the right course is the most important decision of most students' lives so far, so giving them the facts to make the best possible, fully-informed choices increases the chances they'll get it right. ***We should require every Higher and Further Education college and university to publish this information transparently for everyone to see, every year. The information should also be:***

- ***collected and published by the universities and colleges themselves, rather than by Government,*** to keep the system as flexible, up-to-date and free from political meddling as possible.
- ***published to a set of common data standards, agreed and approved with the Office for Students,*** so it can be easily compiled and used by companies and not-for-profit organisations that provide services to students, colleges or universities.
- ***Publicly and independently audited each year,*** so everyone has confidence in its accuracy.

### *Better Course Design*

Publishing these facts transparently each year won't just improve everyone's life chances; it would transform universities and colleges for the better too. The best-value further and higher education

courses would grow, because more students would apply, while poor-value ones would either have to shape up or shut down. Full time courses that are supposed to cater to mature students would have to ask themselves whether to become flexible and part-time instead. Exam boards and curriculum designers would beat a path to employers' doors, asking what needed to change in their less-popular courses so their graduates had better chances of good jobs. The principle of employer-led standards is already central to apprenticeships, but it shouldn't be limited to blue-collar roles, and nor should it be a one-off event either; we need it to happen every year. ***These proposals will create a permanent, future-proof ratchet where all courses are constantly being improved and updated to keep up with employers' changing needs.*** The world of work doesn't stand still, because it has to keep pace with new technologies and customer trends. So the skills and knowledge that students learn on their courses have to change too.

#### Lower Student Debts

Pupil power will help student debts as well. ***If more students choose high-value but cheaper Further Education courses instead of longer, more expensive University qualifications, then the total amount of student debts will fall, and what's left will become easier for students to repay as well.*** We could reinvest the savings in scholarships for students from less well-off families, or in lower taxes, or in grants for older career-switchers on courses that are harder to redesign for part-time study so people can earn while they learn.

#### Skewering The Snobs

Pupil Power' isn't just critical for each student's personal life chances and happiness; it matters more broadly too. Skewering the snobbish assumption that further education should play second fiddle to universities, so pupils aren't pushed towards poor-value Higher Education courses which aren't really right for the lives they want to lead, will make post-Brexit Britain a fairer, more meritocratic, socially-just society, where everyone has more equal life chances whether their father was a Duke or a doorman. It will put 'levelling up' into action, and bring us closer to moment when, because talent is equally distributed across all parts of the country, opportunity would be too.

### 5.3 A Universal Accreditation System



Creating comparable university degrees (s4.5 above) and Pupil Power won't just equip school-age students with the information they need to choose the best courses and colleges. It will help adult learners who need or want to change or upgrade their skills as well, by pushing universities and colleges to change the content of their courses, and the way they are delivered, so more of them become fully flexible and accessible for adult students who have to keep earning in their

existing job while they study to prepare themselves for the next one. This will be an important step to equalise opportunities, particularly for people who didn't get the qualifications and skills they wanted in their first attempt, or who need to switch into a different career later in life.

But it won't be enough on its own, because too many mature students who want to switch careers discover they have to go back to school to retake basic qualifications for skills and knowledge which they already have, before they can start learning anything new. This makes upgrading skills or switching careers slower and more expensive than it should be, in both the direct costs of course fees

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and the indirect ones of wasted time and lost opportunities, and pointlessly boring as people have to sit through courses covering material they already know. It creates an entirely unproductive and unnecessary obstacle that makes changing careers and upgrading skills much harder, but **which could be removed at a stroke if the universities, colleges and other awarding bodies agreed a universal accreditation system which recognised and gave credit for the knowledge and skills which students had already learned in previous courses and qualifications, no matter whether they were taken in higher or further education, or in practical on-the-job experience if it was supported by a portfolio of work or an exemption test instead**<sup>56</sup>.

**As with Pupil Power (s5.2 above) the new accreditation system should be developed and agreed by the universities and colleges themselves, rather than by Government, to keep the system flexible, up-to-date and free from political meddling. The Office for Students should only be involved to audit that the new system is genuinely comprehensive and universal, and to write a public letter to Ministers if they find any omissions or gaps.**

The effects would be electric. It would make switching careers or upgrading existing skills far faster, cheaper, more flexible and more meritocratic, so the numbers of mature students would soar and more people would be able to fulfil their potential even if they made the wrong choices early in life, or simply need to change course later. A universal accreditation system would abolish the snobbish divide between further and higher education, by making comparable skills and knowledge fully transferrable for the first time, no matter where they were learned. And it would help universities and colleges enormously as well, because they could have confidence that the students they were enrolling on their courses were ready and prepared to succeed, so the number of students who failed to complete each course would plummet too.

### 5.4 Better Education Regulation

Education's regulators would have to change as these reforms are introduced. The combined effects of Comparable University Degrees, Pupil Power and the new Universal Accreditation System (s4.5, s5.2 and s5.3 above) would mean every University and exam board would pay far more attention to the views of the employers who offer jobs, or the universities and colleges who admit pupils to study on their courses, about



whether a particular qualification creates the right knowledge and skills for the roles they are recruiting to fill. Their judgements about the usefulness, value and rigour of every course and qualification should, rightly, outrank the views of regulators, bureaucrats or politicians at any level of government, and the results would be revealed when the newly-transparent course data and league tables which these reforms will introduce are published each year.

Because of this newly-transparent data and better-informed consumer choice, a lot of education regulation would become unneeded as a result. **Exam boards, Universities and FE Colleges would be required to publish the evidence required to make Comparable University Degrees and Pupil Power fully transparent; to arrange for both of them to be independently and publicly audited each year; and to develop the new Universal Accreditation Scheme. As a result of this, parts of the role of**

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<sup>56</sup> Some colleges (for example the Open University and Birkbeck University) have already started doing this to an extent, and also design their courses to be more accessible to mature and part-time students too.

**education regulators like Ofqual, the Office for Students and the Institute for Apprenticeships would shrink to approving the data standards for publishing the Pupil Power data, and checking the Universal Accreditation Scheme didn't have any gaps. As a result of this narrower, more focussed but still essential role, these regulators would shrink and could then be merged into a single body, in parallel with Ofsted's equally-vital independent inspection service.**

This change would cut the costs of red tape and regulation for all tertiary education without compromising or reducing standards in the process. It would free up educators and administrators in Further and Higher Education to focus on delighting their customers by designing and teaching great courses, rather than worrying about their regulators, and give them more freedom to innovate with new course designs and teaching techniques too.

## 5.5 Integrated & Equal Education Funding



In parallel with these reforms, education funding would have to change too. The current system puts a series of unfair obstacles in students paths, reducing opportunities for anyone who chooses a vocational rather than an academic qualification; who learns online rather than face-to-face; or who studies part-time rather than full time as they prepare to switch careers or upgrade their skills in later life as well.

At the moment, it is reasonable for some courses to cost more than others; for example a science, technology, engineering or medical (STEM) qualification may need expensive laboratory or practical facilities which an equivalent course in English or History would not. Equally, shorter courses will usually cost less than longer ones, and students on flexible, part-time qualifications will need less help with living costs than for full-time study. These differences are justifiable, but others are not: for example schools are paid more than colleges to teach the same A level courses in the same subjects; plus students and employers are expected to contribute to the costs of level 3 further education courses (the equivalent of A levels), when A levels themselves are fully funded by taxpayers.

These differences are mostly historical accidents, but allowing them to continue would cement an unfair and snobbish bias in favour of schools over colleges, of academic subjects over vocational ones, and of face-to-face learning over online courses too. If we don't fix them, then the funding system won't be able to cope with the other education and skills reforms which have recommended in this paper, preventing them from working properly so their benefits will never be felt.

***The funding system should be integrated and equalised so that it pays the same money for the same qualifications in the same subjects (although some subjects might still cost more or less than others), and so it does not discriminate between different types of approved teaching or training providers and methods<sup>57</sup>. It should also abolish the 'Equivalent or Lower Qualification' (ELQ) rule, which currently stops midlife career-switchers from accessing funds if the course they need is at the same or lower level than whatever they already have.***

The results of these changes ought to save money by making our education funding system far simpler, more understandable, more flexible and productive than today. Students will find it much easier to

<sup>57</sup> The proposed Lifelong Loan Entitlement in the Education White Paper (Skills for Jobs – 2021, *ibid*) is a step towards this

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access funding for shorter, cheaper, part-time or online courses than at present and, if the outcomes are the same, then they will choose these options over the more expensive and less-flexible alternatives and student debts will fall. Taxpayers will benefit too, because we will have stopped subsidising high-cost providers when others are delivering the same outcomes in a more efficient, lower-cost and customer-friendly way. And, by abolishing the ELQ rule so more people can acquire the skills they will need to switch careers if their old ones become obsolete or unwanted in later life, we will reduce the chances of them becoming long-term burdens on the state when they still have many years of productive, value-adding and fulfilling working life left.

***We could reinvest these savings in scholarships for students from less well-off families, or in lower taxes, or in grants for older career-switchers on courses that are harder to redesign for part-time study so people can earn while they learn.***

### 5.6 The Power Of Culture & Attitudes: Stronger Ambition.....

Equipping people so they are able to take their life chances when they arise takes more than lifelong learning and education, although that's clearly essential. People need ambition and self-belief as well, otherwise they will never believe it is worthwhile for them to study hard, learn skills, apply for promotions or start their own businesses either.

But deeply-entrenched social attitudes mean that, in some British communities, ambition and self-belief are actively discouraged.

The effects are powerfully negative: *'We all grew up in communities where academic success was uncool and often discouraged. We have friends who were told "education isn't for the likes of us", "don't listen to teachers they lie to you", "don't bother there aren't any jobs". We all know people who are called "snobby" or "posh" for having A levels, often by their own relatives or neighbours'*<sup>58</sup>.

Ofsted agrees<sup>59</sup> saying that *'Children from disadvantaged backgrounds very often have high ambitions, especially when they are young. But the odds against achieving them can worsen with age. All too often, there comes a point at which expectations shrink. They don't see their elder sister or her friends going to university, so they think it's not for them. Or no-one in their household is in paid work, so they don't expect to get a job. [...] as a society we have to create a culture of much higher expectations for young people both in our homes and in our schools. There are still far too many of these who suffer from poverty of expectations.'*

#### *Schools' Career Guidance*

Fortunately, high quality careers guidance can first raise the sights of students in schools and colleges, by showing what could be possible and helping them understand which of their strengths and interests would unlock the highest-potential career opportunities, and then providing them with the support they need to achieve them. The eight benchmarks for high-quality careers guidance created by the



<sup>58</sup> Katherine Fletcher MP, Peter Gibson MP, Paul Howell MP: 'Upwardly Mobile', Conservative One Nation Group, 2020

<sup>59</sup> Unseen Children: access and achievement 20 years on. Ofsted 2013

Gatsby Foundation<sup>60</sup> provide a widely-accepted template for how to deliver this well, and they already form the foundation of the Government’s careers strategy<sup>61</sup> which aims to put them into practice in all schools and colleges.

But the quality of careers guidance is still very uneven, with plenty of schools leaving their pupils at a disadvantage by treating careers guidance as a Cinderella subject, and failing to deliver the Gatsby Foundation template properly. As a result, two further changes will be needed:

- ***In the same way that it is already impossible for a school to get an overall Ofsted inspection grade of ‘good’ or better if its safeguarding regime isn’t up to standard, it should also be impossible if its careers guidance isn’t either.***
- ***The careers strategy should be extended to include advice and support on how to start and build a business or become an entrepreneur, particularly in areas with fewer established local employers, or where the range of local employment is particularly narrow or limited.***

### *The Transition Out Of School*

Better career guidance in schools will raise everyone’s sights so they know how to fulfil their talents and potential after they’ve left, and the new league tables comparing employment rates and starting salaries for all FE and HE courses (outlined in s5.2: Pupil Power above) will give pupils the information they need to choose the best courses for their particular life-path too.

But these new league tables won’t help the significant numbers of students who leave school to start work aged 18, without going on into further or higher education. And even if improved career guidance and stronger ambitions mean there are fewer of them in future than in the past, they will still make up a material proportion of students every year. For them, the transition from school to work can be very challenging: a school leaver who is out of work for a year before the age of 25 has 10% lower earnings – the equivalent of a negative education qualification of minus two GCSEs (other than Maths or English, which are more valuable) – because they haven’t built up the experience and knowledge which they will need if they aren’t going on to further qualifications.

***The answer is to publish the employment rates and starting salaries for each school’s working leavers, so they get the same prominence as pupils who are going on to Further or Higher Education.***

The published results will inevitably vary depending on the local employment market, but will still show which schools’ career guidance teams are better than others at taking responsibility for supporting their students through the transition into work, rather than washing their hands after the last day of term. And it will show that our society views the life chances of less-academic pupils to be just as important as someone going on to study at Oxford or Cambridge Universities, rather than airbrushing them out of the figures at the first opportunity too.

### *Adult Career Guidance*

Fixing school and college career guidance is vital, but the improvements will come too late for every adult who is no longer in education and who needs an equivalent service as well. This is already provided; partly by the National Careers Service (NCS) and (mostly) by local JobCentre+ work coaches. The NCS gets good customer satisfaction results<sup>62</sup> but, unlike school and college careers services, neither it nor the local JobCentre+ work coaches are externally inspected, and there is no publicly-

<sup>60</sup> Sir John Holman, Good Career Guidance, Gatsby Foundation 2014

<sup>61</sup> Careers Strategy: making the most of everyone’s skills and talents Department for Education 2017

<sup>62</sup> [National Careers Service: customer satisfaction and progression annual report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/624442/national-careers-service-customer-satisfaction-and-progression-annual-report-2017.pdf)

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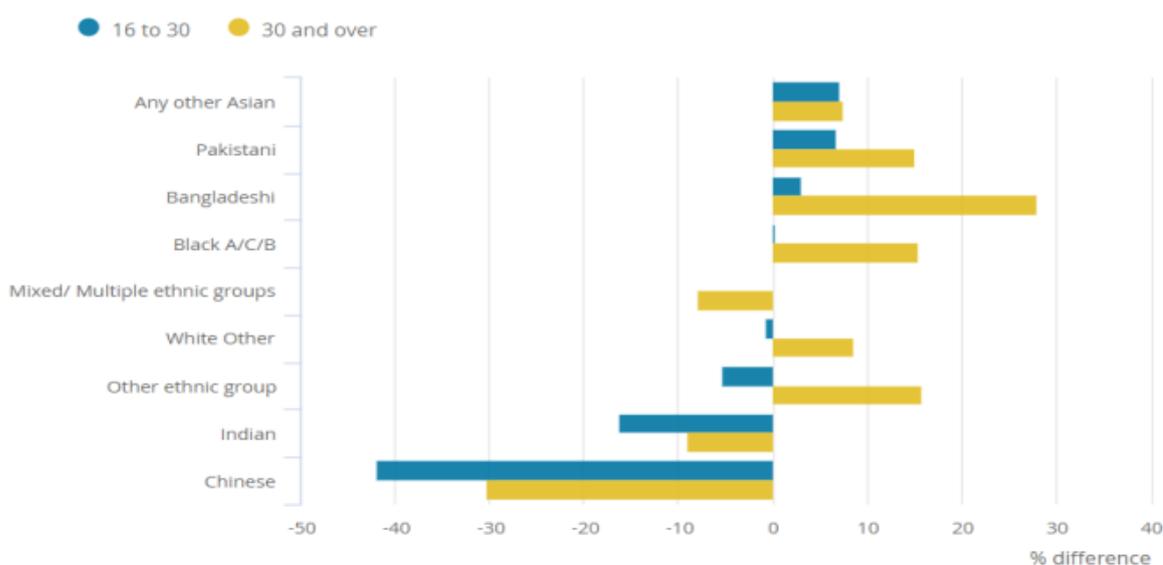
accepted equivalent of the eight Gatsby Foundation benchmarks to define what a good adult careers service ought to provide either. As a result:

- ***The Gatsby Foundation criteria should be extended to create an equivalent set of benchmarks for adult career services, so the NCS and local JobCentre+ work coaches' performance can be gauged against them.***
- ***Once the new criteria are available, the performance of both NCS and each local JobCentre+ work coach team should be regularly assessed by an independent inspectorate, with the results publicly reported so good practice can be identified, and poor performance isn't hidden or ignored.***

### 5.7.....More Trust & Legitimacy.....

These patterns of underachievement aren't confined to white working-class communities (particularly amongst young men); the problem extends to some (although far from all) BAME communities as well, as the graph below shows.

Ethnicity pay gap for median gross hourly earnings (including overtime) by age group, Great Britain, 2018



**Source: Office for National Statistics - Annual Population Survey**

For many people in these communities, the causes of low expectations are far more complex than just a shortage of self-belief or ambition. They are also fuelled by fundamental questions of trust and legitimacy, and whether British society is inherently fair or unfair to people like them, their families and friends. Whether it is Britain's longstanding class-based concerns about people from better-off backgrounds, particular schools and types of accents getting a better deal than you or me, or that the police and courts are more likely to arrest and imprison young black men than white ones for otherwise-identical behaviour, if people believe that 'the system' is fundamentally unfair and the odds are stacked against them no matter how hard they try, then we shouldn't be surprised when many of them stop.

At its most extreme the effects of mistrust and illegitimacy can lead to a sense of profound injustice, victimhood and political or religious radicalisation. In less serious cases it creates a vicious, self-

fulfilling circle where people turn down the advice and help which would improve their opportunities and life chances, because they don't trust the people or institutions that are offering it. One of the reasons why more young black men are imprisoned than white ones for otherwise-identical behaviour is because they are less likely to trust and follow legal advice on how to handle their case if they're arrested, so their outcomes are worse. A key reason why some BAME communities were initially less likely to be vaccinated for covid was that they were more likely to believe unfounded and sometimes malicious claims that the vaccines weren't safe, or effective, or that they breached religious laws, rather than trusting the advice and assurances of NHS medics.

s4.7: Beating Bias (above) has already explained that the causes of this unfairness and lack of trust can either be unintended or accidental effects of long-established cultures or processes; or fear and stigma; or deliberate discrimination and prejudice, and makes a series of proposals to remove the underlying injustices regardless of how they're caused. But even if we are completely successful in eliminating all types of bias, we will still have to change the deeply-engrained legacy of social attitudes and culture which they have created, otherwise people still won't believe it's worth getting their hopes up in the first place. ***Ministers should create a challenge fund for local Councils and civic associations to create tailored programmes to change attitudes and improve trust in individual neighbourhoods and communities with persistently-high or deeply-rooted levels of deprivation or low earnings. Councils should have a statutory duty to publish the results and outcomes which these programmes achieve as well, so their effectiveness can be assessed and used to design continuously-improving versions in future too.***

## 5.8.....And Better Relationships.



Each of us has a network of relationships with friends, family, work colleagues or business contacts and, because humans are social animals, the strength and depth of the 'social capital' which these networks create makes a big difference to whether we are able to live fulfilled and independent lives, and therefore whether we are in poverty or not. The emotional support of a strong network makes us more resilient if we suffer a bereavement or a relationship breaks down, gives us confidence and energy to recover from illness

or addiction, and helps us find new jobs after a business failure or being laid off at work. Equally, weak networks make children more likely to struggle at school and adults to suffer from mental illness and other long-term health problems<sup>63</sup>, and to be involved in violence and crime too.

Creating a strong or weak network of relationships isn't something that happens by accident. It is an ability which we all develop in our first two or three years of life,<sup>64</sup> although changes and improvements to remedy problems are still possible later. And while the precise mechanisms and causal pathways still aren't fully understood, it is clear that being ignored or neglected by a parent or caregiver can often make us less likely to form strong social bonds in later life<sup>65</sup>. This becomes even more likely if we are exposed to 'adverse childhood experiences' (ACEs) like physical or sexual abuse;

<sup>63</sup> Robert Putnam; *Social Capital; measurement and consequences 2001* and also *Bowling Alone 2000*

<sup>64</sup> Often called 'the first thousand days'

<sup>65</sup> Evidence-based early years intervention; House of Commons Science & Technology Committee, Nov 2018

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having a parent or caregiver with addiction or mental health problems or losing them because of death or relationship breakdown; or being exposed to violence or a natural disaster. And because children who can't form strong social bonds are more likely to have weak networks and less social capital, they are more likely to live in poverty, and then find it harder to forge secure relationships with their children when they in turn become parents later. This creates intergenerational poverty as the problem is passed down through families in a self-perpetuating cycle<sup>66</sup>.

Fortunately, even though the causal pathways aren't perfectly understood yet, there are social programmes and interventions which seem to work in practice to make it less likely that problems will be passed on<sup>67</sup>. This matters because prevention is better than cure: as the chart below shows<sup>68</sup>, the costs of treating multiple episodes throughout the lifespan of someone with a long-term health condition; or of detecting, punishing and then repairing the repeated damage inflicted by a habitual criminal; will be far higher than of preventing them from happening in the first place. This doesn't only apply to relationships either; the benefits of successful early interventions also work for other potential problems in childhood development (such as the effects of physical disabilities and mental health problems) which are associated with many of the same poverty-causing problems too.

INTERVENING LATE COSTS THE PUBLIC SECTOR £17 BILLION ANNUALLY



Source: EIF (2016) The cost of late intervention: EIF analysis 2016, 2016/17 prices.

***As a result, finding and delivering successful early intervention programmes is not only a powerful way to reduce poverty, but also to save huge amounts of taxpayers' money as well. The savings could either be used to improve other parts of our health, welfare, police and local Government public services, or returned to taxpayers in tax cuts instead.***

The obstacle to achieving these changes is that the most-successful programmes aren't being applied consistently across the country. The House of Commons Science & Technology Committee concluded that while "there is evidence of good practice in some local authority areas in England, there is no clear, overarching national strategy from the UK Government targeting childhood adversity and early intervention as an effective approach to address it [...] This has led to a fragmented and highly variable approach to early intervention across England, with evidence of a significant gap between

<sup>66</sup> Building Great Britons; All Party Parliamentary Group for the First 1001 Days, Feb 2015

<sup>67</sup> For example: the National Evaluation of the Troubled Families Project: MHCLG 2019

<sup>68</sup> Early Intervention Foundation: Realising the potential of early intervention, Oct 2018

what the latest evidence suggests constitutes best practice and what is actually delivered by many authorities<sup>69</sup>”.

We need a far more consistent and systematic approach to put this right. So ***the Government should publish a national Early Intervention Strategy, equivalent to the NHS Long Term Plan, which should include the following key points:***

- ***UK Research and Innovation should co-ordinate research into the poorly-understood causal pathways that prevent young children from forming strong social bonds, and also into the effectiveness of different early intervention programmes<sup>70</sup> that are designed to put it right, so the reasons for their successes and failures can be understood and their results can be systematically improved through a scientifically evidence-based process.***
- ***Local authorities will need help to understand what constitutes good-or-best-practice in Early Intervention services, particularly as the effectiveness of different programmes is improved through the UKRI research regime outlined above. The Early Intervention Foundation (EIF) already performs this service by collecting and synthesising the available evidence, and this should continue.***
- ***Every local authority’s Early Intervention Service should be independently and regularly inspected (probably by Ofsted, since they already inspect the same Local Authorities’ Children’s Social Services) to ensure it is delivering good-or-best-practice standard interventions.*** This will help to deliver ‘levelling up’ in practice, by ensuring that their provision is consistently high quality but still reflects variations in local needs in each part of the country, and that services are future-proof so they can’t be downgraded or eroded in the face of other spending pressures in future.
- ***If necessary, we may also need to extend the existing statutory duties of Local Authorities to ensure children are educated and protected, to include providing effective, good-or-best-practice-based Early Intervention Services, based on the UKRI research too.***

The result of these changes would be a happier and more fulfilled society, with better public services and lower taxes, whose citizens are more resilient to avoid poverty when something goes wrong, and better-equipped to succeed in their chosen life-plans too.

## 5.9 Improved Preventive Education

Preventive education is formally taught through the Personal, Social, Health & Economic (PSHE) education curriculum in schools, which is then either strengthened or undermined by the social attitudes and cultures of each family and community too. Done well, PSHE is enormously important and effective at equipping individual students with the skills and attitudes they will need to live successfully independent lives, and in nudging the culture and attitudes of entire communities in the same direction over time as well.

It works by reducing the likelihood that each of us will suffer an opportunity-destroying, dependency-creating, poverty-causing setback in later life, by helping us understand the risks and long-term health conditions caused by our decisions over things like smoking, alcohol, addictive



<sup>69</sup> Evidence-based early years intervention; *ibid*

<sup>70</sup> Current examples include the Healthy Child Programme, the Family Nurse Partnership, Sure Start Centres, Family Hubs, the Parent-Child Psychological Support Programme (PCPS), Reach Children’s Hub, and The Roots of Empathy

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drugs<sup>71</sup>, poor diet or exercise, and obesity. It equips more of us to develop and maintain healthy emotional relationships<sup>72</sup> and better mental health<sup>73</sup>, and to avoid online harms or unplanned pregnancies.

But it isn't always done well. The effectiveness and extent of PSHE teaching is highly variable in different schools<sup>74</sup> with some elements (like understanding personal finances, the importance of a savings cushion and how to avoid getting overburdened with debts; or structured social and emotional learning so pupils are emotionally resilient, and equipped to cope with high-pressure situations for example) getting much less focus than others. The PSHE curriculum ought to be a crucial and highly-effective way of preparing students to live long, happy, independent and healthy lives, but is often treated as a 'cinderella subject' which gets less attention than traditional academic topics where students are examined at SAT or GCSE. This is extremely short-sighted, and the costs in human health and happiness, as well as the economic and fiscal costs to taxpayers who have to foot the bills for supporting adults who haven't been able to cope with living independently in later life, are much higher. ***Prevention is better than cure so, in the same way that it is already impossible for a school to get an overall Ofsted inspection grade of 'good' or better if its safeguarding regime isn't up to standard, it should also be impossible if its PSHE provision isn't either.***

### 5.10 Financial Resilience: Reforming Gifts & Inheritance.....



It won't be enough to equip citizens to succeed if everything in their lives goes according to plan, because very few of us are lucky enough to have lives like that. Most people will take a few knocks and lumps at some point, so we need to be properly prepared to deal with emergencies when – not if – they happen, without being derailed and losing our independence completely.

Financial resilience is key to preventing people who aren't currently in poverty from slipping down into it, by ensuring they have a savings cushion to deal with life reverses like divorces or long term illness, or unavoidable one-off costs like replacing a leaking roof. Improving the effectiveness and extent of PHSE (as outlined in s5.9: Preventive Education above) will help students understand why saving is important, and teach them techniques to achieve it so they can remain independent throughout their lives. But a proportion will inevitably choose careers and occupations with lower pay, and will therefore find it hard to earn enough to save very much. And others will be unlucky enough to face life reverses which are so big that they wipe out a carefully-accumulated savings cushion anyway. There are two major changes which would increase the financial resilience of more citizens and their households, so they are better-protected from slipping down into poverty.

The first opportunity is to change our attitude and approach to gifts and inheritance. Chapter 3 showed that Britain's wealth is already more evenly-spread than many other countries, which means more people already have a stronger and deeper level of protection against being pushed into poverty

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<sup>71</sup> Foxcroft, 2011

<sup>72</sup> National Institute for Clinical Excellence (NICE) 2010

<sup>73</sup> Sklad et al 2012

<sup>74</sup> Ofsted 2013

by a severe life reverse. If we can broaden the spread even further, the protection will be wider and stronger too.

***The way to achieve this is by changing the way we tax gifts and inheritance, to encourage people to spread their wealth as widely as possible when they pass it on.*** At the moment, inheritance tax is paid by the dead person's estate, and mainly by middle-class people who weren't quite rich or far-sighted enough to have structured their affairs to avoid or minimise it effectively either. There is no systematic incentive to spread wealth widely, in a way that would keep more people out of poverty, at all.

***The better alternative would be to switch tax on inheritances so it is paid by the person receiving the money as part of their income tax bill for the year, rather than by the dead person's estate.*** This would match the proposals for 'Equal Taxation' in Chapter 4 above, and the benefits would be significant:

- Less well-off people would pay less tax than richer ones, because more of the inheritance would fall below the initial threshold before income tax and national insurance starts. But richer people would pay more tax, because they would already be top rate taxpayers and the inheritance would count as more of the same.
- Wealthy people would have a strong incentive to pass smaller amounts of money to as many inheritors as possible, since the overall amount of tax would be less, which would insulate more people against falling into poverty.
- The replacement tax would be much simpler and cheaper to administer, and harder to avoid, than inheritance tax or other possible alternatives<sup>75</sup>.
- And if we applied the same rule to gifts between living people as well as to inheritances from dead people's estates, it would encourage rich people to give lots of smaller gifts while they were alive, rather than a single big one after their death, which would provide better, earlier protection to prevent more people from slipping into poverty than a single larger amount when it might be too late to be useful.

## 5.11 .....And Benefits Too

The second opportunity is to tweak the Government's Universal Credit benefit scheme. This has been a major improvement from its predecessors, which were so complicated and unpredictable in the way multiple different benefits interacted that every time someone's circumstances changed – for example if they started or stopped a job, gained or lost a partner, worked a few extra hours or moved house – most people had no idea whether they would be better or worse off once their benefits had been recalculated.

This destroyed work incentives and entrenched poverty because many people concluded (rather logically) that it was simpler and safer not to do anything (like apply for overtime or a better-paid role, particularly if it involved moving somewhere else) which might disrupt their existing payments. Plus the complexity of the old system (Universal Credit replaced six different, separate benefits, each with



<sup>75</sup> For example a Capital Accessions Tax is similar to this proposal, but needs a separate rate rather than being part of normal income tax each year, plus a 'lifetime allowance' audit trail as well.

## Poverty Trapped

its own rules, timescales and processing teams) meant there were many more moving parts that could go wrong. This made the old system brittle, leading to poverty-creating delays and hardship where payments could be suspended or clawed back whenever mistakes were made, which then had to be investigated and solved before they could be put right.

That said, no system is perfect and Universal Credit has now been around long enough for its' strengths and weaknesses to become clearer in practice. There are already independent reports<sup>76</sup> proposing technical improvements on everything from whether it is right to continue paying benefits into a single family account, to whether the 'minimum income floor' should continue for self-employed people. ***But there is a further, much larger and more structural problem which is embedded in Universal Credit's basic design that directly harms financial resilience, making it more likely that people with little or no savings cushion will slip down into poverty if they lose their job: the 'five week wait'.***

The five week wait happens because Universal Credit is paid a month in arrears, so anyone who isn't already claiming and loses their job gets no benefits for the first five weeks. For someone with even a modest savings cushion (or a final monthly pay cheque from their last job, or even a severance payment of some kind) this is manageable; they will be able to fund essentials like rent, food and heating until the first benefits payment arrives. But for anyone without a savings cushion, and who wasn't being paid monthly and who therefore only has a final weekly or even daily pay cheque from their last job, they have nothing to fall back on. The result is hardship, poverty and debt: the cross-party House of Lords Economic Affairs Committee<sup>77</sup> found ***'the five-week wait is the primary cause of insecurity in Universal Credit. It entrenches debt, increases poverty and harms vulnerable groups disproportionately' and that it makes people more likely to use food banks, miss meals, fail to heat their homes and incur significant rent arrears.***

To be fair, Ministers have already moved to reduce the scale of the problem, cutting the initial wait from seven to five weeks and introducing safer government-provided loans with easier repayment terms. But these measures are treating the symptoms of a problem which the benefits system itself has created. For vulnerable people with no jobs it is both economically and morally better to design a system which doesn't deliberately push benefits claimants into poverty, hardship and debt in the first place. So, ***for every new Universal Credit Claimant without enough savings to cover the 5 week wait, the system should be modified to pay benefits at the same initial frequency as the claimant was previously being paid (ie daily, weekly or fortnightly) with the frequency being lengthened progressively and in manageable steps over time until it becomes monthly like everybody else.***

This would require software changes and upgrades to the Universal Credit systems, as the 'five week wait' is currently a core part of their design. But beyond these IT project costs, the changes wouldn't add a single penny to the country's overall benefits bill because they simply reschedule payments which were going to happen anyway, bringing them forward in time so they happen sooner. So the costs to taxpayers ought to no higher than today and, by helping more vulnerable benefits claimants avoid poverty, hardship and debt, both claimants and taxpayers would benefit by preventing existing problems from spiralling downwards, and becoming more severe and expensive to fix in the process as well.

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<sup>76</sup> For example the cross-party House of Lords Economic Affairs Committee's 2<sup>nd</sup> Report of Session, July 2020

<sup>77</sup> 2<sup>nd</sup> Report July 2020, Ibid

## 5.12 Fixing The Shared Causes Of Poverty & Ill-Health



The problems outlined in s5.7: More Trust & Legitimacy and s5.9: Better Preventive Education (above) mean that some of us make poor decisions about our diet; how much we smoke or drink; whether we take addictive drugs, get vaccinated or have unprotected sex; and the amount of exercise we do. Those decisions make us more likely to develop health conditions that push us into poverty in the first place, and less likely to acquire the skills, land the job, start the company or form the

relationships that would allow us to escape from it later either. The same factors apply if we live in overcrowded or multi-generational households (because of high housing costs as outlined in s4.2: Housing) where opportunity-destroying illnesses like covid-19 are more likely to spread further and faster than in communities where conditions are different. ***And so, because the recommendations in those sections are aimed at solving the underlying causes of poverty rather than just treating its' symptoms, they will also fix many of the associated health inequalities too.***

### *Integrating Services*

But even though these recommendations should solve many of the shared causes of poverty and health inequalities, they won't cure them all. For example, improving preventive education (s5.9 above) will only help people make better decisions that protect them from the risks of poverty and ill-health if they are still at school; it won't help adults who are already in poverty and suffering from its associated health problems as a result of the communities and environment they have lived in for years, and the decisions they took in the past. We still need a way to re-equip them so they can use their next set of life-chances better than their last ones.

This will require a new, fully-integrated approach which brings together all NHS health services, plus employment support (Department for Work & Pensions – DWP), housing (Department for Levelling Up), criminal justice and probation (Ministry of Justice and HM Prisons & Probation Service – MOJ & HMPPS) and Local Authorities too<sup>78</sup>. ***The Health & Social Care Bill 2021 aims to introduce this approach by creating new Integrated Care Systems; this is the right approach and should be rolled out as swiftly as possible***<sup>79</sup>.

### *Addiction: The Elephant In The Room*

One of the biggest joint causes of ill health and poverty is addiction, whether it is to drugs, nicotine, gambling, alcohol or anything else. It limits opportunities and life chances, either by causing long-term damage to users' health; or by making many addicts less focused and successful at work; or by ruining their personal and family finances through the costs of funding a habit too.

But one type of addiction – to drugs - is different from all the others because of the political obstacles which stand in the way of finding answers. By any measure, our current approach is failing badly: for example the graph below<sup>80</sup> shows how the number of drug addicts has soared in the 50 years since

<sup>78</sup> As described by both Dame Carol Black in her Review of Drugs Part 2 (July 2021) and also in The Marmot Review 10 years on (ibid) which called for a whole of Government approach to address the social determinants of health.

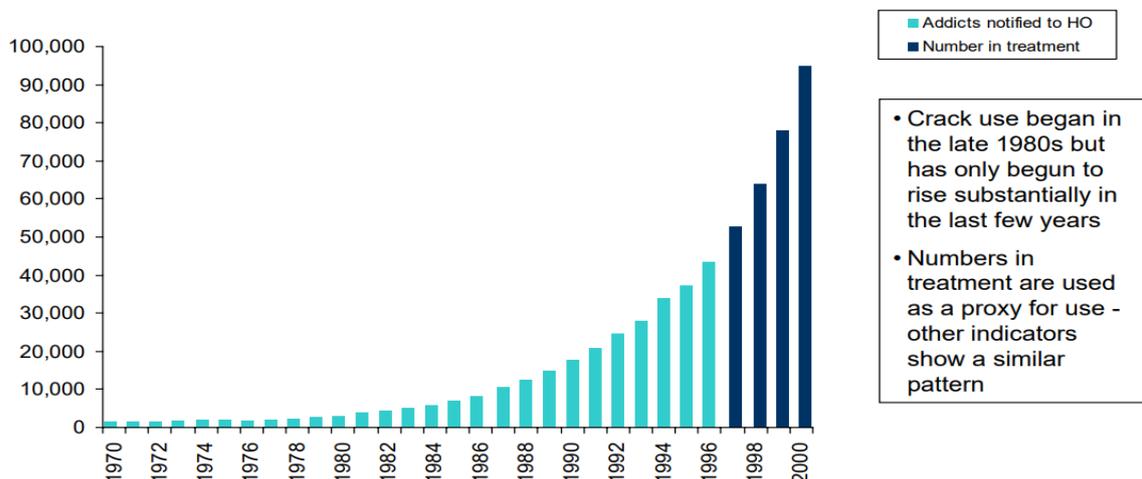
<sup>79</sup> Launch of Office for Health Promotion, ibid.

<sup>80</sup> Dame Carol Black: Review of Drugs, *Part 1* (February 2020)

our current legislation (the Misuse Of Drugs Act 1970) was introduced, having been broadly stable for many years before.

## The use of high harm causing drugs has risen dramatically over the last 30 years

Dependent opiate and cocaine users known to treatment services, by year



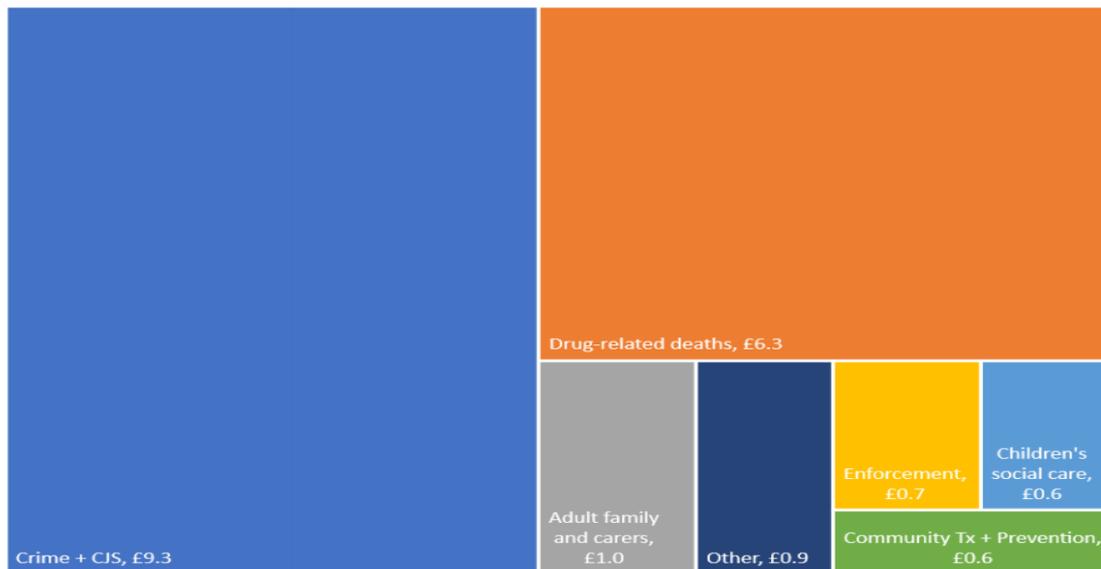
Sources: Home Office Addicts Index, Regional Drugs Misuse Treatment Databases. NB it is not possible to separate opiates from cocaine.

The effects of this drug addiction epidemic reach well beyond the poverty and reduced life chances which it imposes on the addicts themselves. The amount of crime UK addicts commit to finance their habit is enormous when almost every other type of non-digital crime has fallen. Even ‘recreational’ drug use, where users do not see themselves as having a drug problem and are unlikely to come forward for treatment, is causing considerable harm to others through a supply chain<sup>81</sup> which is controlled by organised and extremely-violent criminals who fight to control what has become a multi-billion-dollar business, attempt to corrupt public officials in charge of our prisons and borders to make smuggling easier, and get children, young adults and vulnerable people addicted by giving away free samples.

The exhibit below illustrates the enormous size of these costs and where they fall most heavily on taxpayer-funded public services. ***In the same way as Early Intervention programmes can help to prevent and avoid many of the underlying causes of poverty for children and young people (as explained in s5.8: Better Relationships above) finding and delivering successful programmes to prevent and avoid the equivalent costs caused by drug addiction will not only reduce poverty, but will also save very significant amounts of taxpayers’ cash as well.*** The savings could either be used to improve other parts of our health, welfare, police and local Government public services, or returned to taxpayers in tax cuts instead.

<sup>81</sup> Dame Carol Black: Review of Drugs ibid

Components of drug-related costs, £bns



But in spite of the toll of human misery, ill health and poverty which these terrible figures represent, for 50 years our political debate has largely looked away. There is currently no democratic consensus on how to solve the problem, and little prospect of this changing either. This isn't acceptable and can't continue: we need a concerted, independent, national effort to examine the evidence and options on how to reduce the terrible costs of our failures, and to build a nationwide consensus on what needs to change to put it right.

Dame Carol Black's 'Review of Drugs'<sup>82</sup> makes similar proposals for a fully-integrated approach to drug treatment and rehabilitation services which were outlined earlier in this section. But her terms of reference did not include recommending any changes to the underlying legal frameworks that have been responsible for most of the last 50 years of failure. ***If we don't address this, we will be doomed to keep treating symptoms rather than solving the underlying causes of the problem, so this is the vital missing element which is essential to fix our drug addiction epidemic, and the poverty which it creates. The Government has just announced plans to publish a long-term drug strategy by the end of the year with a focus on a whole of government approach to tackling both drug supply and demand<sup>83</sup> which must plug this gap immediately.***

<sup>82</sup> Part 2 July 2021 *ibid*

<sup>83</sup> Beating Crime Plan, 27<sup>th</sup> July 2021

Chapter Six:

Bouncing Back



## 6. Bouncing Back

The previous section explained how we can equip everyone with enough knowledge, ambition, confidence, skills and resilience so they are ready and able to take their newly-improved life chances whenever they appear. But things don't always go according to plan, so this chapter will lay out how we can provide effective, specialist rehabilitation support so people can bounce back successfully after a serious life reverse, to regain their independence and escape poverty after a bout of severe mental illness or addiction, a spell in prison, job loss, bereavement, relationship breakdown or business failure.

### 6.1 The Starting Point

This is – rightly – an area which gets a lot of attention already, with many different programmes to help people bounce back including:

- The 'Restart' and 'JETS' (Job Entry Targeted Support) schemes provide employability skills and training, or lighter touch employment support, for people who have been unemployed for at least 12 or 3 months respectively.
- Health rehabilitation services re-enable everyone from amputees to stroke victims and people recovering from chemotherapy<sup>84</sup>
- The Prison & Probation Service commissions rehabilitation programmes to reduce the likelihood of reoffending<sup>85</sup>.
- Resettlement Passports<sup>86</sup>; Community Accommodation<sup>87</sup>; and Accommodation for Ex-Offenders are all designed to reduce homelessness and its attendant reoffending amongst prison leavers.
- Local social services teams commission or provide addiction recovery services to help addicts keep their habit in check.
- Local formal and informal support groups offer fellowship, advice or counselling for people suffering from bereavement, looking to start a business after bankruptcy, or recovering from addiction.

But there are still plenty of gaps and shortfalls in this patchwork of different programmes and services, so this chapter will propose two key changes to plug the biggest holes.

### 6.2 Learning From 'What Works'

Some rehab programmes have very low effectiveness. For example the average percentage of opiate-addicted drug users who successfully complete rehab treatment and are still clean 6 months later hovers around 5%<sup>88</sup> (although the figures for other types of drugs are marginally better) and even this low initial percentage is likely to be an overstatement of success, because addiction is a long-term, relapsing and remitting condition which needs ongoing support and follow-up.

<sup>84</sup> [Commissioning guidance for rehabilitation \(england.nhs.uk\)](https://www.england.nhs.uk/commissioning-guidance-for-rehabilitation/)

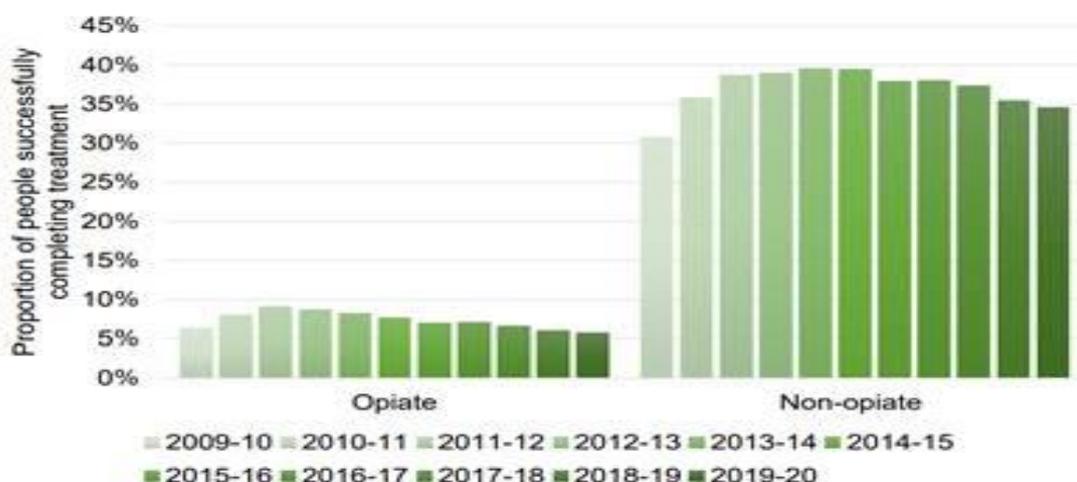
<sup>85</sup> [Offending behaviour programmes and interventions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/offending-behaviour-programmes-and-interventions)

<sup>86</sup> Rebuilding Criminal Justice: speech by Lord Chancellor Robert Buckland to Centre for Social Justice July 2021

<sup>87</sup> Cutting Crime, Reducing Reoffending & Preventing Homelessness by providing housing support for prison leavers. Announcement by MOJ & MHCLG July 2021

<sup>88</sup> Black's Review of Drugs, *ibid*

**Figure A13: the proportion of people using opiates and non-opiates who completed treatment successfully between 2009 to 2010 and 2019 to 2020**



As a result, we need a far more consistent and systematic approach to improve the outcomes of all the low-success rehab programmes over time, which will require three changes:

- ***UK Research and Innovation should co-ordinate research into different rehabilitation programmes so the reasons for, and the scale of, their successes and failures can be understood and their results can be systematically improved through a scientifically evidence-based process.***
- ***The National Institute for Clinical Excellence (NICE) already approves many rehab treatments, in the same way as it covers other medicines as well. Its remit should be extended (or an equivalent independent agency should be established if more appropriate) to collate and assess the evidence of the effectiveness of all rehabilitation programmes which are provided or commissioned by Local Authorities, NHS health teams, Ministry of Justice or HM Prison & Probation Service, and DWP. Any service which is provided or commissioned using public money should either use NICE-approved techniques to ensure it is effective and good value, or the public body should have to explain publicly why it has still decided to use the service even so.***
- ***The Care Quality Commission (CQC) already inspects and reports publicly on Local Authority adult social services, care homes and health providers. Its remit should be extended in the same way as NICE's, to include all rehabilitation programmes provided by other public bodies such as Local Authorities, NHS health teams, Ministry of Justice or HM Prison & Probation Service; and DWP to ensure they are being delivered in a professional and effective way.***

This new and systematic approach to improving outcomes and learning from what works isn't just a practical approach to winnowing out the less-effective programmes and replacing them with ones that work better. It is also morally stronger, because it will give more vulnerable people a better chance of recovery so no-one is abandoned or discarded after a serious life reverse. And it is economically sensible too, because it will help more people rejoin society as fully-functioning, independent, taxpaying citizens rather than remaining as long term dependent burdens on the state.

### 6.3 Integration Is Key



Most topic-specific rehab programmes are too narrow to work effectively on their own. s5.12 on health inequalities (above) has already explained why we need better integration of key public services in housing, homelessness, criminal justice, education and health, and how to deliver it so more people are equipped and ready to escape their particular causes of poverty when they get the chance. Unsurprisingly, this is even more important for anyone who needs to bounce back from the most serious and complicated

problems, ***so the new Integrated Care Systems should also co-ordinate and integrate acute or urgent services for people who need immediate and intense interventions to bounce back from their particular underlying causes of poverty too.***

Chapter Seven:

Summary



## 7. Summary

### 7.1 Why Haven't We Abolished Poverty Already?



In the last 40 years the number of people living in poverty has dropped dramatically as living standards in most countries have improved beyond previous generations' wildest dreams. But in spite of this, official figures show that poverty has hardly budged for years, in either the UK or other developed nations too. After more than 70 years of the modern welfare state, how can this be?

***The reason is that our public, political debates about poverty have got stuck down a blind alley, built by the political left, where we view poverty as a question of how equal or unequal different people's pay might be.*** Labelling anyone who gets less than 60% of national median earnings as 'in poverty' is a dead end for four reasons:

- a) no country on the planet – even the Scandinavians – has eliminated poverty on that basis, or expects to either.
- b) it leads to obviously-silly conclusions. For example, if the ten richest people in Britain all died tomorrow and left their money to Battersea Dogs Home, poverty would fall even though no-one's standard of living would have changed.
- c) many of us choose less well-paid careers at different stages of our lives, either because they are more fulfilling, or because of family and caring commitments, rather than just pay.
- d) it leads, inevitably and inexorably, to solutions that involve taxing you a bit more, and giving the proceeds to me through benefits, tax credits or subsidies instead.

This doesn't mean that low income doesn't matter at all – it does, and a minimum level will always be essential to stay out of poverty – but it fuels fears that the political left focuses on income inequality because it fits their political beliefs about equality and wealth redistribution, rather than because it is the most effective way to understand and solve the problem of poverty itself.

***So we should treat low income as a symptom of poverty, not its cause, and aim to cure the underlying conditions that are creating it.*** This isn't just be morally and socially the right thing to do, because poverty will be much lower and Britain will be a happier, fairer place. It will help our economy, because more people will develop their skills and fulfil their talents to add more value in whichever job they choose. It will improve the country's finances and create opportunities for lower taxes by shrinking the need for parts of the welfare state, because more people will be equipped and able to live proudly independent lives, without needing to claim benefits or tax credits. And it will remove one of the main causes of division and strife that has bedevilled British politics for decades.

## Poverty Trapped

### 7.2 A Better Way

The detailed proposals for curing the causes of poverty are outlined in later sections of this chapter but, in summary, **there are three big changes which will be needed. We must:**

- a) **break the glass ceilings and broaden the narrow gates which limit and confine opportunities unfairly, blocking people from rising to fulfil their true potential.**
- b) **equip everyone with the knowledge, skills and attitudes to understand and grasp those opportunities and life chances whenever they appear.**
- c) **be ready with effective and specialist rehabilitation support so people can bounce back successfully after a serious life reverse, whether it is a bout of mental illness or addiction, a spell in prison, bereavement, relationship breakdown or business failure.**



**Crucially, improving opportunities is a more powerful and effective technique than equalising pay for helping people live fulfilled lives that avoid or escape poverty.** That's not because pay equality doesn't matter at all; the political left is correct to say that it does. But it doesn't work as well as having better opportunities and choices to control the important decisions in our lives. So it doesn't make sense to turn equalising pay into the foundation stone of our country's fight against poverty when providing better opportunities is a stronger and more powerful way of solving the problem.

Levelling up everyone's opportunities will make British society more morally legitimate, because if we believe someone else's success has been fairly earned through merit and hard work, we are more likely to accept it as justified and applaud their achievements instead of envying them. Plus, creating an equal-opportunity Britain where success is within everyone and anyone's grasp rather than confined to a lucky few, will do wonders for our economy by using more people's talents and abilities to the full rather than wasting them. And equipping more of us to live independently, without needing to claim benefits or tax credits, will create opportunities for lower taxes by shrinking the need for parts of the welfare state.

### 7.3 The Starting-Point: How Are We Doing?



There's a widely-believed 'Downton Abbey' caricature of British society which assumes we are a highly stratified, immobile country where your birth largely defines your destiny and, no matter how hard you work or how talented you may be, you are unlikely to change your station in life very much.

**But in fact we're a lot better than that.** In Britain, men have a 3 in 4 chance of breaking out of whichever quartile of earners their parents were in, and women's chances are even better at 4 in 5. Those are pretty good odds, and certainly don't justify the belief that your birth defines your destiny for the rest of your life. Nor are things getting worse: these figures haven't changed much for British men for decades, and have got marginally better for women.

The caricature also assumes that the only people who inherit wealth are the posh, rich descendants of equally-posh and rich parents, but this badly is out of date too. Our wealth is now much more evenly-spread than many other major economies around the world, and 94% of the 1000 richest people in the UK are self-made men and women.

***Internationally, Britain sits halfway between America and the rest of Europe.*** USA's higher long-run economic growth means they create more opportunities than us, and in turn we create more than the EU average. But those opportunities are more evenly and fairly distributed in Europe than in the UK and USA, even though there are fewer of them overall. Crucially, there's no inherent reason why countries with faster economic growth must always be less good at sharing them out fairly, because ***there are countries (like Norway or Australia) which do well on both measures, and so could we. Morally, socially and economically, this should be our goal.***

But there's still one part of Britain where birth is still destiny. The healthy life expectancy of people living in poverty is about 8 years shorter than families who are better-off, and the gap isn't getting any narrower. The reason is that ill-health and poverty share many of the same underlying causes, like obesity, low-quality housing and addiction. 80% of our health problems aren't due to the healthcare we receive, but to these other, shared causes instead. So ***our long-term failure to fix health inequalities is also a failure to address and solve the underlying causes of poverty too. It is one of the most easily-measurable and visible results of how framing poverty as a problem of income inequality hasn't worked.*** It is socially unjust, morally shaming and economically wasteful that, 80 years after Beveridge's famous report aimed to rid our country of poverty and 70 years after the creation of the modern welfare state, we still have so far to travel.

## 7.4 Glass Ceilings & Narrow Gates

The first of the three big changes which are needed is to break the glass ceilings and broaden the narrow gates which limit and confine opportunities unfairly, blocking people from rising to fulfil their true potential. The ideas which will make it happen are:

### *Making All Jobs 'Good Work'*

Most types of UK jobs create ladders of opportunity for the people doing them, but not all.

The Taylor Review identified some where lower-skilled, insecure and part-time workers are vulnerable to exploitation by less-scrupulous employers. ***Government Ministers agree, and have committed to introducing all the recommendations of the Taylor Review.***

### *Geography Shouldn't Be Destiny*

Productivity in London and the southeast is world class but, for anyone who lives elsewhere, the employment, promotion opportunities and life chances aren't as good. These place-based glass ceilings limit the opportunities the life-chances of anyone who lives in a community that is affected. ***Government Ministers are already addressing many of them, with proposals to reform Further Education and improve lifelong learning; to improve rail and other public transport links outside the southeast; and to reform tenancies to make renting more secure for good tenants. These are all sensible changes which should be implemented as soon as possible.***



## Poverty Trapped

### Housing

One of the biggest glass ceilings is sky-high housing costs, either to rent or to buy, which make parts of the UK less-affordable for lower-skilled and lower-paid families so they are less able to take any life chances which come their way. The answer to rising demand and inadequate supply is to build a lot more homes, and there are three ways to achieve this.

***The first is to simplify our over-complicated and expensive planning laws by giving people in British towns and cities the legal right to 'Build Up Not Out' up to four or five stories tall (the same height as a normal townhouse rather than a tower block) so they'd know they had planning permission in advance without having to go through the delays, uncertainty, expense and bureaucracy of the current planning application process.***

The new legal right would still require them to follow building regulations, to make sure any new construction was safe, and also to follow a local development code or style guide (set by their local Council) to make sure they used architectural styles and materials which matched and complemented the best of what's already there, and to prevent neighbours from infringing each other's rights by building too close or stealing each other's light. And if they wanted to build anything taller than four or five stories, or different from whatever the local development code allowed, or to alter a protected heritage building, they'd still have to apply for planning permission in the normal way.

***The new approach wouldn't only apply to homeowners; local Councils would also have a new legal right to opt into or out of the new system as well. If they opted in, then they would be exempt from all central Government housebuilding targets, and from any appeals to the Housing Inspectors about their local housing and development plans too. If they opted out, the existing rules would continue to apply.***

This would nearly double the amount of potential space for homes at a stroke; the biggest single creation of new, available living space for generations. It would give our towns and cityscapes back their character and beauty by stopping 'anywhere-ville' estates of identical houses. It would strengthen local democratic control, attract much-needed investment to regenerate and save tired or run-down town and city centres, and be greener by reducing both commuting (because people would be able to live closer to their jobs) and urban sprawl. And it would be more economically-productive and efficient, because it would use existing services and infrastructure rather than building everything from scratch.

If individual neighbourhoods don't like the housebuilding plans or development style codes which their local Council has created ***we should give individual streets or neighbourhoods the legal right to create their own development style codes, democratically approved through a local referendum in a 'Street Vote', so everyone in the area would be able to modify their home according to the new plans if they wanted to, without needing any further planning permissions.***

Finally, the value of an acre of land increases hugely when it gets planning permission, before a single brick has been laid. That's the wrong way around: both morally and economically, design and construction should be the things that add value to land, not speculation. Planning permission is a huge value-creating decision, taken by each local community, so ***communities should see a share of the wealth that it creates, paid straight to local Councils on the day that planning permission is given or changed, to give neighbourhoods a financial incentive to grant more planning permissions for new homes, and to fund the local services like bigger schools, GP surgeries and fibre connections, that turn dormitories into communities.*** Fortunately, we don't need a new tax to do it. The Community Infrastructure Levy (CIL) could do what's needed with a few (small) tweaks:

- **Most of CIL's exemptions and limitations would go**, making it much simpler and easier to understand.
- **Councils would publish their Community Infrastructure Levy rates for each area in advance**, so speculators and developers would have certainty about what they would have to pay when permission was granted or changed.
- **Paying the levy on the day planning permission is granted or changed means the money for local services arrives when it's needed, so they can be built and ready when people move in, rather than dribbling along a couple of years later**

It would replace the hideously overcomplicated section 106 agreements, with all their uncertainty, unpredictability and lawyer-friendly viability assessments. The only other change would be to **give local Councils the power to charge business rates and council tax based on the date planning permission was granted, rather than when construction finally begins on site**. We could give big developers a few months' grace to get their crews on site, but then the meter would start running. They would have a huge incentive to build and sell promptly, rather than to take their time.

### Comparable University Degrees

The next new proposal affects our long-established and highly-successful university education system, where employers don't see a 2:1 or a 2:2 in English or Engineering from a Russell-group university as worth the same as one from some former polytechnics. Every other serious qualification in the UK (GCSEs, A levels, NVQs) is worth the same whether pupils studied in Truro or Tadcaster, so how can it be fair that students studying at older universities with long-established reputations are given qualifications which are automatically assumed to be better than new ones, whether they are or not?

Medical subjects already standardise their grades so a degree is worth the same from everywhere, and **we should extend this to other subjects too by requiring every university to make their qualifications equal with every other, so a 2:1 in English, Maths or History is worth the same no matter where students studied**. The new standardised grades would still be set by Universities rather than Government to guarantee academic freedom, and would be independently audited every year to maintain quality. And standardised grades don't mean identical curriculums: other standardised qualifications have plenty of variety (for example, A level students cover many different historical periods or literary set texts) and so should Higher Education degrees as well.

The effects would be revolutionary. Students at highly-selective universities would win more of the top grades, but clever students at less-selective colleges would still be able win them too, so anyone who didn't get into their first choice university would have a second chance to fulfil their potential by getting an equally good qualification somewhere else. And, for the first time, everyone would be able to compare the A-level grades which students had when they arrived with the quality of degree they'd earned when they left, revealing which colleges and courses add the most value and which ones least. High-performing former polytechnics would leapfrog sleepy, older universities, forcing poor performers to pull their socks up while the best would have nothing to fear. And universities would have a much stronger incentive to find and admit students with undiscovered talents, making bright students from a disadvantaged backgrounds like gold dust. The long-term problem of there not being enough clever working-class or ethnic minority students at posh old universities would vanish, and it wouldn't cost taxpayers a bean.

### A Points-Based Honours System

The next proposal would reform our wonderful, tradition-encrusted but thoroughly opaque honours system. For most of us, getting a title feels laughably unlikely and even though the way Civil Servants nominate and choose who gets new honours is a bit more open and objective than it used to be, no-

## Poverty Trapped

one knows why one person was given an MBE when another person wasn't, or why someone else got an OBE instead of a knighthood either. It's as murky and old-fashioned as a London pea-soup fog.

Modern, post-Brexit Britain should be an open, meritocratic society, where people do well because of their talent, ability and hard work, not because of who they know, or who their parents are. ***The answer is to reform the system by publishing an annual UK Talent List, like the UK Rich List, scoring the country's best and brightest using simple, public criteria that we can all see and understand. If we can create a points-based immigration system, using public criteria to choose and admit the world's top talents when they want to come and work in the UK, why can't we do it for our own people at home too?*** The top teachers, for example, might be the ones who had successfully run Britain's largest or most-improved schools for the longest time. The top businesspeople could be those who had either run the largest or fastest-growing companies for many years, or the entrepreneurs who had created the most wealth from scratch. We'd develop equivalent ways to score Britain's top charity workers, philanthropists, police and anyone else who was eligible.

Once the new and fairer scoring system was in place and the UK Talent List was public, the top few names in each area would become Lords and Ladies. The slightly-larger next group below them would become Knights and Dames. The still-larger group below them would get OBEs, CBEs or MBEs. Everyone would be able to see each person's score, so we'd all know why each person deserved their new title or honour, and that the system was fair. And anyone who thought someone deserved an honour would be able to work out what they'd score if they applied.

The effect on British ambition and aspiration would be electric. Previously-closed doors to a cosily-privileged club would be blown wide open. It wouldn't matter who you knew, or where you went to school. The UK would be the place where the best and brightest are recognised and celebrated for their talent, ability and hard work.

### *Beating Bias*

Bias creates glass ceilings because it prevents us from making a decision that ought to be based exclusively on merit. It isn't only caused by bigotry or hate (like overt racism); it also comes from fear (for example of some mental health problems); or unintentionally, from unnoticed habits and assumptions which lead otherwise well-meaning people to assume job applicants will probably be of a particular age, or to hire and promote people who happen to be like themselves. The glass ceilings which these varying types of bias create are all equally-bad for victims, but will need different tools to break them. And they are morally different too: for example bigotry is ethically worse than well-intentioned but unintended bias.

We have made genuine progress in reducing bias in recent years, but there is still a long way to go. There are plenty of not-yet-implemented recommendations in heavyweight reports on how to beat bias, so the most powerful immediate step is ***for Government Ministers to announce which ones they intend to implement, for all the protected groups under the Equality Act at least (plus any others they may wish to add as well, such as neurodiverse people, or working class young white males for example) rather than just for one or two. The implementation plans should include deadlines and budgets explaining how and when each one of them will be done.***

In addition to these implementation plans, we will need more focus on how to neutralise accidental bias in the hiring and promotion processes of UK public, private and charitable employers. Systematically hiring the best talent would make British wealth-creators and exporters more successful and competitive, and turn Britain into a fairer and more legitimate meritocracy where everyone's successes would have been fairly earned and deserved. There are good practice techniques

which work well, but which aren't routinely understood or used by enough UK employers. ***We should commission a new British Standard based on independent, peer-reviewed evidence of the most effective practical techniques for eliminating unintended bias, to deliver more merit-based hiring and promotion decisions. This would give public, private and not-for-profit organisations a reliable, flexible and future-proof 'recipe book' of proven techniques to improve their productivity and competitiveness, which their leaders, HR professionals and external advisors and consultants could apply as needed.***

#### *More Affordable Childcare*

Childcare is absolutely essential for any parent with not-yet-independent children who doesn't want to put their career on hold. Without it, parents find themselves trapped under a glass ceiling where they are unable to work a few extra hours to improve their pay, apply for a promotion, or switch to a new job if it conflicts with their caring responsibilities.

Britain's childcare is some of the least-affordable in the developed world. Successive Governments have tried to break this glass ceiling with taxpayer subsidies for less well-off parents, but this is only treating symptoms rather than causes: if an entire industry is hardly profitable at the same time as charging internationally-high prices and struggling to retain staff, there is clearly a fundamental and structural underlying problem with its costs. ***So we must find and design out the causes of these internationally-high costs, so parents can find high-quality and safe childcare that isn't nearly so pricey in the first place. Ministers should launch an immediate, independent review of the regulations and other factors affecting the costs in our childcare sector, with terms of reference which require it to design out costs to below the OECD average, while still delivering a safe and enriching service.*** This would improve social mobility and meritocracy by bringing employment within reach for many more people, particularly single parents and working women; reducing gender pay gaps; and giving employers a bigger, better pool of talent to choose from too. It would also make an entire industry more economically-productive while reducing burdens on taxpayers and potentially freeing up space for tax cuts in future too.

#### *Equal Taxation*

The final proposal for removing glass ceilings is a reform to our tax system, where the tax rates paid by people who work for a living are much higher than the ones paid by the very rich on unearned incomes from investments. Even worse, the lowest-paid families pay still more because their benefits are reduced for every pound they earn, on top of the taxes they pay. This combined rate can easily be as high as 70%, making it much harder for poor people to climb the economic ladder out of poverty than for already well-off people to rise even higher. It isn't remotely fair, and means the 'haves' are being subsidised by the 'have-nots'.

When Nigel Lawson was Chancellor, he taxed earned and unearned income (although not benefits) equally, arguing that treating them differently was nothing more than political favouritism. He also cut top tax rates from over 90% to 40% to improve work incentives, but if this works for high-earners, it should surely apply to lower-paid families too, so ***we should tax all income the same, whether it comes from benefits, work or wealth.*** The advantages would be huge:

- Taxes would be simpler and harder to dodge, because we would have removed the incentives for self-employed people and high-paid bosses to use complicated schemes to reclassify income as capital gains or dividends to avoid higher tax rates.
- It would be fairer, more progressive and more legitimate because we would have stopped subsidising the rich at the expense of the poor.

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- It would create clearer and stronger work incentives, improving social mobility and social justice by giving less well-off families a better chance of moving up the income ladder.
- It would reduce in-work poverty, because it would mean less well-off families would keep more of any extra money they earned.
- It would be more economically efficient, making everybody richer by raising Britain's productivity and rate of growth because investment and jobs would flow to wherever they could be deployed most productively, without distortions from the tax system.

### 7.5 Tools For The Job: Equipping Everyone To Live Proudly Independent Lives

The second of the three big changes which are needed is to equip everyone with enough knowledge, ambition, confidence and skills to take their newly-available life chances whenever they appear. The ideas which will make this happen are:



#### *Pupil Power*

While many British university undergraduate degrees are highly-valued, internationally-recognized qualifications, a few leave students with small jobs and big debts when they graduate. At the other end of the same spectrum, lots of further education courses give their graduates high-earning job prospects at a fraction of the cost of university degrees, but are education's poor relations; blue-collar, working-class Cinderellas overshadowed by their white-collar, middle-class University sisters.

Students need to know which Higher or Further Education courses offers the best (or the worst) chances of getting a job once they graduate. In an age where apps give us oodles of information to choose everything else in our lives, from coffee to ketchup, education is a ridiculous exception. ***If students could compare the percentage of students who got jobs within a year of finishing every further and higher education course in the country, and what the average starting salaries were for each one, it would be revolutionary.*** It would put students firmly in the driving seat, creating 'Pupil Power' because – for the first time ever – they'd know for certain whether the chances of getting a fulfilling job after taking ***this*** course at ***that*** University were better or worse than a similar version at a rival College a few miles away. And whether taking on thousands of pounds of student debts would be worth it or not as well. ***We should require every Higher and Further Education college and university to publish this information transparently for everyone to see, every year. The information should also be:***

- ***collected and published by the universities and colleges themselves, rather than by Government,*** to keep the system as flexible, up-to-date and free from political meddling as possible.
- ***published to a set of common data standards, agreed and approved with the Office for Students,*** so it can be easily compiled and used by companies and not-for-profit organisations that provide services to students, colleges or universities.
- ***Publicly and independently audited each year,*** so everyone has confidence in its accuracy.

'Pupil Power' won't just improve everyone's life chances; it will transform colleges too. The best-value courses will attract more students, while poor-value ones will shrivel unless they change to give their graduates better life chances. ***It creates a permanent, future-proof ratchet where all courses are***

***constantly being improved and updated to keep up with employers' changing needs, and skewers the snobbish assumption that further education should play second fiddle to universities too. It will put 'levelling up' into action, and bring us closer to moment when, because talent is equally distributed across all parts of the country, opportunity would be too.***

These changes will help student debts as well. ***If more students choose high-value but cheaper Further Education courses instead of longer, more expensive University qualifications, then the total amount of student debts will fall, and what's left will become easier for students to repay as well.*** We could reinvest the savings in scholarships for students from less well-off families, or in lower taxes, or in grants for older career-switchers on courses that are harder to redesign for part-time study so people can earn while they learn.

#### ***A Universal Accreditation System***

Too many mature students who want to switch careers discover they have to take basic qualifications covering skills and knowledge which they already have, before they can start learning anything new. This makes changing careers and upgrading skills slower, more expensive and more boring than it should be, and ***could be improved at a stroke if the universities, colleges and other awarding bodies agreed a universal accreditation system which recognised and gave credit for the knowledge and skills which students had already learned in previous courses and qualifications, no matter whether they were taken in higher or further education, or in practical on-the-job experience if it was supported by a portfolio of work or an exemption test instead.***

***The new accreditation system should be developed and agreed by the universities and colleges themselves, rather than by Government, to keep the system flexible, up-to-date and free from political meddling. The Office for Students should only be involved to audit that the new system is genuinely comprehensive and universal, and to write a public letter to Ministers if they find any omissions or gaps.***

This would make switching careers or upgrading existing skills far faster, cheaper, more flexible and more meritocratic, so the numbers of mature students would soar and more people would be able to fulfil their potential even if they made the wrong choices early in life, or simply need to change course later. It would abolish the snobbish divide between further and higher education, by making comparable skills and knowledge fully transferrable for the first time, no matter where they were learned. And colleges would know if the students they were enrolling on their courses were properly prepared, so the number of students who failed to complete each course would plummet too.

#### ***Better Education Regulation***

Because of the newly-transparent data and better-informed consumer choice created by these changes, a lot of education regulation would become unneeded as a result. ***Exam boards, Universities and FE Colleges would be required to publish the evidence required to make Comparable University Degrees and Pupil Power fully transparent; to arrange for both of them to be independently and publicly audited each year; and to develop the new Universal Accreditation Scheme. As a result of this, parts of the role of education regulators like Ofqual, the Office for Students and the Institute for Apprenticeships would shrink to approving the data standards for publishing the Pupil Power data, and checking the Universal Accreditation Scheme didn't have any gaps. As a result of this narrower, more focussed but still essential role, these regulators would shrink and could then be merged into a single body, in parallel with Ofsted's equally-vital independent inspection service.***

This change would cut the costs of red tape and regulation for all tertiary education without compromising or reducing standards in the process. It would free up educators and administrators in Further and Higher Education to focus on delighting their customers by designing and teaching great

## Poverty Trapped

courses, rather than worrying about their regulators, and give them more freedom to innovate with new course designs and teaching techniques too.

### *Integrated & Equal Education Funding*

Our education funding system is meaner for anyone who chooses a vocational rather than an academic qualification; who learns online rather than face-to-face; or who studies part-time rather than full time as they prepare to switch careers or upgrade their skills in later life as well. ***The funding system should be integrated and equalised so that it pays the same money for the same qualifications in the same subjects (although some subjects might still cost more or less than others), and so it does not discriminate between different types of approved teaching or training providers and methods. It should also abolish the 'Equivalent or Lower Qualification' (ELQ) rule, which currently stops midlife career-switchers from accessing funds if the course they need is at the same or lower level than whatever they already have.*** These changes ought to save money by making it easier for students to find funding for shorter, cheaper, part-time or online courses and, if the outcomes are the same, they will choose these options so both taxpayer costs and student debts will fall. And, by abolishing the ELQ rule so more people can acquire the skills they will need to switch careers if their old ones become obsolete or unwanted in later life, we will reduce the chances of them becoming long-term burdens on the state when they still have many years of productive, value-adding and fulfilling working life left.

### *The Power Of Culture & Attitudes: Stronger Ambition.....*

Equipping people so they are able to take their life chances takes ambition and self-belief, but deeply-entrenched cultures in some British communities mean these attitudes are actively discouraged. Fortunately, high quality careers guidance can raise the sights of students in schools and colleges. The Gatsby Foundation benchmarks for high-quality careers guidance already form the foundation of the Government's careers strategy, but some schools still treat careers guidance as a Cinderella subject so two further changes will be needed:

- ***In the same way that it is already impossible for a school to get an overall Ofsted inspection grade of 'good' or better if its safeguarding regime isn't up to standard, it should also be impossible if its careers guidance isn't either.***
- ***The careers strategy should be extended to include advice and support on how to start and build a business or become an entrepreneur, particularly in areas with fewer established local employers, or where the range of local employment is particularly narrow or limited.***

The new league tables comparing employment rates and starting salaries for all FE and HE courses (outlined in 'Pupil Power' above) will give pupils the information they need to choose the best courses for their particular life-paths. But they won't help students who leave school to start work aged 18, without going on into further or higher education. For them, the transition from school to work can be very challenging, so ***the answer is to publish the employment rates and starting salaries for each school's working leavers, to ensure they get the same prominence as pupils who are going on to Further or Higher Education.*** They will show which schools' career guidance teams are better than others at taking responsibility for supporting their students through the transition into work, rather than washing their hands after the last day of term. And it will show that our society views the life chances of less-academic pupils to be just as important as someone going on to study at Oxford or Cambridge Universities, rather than airbrushing them out of the figures at the first opportunity too.

Fixing school and college career guidance is important, but will come too late for every adult who is no longer in education and who needs an equivalent service as well. This is already provided; partly by the National Careers Service (NCS) and (mostly) by local JobCentre+ work coaches, but neither of

them are externally inspected, nor is there an equivalent of the Gatsby Foundation benchmarks to define what a good adult careers service ought to provide either. As a result:

- ***The Gatsby Foundation criteria should be extended to create an equivalent set of benchmarks for adult career services, so the NCS and local JobCentre+ work coaches' performance can be gauged against them.***
- ***Once the new criteria are available, the performance of both NCS and each local JobCentre+ work coach team should be regularly assessed by an independent inspectorate, with the results publicly reported so good practice can be identified, and poor performance isn't hidden or ignored.***

.....*More Trust & Legitimacy*.....

Ambition isn't the only cultural attitude which matters. In some communities, there are deeply-embedded doubts about whether British society is inherently fair or unfair to people like them, their families and friends. At its most extreme the effects of mistrust and illegitimacy can lead to a sense of profound injustice, victimhood and political or religious radicalisation. In less serious cases it creates a vicious, self-fulfilling circle where people turn down the advice and help which would improve their opportunities and life chances, because they don't trust the people or institutions that are offering it.

Even if we are completely successful in eliminating all types of bias (see 'Beating Bias' above) we will still have to change the deeply-engrained legacy of social attitudes and culture which they have created, otherwise people still won't believe it's worth getting their hopes up in the first place. ***Ministers should create a challenge fund for local Councils and civic associations to create tailored programmes to change attitudes and improve trust in individual neighbourhoods and communities with persistently-high or deeply-rooted levels of deprivation or low earnings. Councils should have a statutory duty to publish the results and outcomes which these programmes achieve as well, so their effectiveness can be assessed and used to design continuously-improving versions in future too.***

.....*And Better Relationships*.....

Each of us has a network of relationships with friends, family, work colleagues or business contacts and the strength of this 'social capital' makes a big difference to whether we are able to live fulfilled and independent lives, and whether we – and, in turn, our children too – are in poverty or not.

Creating a strong or weak network doesn't happen by accident. It is an ability which we all develop in our first two or three years of life, although changes and improvements to remedy problems are still possible later. And if it doesn't happen, the costs of repairing and putting right the resulting increases in poverty, long-term health problems and effects of criminality are far higher than of preventing them in the first place. ***As a result, finding and delivering successful early intervention programmes is not only a powerful way to reduce poverty, but also to save huge amounts of taxpayers' money as well. The savings could either be used to improve other parts of our health, welfare, police and local Government public services, or returned to taxpayers in tax cuts instead.***

The obstacle to achieving these changes is that the most-successful programmes aren't being identified and applied consistently across the country. We need a far more consistent and systematic approach to put this right, so ***the Government should publish a national Early Intervention Strategy, equivalent to the NHS Long Term Plan, which should include:***

- ***UK Research and Innovation should co-ordinate research into the poorly-understood causal pathways that prevent young children from forming strong social bonds, and also into the***

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*effectiveness of different early intervention programmes that are designed to put it right*, so the reasons for their successes and failures can be understood and their results can be systematically improved through a scientifically evidence-based process.

- **Local authorities will need help to understand what constitutes good-or-best-practice in Early Intervention services**, particularly as the effectiveness of different programmes is improved through the UKRI research regime outlined above. **The Early Intervention Foundation (EIF) already performs this service by collecting and synthesising the available evidence, and this should continue.**
- **Every local authority's Early Intervention Service should be independently and regularly inspected (probably by Ofsted, since they already inspect the same Local Authorities' Children's Social Services) to ensure it is delivering good-or-best-practice standard interventions.** This will help to deliver 'levelling up' in practice, by ensuring that their provision is consistently high quality but still reflects variations in local needs in each part of the country, and that services are future-proof so they can't be downgraded or eroded in the face of other spending pressures in future.
- **If necessary, we may also need to extend the existing statutory duties of Local Authorities to ensure children are educated and protected, to include providing effective, good-or-best-practice-based Early Intervention Services, based on the UKRI research too.**

The result of these changes would be a happier and more fulfilled society, with better public services and lower taxes, whose citizens are more resilient to avoid poverty when something goes wrong, and better-equipped to succeed in their chosen life-plans too.

### *Improved Preventive Education*

Preventive education is formally taught through the Personal, Social, Health & Economic (PSHE) education curriculum. Done well, it helps us understand the risks of our decisions over things like smoking, alcohol, addictive drugs, poor diet or exercise, and obesity. It equips more of us to develop and maintain healthy emotional relationships, better mental health, and avoid online harms or unplanned pregnancies.

But it isn't always done well. The effectiveness and extent of PSHE teaching is highly variable with some elements (like understanding personal finances, or structured social and emotional learning so pupils are emotionally resilient) getting less focus than others. PSHE is often treated as a 'cinderella subject' which gets less attention than traditional academic topics where students are examined at SAT or GCSE. The costs in human health and happiness, as well as the economic and fiscal costs to taxpayers who have to foot the bills for supporting adults who haven't been able to cope with living independently in later life, are much higher. **Prevention is better than cure so, in the same way that it is already impossible for a school to get an overall Ofsted inspection grade of 'good' or better if its safeguarding regime isn't up to standard, it should also be impossible if its PSHE provision isn't either.**

### *Financial Resilience: Reforming Gifts & Inheritance.....*

Financial resilience is key to preventing people who aren't currently in poverty from slipping down into it, by ensuring they have a savings cushion to deal with life reverses like divorces or long term illness, or unavoidable one-off costs like replacing a leaking roof. Improving the effectiveness and extent of PSHE (outlined in Preventive Education above) will help students understand why saving is important, and teach them techniques to achieve it so they can remain independent throughout their lives. **But we can go further, by changing the way we tax gifts and inheritance, encouraging people to spread their wealth as widely as possible when they pass it on by switching tax on inheritances so it is paid by the person receiving the money as part of their income tax bill for the year, rather than by the dead person's estate.** The benefits would be:

- Less well-off people would pay less tax than richer ones, because more of the inheritance would fall below the initial threshold before income tax and national insurance starts. But richer people would pay more, because they would already be top rate taxpayers and the inheritance would count as more of the same.
- Wealthy people would have a strong incentive to pass smaller amounts of money to as many inheritors as possible, since the overall amount of tax would be less, which would insulate more people against falling into poverty.
- The replacement tax would be much simpler and cheaper to administer, and harder to avoid, than inheritance tax.
- If we applied the same rule to gifts between living people as well as to inheritances from dead people's estates, it would encourage rich people to give lots of smaller gifts while they were alive, rather than a single big one after their death, which would provide better, earlier protection to prevent more people from slipping into poverty than a single larger amount when it might be too late to be useful.

### .....And Benefits Too

The second opportunity to improve financial resilience is to tweak the Government's Universal Credit benefit scheme. This has been a major improvement from its predecessors, which were so complicated, unpredictable and brittle that most people had no idea whether they would be better or worse off once their benefits had been recalculated. This destroyed work incentives and entrenched poverty because many people concluded that it was simpler and safer not to do anything (like apply for overtime or a better-paid role, particularly if it involved moving somewhere else) which might disrupt their existing payments.

That said, no system is perfect and there is a structural problem in Universal Credit's basic design that harms financial resilience. The 'five week wait', where anyone who isn't already claiming and loses their job gets no benefits for the first five weeks, makes it more likely that people with little or no savings cushion will slip down into poverty if they lose their job. So, ***for every new Universal Credit Claimant without enough savings to cover the 5 week wait, the system should be modified to pay benefits at the same initial frequency as the claimant was previously being paid (ie daily, weekly or fortnightly) with the frequency being lengthened progressively and in manageable steps over time until it becomes monthly like everybody else.*** This would require software changes, but wouldn't add a single penny to the overall benefits bill because it would simply reschedule payments which were going to happen anyway. So the costs to taxpayers ought to no higher than today and, by helping more vulnerable benefits claimants avoid poverty, hardship and debt, both claimants and taxpayers would benefit by preventing existing problems from spiralling downwards, and becoming more severe and expensive to fix in the process as well.

### Fixing The Shared Causes Of Poverty & Ill-Health

***All the recommendations in this paper aim to fix the underlying causes of poverty rather than just treating its' symptoms, so they will also fix many of the associated health inequalities too.***

But even though these recommendations should solve many of the shared causes of poverty and health inequalities, they won't help people who are already in poverty and suffering from its associated health problems as a result of decisions they took in the past and environments they have lived in for years. We still need a way to re-equip them so they can use their next set of life-chances better than their last ones. This will require a new, fully-integrated approach which brings together all NHS health services, plus employment support (Department for Work & Pensions – DWP), housing (Department for Levelling Up), criminal justice and probation (Ministry of Justice and HM Prisons &

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Probation Service – MOJ & HMPPS) and Local Authorities too. ***The Health & Social Care Bill 2021 aims to introduce this approach by creating new Integrated Care Systems; this is the right approach and should be rolled out as swiftly as possible.***

One of the biggest joint causes of ill health and poverty is addiction, whether it is to drugs, nicotine, gambling, alcohol or anything else. But one type of addiction – to drugs - is different because of the political obstacles which stand in the way of solving its' causes rather than treating its' symptoms. The number of drug addicts has soared in the 50 years since our current legislation (the Misuse Of Drugs Act 1970) was introduced, having been broadly stable for many years before. But in spite of the toll of human misery, ill health and poverty which these terrible figures represent, our political debate has largely looked away.

***In the same way as Early Intervention programmes can help to prevent and avoid many of the underlying causes of poverty for children and young people (as explained in Better Relationships above) finding and delivering successful programmes to prevent and avoid the equivalent costs caused by drug addiction will not only reduce poverty, but will also save very significant amounts of taxpayers' cash as well.*** The savings could either be used to improve other parts of our health, welfare, police and local Government public services, or returned to taxpayers in tax cuts instead.

Dame Carol Black's 'Review of Drugs makes similar (but subject-specific) proposals for a fully-integrated approach to drug treatment and rehabilitation services to those which are already embedded in the Health and Social Care Bill 2021 (above). These are very sensible and should be implemented promptly, but her terms of reference did not include recommending any changes to the underlying legal frameworks that have been responsible for most of the last 50 years of failure. ***If we don't address this, we will be doomed to keep treating symptoms rather than solving the underlying causes of the problem, so this is the vital missing element which is essential to fix our drug addiction epidemic, and the poverty which it creates. The Government has just announced plans to publish a long-term drug strategy by the end of the year with a focus on a whole of government approach to tackling both drug supply and demand which must plug this gap immediately***

### 7.6 Bouncing Back

The third of the three big changes which are needed is to provide effective, specialist rehabilitation support so people can bounce back successfully after a serious life reverse, to regain their independence and escape poverty after a bout of severe mental illness or addiction, a spell in prison, job loss, bereavement, relationship breakdown or business failure. This is – rightly – an area which gets a lot of attention already, with many different programmes already in place. But there are still plenty of gaps and shortfalls in this patchwork of different programmes and services, so we will need two key changes to plug the biggest holes.



#### *Learning From 'What Works'*

Some rehab programmes have very low effectiveness and success rates vary hugely. We need a more systematic approach to improve these outcomes, which will mean three big changes:

- ***UK Research and Innovation should co-ordinate research into different rehabilitation programmes so the reasons for, and the scale of, their successes and failures can be understood and their results can be systematically improved through a scientifically evidence-based process.***

- ***The National Institute for Clinical Excellence (NICE) already approves many rehab treatments, in the same way as it covers other medicines as well. Its remit should be extended (or an equivalent independent agency should be established if more appropriate) to collate and assess the evidence of the effectiveness of all rehabilitation programmes which are provided or commissioned by Local Authorities, NHS health teams, Ministry of Justice or HM Prison & Probation Service, and DWP. Any service which is provided or commissioned using public money should either use NICE-approved techniques to ensure it is effective and good value, or the public body should have to explain publicly why it has still decided to use an unapproved service even so.***
- ***The Care Quality Commission (CQC) already inspects and reports publicly on Local Authority adult social services, care homes and health providers. Its remit should be extended in the same way as NICE's, to include all rehabilitation programmes provided by other public bodies such as Local Authorities, NHS health teams, Ministry of Justice or HM Prison & Probation Service; and DWP to ensure they are being delivered in a professional and effective way.***

This will winnow out less-effective programmes and replace them with ones that work better; give more people a better chance of recovery, so no-one is abandoned or discarded after a serious life reverse; and will help more people rejoin society as fully-functioning, independent, taxpaying citizens rather than remaining as long term dependent burdens on the state.

#### *Integration Is Key*

Most topic-specific rehab programmes are too narrow to work effectively on their own. The sections on fixing health inequalities (above) have already explained why we need better integration of key public services in housing, homelessness, criminal justice, education and health, and how to deliver it so more people are equipped and ready to escape their particular causes of poverty when they get the chance. Unsurprisingly, this is even more important for anyone who needs to bounce back from the most serious and complicated problems, ***so the new Integrated Care Systems should also co-ordinate and integrate acute or urgent services for people who need immediate and intense interventions to bounce back from their particular underlying causes of poverty too.***



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Will Tanner, Director of Onward

*"True to form, John Penrose MP delivers a tight, powerful argument about what is wrong with how we approach poverty and what can be done to fix it... His solutions - not least more affordable childcare, greater street-level planning control, and greater accountability from universities for the degrees they sell - are characteristically sound. It is precisely this kind of thinking that is needed to renew the intellectual foundations of the centre right and deliver for the governing party's new electoral coalition."*

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Will Snell, CEO at the Fairness Foundation

*"This thoughtful and wide-ranging paper provides a refreshing take on how to banish poverty once and for all by building a fairer society. It is noteworthy in its emphasis on tackling the causes rather than the symptoms of poverty, and on creating genuine equality of opportunity that allows people to live independent lives by removing structural barriers. I hope that this paper can encourage others to join a broad-based conversation about how we can move forward."*

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Mark Littlewood, Director General, Institute of Economic Affairs

*"John Penrose is one of the nation's most intellectually engaging Members of Parliament... [Poverty Trapped] gets to the nub of what is going wrong in Britain – and, just as crucially, what isn't. Even if you do not agree with the entirety of the author's analysis – or with all of his prescriptions – you will find it impossible not to be thoroughly engaged and enormously challenged by John Penrose's thoughtful approach."*

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Prof Philip Booth, Director of the Vinson Centre for the Public Understanding of Economics, University of Buckingham

*"[John Penrose]...has put together a series of practical reform proposals in several areas which would help to turn the tide... Without radical reforms to the land-use planning system, for example, the Conservative Party will be relying on the votes of a shrinking number of home-owners whilst younger people become more and more restless. The Conservative Party hierarchy should be challenged by this document - and fearful of the consequences of carrying on as they have been in the last six years."*

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Prof Tim Evans, Middlesex University London

*"Poverty Trapped presents a masterful array of insights and solutions for some of the UK's most urgent public policy challenges. Encouraging readers to gain altitude above a broad, yet highly interconnected set of issues spanning housing, education, childcare, taxation and honours, it unearths a breath-taking wealth of practicable policy gems. This is one of the best contributions to public policy I have read in many years."*

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Prof. Lee Elliott Major, University of Exeter

*"This is a serious report on a topic that should be a central motivation for anyone who goes into politics: how do we create a society in which all can pursue opportunity irrespective of their background? This is a thoughtful and thought-provoking treatise, packed full of ideas – sometimes bold and sometimes controversial, but also in many cases, evidence-informed, eminently sensible and very do-able."*

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