



The State of Social Mobility in the UK

July 2017

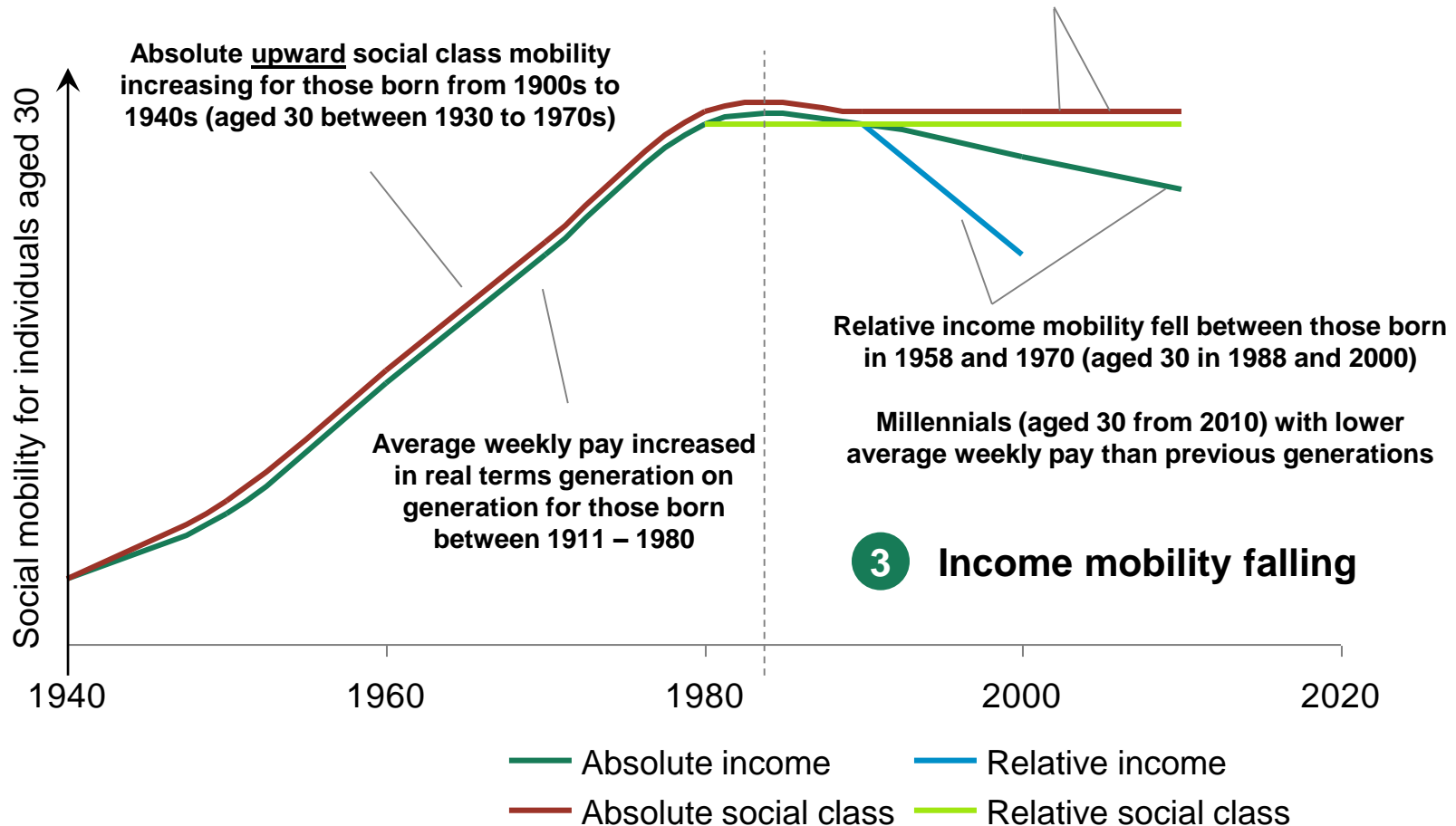
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80 years of social mobility in the UK

1 Absolute social class and income mobility increasing

2 Social class mobility plateaus

Relative and absolute social class mobility stable for those born between 1946-1984



Driven by opportunity, capability and access

Key drivers

1 Job opportunities in the economy

- Economic growth (creation of opportunities)
- Structure of the economy
- Geographical distribution of opportunities / growth

2 Individual capability development

- Hard skills (e.g. literacy, numeracy)
- 'Non-cognitive' skills (e.g. resilience, motivation)
- Parental and community influences

3 Ability to access education & the job market

- Admissions & recruitment biases (e.g. race, gender)
- Understanding of opportunities (e.g. career paths)
- Networks and peer group norms

Underlying factors

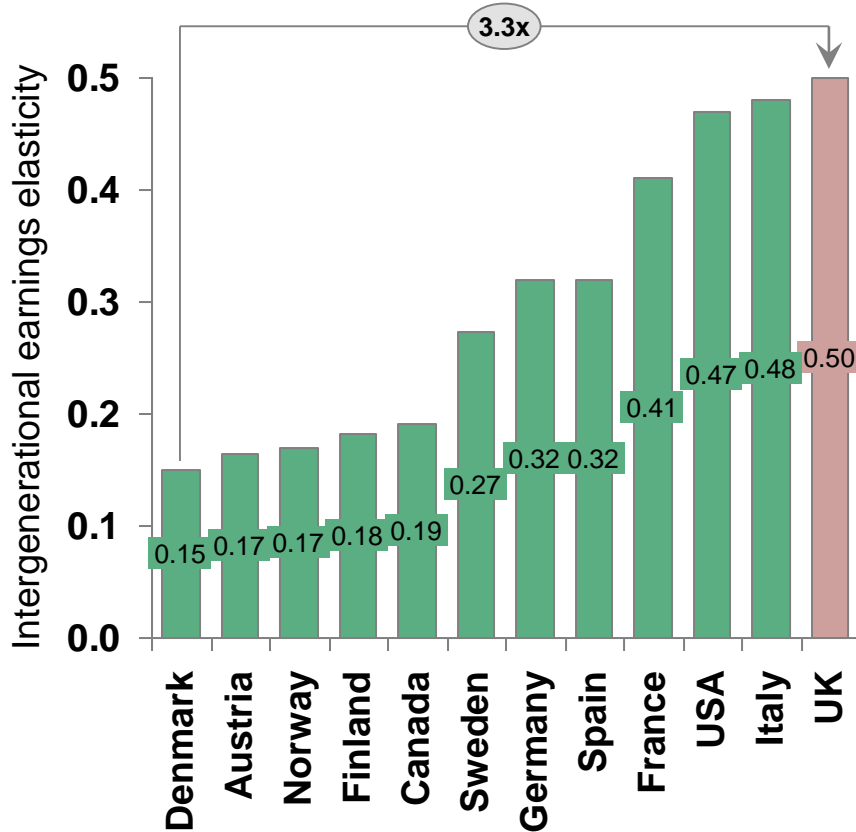
Influence mobility through key drivers

- *Structure & quality of education system*
- *Parental education*
- *Health outcomes*
- *Political attitudes*
- *Infrastructure development (e.g. broadband)*
- *Home environment*
- *Public transit investment*
- *Employment support*
- *Housing support*
- *Level of income inequality*

Social mobility
Better & fairer opportunities for all

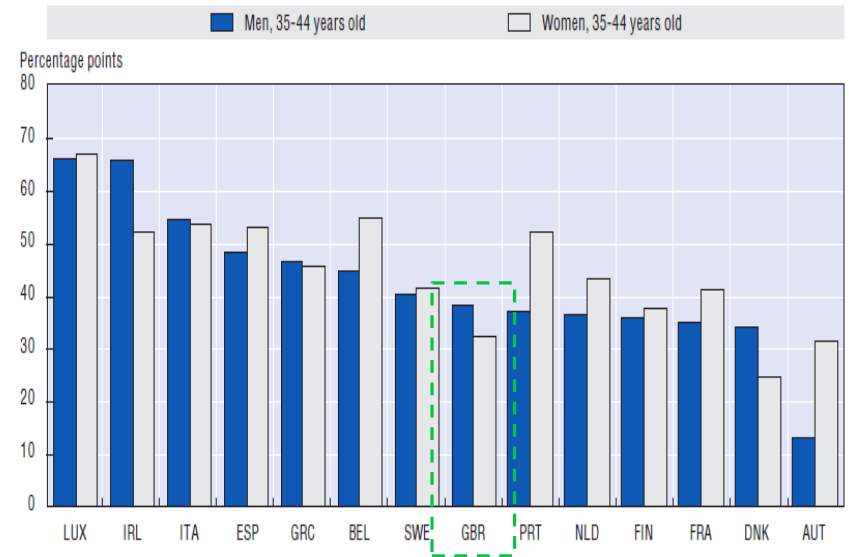
UK's educational and income mobility

UK has **worst income mobility** of OECD...



... but relatively **good educational mobility**

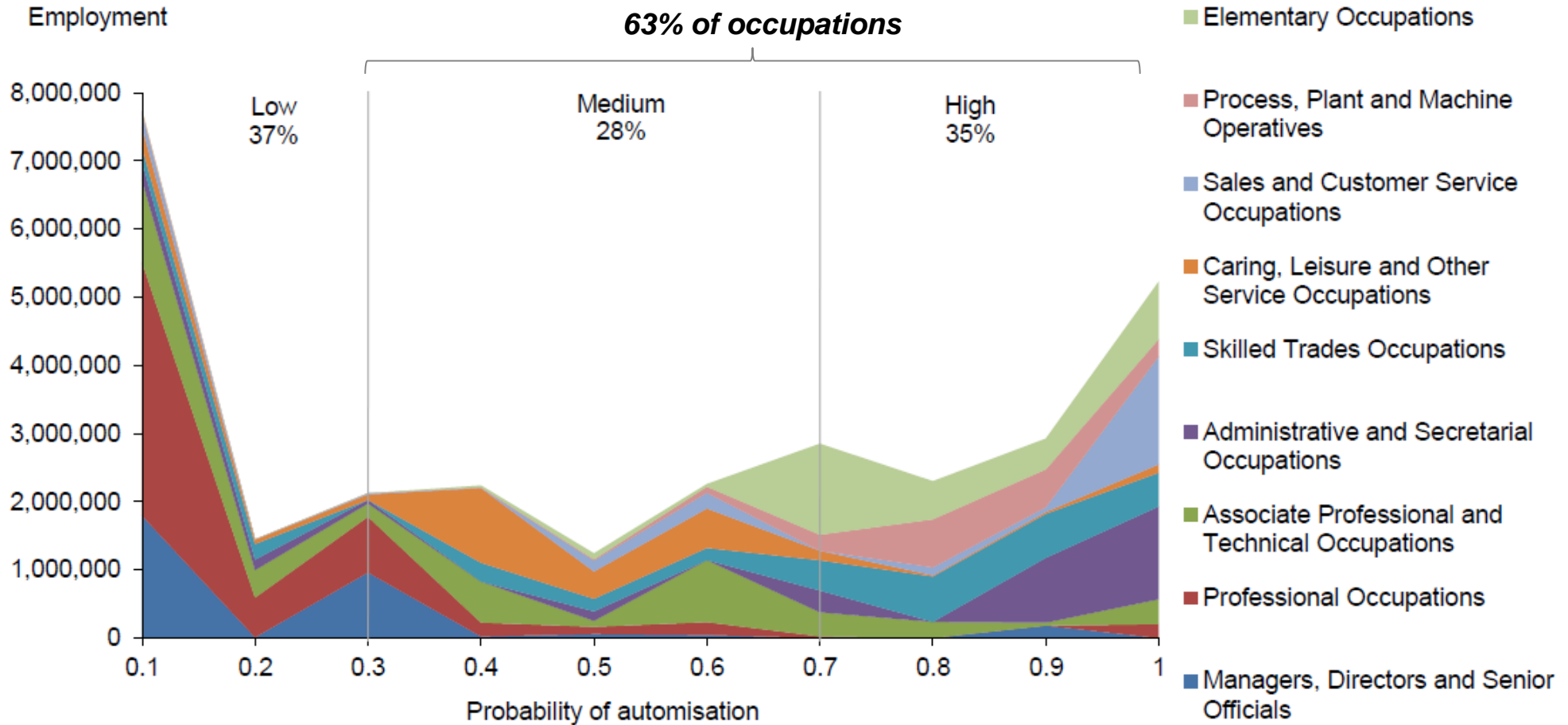
Figure 5.5. Summary measure of persistence in tertiary education for some OECD countries¹



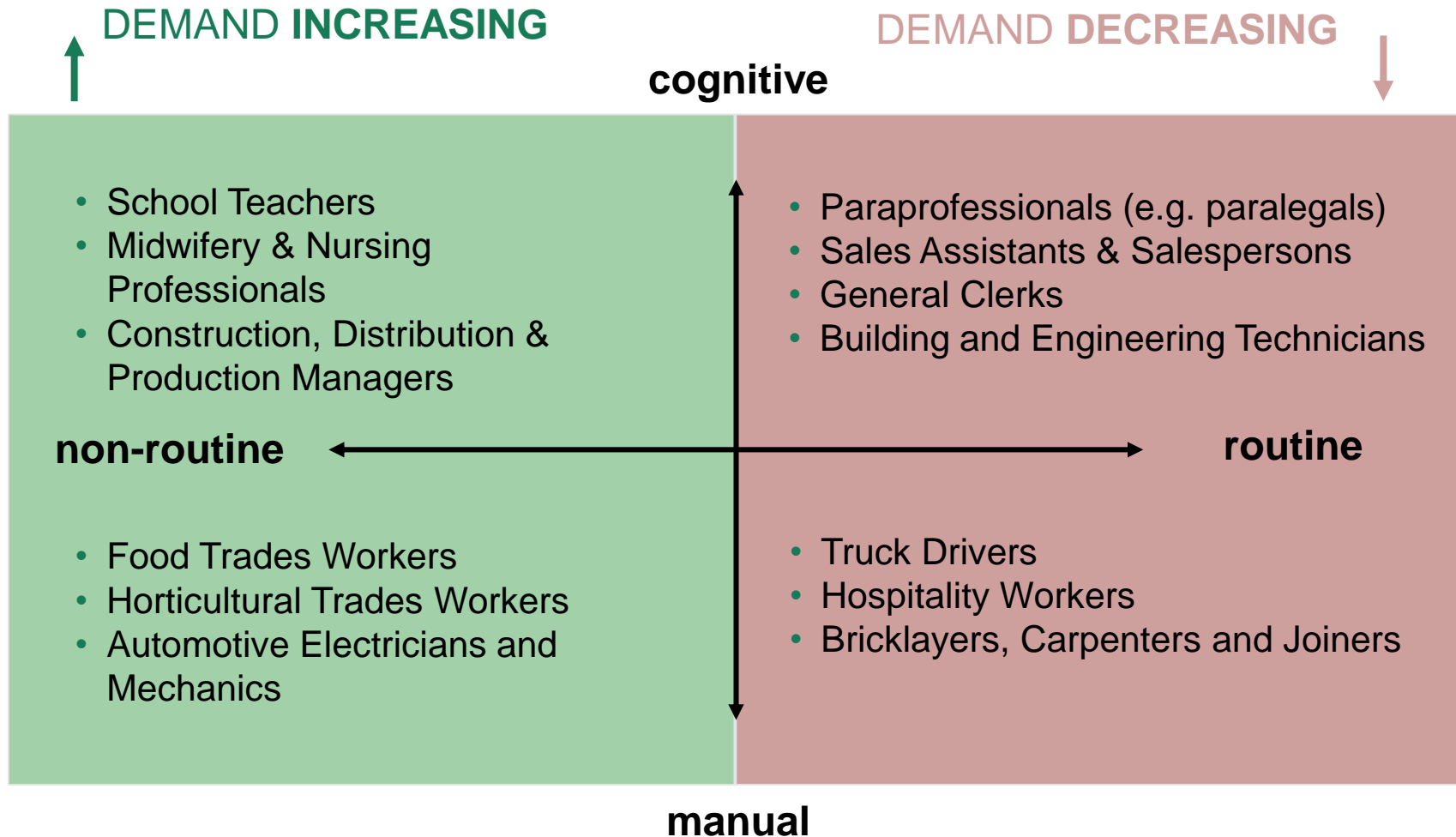
Similar picture holds for underachievement at the secondary school level

(1) Source: OECD, *Going for growth*, 2010.
ST 20th Anniversary Summit Jul17.pptx

Probability of automation

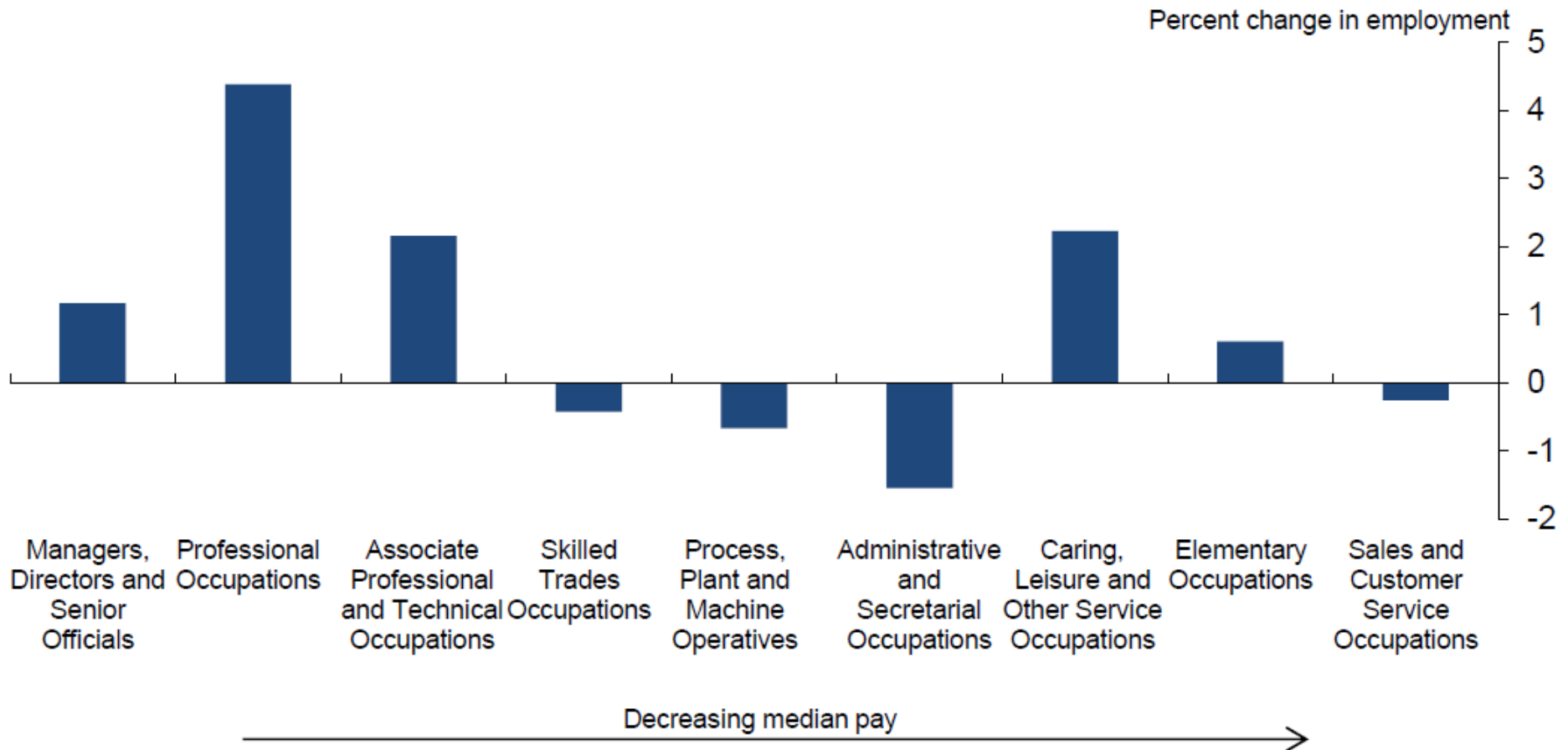


Automation will first affect routine tasks



'Hollowing out' in the UK workforce

Change in employment shares, 2004-2014



Three pairs of winners and losers

1. High skilled vs low skill workers

- Routine work in predictable environments can be substituted, non-routine workers less at risk
- Those in work that can be complemented / augmented by technology likely to benefit (as long as on the right side of labour supply)
- Likely continuation of income premiums for those with higher education

2. Superstars vs everyone else

- Digital technologies increase the 'winner takes all' dynamic of many markets/industries
- Talents, insights and decisions of a single person now able to dominate national or global markets and the 'good but not great' local competitors increasingly crowded out (e.g. music, sports, software)
- Evidenced by recent income growth of the top 1%, and even more so the top 0.1% and 0.01%

3. Capital vs labour

- Substitution of capital for labour leads to owners of capital being disproportionately better off
- Capital already capturing a growing share of GDP in recent years (plus corporate profits as % of GDP also at record highs)

Even if a 'worst case' view is not adopted, clear that there will be a painful and (likely) long adjustment period

Recommendations

Key recommendations

Social mobility
Better & fairer opportunities for all

1

Increase **job opportunities** in the economy

- Support innovation & entrepreneurship to drive high value job creation, e.g. in FinTech
- Incentivise companies to establish and create jobs outside of London and the South

2

Develop **individual capabilities**

- Agree a national definition of school readiness; establish local parenting initiatives
- Accelerate improvements in teaching quality, especially in disadvantaged areas
- Surgically target reductions in the 'Summer gap' in education
- Enhance the focus on building 'essential life skills' in less advantaged students
- Further promote the apprenticeship and vocational tracks
- Increase the study of STEM subjects

3

Ensure **fairer and more equal access** to education and the job market

- Establish common set of metrics for universities to report to the Director of Fair Access
- Roll out internship and apprenticeship schemes aimed at increasing participation