

**Independent  
Review**

**Poverty and Life Chances**

# **Can we prevent an intergenerational cycle of disadvantage?**

**Sarum College**

**Salisbury, 20 October 2012**

# Additional Costs of Disadvantage

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- The cost to the public purse of dealing with social ills – mostly the result of poverty - is astronomical.
- A recent Joseph Rowntree Foundation report put the additional cost of these social ills to the state at between £11.6 to £20.7 billion a year.
- The role of early intervention – implementing a strategy to prevent social ills occurring - has taken on a greater importance in the public debate in recent years, and it has the potential to generate major savings for the state.

# Child Poverty

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In 1997 the Government promised to abolish child poverty by 2020. Child poverty is defined as:

**“children living in a household with income below 60 per cent of equivalised median earnings”.**

Median equivalised net household income in 2010/11 was £419 per week (before housing costs). Someone is in relative low income, 60 per cent of median income, with an income of £251 per week, before housing costs.

# How we deal with financial disadvantage: income transfers

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- Since 1997, **£150 billion** has been redistributed to poor families.
- Despite this sum the 2010 target – that *only* 1.7 million children should live in poverty - was missed by 600,000 children.
- This traditional approach of income transfers has yielded:

## **Only Modest Results**

- 1.1 million children moved above the 60% line: 2.3 million remain below it.

## **A Stalled Strategy**

- Since 2008 child poverty rates have fallen as median income has fallen – in spite of the worst recession since the war.

# How we deal with educational disadvantage: Schools and the Pupil Premium

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The pupil premium was announced in the Coalition Agreement (May 2010) and introduced in the 2010 Spending Review.

The £2.5 billion fund aims to support the education of disadvantaged children and provide an incentive for good schools to take pupils from poorer backgrounds.

Pupils targeted by the pupil premium are those from 'deprived backgrounds' and looked after children.

# Pupil Premium

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- Ofsted recently published three reports on the pupil premium.
- Half of schools surveyed said that the scheme made little or no difference to the way they were being operated.
- Only 10 percent of schools said it was having a significant effect.
- Sir Michael Wilshaw, Ofsted's chief inspector, believes that funds were simply being used to "plug the gap" in school budgets.

# Pupil Premium

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- The Liverpool City Region's Child Poverty Commission conducted a similar exercise last year, finding that just 20 percent of schools anticipated that pupil premium money would narrow the gap between richer and poorer pupils' results.
- The pupil premium is therefore not working.
- **Nor is it even directed at the right age group.**

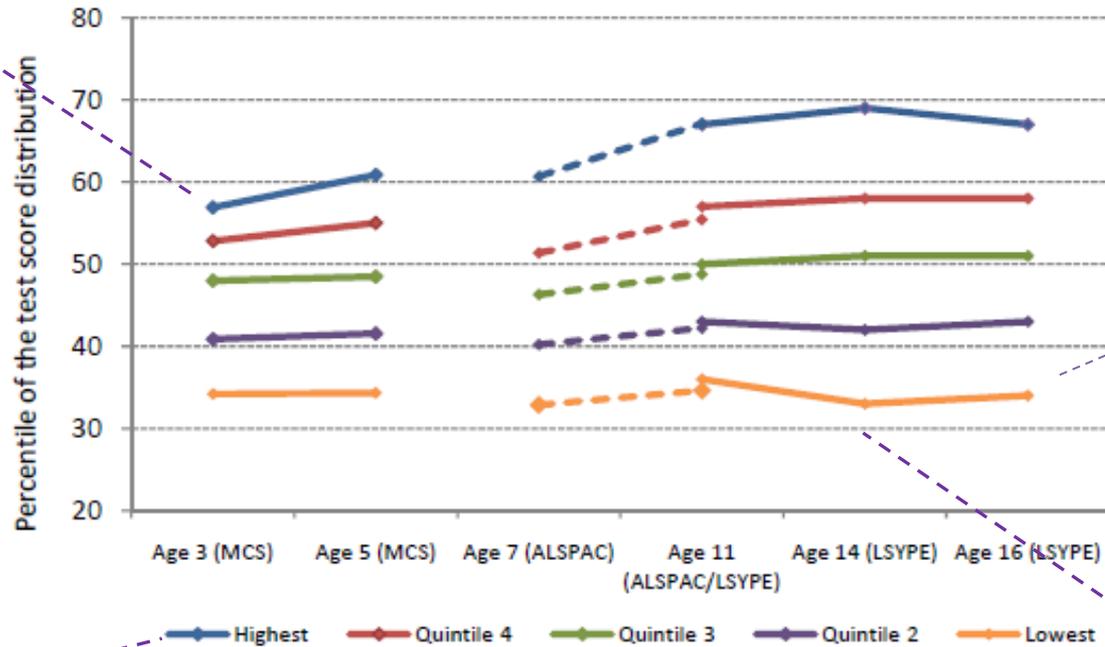
# Income Transfers and Pupil Premium

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- The Independent Review on Poverty and Life Chances found that these strategies are **inadequate** if the causes of child poverty are to be eliminated.

# Gaps open early and stay wide

Educational outcomes by socio-economic position quintile, across surveys and ages



By age 3, richer children are already doing significantly better than poorer children

Poor children achieve very poor outcomes (see GCSE results)

Children from the richest families are shown in blue, the poorest in orange

Gaps in attainment are at their widest at age 14 and narrow somewhat at GCSE

# Key messages from the evidence

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- Systemic socio-economic gaps appear between richer and poorer children in the early years and persist throughout childhood.
- Pregnancy and the first five years of life shape life chances:
  - cognitive development at age five is strongly associated with later outcomes.
- Parental impact is more important than class: “What parents do is more important than who they are”.

# Key factors influencing outcomes in the early years

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The Review was able to identify the key drivers which influence outcomes in the early years. It highlighted two major themes:

## 1. Parents are key

- During the earliest years it is primarily parents who shape their children's outcomes:
  - brain development affected by parental attachment;
  - the 'home learning environment' is the single most important behavioural factor; and,
  - 'positive parenting' positively impacts children.

## 2. Childcare

- Higher quality childcare (and long attendance) have large and long lasting effects on cognitive outcomes, particularly for poor children.

# Key Conclusions

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- A combination of positive parenting, a good home learning environment and parents' qualifications in the early years can transform children's life chances.
- The weight of evidence indicates that this is **more important to outcomes than class background and parental income.**

# A new framework for measuring life chances

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- Review identified a small set of key predictive factors which form the **Life Chances Indicators**.
- The Indicators will measure how **ready for school** an individual is at age five.
- The Indicators were chosen based on the:
  - strength of prediction and magnitude of impact on readiness for school and outcomes in later life among children from poor households;
  - extent to which the factor acts as a headline indicator and pulls together other factors; and,
  - potential for the factor to be influenced by policy, in both the short and longer term.

# Life Chances Indicators

Child factors	Parent factors	Environmental factors
Cognitive (including language and communication) development at around age three	Home learning environment	Quality of nursery care
Behavioural and social and emotional development at around age three	Positive parenting	
Physical development at around age three	Maternal mental health	
	Mother's age at birth of first child	
	Mother's educational qualifications	

# Life Chances Indicators

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- The University of Bristol concluded that the Indicators are predictive of later life outcomes: **narrowing the gap on these drivers was shown to predict virtually all of the difference in child outcomes at age 5.**
- The Indicators have all been measured and analysed before.
- The Indicators aim to improve the life chances of poor children:
  - incentivise a policy focus and investment on the future life chances of children;
  - enable regular, national level monitoring of the gap between children from low income households and the average; and,
  - provide a clear message to service providers and parents about what matters most for improving children's life chances.

# The Foundation Years

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- The Review proposed establishing the **Foundation Years** as the first pillar of a new ‘tripartite education system’:
  - Foundation Years (pregnancy to age 5);
  - School Years (primary and secondary formal education); and,
  - Further, Higher and Continuing Education (leading to the world of work).
- The Foundation Years should formalise all Government services for the under 5s and policy should be driven with the sole focus of narrowing the attainment gap.
- Two principles run through all the recommendations:
  - parents must partner with the new education system; and,
  - society needs to take provision of services for the under 5s as seriously as it does compulsory education.

# Foundation Years principles

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The Foundation Years are underpinned by eight principles:

## 1. A single service

- Services should be seamless from parents' point of view
- The Sure Start brand is key to the delivery of services

## 2. Universal

- Foundation Years services should be seen – like the NHS – as a core government service

## 3. Progressive

- Resources should be directed to narrow the attainment gap
- The fairness premium should be expanded to earlier in life and delivered through services

## 4. Builds on parents successes

- Government should strive to improve parenting education at all ages
- Services should support parents' strengths rather emphasise their weaknesses

# Foundation Years principles

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## 5. Builds capacity in the community

- Sure Start should actively involve local groups and commission out services to those best able to deliver them

## 6. Professionally led

- Professional leadership is key to ensuring good outcomes: DfE should develop a model for professional development which mirrors that for schools (Tickell Review)

## 7. Underpinned by strong evidence

- The Government should carefully consider in what programmes it invests. The Graham Allen Review has undertaken research which identifies which interventions work

## 8. Accountable

- Sure Start should be judged on its outcomes for school readiness, with parents taking a greater responsibility for Centres' governance

# The Foundation Years Trust

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- The Foundation Years Trust has been established to try and achieve exactly this.
- A pilot project is underway with Cambridge University in Birkenhead to produce a ready for school measure based on the Life Chances Indicators.
- The Trust is establishing a project in Birkenhead to deliver the Foundation Years strategy.

# Conclusions

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- In June the Coalition Government increased the child element of child tax credits by **£3.7 billion** over 2011-13. The annual Sure Start budget is **£1.5 billion**. The pupil premium budget will be **£2.5 billion** a year by 2014-15. These budgets can be spent in better ways.
- Only by investing in the **Foundation Years** will improve outcomes for poor children, ensuring they are more ready for school.
- **Ready for School Measure** will measure how well we are in ensuring children arrive at school better prepared for their schooling.