



# **New Opportunities**

## **CEPEO Evidence-Based Policy Priorities**

**Main Report**  
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Britain is one of the most unequal countries in the developed world, [in terms of outcomes and opportunities](#). One of the most important drivers of the gap in adult incomes between children from richer and poorer families is differences in their education and skills. Inequalities in education – the fact that those from poorer families do less well at school than those from richer families – [drives over half of the inequality in opportunities experienced in this country](#). This is unsurprising: education is one of the most important predictors of life chances, and those with lower levels of education are less likely to find employment or get a high-paying job. While progress had been made over the past decade in reducing achievement gaps in education between children from richer and poorer families, unequal experiences during the recent Covid-19 pandemic have eradicated this.

The aim of our Policy Priorities is to offer evidence-led, practical steps to move towards a society of more equal opportunities from early years to adulthood. In the battle to overcome severe skills shortages and waning productivity growth, there is a [strong economic case](#) for major investment in education and skills throughout life, from early years through to tertiary education and in-work training. The benefits of investments in education and skills are often found to outweigh the costs in the long run, meaning spending in these areas is a relatively low-risk choice for politicians concerned about future debt. Yet mindful of the challenge of competing priorities and high public debt, we present eight immediate priorities that are low cost, grounded in evidence, readily attainable, and materially important, and six more ambitious evidence-led reforms to address long-standing inequalities, equalise opportunities and create a fairer, more productive society.

### **Immediate priorities – simple, low-cost change**

1. Improve communication and simplify applications for childcare subsidies.
2. Launch a new campaign to support children's early maths skills.
3. Improve communication with parents to reduce pupil absenteeism.
4. Retain external examination as the primary means of assessment.
5. Reform apprenticeship levy rules to ensure that apprenticeships are a gateway into skilled employment for young people.
6. Expand accountability on attendance and outcomes to all providers of post-16 education.
7. Introduce an annual "Social Mobility Scorecard" for universities.
8. Introduce entry and pay gap audits by socio-economic background.

### **Ambitious reforms to address long-standing inequalities**

1. Ensure access to high-quality early years provision for children from disadvantaged backgrounds.
2. Reform school admissions policies to weaken the link between family income and school quality.
3. Invest in the recruitment and retention of high-quality teachers.
4. Introduce a post-qualification applications (PQA) system for post-18 education.
5. Invest more in Further Education (FE).
6. Adopt a more generous and holistic approach to incentivising adult learning.

Here we outline the main evidence to support our priorities in a succinct manner. Our accompanying [Full Report](#) provides greater detail of the evidence to motivate the issues, and to support the proposed policy response.



## Immediate Priorities – simple, low-cost change

- 1. Improve communication and simplify applications for childcare subsidies.** Early education benefits children and families, [particularly those from disadvantaged backgrounds](#). Disadvantaged two-year-olds are entitled to free part-time early education, but [less than three quarters](#) take it up. Similarly, [less than half](#) of families eligible for tax-free childcare – a government top-up for childcare spending – use it. Amongst families not using these subsidies, some report not knowing about the offer, and others report difficulties applying. Writing to eligible families directly – and, if possible, circumventing the need to apply separately – as some local authorities already do, [is likely to](#) increase take-up of these subsidies and hence boost participation in early education, particularly amongst disadvantaged families.
- 2. Launch a new campaign to support children’s early maths skills.** [Attainment in maths has fallen](#) since the pandemic, particularly for those from disadvantaged backgrounds, while there has been no similar decline in reading. This is hypothesised to result from the fact that [parents are more likely to help with reading than maths](#) at home due to [higher rates of parental maths anxiety](#). Resources designed to support parental engagement in early learning can have significant benefits on [children’s maths skills](#). Yet [previous government backed campaigns](#) to support the home learning environment have largely focused on language and literacy skills. While these skills are important, research shows that [how well children do at maths at age 5](#) makes a difference [for their later educational outcomes](#). Improving parental engagement in maths is likely to be a low cost, high impact strategy.
- 3. Improve communication with parents to reduce pupil absenteeism.** Schooling can only equalise opportunities if children are in the classroom. Absences have a highly disruptive impact on pupil achievement, [equivalent to two to three months of learning lost](#) per year among persistently absent pupils. Moreover, pupils eligible for free school meals are more than twice as likely to be persistently absent as others. While there are many complex reasons why pupils may be absent from school, evidence from [the US](#) and [England](#) shows that simple low cost interventions like texting parents can significantly lower absence rates for some pupils and hence contribute to reducing the attainment gap. This could be complemented with more detailed investigation of the reasons underlying persistent absences, to identify appropriate evidence-based action for the future.
- 4. Retain external examination as the primary means of assessment.** There have been renewed calls to replace external examinations with more teacher assessment, on the grounds that exams are bad for pupils’ mental health and lead to curriculum narrowing through ‘teaching to the test’. However, evidence suggests these concerns about [exam anxiety](#) or [teaching styles](#) detrimentally affecting students’ performance are largely misplaced. The pandemic also highlighted the greater inequalities that can result from the use of internal rather than external assessments due to the inaccuracies of predicted grades and teacher assessments, particularly for [poor](#) and [ethnic minority](#) students. We should therefore keep external assessment, alongside ongoing formative assessment. The latter [is also beneficial for pupil attainment but](#) is a complement not a substitute to external assessment.
- 5. Reform apprenticeship levy rules to ensure that apprenticeships are a gateway into skilled employment for young people.** The current system creates incentives for employers to offer apprenticeships to existing employees in place of other types of internally provided training, rather than to young people leaving full time education. The majority of apprentices are already employed in the firm before starting their apprenticeship [and this trend has increased since the levy was introduced](#). Ringfencing a proportion of the levy for young people with lower qualification levels should increase the



supply of apprenticeships on offer to those who are vulnerable and [have been traditionally overlooked by policy makers](#). If a more holistic package of support for adult learning were to be implemented (as outlined below), levy funds could potentially be entirely ringfenced for school leavers.

6. **Expand accountability on attendance and outcomes to all providers of post-16 education** to help reduce NEET (not in education, employment or training) rates. Being NEET at a young age can have a [highly damaging effect on future outcomes](#), and the NEET rate among 16- and 17-year-olds is at its [highest level since 2013](#) (at 5% of 16-17-year olds). Expanding accountability for post-16 education providers would provide more meaningful incentives than the current duty to promote good attendance. This could include publishing data on attendance rates, dropout, and completion rates, alongside destination outcomes, bringing post-16 providers into line with schools and universities. To make these metrics meaningful and minimise 'gaming', providers should be compared against other providers offering similar courses, in areas with similar socio-economic characteristics.
7. **Introduce an annual "Social Mobility Scorecard" for universities**, showing the proportion of students from disadvantaged backgrounds attending each university, and the earnings associated with each degree. This should be released by the government to confer official status. This focus on intake as well as outcomes would force universities to confront their role as creators of opportunity for disadvantaged pupils. There is [wide variation in earnings across different degrees](#), and disadvantaged students are less likely to attend those with high labour market returns, [even when they have the qualifications to get in](#). If we judge universities and courses based only on their outcomes, rather than their intake, their contribution to social mobility will be limited.
8. **Introduce entry and pay gap audits by socio-economic background**. There are substantial differences in [access to professional occupations](#) by socio-economic background and [large class pay gaps within occupations](#). Gender pay gap reporting [reduced gender pay inequalities](#). Introducing socio-economic pay audits could do the same for class pay inequalities. Combining this with reporting on the proportion of individuals from low socio-economic backgrounds entering these occupations would shine a light on both access and progression of those from low socio-economic backgrounds in firms.



**Beyond the immediate priorities, we provide a list of ambitious evidence-based priorities to address long-standing inequalities across life to equalise opportunities.**

- 1. Ensure access to high-quality early years provision for children from disadvantaged backgrounds,** not just those in working families, to prevent inequalities widening further. There are already [large gaps in development](#) between children from richer and poorer families by the time they start school, explained in part by differential use of early childhood education and care (ECEC), which has both short- and longer-term benefits for children. These benefits are particularly large for those from [disadvantaged backgrounds](#) and are apparent from at least age 2, with [some evidence](#) suggesting benefits of earlier attendance. The benefits are greatest if children attend [high quality provision](#). The introduction of 30 hours per week of 'free' ECEC during term-time for children aged 9-36 months in working families is likely to substantially reduce the costs of care for these families, and [may induce more mothers to work \(more\)](#). But it provides more financial support for relatively better-off working families than for non-working, potentially more disadvantaged, families, and thus risks widening inequalities in children's development and [perpetuating intergenerational inequalities](#). There is also a danger that this 'free hours' approach may negatively affect childcare availability, especially for those from the most disadvantaged backgrounds, if the funding rates paid by the government to cover the 'free' care are too low. The benefits to children's development of attending high quality ECEC are apparent from [around 15-20 hours of care per week](#), so ensuring children from disadvantaged backgrounds have access to at least this much free or highly subsidised care is vital. Supporting access across the year, not just during term-time, could also make it easier for parents to secure places. Substantially increasing the early years premium would additionally increase incentives for providers to take children from disadvantaged families, and could enable them to invest in higher quality provision, which is key to delivering benefits for children.
- 2. Reform school admissions policies to weaken the link between family income and school quality.** Families of pupils eligible for free school meals [value the same school characteristics](#) as families from more affluent backgrounds, but are limited in their ability to access schools with these characteristics because they have fewer resources to buy a house in the catchment area of their preferred school or pay for tutoring to access grammar schools. Reforms to school admissions policies could help to weaken the link between school quality and family income. [Using some criteria beyond postcodes, such as pupil premium quotas](#), or introducing a degree of random assignment of pupils to schools, through a defined lottery system or random assignment within distance bands, would help break the link between house prices and school quality by expanding catchment areas. Grammar schools are [highly socially selective](#) and there is strong evidence that they [increase rather than decrease](#) inequalities. Aligning their admissions policies with all other state schools would help to equalise opportunities in selective areas.
- 3. Invest in the recruitment and retention of high-quality teachers.** Teachers are the [most important determinant of school quality](#). However, [teaching is low paid compared to other professions](#), which has resulted in a [chronic teacher shortage](#). The government has introduced a set of targeted early-career bonus payments, aimed at retaining teachers in shortage subjects in disadvantaged areas. [These are effective](#). The value of these bonuses should be increased in real terms — particularly in high shortage subjects — until the shortages are eliminated. We must also evaluate the Department for Education's reformed suite of continuous professional development qualifications for teachers (NPQs). Professional development for teachers can [improve pupil outcomes](#), but to maximise effectiveness the content must reflect the latest research on how to design [effective teacher professional development](#).



4. **Introduce a post-qualification applications (PQA) system for post-18 education** (including further education) so that students would make applications *after* they sit exams and receive the results. The UK is the only country in the world where students make their university applications based on teacher predicted grades, rather than exam results. [These are highly inaccurate](#), and high-achieving students from disadvantaged backgrounds receive less generous predictions than more advantaged peers. A PQA system could be achieved with minimal disruption to the school year (or college/university start date), by condensing the exam period to four weeks (as was planned during the pandemic), and accelerating marking to 7-8 weeks. Examinations would take place in early May. Students would then return to school, receiving results in mid-July, in time for an in-school 'applications week'. Universities and colleges would have over a month to process and make offers at the end of August, and students would then have time to accept their favoured choice. [A PQA system](#) would be fairer, more agile, and would bring the UK in line with the rest of the world — which clearly demonstrates the feasibility of a PQA system — in allowing students to make these life changing applications based on full information.
5. **Invest more in Further Education** to boost skills development for those from disadvantaged backgrounds and benefit local economies. Young people from disadvantaged backgrounds are less likely to stay in education beyond age 16 than those from more advantaged backgrounds. Amongst those who do stay in education, pupils eligible for the pupil premium are [more likely](#) to attend further education (FE) colleges than those not eligible. Moreover, FE colleges draw their intake largely from the local area and those who do not go on to university are [much less likely to move](#) labour markets between age 16 and age 27. This means that FE colleges are crucial for the skills development of their local areas and thus for 'levelling up'. Yet further education budgets have [fallen significantly](#) in real terms since 2010-11 and, unlike schools, these cuts are not expected to be fully reversed by 2024-25. They are also facing unprecedented pressure compounded by the disproportionate effect that the pandemic, cost-of-living, and [mental health crises](#) are having on young people, reducing attendance rates. Greater investment in further education is needed to ensure that students who do not follow the 'traditional' academic route — disproportionately those from disadvantaged backgrounds — have access to high quality post-16 routes into rewarding work.
6. **Adopt a more generous and holistic approach to incentivising adult learning** to increase investments in education and training and hence boost productivity. Skills are, alongside research and development (R&D), [crucial for economic growth](#), yet there are critical [skills shortages](#) which are not being fully addressed. Those entering work from full-time education or training each year comprise only a small percentage of the workforce, meaning on-the-job training and adult education are crucial vehicles through which to upskill the workforce and increase productivity. Yet while there has been a greater policy focus on adult learning in recent years, more could be done. The new [lifelong loan entitlement](#) is welcome, but its objectives could be delivered more effectively by offering grants instead of loans for courses delivering shortage skills or taken by certain individuals (e.g., those from 'left-behind' communities). Similarly, firms could be offered stronger incentives to invest in training for their employees by introducing a 'skills tax credit', akin to the R&D tax credit, which has been found to be [effective](#) at stimulating R&D. Under this model firms would be able to deduct more than 100% of the value of spending on education and training from taxable profits each year, recognising the inherent riskiness of investing in 'human capital'. This would complement the apprenticeship levy — which could then be refocused entirely on new entrants to the labour market (as outlined above). As with individual incentives, these incentives for firms could be skewed towards shortage skills or 'left-behind' communities by offering larger tax credits to firms investing in certain types of individuals or certain types of education or training.