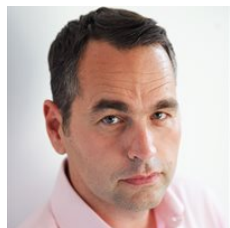


# Sink or swim time? Social mobility and the 2021 Budget



**Lee Elliot Major** assesses the prospects for social mobility and economic recovery in Rishi Sunak's 2021 Budget.

Generations growing up today in Britain are the first since the end of the Second World War to experience the sinking feeling of doing worse than those before them. On this, sociologists and economists can agree. Since the global recession in 2007/08, the signs of [declining absolute social mobility](#) have been well documented – whether it is falling real terms wages, or a higher likelihood of slipping down the social ladder. Growing economic and educational inequalities during the pandemic, meanwhile, could [plunge](#) 'generation COVID' into even deeper waters.

With the 2021 Budget, the Chancellor hopes to steer the country onto a very different course. Politicians in the past have promised rising tides lifting all boats and trickle down effects. Rishi Sunak similarly wants to create a more buoyant economy – one of 'higher wages, higher skills, and rising productivity'.

A well-supported education system is key to this vision. Sunak has unveiled an extra £4.7bn for schools in England by 2024/25. This may sound like a significant increase, but it will only restore funding in schools to pre-austerity levels in 2010. Headteachers will use much of this cash to cover pay (welcome) increases for teachers from next year. It also exposes a continuing inequity in the education system: further education colleges, where most poorer pupils end up, remain grossly underfunded compared with schools.

Treasury officials were [not persuaded](#) by the case put forward by former catch-up tsar, Sir Kevan Collins, to pay for a longer school day. The [evidence](#) is far from straightforward. As ever in education, it all depends on what extra school time is used for and how consistently this is done across schools.

The Chancellor has pledged another £2bn for education recovery from COVID-19, bringing spending on 'catch-up' since 2019 to just under £5bn. Much of this will be devoted to the government's flagship national tutoring programme. A key challenge will be the [variability of tutoring](#) offered to young people who have [lost learning](#) during the pandemic.

This Budget also sets out the government's aims to boost skills among the workforce, amid concerns of low productivity in different regions of the country. Much of these hopes are pinned to new technical post-GCSE qualifications called T Levels. Sunak announced £1.6bn over three years to 2024/25 for up to 100,000 young people taking these qualifications. The litmus test for T Levels will be take-up by students and employers. Past attempts to introduce high status technical qualifications have failed at this first hurdle.

There are plans to quadruple places on 'skills bootcamps'. But for me, there is a missed opportunity to introduce incentives among employers to re-skill and train their employees. This could be achieved through the tax system, in the form of [human capital tax credits](#). On skills, we need to think about supply and demand. Investing in human capital would help boost the economy, addressing a chronic shortage of intermediate skills, stagnating productivity, and falling real wages.

The Chancellor, meanwhile, announced £560million for the Multiply scheme, aimed at improving numeracy skills across the UK for up to 500,000 adults. Low levels of numeracy and literacy remain a national scandal. We await the Department for Education's forthcoming White paper for plans on how to help the quarter of children who leave school each year without these basic skills.

The most impactful long-term investment could turn out to be that for research and development, rising to £20billion by 2024/25. If we can turn the country's world leading research into real world innovations and businesses, that could genuinely boost the economy. (In the meantime, university vice-chancellors will have to wait for news on potential cuts to tuition fees and new student number controls in the government's response to the Augur report due in the coming weeks.)

All Budgets are to some extent gambles by Chancellors, looking over the horizon hoping for a better future. The spectre that haunts this Chancellor is rising inflation and interest rates. Social mobility is about fairness and opportunity but it is also about economic prospects. Positive eye-catching announcements in this Budget included increasing the national minimum wage, ending the public sector pay freeze, and reducing the universal credit taper rate. These will be quickly forgotten in the post-pandemic era if living costs rise, particularly for the poorest in society. That will mean dark clouds and choppy seas ahead.

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### About the Author



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