



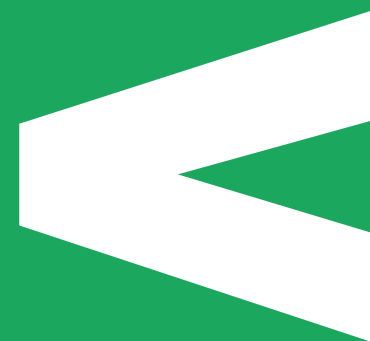
Educational inequalities

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 IFS Institute for
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 Nuffield
Foundation



Inequality

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BTEC funding loss 'will deepen inequality', warns Rochdale MP

Workplace gains elusive for highly educated UK minorities

A new study finds that despite high levels of education, UK-born children of immigrant parents face lower levels of employment compared to their white counterparts.

Do GCSE results reveal growing inequality in education?

Skip college? Not if you want to make more money

Government education funding puts levelling-up into reverse, IFS claims

Maths A-Level can add up to £10k to an annual salary

Black Caribbean girls in England 'twice as likely to be excluded from schools as white girls'

Covid could cost children £350bn in earnings due to lost learning, says IFS

Least selective universities 'performing best on social mobility'

Although Russell Group university tops new IFS/Sutton Trust ranking based on 'mobility rate', other selective institutions languish towards bottom of list

Children's language skills deteriorated during Covid lockdown so much that now they struggle to communicate

Precision through prepositions

Inequalities ‘by’ and ‘in’ education – and beyond



“Educational inequalities” can mean many different things

- Inequalities **by** educational attainment – how do life outcomes differ by level of education?
- Inequalities **in** educational attainment – how is educational attainment distributed?

Inequalities **by** education: Why should we worry about education inequalities?



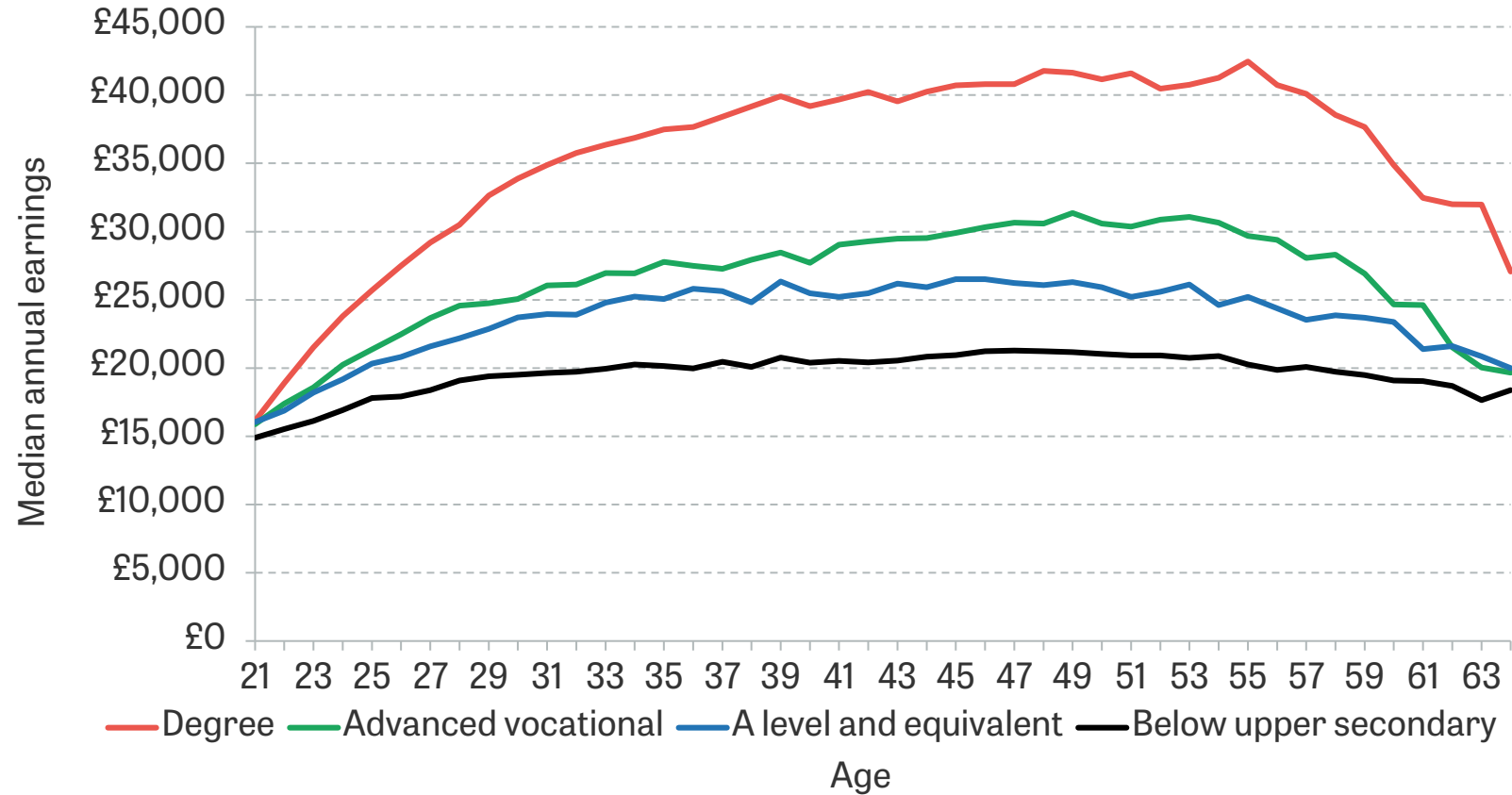
Why should we worry about education inequalities?



People with higher levels of education tend to earn more

Degree holders enjoy much higher earnings

Median annualised earnings among employees, by age and qualification level



Source: Figures 14 and 15, Farquharson et al. (2022).

Why should we worry about education inequalities?



People with higher levels of education tend to earn more

- Not just about correlations – education causally improves average earnings

Education also shapes a range of wider outcomes

- Mental health; physical health; life satisfaction; civic participation; crime
- And causally affects the outcomes of the next generation

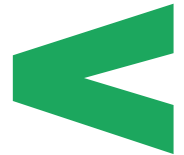
Education links to status, dignity and self-efficacy

- “People value the capacity to stand on their own two feet, ... [the] feeling that they can shape their own destiny” (Johnson et al., 2026)

Inequalities in education: Who fares poorly, and well, in the education system?



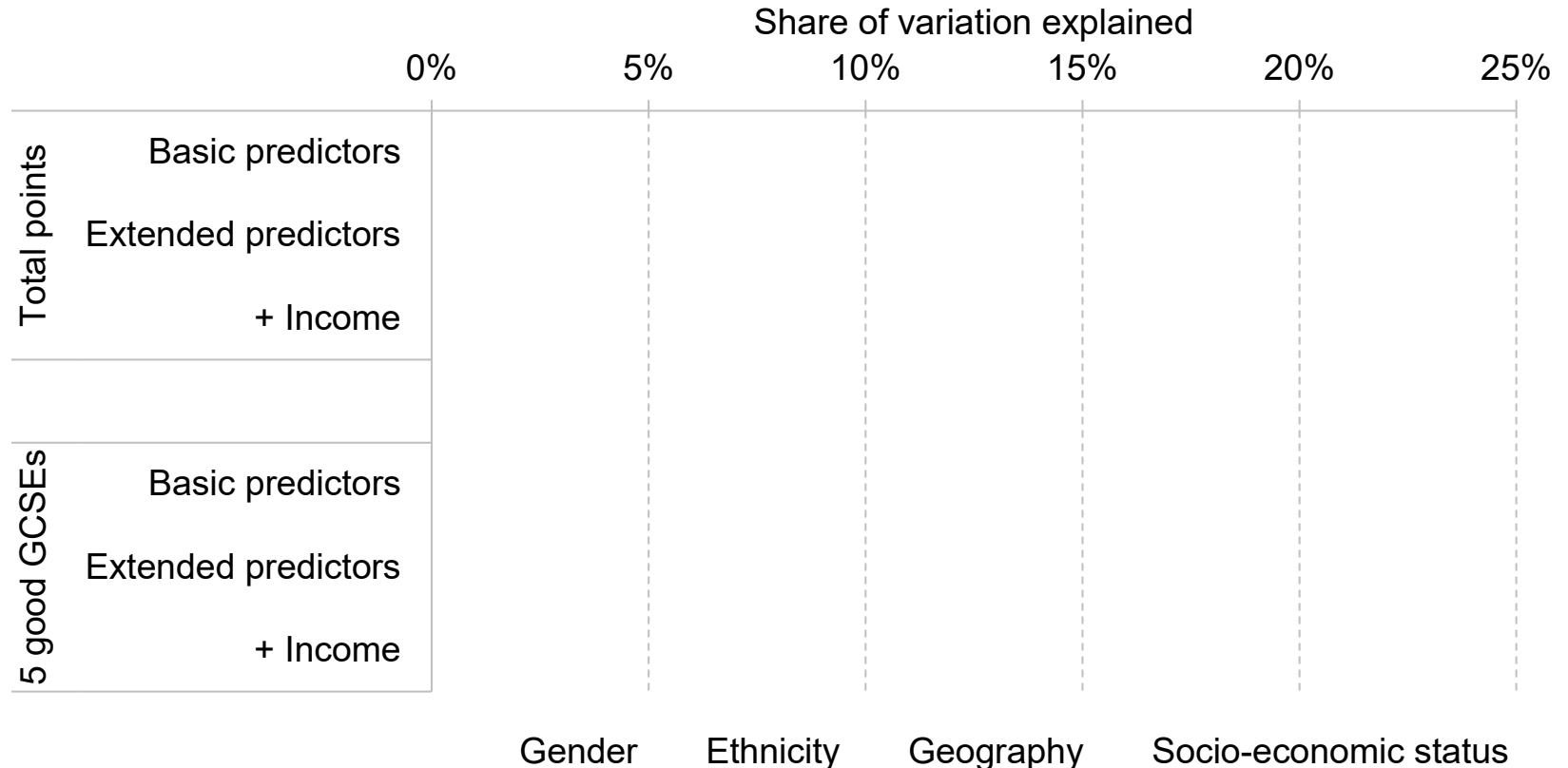
Income is a big predictor of attainment – but not the only one



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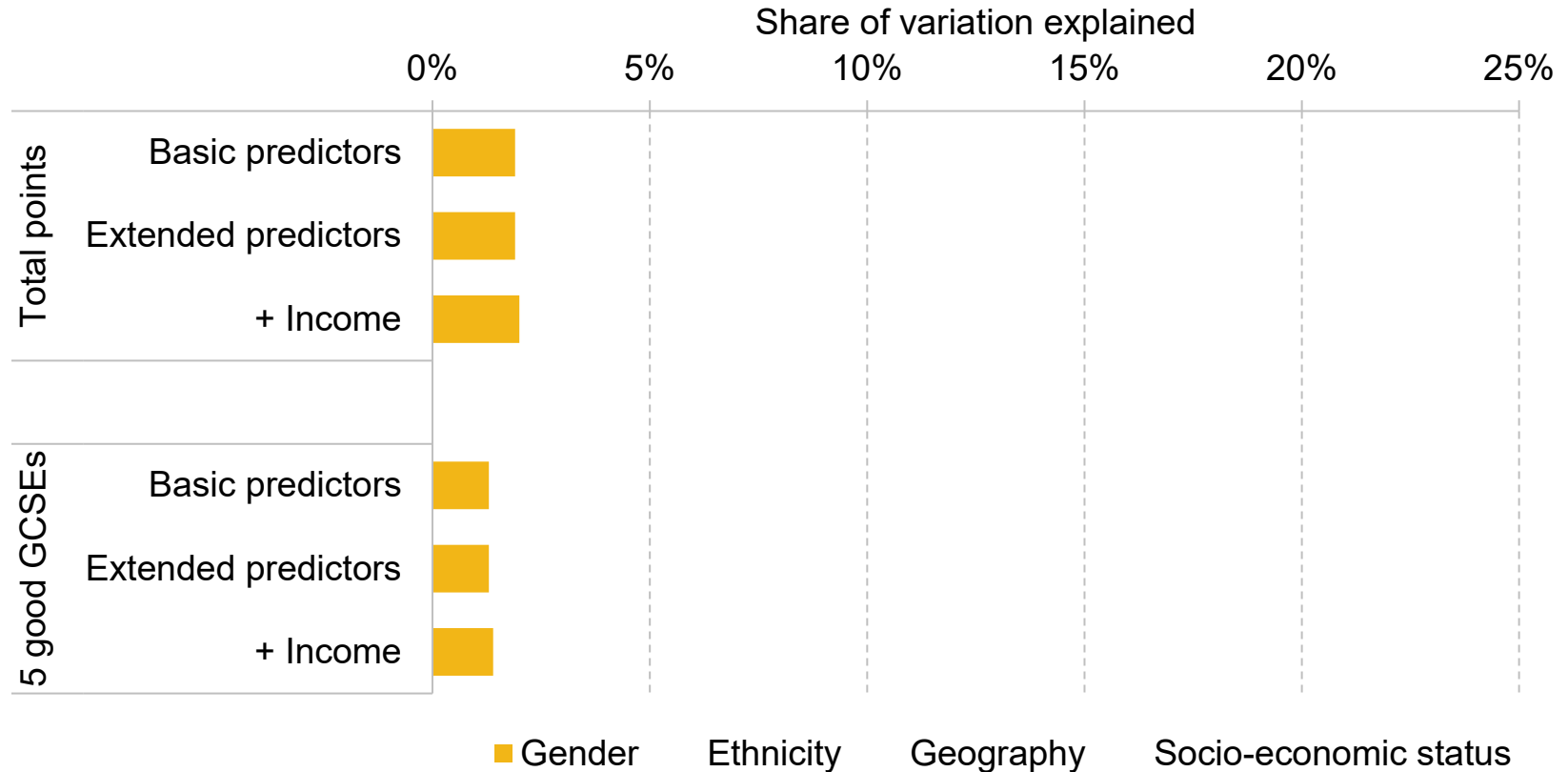
Contribution of different demographic factors to inequalities in educational attainment (MCS cohort)



Source: Figure 48, Farquharson et al. (2022).

Income is a big predictor of attainment – but not the only one

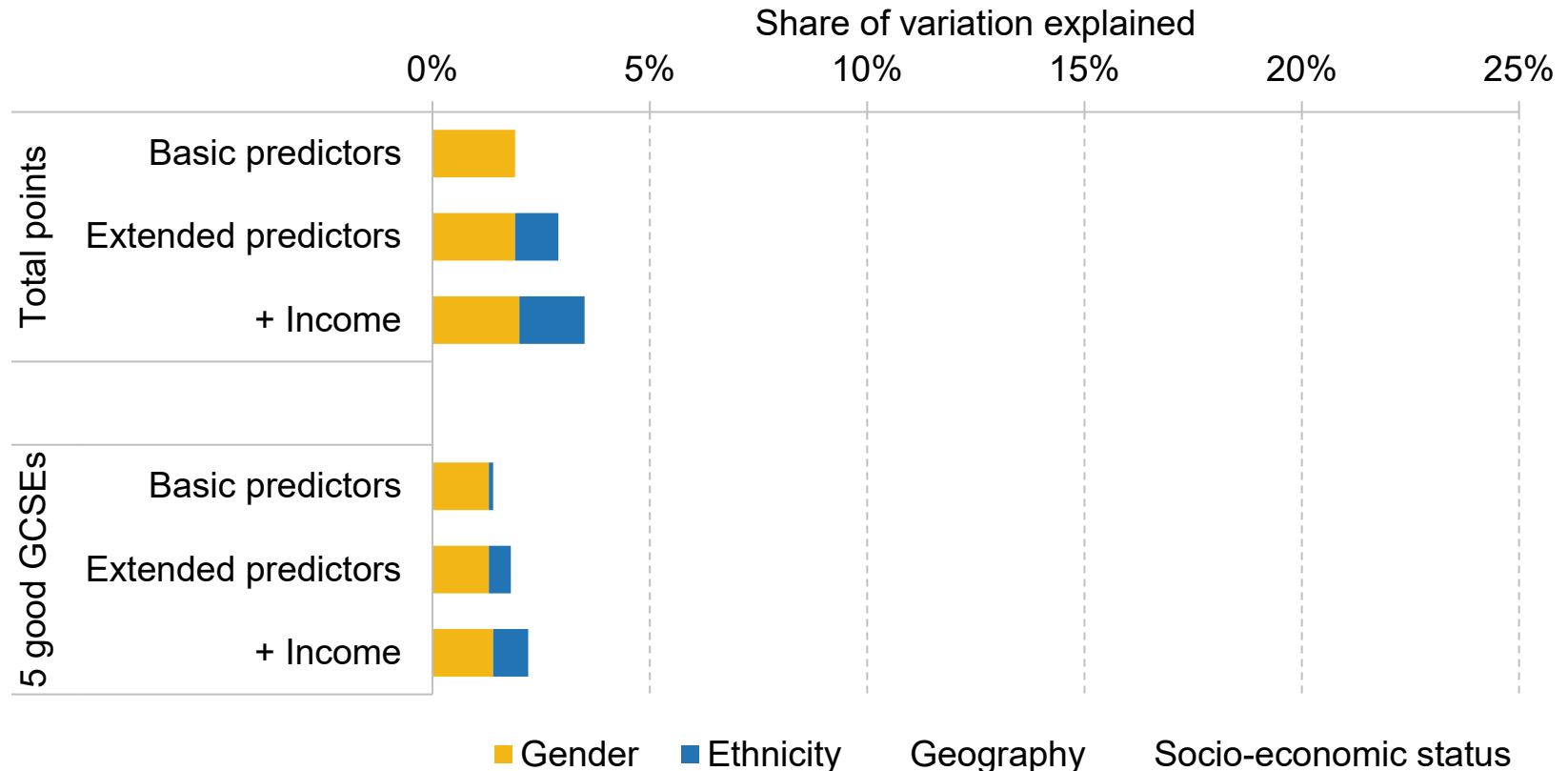
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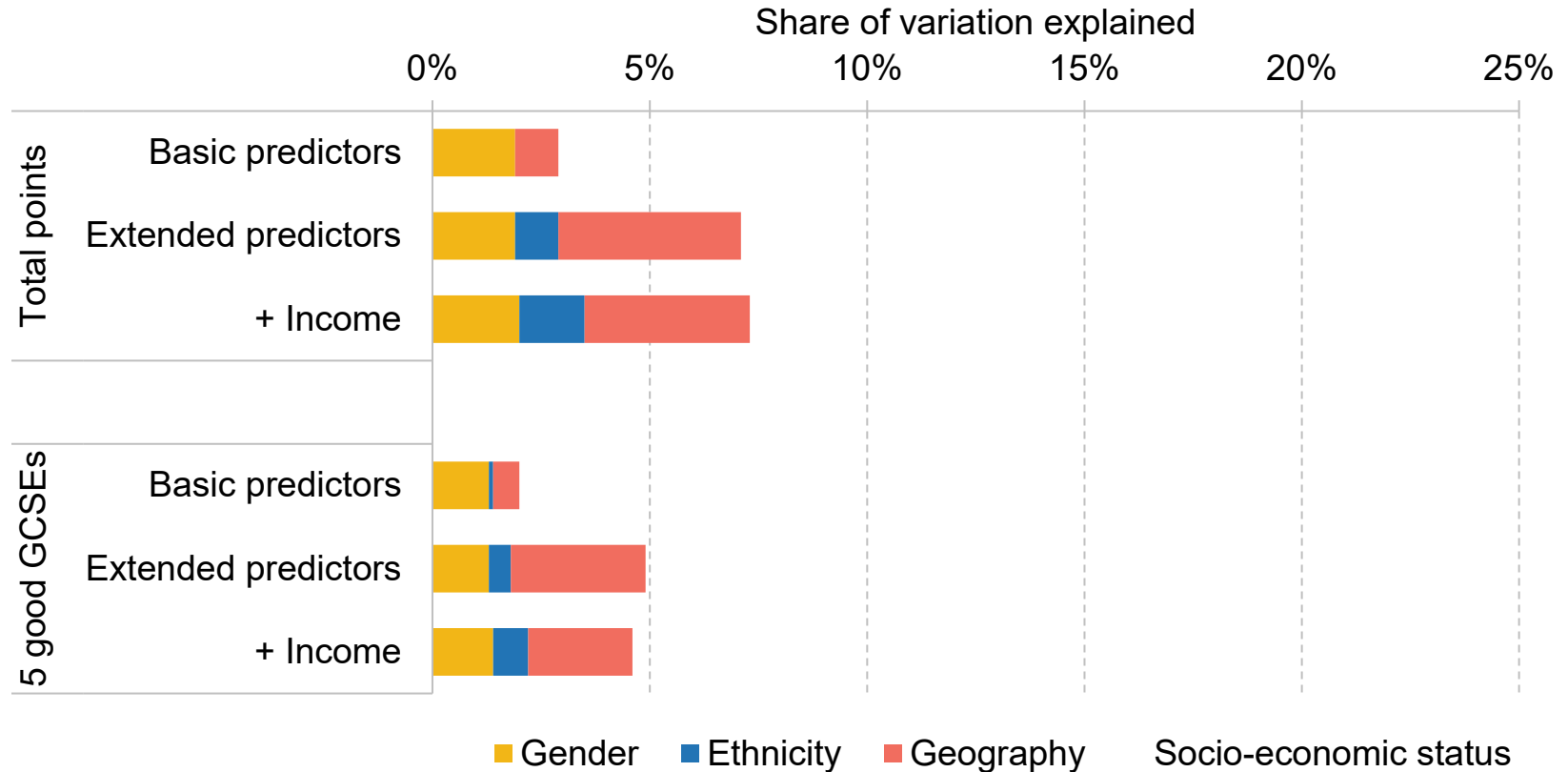
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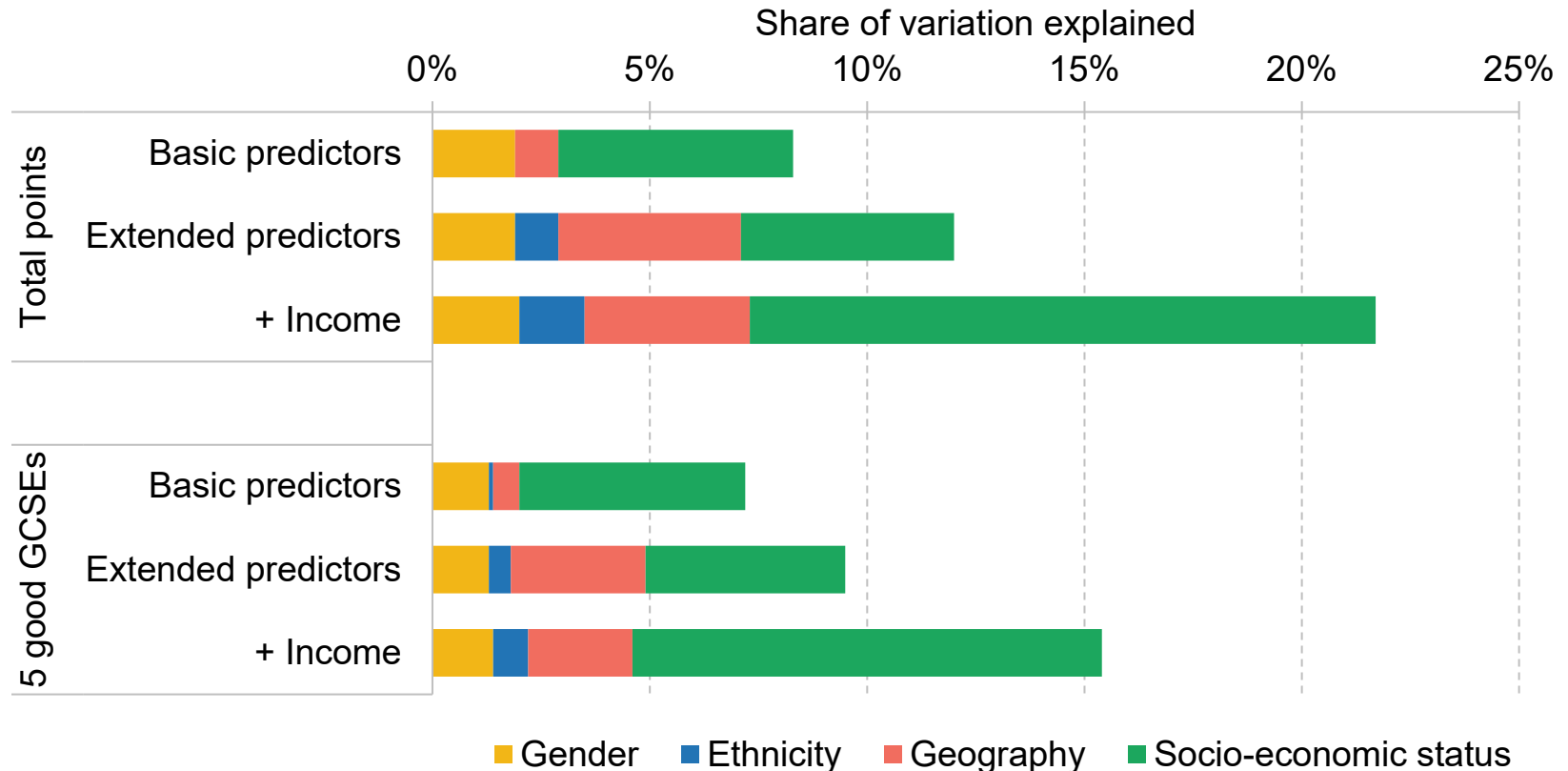
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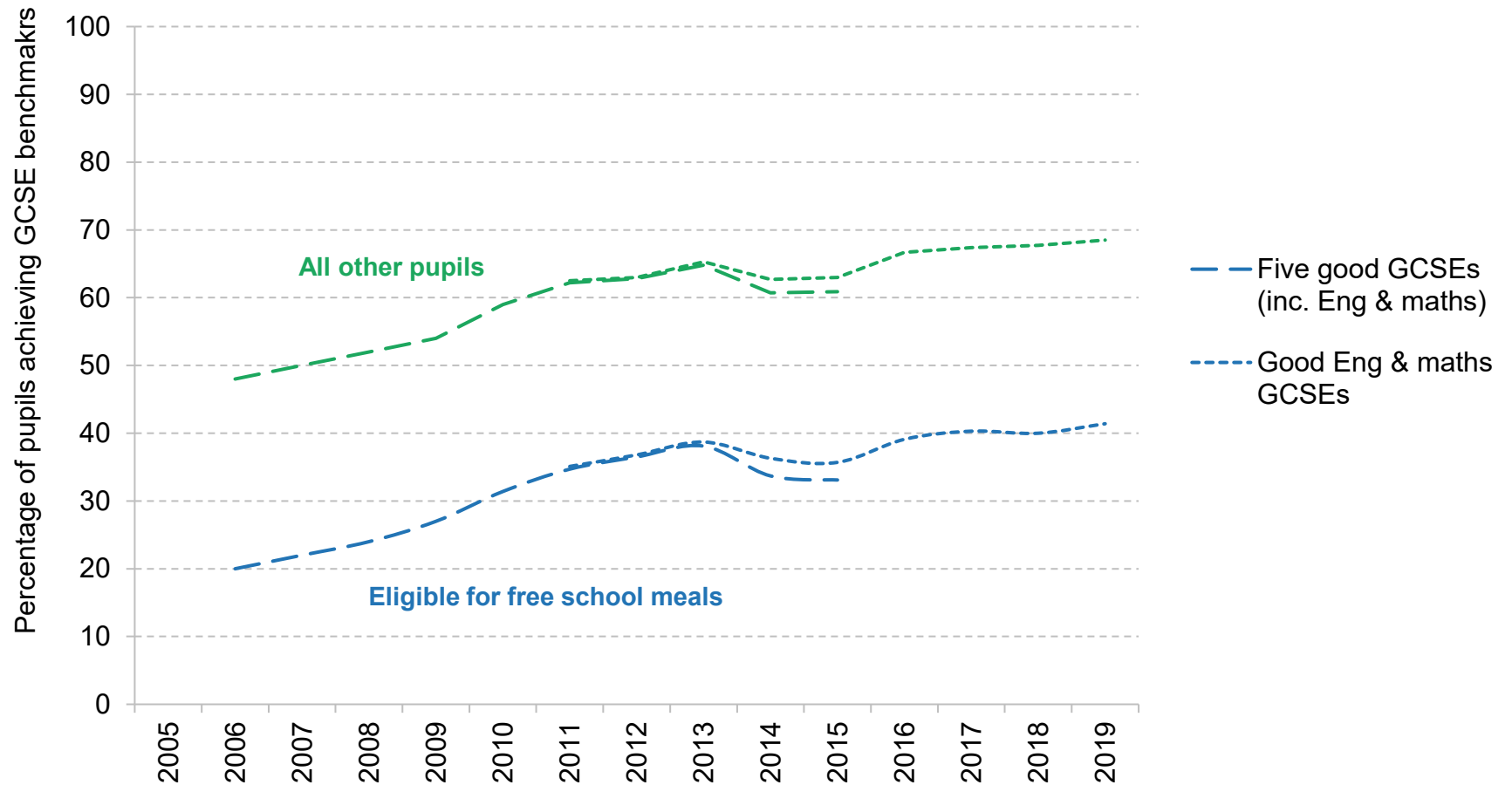
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Source: Figure 48, Farquharson et al. (2022).

Disadvantage gaps are very stubborn

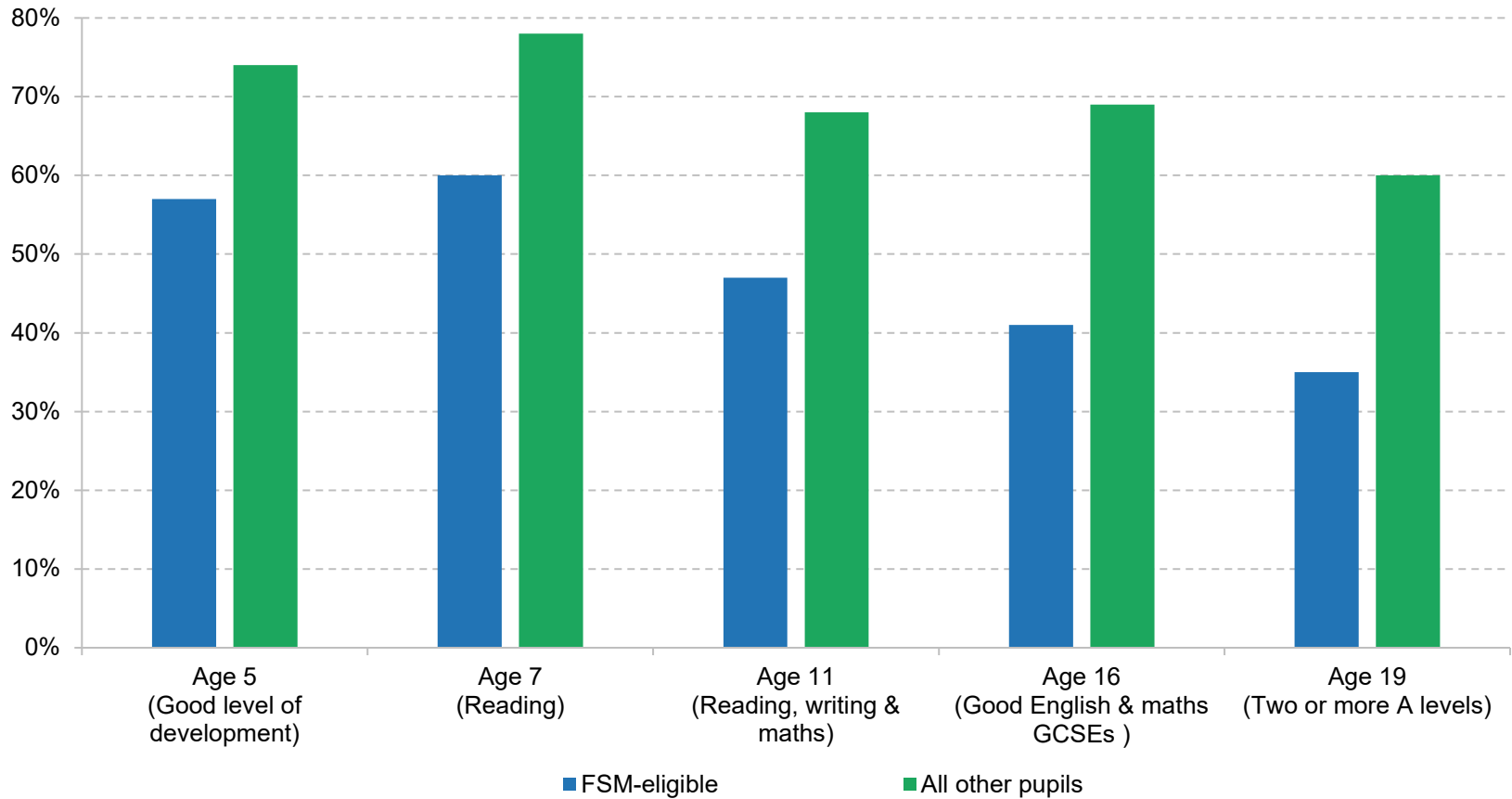
GCSE performance by eligibility for free school meals



Source: Figure 28, Farquharson et al. (2022).

And these inequalities have their roots earlier in life

Attainment gaps between students eligible and not eligible for free school meals, 2019

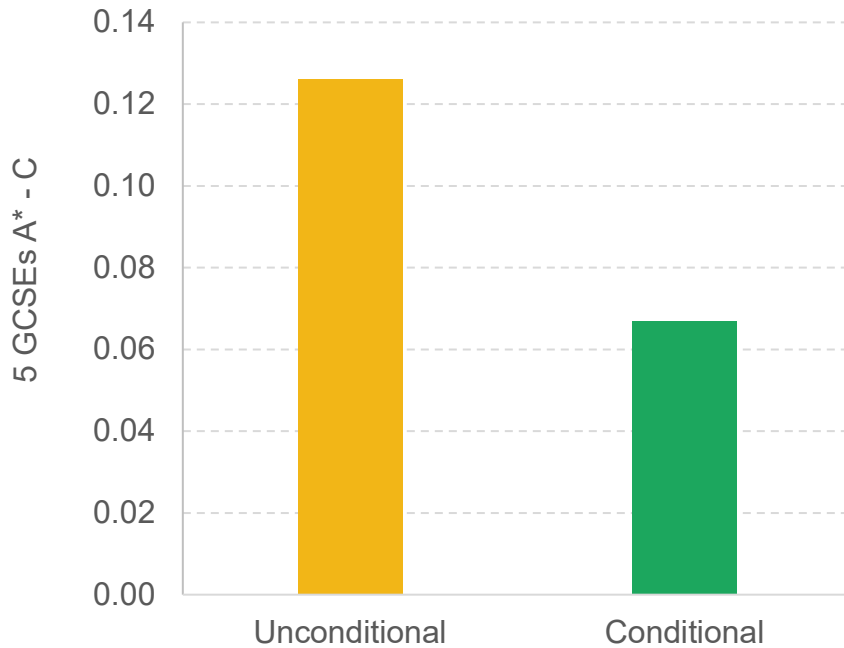


Source: Figure 27, Farquharson et al. (2022).

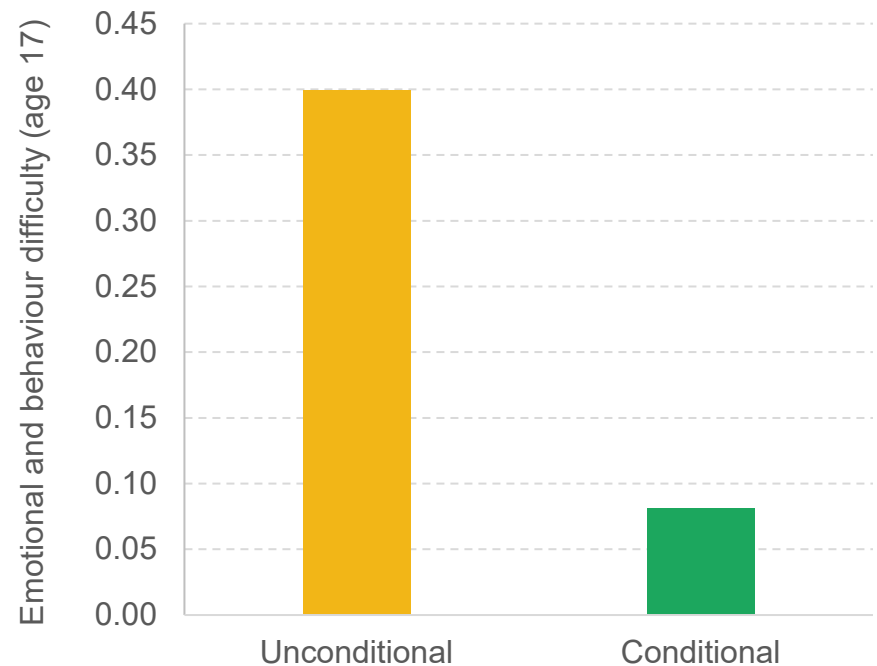
... even before the start of school

Associations between early development (age 3) and later outcomes

Early cognitive skills and GCSEs



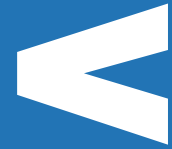
Early socioemotional skills and later emotional & behavioural difficulties



Source: Table 2, [Cattan et al. \(2022\)](#).

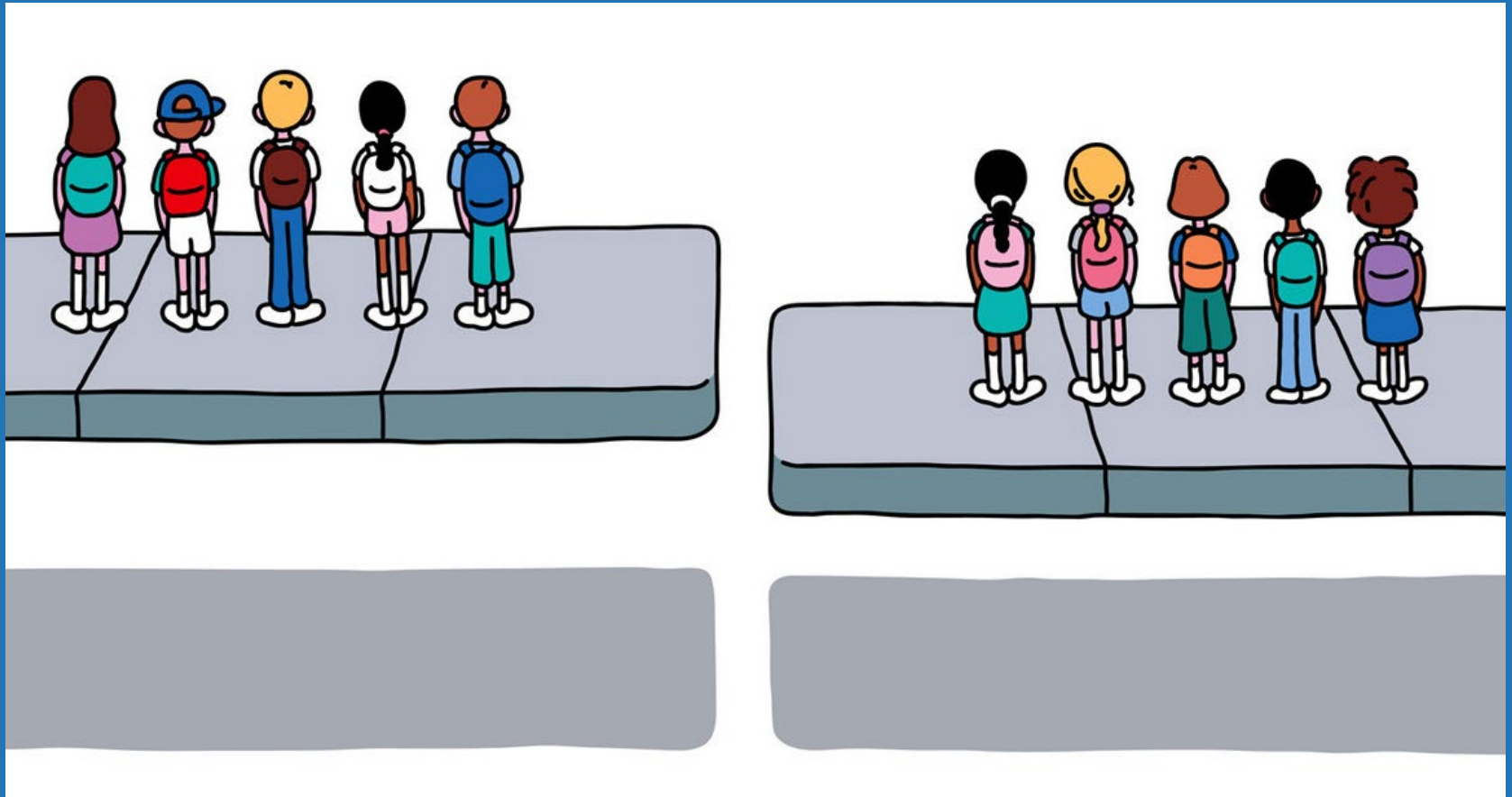
Note: Conditional estimates control for characteristics of the child, family, environment and skills measures in adolescence

Where do educational inequalities come from?



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Inequalities in the drivers of educational outcomes

Where do educational inequalities come from?



Children's families differ greatly in the resources available

- **Material resources** (e.g. secure housing, nutritious food, technology)
- **Wider resources** (e.g. parents' time, mental health, information, networks)

Children also have different underlying abilities

- Cattan et al. (2024): Around a quarter of variation in cognitive skills is linked to genetic differences

These dimensions of inequality can be correlated

... and can also interact

- Meaburn (2025): Children's environments can shape how their genes are expressed

Market failures in education

What drives educational investment decisions?



In a pure free market, society would invest too little in education

- **Credit constraints:** Families can't easily borrow to fund education
- **Principal-agent challenge:** Parents, not children, make decisions about level and type of educational investments
- **Information constraints:** Parents may not have good information about sensitive periods or efficient investments

This matters, because earlier investments can be more efficient

- **Longer horizon:** Early investments have longer to 'pay off'
- **Skills beget skills:** Early investments can compound

Market failures in education

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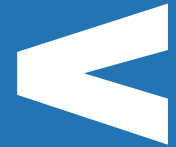
But it's also possible to have 'too much' educational investment

- Education is partly a 'positional' good: families care about a child's *rank*, not just their *level* of skill
- Individually rational decisions can be collectively sub-optimal: families spend more time, effort and money than is warranted

This can complicate equity-efficiency trade-offs

- Families and children might change their private investments in response to changing public policy

An equalising education system?



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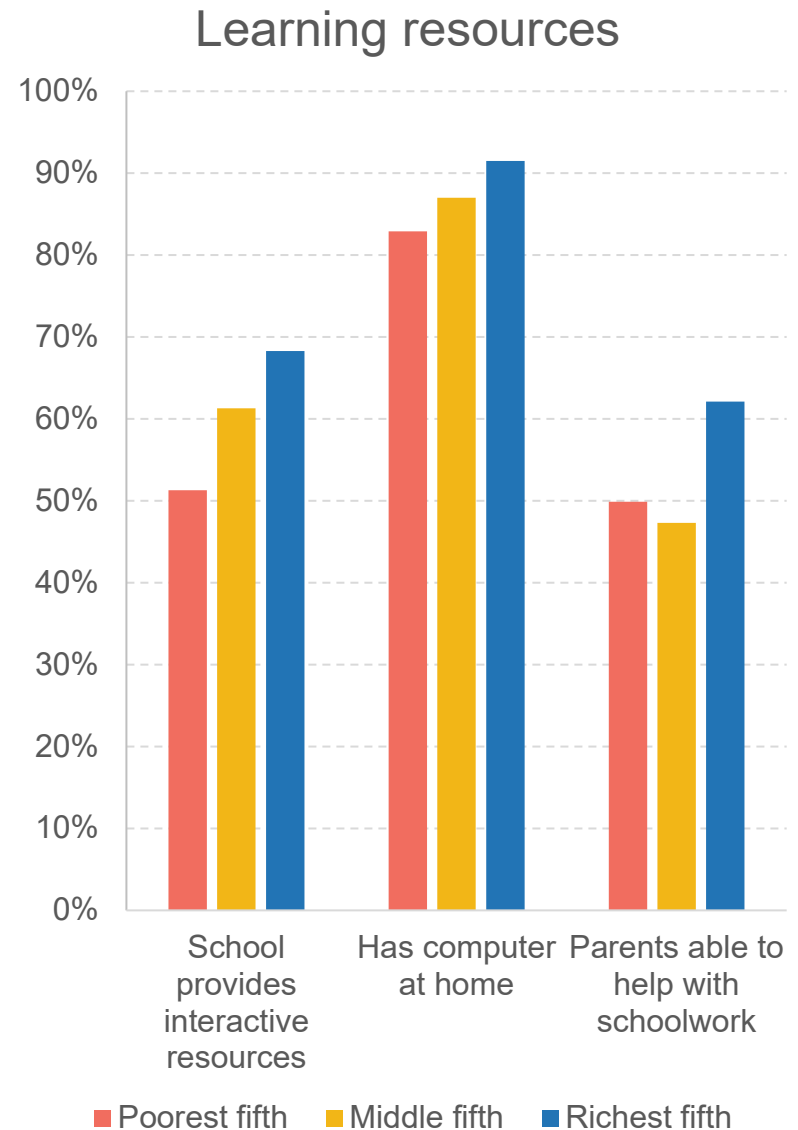
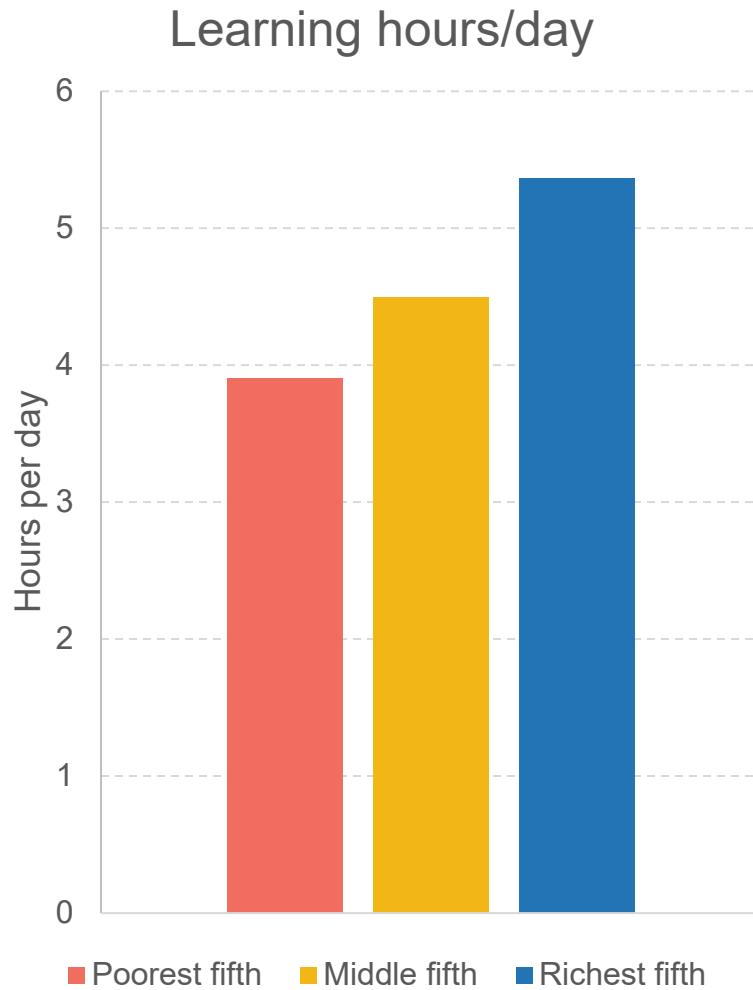
An equalising education system?



The state education system is significantly more equal than children's home environments

- Children follow a similar curriculum, for a similar number of hours, and are assessed against the same exams
- Counter-example: Huge inequalities in home learning experiences during COVID-19 school closures

Socio-economic inequalities in first lockdown



Note: Secondary school pupils in England.
Source: Figures 2, 4, 5 and 6, [Andrew et al. \(2020\)](#).

An equalising education system?



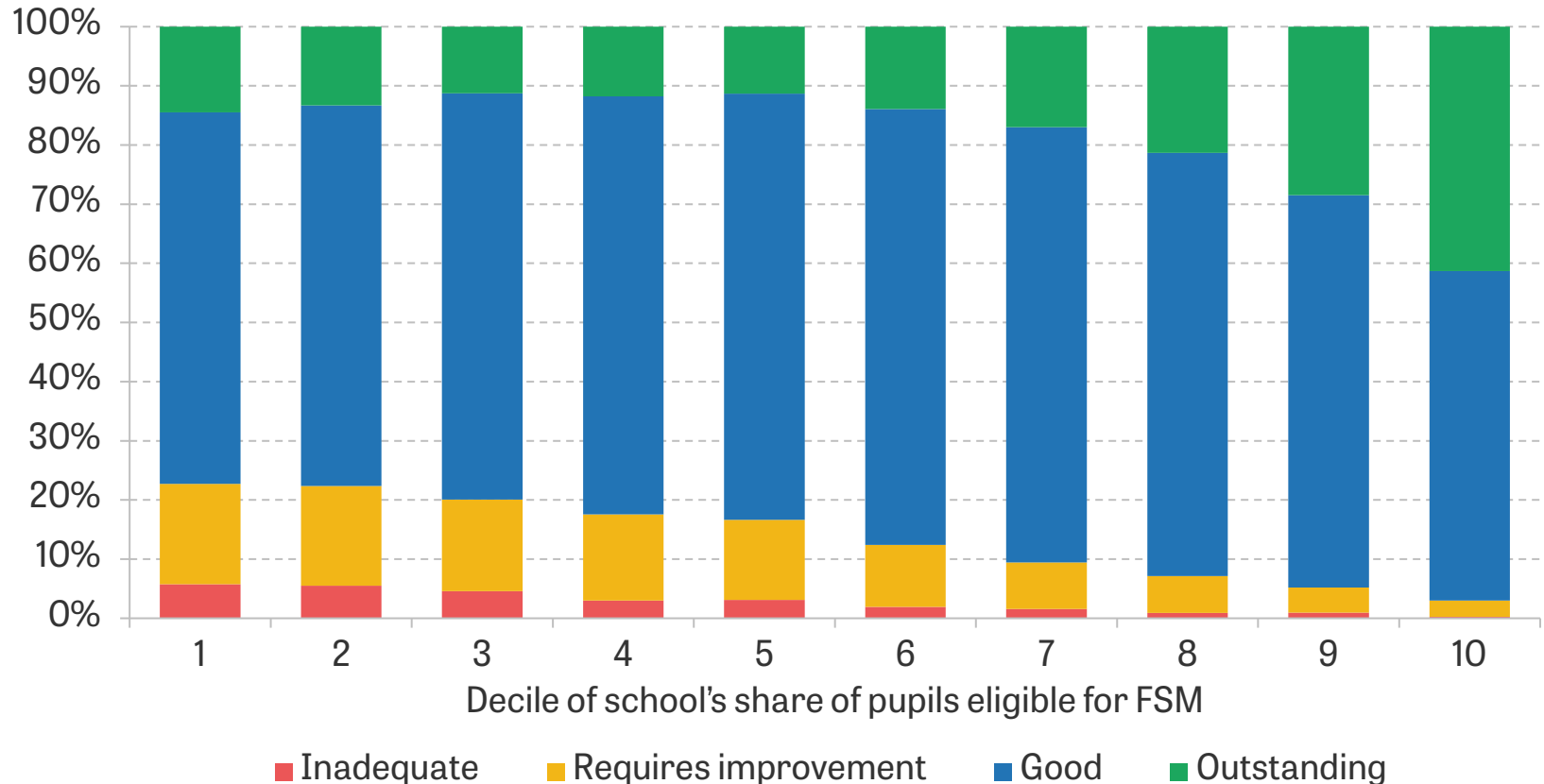
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- Counter-example: Huge inequalities in home learning experiences during COVID-19 school closures

But not all aspects of the education system are progressive

Poorer schools tend to have worse teaching

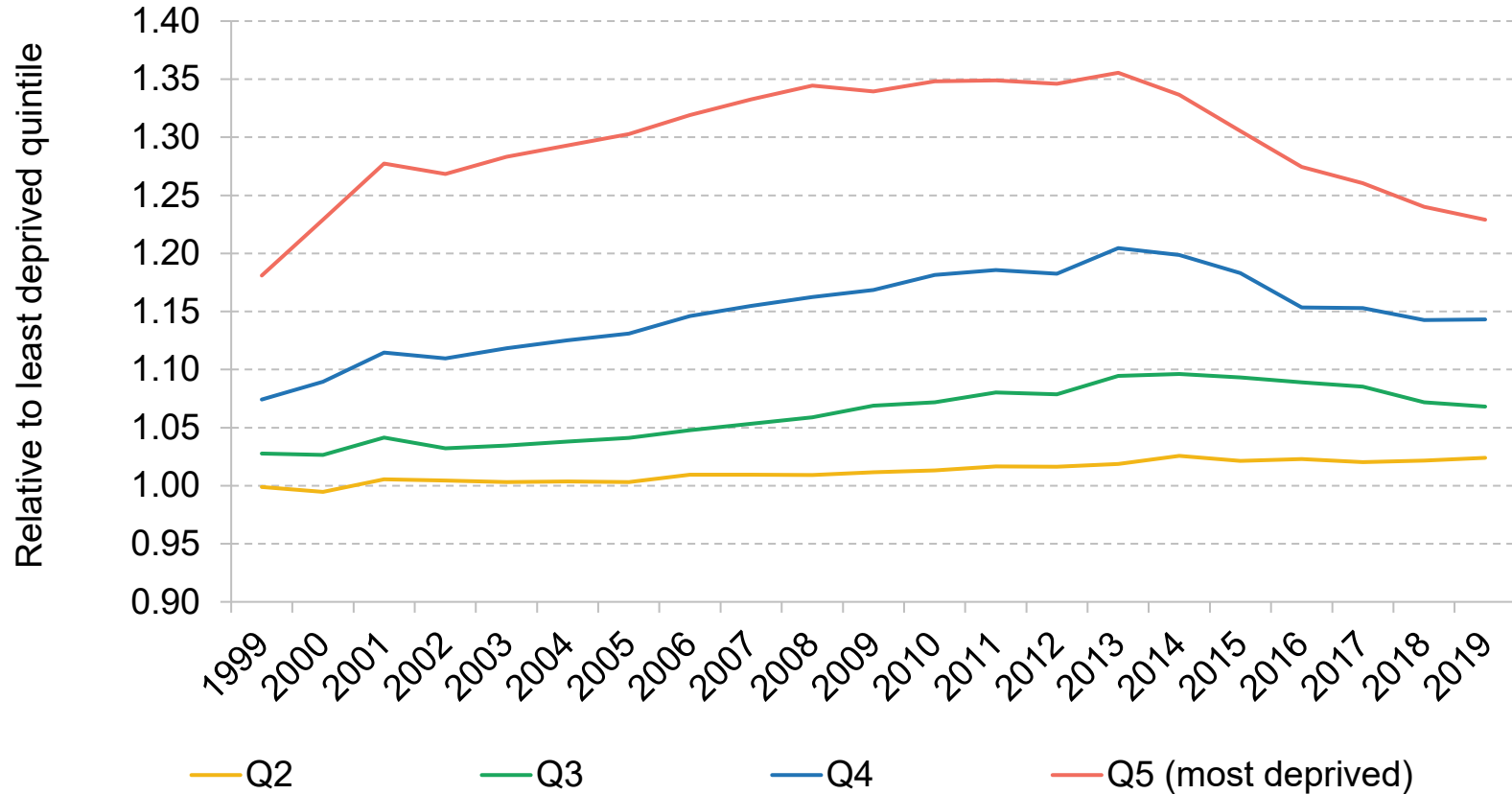
Ofsted ratings for quality of teaching, learning and assessment in state-funded schools in England (latest to August 2019)



Source: Figure 53, Farquharson et al. (2022).

School funding has become less progressive

Spending per primary school pupil by quintile of eligibility for free school meals, relative to least deprived quintile



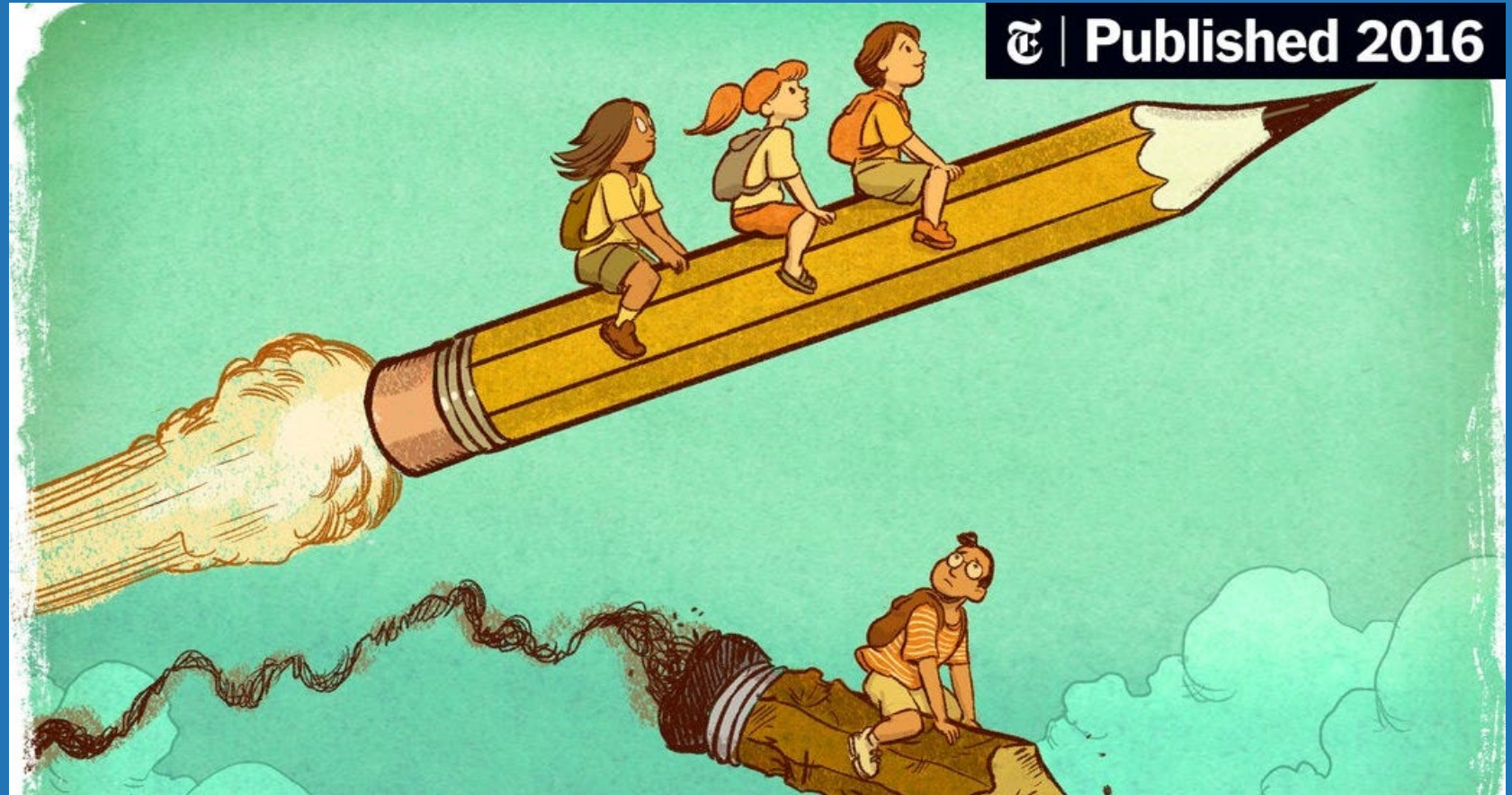
Source: Panel A, Figure 51, Farquharson et al. (2022).

What can policymakers do?



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What are the broad tools available to policymakers?



Reducing educational inequalities is a large and active area of policy

- Hundreds of potential interventions and an enormous evidence base

Policymakers' interventions fit into one of three broad categories:

1. Make the formal education system more progressive
2. Improve children's home environments
3. Shift the balance of these two environments

A more progressive education system

Policymakers have some very direct levers to pull, e.g.:

- Changes to **funding** (e.g. pupil premium or funding formula)
- Changes to **staffing** (e.g. teacher recruitment, allocation or pay)
- Changes to **access** (e.g. school choice rules)

But policymakers need to consider knock-on consequences

- How will families' decisions change in response to these policies?
- What does that mean for equity-efficiency trade-offs?

Improving children's home environments



Tools to influence home environments are often more indirect

Financial or in-kind transfers

- e.g. Child Benefit, child element of UC, Scottish Best Start grant
- Can be cash; financial support for specific goods (e.g. Healthy Start); or direct provision of specific goods (e.g. Baby Box)

Information and wider support

- In-home support (e.g. home visiting programmes like Family Nurse Partnership)
- Support in the community (e.g. Sure Start centres, Family Hubs)
- In high-income countries, evidence base for children's outcomes is stronger for these interventions than for marginal cash transfers

Changing the balance between home and education environments



Formal education environments are often more equal than children's home environments

→ Changes in the balance *between* environments affects inequalities

- Reforms to childcare → rising formal childcare use in the early years
- Breakfast clubs, after-school clubs and holiday clubs all more common in schooling years
- Raising of the school leaving age
- COVID-era shift to home education

Impacts depend on take-up as well as provision

“Right” balance not just about inequalities – it touches on fundamental questions about resources and role of the state

Summing up

Educational inequalities arise early

- The result of inequalities in family resources and abilities

No education system can fully correct for these differences between children

- Views will differ on how much it should try!

Even complete equality of opportunity leaves questions about equality of outcomes

- Inequalities interact over the lifecycle and across generations
- And even “fair” outcomes today may store up challenges down the line

Today’s education inequalities are tomorrow’s income inequalities...

- And today’s income inequalities shape tomorrow’s education gaps