

## **Community Money Advice Conference**

**Ridgeway Centre, Milton Keynes, Saturday 21<sup>st</sup> Sept**

**I am delighted to be here.**

**I want to begin simply by expressing on behalf of the Government thanks for what you are all doing. In a way many people never appreciate, but which you have grasped and responded to, severe debt is desperately debilitating. It can cause enormous distress, damage health, destroy families. And in helping people find a way out of debt, your work is of immense value. Its an inspiration.**

**And you are doing it from a starting point of faith. That makes you part of a movement – a growing movement in Britain, and I think one whose importance and value have not yet been fully understood. People serving their community from a starting point of faith.**

### **Part of a faithful movement**

**Let me just introduce myself. As a student thirty years ago, I took part in a church mission in East London. I had never been anywhere like that in my life before. Those two weeks**

**made a big impact on me. When I graduated and got a job in London, I moved to the area and joined the church which by then had been planted by the mission group. And I also became involved in the local community – as party activist, then local councillor, later as Leader of the Council and now as the local MP.**

**And as a Minister in the Treasury – currently for the fourth time – one of the things which I find most encouraging in travelling around Britain is the large number of people serving their community from a starting point of faith. Christians and Churches moving out into the wider community to respond to the needs they see. Community Money Advice is a great example.**

**This wider movement is a grassroots movement. It doesn't have many famous celebrities or a headquarters, or a cathedral. It is locally focused. It is rooted in a committed community – a church – that is socially and culturally mixed in a way that few institutions are.**

**It's able to enlist people to leave their comfort zone, to have their priorities changed, to respond to the compassion that God has shown to them, and show compassion in turn to others. That is a powerful force for good.**

**This is movement that is rooted in worship. It doesn't consist of activists who happen to have had some background in Christianity. Rather it has right at its centre the person of Jesus Christ, and the activity of worship. That is the reason for its vitality, its energy and its commitment.**

**And it is interested – not so much in making a splash, but rather in helping individual people. It recognises that every person is made in the image of God, including those who have got themselves into terrible debt. It plugs away, it doesn't abandon people, even if it looks foolish. It works on, in faith that God changes people, and that one day, at the last, what is plainly wrong today will be put right for ever.**

**In a book last year called *“Surprised by Hope”*, the Bishop of Durham, Tom Wright, wrote this:**

***“People who believe in the resurrection, in God making a whole new world in which everything will be set right at last, are unstoppably motivated to work for that new world in the present.”***

**And that's what I see in the work of organizations like those here this morning. Providing hope where otherwise things look hopeless, because you know about the resurrection. And we need a lot more of that in Britain today.**

### **Faith in Politics**

**When Gordon Brown became Prime Minister, he appointed me a faith adviser to the Government – and the first Labour Party Vice Chair for Faith Groups.**

**I talked to him recently about this faith based social action. He recognizes the astonishing range of projects that Churches and church people are involved in, and what a force for good that is in 21<sup>st</sup> century Britain.**

**He gave an interview recently to Premier Radio, calling on Christians to “*stand up for what you believe*”. He emphasized that the Government wants to see Christians practically involved in society in the way that you all are, and also to be advocates for the kind of society you want ours to be.**

**One of the things I'm responsible for as party vice chair is a series of Labour Party *Churches Updates*. We want to get a**

**dialogue going with the churches – setting out our message, and listening to the churches in response. We publish about once per quarter. We distribute them by e-mail. You can sign up to receive them on the faith page on the Labour Party website. Some people are quite surprised that there is a faith page on the Labour Party website, but there is. And on my website you can see all six of the issues we have published so far. I have placed a few copies of the new issue at the back, published for our party conference – it leads on the Prime Minister’s interview with Premier.**

**I am an advocate for faith involvement in politics. Many people say you shouldn’t mix faith and politics. That if you do mix them, you are asking for trouble. I don’t agree with that. In fact, my view is the opposite: that faith is a great starting point for politics.**

**Because faith is the source of decent values: honesty, responsibility, generosity, solidarity, strong families, support for peace, anger at injustice and poverty. Those are the very values that we need in our politics - and in the way we manage our society, and our economy.**

**I welcome what I see of faith inspiring young Christians to get involved in politics, and in joining the political parties. Because we need them!**

### **Faith influence in Government**

**This has been an extraordinary year, as we have grappled with the world's worst economic downturn since the 1930s, and I know it has meant an avalanche of work for CMA centres, in rich areas as well as poor. I have been involved with our work at the G20, where we have been working internationally for a co-ordinated response to the crisis. The G20 has really emerged very powerfully in the past year as the forum for the world to address economic problems, and – by chance – the UK has had the Presidency at this crucial time. And I think that work has borne fruit.**

**The Government invited faith groups to get involved in the debate around the G20 London summit last April. The Foreign Office's official G20 website contains a faith section, for perspectives from a starting point of faith, alongside sections for economists, lawyers and academics. We recognise we need to hear more voices, more perspectives from a starting point of faith being applied to hard challenges – including economic challenges.**

**During this recession Christian groups concerned for the poorest in society have continued to speak out, and played an important part. This week I met with Church Action on Poverty and the Salvation Army to talk about employment. They were reminding Government, as unemployment has been rising, about the centrality of having a job in allowing people to thrive and participate fully in society. Many here will have witnessed how a job can transform people's lives and their ability to provide for their families. And some of the best voluntary sector contributions to Government welfare to work initiatives have been from the churches.**

**Employment was central to the report by the Churches in 1997 'Unemployment and the Future of Work', which said that: *"it is wrong in such prosperous times as ours for men and women to be deprived for long periods of the chance to earn a living"*. The hope and prayer of that report's authors was that it would shift Government priorities – and it did.**

**The moral argument in that report dramatically influenced Government action – in the first instance on the New Deal for jobs. What normally happens in recessions is that people who lose their jobs go on to benefit, and fewer people who are already on benefit are able to get off. That led in the**

**1980s, and then again in the 1990s, to 3 million people claiming unemployment benefit. The scars from the long term youth unemployment which resulted are with us still.**

**During this recession, however, which has been much worse, unemployment has risen much less. The number of people getting off benefit has actually gone up. In part that is because we reformed the jobcentre system in response to the Unemployment and the Future of Work report.**

**When the crisis broke last Autumn, the Government had to make a call - either to invest to help people through the recession, or sit back and let the recession take its course. A lot of people said we had no alternative but to do the latter. That is what was done in previous recessions. But if the experience of the 1990s recession had been repeated, employment would have fallen by a further 1.7 million.**

**Our choice was action on jobs: real help to support people at risk of losing their jobs, and extra support from day one for those who had to claim benefits. It hasn't prevented hardship or unemployment. But it has made it a great deal less damaging than it would otherwise have been.**

**Action taken by Government and the Bank of England is supporting up to ½ million jobs. And UK unemployment is strikingly below what has been experienced elsewhere.**

### **Real Help Now**

**Our immediate responses to the recession were necessary, but longer-term measures to help people are crucial too. Including crucial work on financial inclusion.**

**This week, in the Queens Speech, we announced a new independent consumer financial education body. It will have the responsibility for rolling out a national money guidance service from next year. And a ban on unsolicited credit card cheques, an irresponsible practice in the credit card industry.**

### **Financial inclusion**

**On Financial Inclusion, we have seen important progress. In 2004, after working with the banks to offer basic bank accounts, we set the goal to halve the number of adults living in households without access to a bank account. Last month's report on access to banking by the *Financial Inclusion Taskforce* shows that the number has fallen from 2**

**million in 2003/04 to fewer than 900,000 in 2007/08 – so that target has been met. And people with bank accounts are spared all kinds of difficulties which people without them have to face.**

**Since the recession took hold, more funding has been provided for face-to-face money advice. And the Budget in April extended access to affordable credit in areas at a high risk of financial exclusion. That will enable third sector lenders to make an additional 85,000 loans to vulnerable households, who might otherwise face high credit charges.**

**Everyone should have access to the financial services they need to live their day-to-day lives. That means managing their money effectively, securely and confidently in a bank account. It also means being able to plan for the future confidently and being able to cope with unexpected financial pressures without taking on unsustainable debts.**

### **Helping people to save**

**One of the most effective ways that Government can help is by encouraging saving. Saving provides people with independence throughout their lives, security if things go wrong, and comfort in retirement.**

**For those who are tax payers - tax breaks can encourage saving. For example, over 19 million people, one in every three British adults, now have Individual Savings Accounts (ISAs), and ISA's have been successful in developing and extending the saving habit.**

**But saving isn't easy. It requires self-control to give up consumption. Practical action and improving incentives to save is something the Government can help with. From October this year, the ISA limits increased for those aged 50 and over, and from next April the ISA limits will rise to these levels for everyone.**

### **Child Trust Fund**

**Five years ago, I launched the Child Trust Fund which aims to promote saving from the start. Every child born since 1st September 2002 is provided with a £250 voucher to start up an account - and those families on low incomes receive an extra £250. The Government makes further payments to all children when they reach the age of 7. This money can't be touched until the child reaches 18, but up to £1200 can be added to the account every year, tax-free by parents, family and friends.**

**The Child Trust Fund is designed to strengthen the saving habit of future generations, promote financial education and ensure that at age 18 every child will have access to a financial asset. Already, over 4.6 million children have a Child Trust Fund account. Over time, every child in the class will have a CTF account, so every child will understand what an account is, supporting schools in financial education. And, for quite a few families, the Child Trust Fund account is the first account of any kind they have ever had.**

**The Government has also announced that from next year, disabled children will receive annual payments of £100 or £200 into their Child Trust Fund, recognising that they are likely to have greater financial needs as they enter adulthood.**

### **Saving Gateway**

**We are also introducing the Saving Gateway - a cash saving scheme for working-age people on lower incomes. People with lower incomes have lower levels of savings than others. And they benefit less from a savings policy based on tax relief.**

**Saving Gateway offers a different kind of incentive: 'matching'. The Government adds in 50p for each £1 that people save in the scheme. That is a strong incentive which we hope will encourage people to start saving - and then develop an enduring habit of saving.**

**Around 8 million people will be eligible for Saving Gateway. They will be able to save up to £600, and receive up to £300 from the Govt. Saving Gateway will be introduced nationally next year.**

**We've piloted the idea twice. In the second pilot we tried out different match rates - £1, 50p or 20p for each pound saved. We found that a match rate of 50p for each £1 was nearly as strong an incentive as a match rate of £1 for each £1. Moving from a 50p match rate to 20p, however, sharply reduced the effect - so in the national scheme, we've opted for 50p matching for each pound saved.**

### **Conclusion**

**A little while ago, I read a newspaper article by Neal Lawson of the left leaning think tank Compass. I didn't really agree with it, because it was mainly a stinging attack on**

**Government ministers like me. But his key point I did agree with, and it is I think an important observation about modern Britain:**

*“They don't just talk,” he wrote. “They do. Religious communities are among the increasingly few places that bring people together as citizens rather than as consumers - fighting for a living wage and against poverty. For me, as an atheist and a full-time politico, this is unsettling. ... And, of course, religion has been the cause of terrible deeds - although none perhaps in recent years as abhorrent as those of atheists. But in words and deeds, in the world I see around me, the positive role faith plays far outweighs the negatives.”*

**I think we will find more and more people – often rather surprising people, like Neal Lawson – realising that that is the case.**

**Whitehall doesn't always know best. In fact the opposite is often true. Some of the best ideas – and the energy for solutions – are found and practised by people working day by day in areas of need. And so I welcome Heather's policy work, and input from CMA groups to the Government consultations John spoke about earlier.**

**The compassion that inspires you to reach out and keep going produces innovation and creativity. The best solutions are borne out of practical service. It is why I want to see the influence of faith at the heart of policy.**

**In the work all of us do, we meet people at the end of their own resources, financial or spiritual. And at the same time, we know a God whose resources are limitless. We are called today, and every day, to combine these two experiences.**

**To point the way to the future to those who cannot see their way through present troubles. To be inspired by Christ to provide comfort, care and good advice. Thank you for what you are doing. I commend your work and your personal sacrifice in reaching out to others and wish you, and CMA, every good wish in your work and in your witness.**

**Thank you.**