

LVSTC Annual Conference

Stratford Town Hall, 6th March 2009

Thanks to Ray for inviting me – and welcome back to Newham to Ray, who did a really historic job in this borough’s voluntary sector in the past. I’m delighted to be here and to have this opportunity.

I want to set out the government approach to tackling child poverty. That isn’t because child poverty is the only kind of poverty we are concerned about. It has now been the case, for example, for the past few years, that pensioners – who historically have always been poorer – are less likely to be below the poverty line than non pensioners. That has only ever been the case fleetingly in the past – now, thanks to introduction of pension credit and the priority we have placed on tackling pensioner poverty, it is an established feature of the UK system.

But this morning I want to concentrate on children. Our aim is for everyone to be able to make the most of their potential, for people not to be held back unnecessarily, for everyone to be supported to succeed. That means a fairer

society, tackling the causes and consequences of poverty, and it means every child having a good start in life, enjoying a fulfilling childhood and having the capabilities and opportunities to flourish. And I welcome the recent report by the Children's Society on good childhood.

We know growing up in poverty can have serious consequences for physical, cognitive, social and emotional development. And as that child reaches adulthood, these factors can ruin the chances of a successful and productive life.

And it's self-reinforcing. The consequences of poverty today become the causes of poverty tomorrow. If we can break that cycle, we can ensure better futures for the next generations of British children, and prevent the wider problems that society would otherwise have to face; saving the costs of addressing those problems; and unleashing economic and social potential that would have otherwise been wasted.

Progress so far

So we are working across the public and third sectors, to treat the effects of child poverty and to tackle the causes. Between 1979 and 1997, the proportion of children in the UK living in relative poverty more than doubled. By 1997, we had the highest rate of relative child poverty in the whole of the European Union.

And so, in 1999, Tony Blair pledged to eradicate child poverty within a generation. He laid out our vision for tackling material deprivation and improving the life chances of children. And we set ambitious targets to halve child poverty by 2010 and eradicate it entirely by 2020.

The evidence is clear that steady employment is the best route out of poverty. So our approach is based on the principle: work for those that can work, and financial support for those who can't, and for those looking for work. And as a result of our initiatives, the inexorable rise in child poverty has been halted, and the number of children growing up below the poverty line reduced by some 600,000 in the eight years up to last year. The number of children living in absolute poverty – that is, those living in households whose income is less than 60% of median income as it was in

1997, uprated only for inflation – that number halved, from 3.4 million to 1.7 million over the same period.

Work as a route out of poverty

Worklessness is a major driver of child poverty. Children living in families where no one works have a 63 per cent chance of living in poverty. That risk drops to 29 per cent for households where one parent works, and to 8 per cent for children in households where both parents work.

And we have set ourselves a new Public Service Agreement – that is, an addition to the top-level targets we use to measure progress towards reaching our goals – on maximising employment opportunity for all. That will be a lever to raise the overall employment rate, and to tackle low employment rates among disadvantaged groups, including lone parents and parents from ethnic minority backgrounds.

Of course, the economic backdrop has changed dramatically – in the UK and around the world – and that makes work on raising employment levels much harder. One of the challenges in the current environment is to deal with the

crisis without losing sight of our key longer term priorities. But it is essential that we do that successfully.

Another of our Public Service Agreement targets focuses on improving the skills of the working age population, helping people gain the skills they need to succeed. And Jobcentre Plus is supporting parents to take up the work opportunities available to them. Since work is the best pathway out of poverty, we want to use skills training, financial incentives and the prospect of fair wages to help people along that pathway.

Financial support

But not everyone has the chance to work. Poor health or disability adversely affecting a parent's employment opportunities should not be allowed to spoil the life chances of children growing up in the household.

Major reforms to the system of financial support for families have made a big contribution to the fall in the number of children in poverty. The system is based on two main elements: Child Benefit, and the Child Tax Credit. Child Benefit, a universal payment to help families with the costs

of raising children; the Child Tax Credit an integrated scheme that spans both work and welfare to provide income-related support for families with children.

All British families have benefited from the changes.

Households with children will be on average £2,100 better off in the coming financial year as a result of tax and benefit changes since 1997. Families with children in the least well off fifth of the population are on average £4,400 per year better off.

Ending Child Poverty: Making it Happen

In January we published *Ending Child Poverty: Making it Happen*. That sets out our vision for reaching our ambitious goals on child poverty by 2020, and it invited views on how best that vision can be turned into reality. The deadline for responses to the consultation is next week, on the 11th, so there are still a few days to contribute views.

One of the principal areas discussed in the document is the role of local authorities and the organizations they work with, voluntary sector organizations and others, in delivering the “building blocks” to tackle child poverty –

employment, skills, financial support and children's services – all with a major part to play in narrowing the gap in outcomes between children from low-income families and their better off peers, and in breaking inter-generational cycles of deprivation.

Many local partnerships have already had considerable success in tackling child poverty, but meeting the challenge of eradicating it across the country requires a renewed focus from all local authorities and their partners on improving opportunities, experiences and outcomes for disadvantaged children and their families.

***Ending Child Poverty: Making it Happen* also set out proposals for new legislation, because we believe that it is right to cement in law our commitments to ensure that unjust inequalities are ended and that everyone has the opportunities to succeed in life.**

I shall be responsible for piloting the legislation through Parliament. It will set a requirement for government to report annually on progress. It will require us to make clear our strategy for ensuring all children can succeed whatever their background. And it will ensure everyone plays their

part – at every level – to improve children’s opportunities and reduce inter-generational poverty.

London

Child poverty in London poses a particular set of complex challenges. 25 per cent of children in Greater London live below the poverty line. The child poverty rate in Inner London is 31 per cent, substantially above the national average of 22 per cent. Those high levels are largely accounted for by a particularly low level of parental employment in the capital: more than 8 percentage points lower than in the rest of the UK.

So we asked the agencies involved in London to identify better ways of working together to tackle child poverty and increase parental employment in the capital. The Ministerial Working Group on Child Poverty in London brought together representatives from key organisations. In November the targets and actions that the group had agreed on were announced:

- **a rise by 3 per cent in the parental employment rate in London by 2013**

- **an increased rate of maternal part-time employment**
- **better take up of Child Tax Credits by eligible working families**
- **and more families benefiting from the childcare element of Working Tax Credit.**

The Group has switched its focus to delivery to ensure these targets are achieved. And it has also devised a London Child Poverty Pledge to generate widespread commitment to the changes required to tackle child poverty. The Pledge has enabled organisations of different sizes, and across different sectors, to recognise their role in tackling child poverty, and to commit to do more.

The Pledge sets out nine actions organisations can take to improve their impact on parental employment and child poverty. 28 organisations including Local Authorities, a Primary Care Trust and a variety of third sector organisations have signed the Pledge, with a number of others in the process of signing up and completing their action plan.

Effects of the economic downturn and public services

The current worldwide economic problems have made things harder, and many families across the country face new pressures. The credit crunch is no longer about bankers or senior executives. It's about families making ends meet, and workers worried about their jobs.

We are committed to navigating a path to get Britain through these problems in the best possible shape, doing it in a way that is fair to everyone and ensuring that we are in a strong position to make the most of the new opportunities which will emerge when the upturn comes. That requires us to work effectively on two tracks:

- **internationally, as the Prime Minister has been in his visit to the US this week, and with the crucial summit of the G20 countries under the UK's Presidency, taking place at the Excel Centre down the road at the beginning of April; and**
- **domestically, as for example in the Pre-Budget Report before Christmas with the reduction of VAT, at the recent Job Summit, and now with the announcements by the Bank of England yesterday – to reduce the risk of a deeper and more prolonged recession.**

People have to rely on public services, and on the services you provide, more than ever. Effective public services are vital to help people through the downturn, and to support and build the economy for the future.

Public services are crucial for building economic strength for the long term – children’s services, education, science, transport. And job centres, Business Links, debt advice agencies, employment support initiatives and community projects are essential for giving people support at a time like this when they need it most.

Conclusion

We can take encouragement from the progress on child poverty. We have - together - helped hundreds of thousands of children out of poverty, and so avoided problems they would otherwise have faced.

And there are very good economic reasons for doing it. Interrupting cycles that see poverty passed from one generation to the next is the best way to relieve society of the burden – and the costs – of tackling problems caused by

poverty. Unleashing potential among those otherwise hampered by poverty, all of us will benefit from greater economic productivity, and a lower burden of costs for support and intervention.

But there is more to do. 2010 is approaching fast and 2020 is only eleven years away. The target to have entirely eradicated child poverty in the UK by then is hugely ambitious. But it is achievable. Setting our targets in legislation will help drive progress, and I hope the legislation will provide an effective framework within which all of us can work together, to achieve an outcome that all of us want to see.

Thank you.