

**LSE Housing and Communities public discussion**

## **Families and young people in troubled neighbourhoods**

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### **Introduction**

I'd like to thank Anne Power for inviting me to speak to you tonight.

I first met Anne in my office in the House of Commons back in 2008.

It was there that she told me about the work she was doing up at Trafford Hall with the National Communities Resource Centre.

I immediately took the liberty of inviting myself up there to see what it was all about – and I was impressed by what I saw.

### **The book – Family Futures**

And it's a pleasure to be here tonight to talk about Anne and her team's research.

It was while the study was being carried out that I entered the debate about the most disadvantaged areas of our society.

Back in 2004 I set up a think tank called the Centre for Social Justice.

The idea was to assess the poverty landscape in the UK...

...and to reassess how we as a society were responding to it.

We travelled around the country taking evidence from voluntary organisations and community groups.

And we put the facts down in our key reports, which laid bare the extent of the social challenge. We had:

More than 4 million people on out of work benefits, many for 10 years or more  
Levels of family breakdown that were high and growing; and  
One of the highest levels of personal debt in Western Europe  
This isn't to say there is no hope in our most disadvantaged areas.

**Family Futures** makes it clear that even on our most deprived estates there are large numbers of families who work hard, care about their childrens' education and play a huge role in their local communities, with some real progress being made.

But we cannot escape some of the basic facts that the study reveals:

The disproportionate incidence of poor health in our poorest neighbourhoods  
The repeated complaint about a lack of things for young people to do, often leading to youth misbehaviour, a lack of respect for others and crime  
And the constant challenge of low skills and persistent unemployment, often passed down through generations.  
Take the issue of crime.

While those taking part in the study saw some progress on crime, they were clear that the challenges they continued to face had a disproportionately big impact on their lives.

Listen to the following from Alan in West City, a neighbourhood in Inner City London:

"Living here on a day-to-day basis you're trying to build a community on our little estate of 85 homes and all we get is people moved here who the council are getting off their list, whether they're coming out of prison, or drug users, or mental health issues. They get dumped on the estate with next to no support and cause a nightmare for everybody else. You only need one crack house for everybody's lives to be a nightmare. You only need one nuisance neighbour who just doesn't give a regard for anybody else, whether it's loud music at night or whatever."

As Alan indicates the majority of those living on the estate were law-abiding families who played by the rules.

But it only takes a couple of families to go off the rails to make everyone else's lives a misery – seemingly minor or localised cases of crime and anti-social behaviour can have multiple negative effects in these areas.

## **Gangs**

Take street gangs, an issue that the Government has been looking at carefully in recent months.

Gangs may only be in a minority in their community, but they have a disproportionately large effect on the lives of those around them.

They are a product of social breakdown, but they in turn further that process of breakdown by creating no-go areas that make impossible the very things that could help deprived neighbourhoods to rejuvenate – stable families, strong businesses, and community action.

As **Family Futures** finds, parents were clearly worried by the sense that their streets could be taken over by guns and gangs – an incredibly destructive environment in which to bring up a young child.

## **Economic backdrop**

But perhaps the biggest challenge of all comes from the fact that these social problems persisted even during a period of unprecedented growth.

The UK economy created a lot of jobs in the period leading up to the recession – with employment levels up by some 2 million – yet huge numbers of those on benefits were unable to take advantage.

Businesses looked elsewhere, bringing in what they said were keener and more willing workers from abroad, with nearly half of the rise in employment accounted for by foreign nationals.

Of course things are even tougher now.

Resources are incredibly tight.

And we have a real challenge in the labour market.

But at the same time we see on our TV screens every day the consequences for countries that fail to get to grips with their debts and deficits.

We shouldn't forget that Italy had lower borrowing costs than Britain back in April of last year.

They are now around three times higher.

We cannot get caught up in that same debt spiral – breaking it is absolutely critical.

But this isn't all about the economy.

August's riots were a reminder – if any were needed – that those suffocating social problems I spoke about before are still alive and well.

### **Family Futures**

So this brings me to **Family Futures**, and the lessons it can teach us about how we respond to the kinds of challenges faced by families in troubled neighbourhoods.

Let me start with the question of poverty.

Reading **Family Futures** reminded me of an issue we found time and again at the Centre for Social Justice – namely that poverty is about more than income alone.

The whole debate around poverty in the UK is constructed around the relative income measure – set at 60 per cent of median income.

If you sit below the line, you are said to be poor.

If you sit above it, you are not.

But we must remember that levels of family income are just an approximate – and by no means perfect – measure of family well-being.

And what do we know about the things that really improve well-being?

It's the kind of issues mentioned in **Family Futures**:

Better health

Lower crime and lower fear of crime

Work

A strong sense of community

This isn't to say that money isn't important.

Of course it is.

I'm not going to stand here and say that those interviewed for **Family Futures** wouldn't have wanted, or needed, higher incomes.

But I do believe that increased income and increased wellbeing do not always follow the same track.

Take a family headed by a drug addict or someone with a gambling addiction – increase the parent's income and the chances are they will spend the money on furthering their habit, not on their children.

According to the relative income poverty figures they might be above the line, but by any reasonable measure of long-term life chances they would be stuck firmly below.

Or take a family where no one has ever worked.

Increase their benefit income – while taking no other proactive action – and you push the family further into dependency, only increasing the chance that their child will follow that same path as an adult.

So while income is important we should be clear that the source of that income can have very different effects.

Income through benefits maintains people on a low income, whereas income gained through work can transform lives.

Of course for some people, such as those with severe disabilities, income from the welfare system will always play a vital role, and rightly so.

But money can never be the whole story, as it ignores so many other indicators of well-being.

### **Child Poverty – perverse incentives**

This is an important conclusion – but we need to know what it means in practice.

My concern is that while we know what direction of travel is needed, we may be destined to repeat the failures of the past if we are not prepared to think much harder about the poverty challenge.

The public debate on poverty is still overwhelmingly focussed on the narrow relative income measure.

And this focus drives a number of perverse incentives in the way that governments have approached policy.

First, there is an incentive to move people who are just below the line to just above it, as this can prove the simplest and cheapest way to hit the poverty targets.

We find this borne out in some of the figures, which suggest that something like half of parental exits from poverty are to just above the income line.

This has been called the 'poverty plus a pound' approach – doing enough to keep the poverty figures moving in the right direction, but without really changing anyone's lives.

Meanwhile those at the very bottom risk being left behind, too far from the line for anyone to bother trying to lift them out.

Second, there is an incentive for Governments to focus on lifting income through higher welfare payments, particularly through those aimed at children.

This is helpful in the public presentation of Government policy, because forecasts of future poverty trends rely mainly on changes in the tax and benefit systems.

But as I've already explained this approach is unlikely to make a real difference to outcomes.

And again we find this perverse incentive borne out in the figures – from 1998 to 2009/10 the likelihood of being in relative poverty declined 1.5 times faster for children living in workless families than for children living in families where somebody worked.

This is hugely expensive approach – and it looks set to have failed.

Though some progress has been made on poverty the last Government were set to miss their targets by a wide margin, having already missed their interim targets.

Let's have a more forward-thinking debate about how we can do more to promote a life chances approach, and one not so narrowly focussed on income alone.

### **Joseph Rowntree Foundation**

It's interesting to see that the Joseph Rowntree Foundation have sparked off this debate with their report today.

Though we might not agree with everything they have to say, I think there are a couple of quite important points here:

First, they have argued that the focus on poverty has been too centred on the child alone, to the detriment of other groups in society.

You cannot somehow pull a child apart from its family.

A child's wellbeing is fundamentally linked to the wellbeing of its family, and nor can we ignore the plight of working age poverty.

Second, they warn against the risk of focussing too much on the social security system to lift people out of poverty

I think the social security system can be a critical tool – and I will touch on the Universal Credit in more detail in a moment.

But I agree with the Joseph Rowntree Foundation that simply pulling people out of poverty with increased welfare payments is a dangerous and ineffective strategy.

### **Life chances**

So we need a change in the terms of the debate.

Government can – and does – do plenty of things that are likely to impact on poverty levels in the future through their effect on life chances.

But these are too often the kind of dynamic changes that it is much more difficult to measure.

Take the Fairness Premium, worth about £7.2bn, which the Government has introduced to support the poorest in the early years and at every stage of their education.

This is a huge investment by Government in changing children's lives, with the potential to completely alter a child's future.

With the right support a child who was destined for a lifetime on benefits could be put on an entirely different track, one which sees them move into fulfilling and sustainable work.

In doing so they may well move out of poverty.

But because we can't predict the effect on income in the future this is not given credit as a poverty-fighting measure.

Or take relationship support, to which the Government has committed in the coming years.

It may be that this investment has a huge impact on a number of children's lives, helping their families stay strong and stable and so providing a safe and loving environment in which to grow up.

But forecasting how this will impact on a child's income in the future is extremely difficult.

We find the same thing with Health Visitors, where we're upping the numbers by around 4,200.



Health visitors have been found to play an incredibly important role in helping families to cope and provide a stable environment for young children.

Yet, once again, we don't do enough to assess the impact of this investment on a family's life in the long run.

So I believe that we must look more closely at how we are measuring the impact of these interventions, and continue to push a debate about these wider measures of poverty.

Social investment and early intervention

We've kicked off a process here already.

Frank Field's work on life chances...

...Graham Allen's reports on Early Intervention...

...the small but significant growth of the social investment market...

...all this work is starting to change the way we look at the issue of poverty and life change.

We want to build a body of knowledge about what works and what doesn't.

This could provide the incentive for private investors to put their money into this agenda, and in doing so releasing more money into life change.

Also a side effect of this, but nonetheless a powerful social driver, will be the way such investment can re-engage the top of society with those at the bottom, reviving that sense of shared community which has been missing for too long.

## **Riots**

And I think this speaks to the experience of the riots as well.

First, the need to re-engage the top and bottom of society, ending the feeling of disenfranchisement in many of our neighbourhoods.

But also – in getting to grips with a culture of dependency – we need to end the feeling of entitlement that also seemed to drive some of what we saw back in August.

By focussing on income levels rather than life chances we have created pockets of our society where too many know only of money which is given, rather than earned, and so were too easily prepared to go out and take on the night of the riots.

### **Tax Credits**

But if we are to understand which policies actually change lives, and will actually start to turn this culture around, we have to understand the issue that we're dealing with.

That's why studies like **Family Futures** are so valuable – they provide an opportunity to hear testimony from people in troubled neighbourhoods about what really matters to them.

I just wanted to touch on two areas briefly:

First, the experience of those in the study who were claiming tax credits.

The introduction of tax credits was based on a sound principle.

Yet the way they were designed meant these incentives were too often perverse or incomprehensible.

As Family Futures makes clear the dominant problem for families was having to rely on a badly organised system that created confusion and uncertainty.

One person was so put off they weren't willing to even make a claim:

"Even if I'm entitled I don't want the hassle, I just put the form in the bin".

Others wanted to move into work, but felt paralysed by the complexity of the system:

"I want to work but I don't know how the benefit system works... Before they award Working Families Tax Credit, you have to deal with accountants, it's really confusing. I want to work but I'm worried I'll be in a worse situation".

## **Universal Credit**

It is clear that this was a government project with sound principles, but one not built around the people it aimed to help.

So our aim is to build a system that replicates the positive points of tax credits, but one that is:

Simpler to understand

Fits around the hours that people want to work

And doesn't create such significant perceived risks from moving into work

The system we're building is the Universal Credit, a simpler payment that is withdrawn at a clear and constant rate as people move into work.

Key to this is something called the Real Time Information system, meaning we'll receive information directly from employers about what people are earning and translate that into an accurate and up-to-date payment.

## **Small and local changes are important**

So I believe the Universal Credit will start to make a difference to some of the issues which come out so strongly in Family Futures.

But this book also presents something of a challenge to Government.

For its findings suggest that the changes that make a real difference to people's lives aren't just the big projects – they are also the seemingly little ones, whether it be

Fixing broken street lights

Making repairs to the community park

Or fixing that broken pavement slab that stops parents pushing their pram down the street

This comes out clearly in the later chapters of the book, which describe how residents worried about the one-off nature of big regeneration programmes and favoured more low-level, responsive investments and more gradual improvements.

## **Broken windows**

Of course there is a lot of talk about big capital projects at the moment – and rightly so.

But let us not assume that only big can be beautiful.

Let me take you back to New York in the mid-1990s, where Mayor Rudi Guiliani had just appointed a new Police Commissioner – Bill Bratton.

Bratton's approach was a bit different.

Together with Guiliani he pioneered work on the 'Broken Windows Theory', the idea that what starts as low level degradation – faulty street lights, littering, broken windows – is the beginning of a continuum to much more serious anti-social behaviour and crime.

If people in the area get the sense that others don't care enough about the local environment, then the chances are that no one will care at all.

We hear this kind of testimony from the parents in Family Futures:

"It gets me down seeing so many derelict buildings and uncared for things...The block getting emptier and crying out to be vandalised".

And one mother felt strongly about something apparently as small as a McDonalds' carton.

"Before this estate was built, it was all old houses, terraces. But people were spotless, they'd come out and scrub the whole, you know, a whole bucket of water would go down the front path and down onto the pavement. They didn't have a lot of money but they were very clean...You didn't see rubbish on the street. Perhaps it's because there wasn't McDonald's about at that point! I think people need to be a little bit more caring about their environment, wherever it is, you know...It doesn't mean to say they can throw a McDonald's carton or leave their rubbish behind".

On the other hand if you get in there early – and pick up that McDonald's carton or fix that window before it can impact on people's behaviour – then you can potentially have a huge impact on the local environment.

We talk a lot about early intervention when it comes to our youngest children – but perhaps we should be saying more about early intervention for our communities too.

## **Localism**

But – as with early intervention for children – this is an agenda that is best when driven at a local level.

That's why the localism agenda is so important.

It's why we're trying to push power out – not just to local authorities but also to voluntary and community organisations.

We've tried to harness this local expertise in the Work Programme, where hundreds of voluntary and community sector organisations will be delivering intensive help to get people back to work.

And we're also working to turn round the lives of some of the countries most troubled families, again working with local authorities and the voluntary sector to drive this from a local level.

These are organisations that see people for who they are, not just as numbers on a spreadsheet or as a box to be ticked but as human beings.

## **Conclusion**

So let me just finish by repeating some of the key principles that I think need to underpin real change for families in troubled neighbourhoods.

First, we need a new debate on poverty, based around life change rather than maintenance on benefits.

And second, we need to understand what really matters to people – how Government can design programmes of support that fit their aspirations and work with the grain of their lives – in short, humanising government, and making small that which is too big.

Whether it be simplifying the welfare system or making the small changes to the local area that make a really big difference, we owe it to those in our poorest communities to do better.

This is the challenge of our generation.

**END**