HEADLINES;

- The Secretary of State defended the roll out of Universal Credit, and said it will cost £600 million less than expected.
- He said he doesn’t believe people are “getting away with it” when it comes to avoiding tax.
- He also refused to rule out cutting child benefit for large families, saying “You want people who are on benefits to take as much responsibility for their lives as people who are in work”.
- On Ken Clarke’s comments on the funding of political parties, the Secretary of State argued that increased state funding is “not a panacea”.

ANDREW MARR:
Welfare reform has been one of the Tories’ top priorities and a personal mission for Iain Duncan Smith. It was his plan to merge a complicated range of benefits like jobseeker’s allowance, housing benefit, tax credits into a single benefit: universal
credit. The idea has got broad support now, but it’s happening late and over budget. The Work and Pensions Secretary is with me now. Good morning Mr Iain Duncan Smith.

IAIN DUNCAN SMITH:
Good morning.

ANDREW MARR:
Back in 2013 you made a promise that universal credit would be rolled out on time and on budget, and that’s a promise broken isn’t it?

IAIN DUNCAN SMITH:
Well let’s go back to that particular point. When it started, when the department started to roll it out, I had an external team look at this and they told me they didn’t think that this would roll out correctly and it was going in a big bang format. And we remember what happened with tax credits and others under other governments, Labour and Conservative, where you launch them all at once, they don’t go right: under tax credits, 400,000 people didn’t get their payments and billions have been lost. So we brought in some other people. They looked again at it and they advised me. And I took that advice - which is do it stage by stage, test it, then roll it out, then test the next bit and roll that out - and that’s what we’re actually doing. Now can I correct you on one thing you said earlier on? It’s not over budget. It’s actually under budget. It’ll be £600 million …

ANDREW MARR:
(over) You lost £40 million on a ta… on an IT system.

IAIN DUNCAN SMITH:
(over) No we haven’t lost … No, no, no, all IT systems in development, the private sector and the public sector, of course you invest in them. Some bits and pieces don’t work exactly. There’s always a certain amount of a write down and there’s some write off. Write down …

ANDREW MARR:
Iain Duncan Smith:
Yeah but compared to the expenditure of something in the order of 2.4 billion that was originally expected, we’re now spending 1.8 billion. So we’re act… And included in all of that, we’ll actually spend 600 million less on this development than was originally …

Andrew Marr:
(over) Now this rollout around the country is only for single claimants. It’s not for families, so it’s nothing like universal at this point. Do you think that you have got the computer system able to cope with much more complicated claims?

Iain Duncan Smith:
Yes we have because in fact we rolled this out first in the North West. And in the North West we’ve rolled it out to singles, to couples and to families, so it is now complete pretty much across the North West. The last couple of sites, few sites in the North West will be live within the next month. So that is already in place and what we’re doing now is exactly what we did in the North West. You rolled it out stage by stage, so singles first to every job centre by the early spring of next year, and then you will do couples and then you will do families. And we do the final development, which is digital, which allows much more things like app on your telephones and everything else.

Andrew Marr:
(over) Which is by about 2015. So that’s five years late. That’s the end of next parliament. That’s very late.

Iain Duncan Smith:
Well yeah, but hold on a second. I would rather have this work. I would rather have it that everyone’s experience (as we have seen already) is positive. People are going into work quicker, they’re staying in work longer and they’re earning more, and that is as a result of universal credit. I’d rather that experience than the experience of tax credits under the last government, which was a crash and burn process which cost billions.
and people to the day don’t like it. Can I just say one thing too? We talk always about the IT system and it’s working, but the point is it’s not really an IT system. This does two things. First of all what it does is ensures that when someone goes to the Job Centre – instead of in the past if they took a part-time job they’d have to sign off jobseeker’s allowance, they’d go to tax credits, no-one would ever talk to them, now the adviser in the Job Centre …

ANDREW MARR:  
*(over)* It’s a simpler system.

IAIN DUNCAN SMITH:  
No but the adviser in the Job Centre stays with them. They don’t sign off. So he can stay with them, she can stay with him. They can say, “Look, you’ve taken that job. Let’s look for another job. Is that working?” So in other words, they become coached and helped. And all the businesses in the North West are all wanting to be on it because it gives them the flexibility of getting people into work for all sorts of hours and actually gives them a much better process of investment in their workforce. So a big cultural shift.

ANDREW MARR:  
In this parliament all the big savings in the welfare budget have come by paying people less, putting on caps, removing benefits from particular groups and so forth. In the next parliament you have to remove another 9 billion (not yet explained) from the welfare benefit bill. How are you going to do it?

IAIN DUNCAN SMITH:  
Okay, well can I just correct you? Actually the majority of the savings in this parliament have come from getting people into work. We are actually now getting more people into work than was ever …

ANDREW MARR:  
*(over)* Well it depends how you define savings, but …

IAIN DUNCAN SMITH:
Well but actually it was against the prospectus of what was actually going to happen. We – and the Bank of England has said this – this is a kind of jobs miracle. What’s happened is more people have gone into work than ever expected by the OBR or by the Bank of England. You know we have actually now had …

ANDREW MARR:
(over) I’ll give you an example.

IAIN DUNCAN SMITH:
(over) … the fall in unemployment – 500,000.

ANDREW MARR:
By changing the inflation measure, you saved the taxpayer 10 billion …

IAIN DUNCAN SMITH:
Yes.

ANDREW MARR:
… but you took 10 billion away from families as a result.

IAIN DUNCAN SMITH:
Well no what we actually did is we brought the inflation measure into line with every other country in Europe and a worldwide measure because …

ANDREW MARR:
Well you still changed it though.

IAIN DUNCAN SMITH:
Well hold on a second. The thing that we took out was the measure on housing. Why? Because they’re paid housing benefit separately, so why measure the housing cost …

ANDREW MARR:
(over) And you took housing benefit away from …
IAIN DUNCAN SMITH:
(over) … and CPI is a much more reasonable way of doing it.

ANDREW MARR:
And you took housing benefit away from under-25s. I’m not saying it’s a good thing or a bad thing. I’m just saying the way that you got the savings was by removing money from actual families.

IAIN DUNCAN SMITH:
Yeah, I’m not saying we didn’t actually reduce the overall cost of welfare. Of course we have. It’s now risen at the lowest level it has since the beginning of the welfare state. But remember under the last government it rose by 60 per cent. It cost everybody £3,000 more on welfare at the end of the last government than it did at the beginning. In other words, they paid … the taxpayers themselves paid more to get people on benefits rather than to get them back into work. And that’s we’ve changed – getting people back into work.

ANDREW MARR:
Of the undiscussed, unmentioned savings to come in the next government if it’s a Conservative government – 9 billion …

IAIN DUNCAN SMITH:
Yeah.

ANDREW MARR:
… that is equivalent to the entire budget for disabled people, most of the budget on housing benefit. It’s a huge amount of money. I’m just asking you where that is going to come from, where are your targets?

IAIN DUNCAN SMITH:
Well I’m not going to start discussing exact specifics. We have already said …

ANDREW MARR:
(over) People need to know, don’t they?
IAIN DUNCAN SMITH:
Well we’ve already said one thing, which is we will continue that freeze on benefit growth as we have done already. We will extend that and that will save a significant sum of money. But what I will say is that as we come forward, we will talk more about what we’re going to do to save this money. People should not doubt our intention to get the deficit down. If we don’t get the deficit down, we don’t get borrowing down, people pay more in taxes …

ANDREW MARR:
(over) And I accept that. I understand that. I’m just talking about how … what your contribution is going to be.

IAIN DUNCAN SMITH:
(over) So my point is… Hold on, I’ve got to say this, you don’t do it necessarily by cheese paring or by cutting. What you do is you do it by changing the way that people go about their lives – more people then in work, more people getting a sustained income, more people off housing benefit as a result, more people in full-time work. That’s the way that you really reduce the budget overall and that’s the way that we’ll be approaching the savings. But if you ask me are we going to be able to make those savings, my answer is categorically yes and I’ve already discussed this with the Chancellor.

ANDREW MARR:
One of the ways you seem to make these savings is by being pretty punitive in terms or intrusive in terms of people’s lifestyles if what we read is true – that you want to have a go at obese people, we want to have a go at people who have too much to drink and so forth. This feels like the nanny state on steroids and a lot of people think this is a very unfair thing to do at a time when people at the top are getting such an easy …

IAIN DUNCAN SMITH:
(over) Okay let me just deal with those two questions. First of all, let’s deal with what we’re talking about, you call the “nanny state”. Look British taxpayers working hard, they pay tax and they’re very happy to support people who fall on hard times. That’s
exactly right. All people who have conditions where they can’t work, they like all of that. That’s exactly right, that’s a good moral position for a modern state to be in. And I support that completely, which is why we’ve exempted people on disability benefits and people in the support group of ESA from any of the freeze because we’ve supported them. We spend nearly 50 billion on people with sickness and disability. However, it is also fair to say that people who are on benefits do need to be able to take control and responsibility for their lives like everybody else. So what we’re trying to say here is, and you’re talking about the announcement yesterday, which was about people who are obese actually going into treatment. It’s not … we’re not actually talking about saying we’re taking benefits away from you if you can’t get yourself out of obesity. What we’re actually saying is the problem we’ve got is that lots of people are either fearful or they don’t want to actually take the help that’s there. We invest in the help - whether it’s to support people to get off drugs, and we’ve changed all of that, or whether it’s to get people into a particular mindset to be able to reduce their weight because their health condition is so bad. What we want is people to take that help and to take responsibility for their condition and try and improve. No one’s going to penalise anybody who tries.

ANDREW MARR:
What about people who have “too many children”? Take child benefit away from them?

IAIN DUNCAN SMITH:
Well again this is not a policy of the present government, but if we do go down that road of course we will announce that. But my point again is …

ANDREW MARR:
Do you think you will?

IAIN DUNCAN SMITH:
Well all I would say is this. People out there who are working, they all make decisions about the size of their house, about how many children they have in accordance with what they can afford. We all do that; that’s how we work. All I say is that people …
ANDREW MARR:
(over) But then quite often circumstances change.

IAIN DUNCAN SMITH:
(over) Of course, of course.

ANDREW MARR:
(over) So someone’s got four children or five children, then they lose their job and they get into trouble. Are you going to take child benefit away from those kind of families?

IAIN DUNCAN SMITH:
No, no, I’m not. We haven’t made any announcement. All I’m saying to you is the principle that lies behind all these changes is this. You want people who are on benefits to take as much responsibility for their lives as people who are in work. That way it’s easier for them when they go to work to be able to deal with their bills and their debts, etcetera. So this is not about trying to penalise people.

ANDREW MARR:
Well …

IAIN DUNCAN SMITH:
See it in this light. It’s about saying to people look let’s work with you to get you out of that condition. Bear in mind that before we came into power a million people on sickness benefit were not seen by anybody for up to ten years – languishing, getting worse. That’s all changed and I want to extend that to get them into treatment.

ANDREW MARR:
(over) If you’re on benefits and of working age, the system already feels quite tough. If you miss a meeting, you lose your benefits for a week and so forth. It can be quite …

IAIN DUNCAN SMITH:
(over) Not necessarily.
ANDREW MARR:
Well very often you do, it can be quite tough. Do you feel entirely comfortable with the way that people at the top of the tree are being treated at the moment – people who have dodged taxes, are doing sweetheart deals with HRMC, being excused large amounts of tax? Can you see that people see a really big variation, a moral difference between the way people at the bottom are treated and the way people at the top are treated?

IAIN DUNCAN SMITH:
Look there should be no difference between the way you treat somebody who has committed an offence. What I’ve said all along, from the word go, for people on welfare is that if you try hard, work hard and work with us, we will help you to get back into work and no one will be penalised. And very, very rarely is anybody penalised just for not turning up at a meeting. It’s invariably a consequence of a number of other issues. Fraud, whether it’s at the benefit end or fraud at the top end, must be proceeded against. The government’s been clear. And actually I think … can I just say I think our record on this has gone missing in all of this debate. The fact is that the HMRC has prosecuted something like 1600 people for tax evasion and they are spending years in prison now as a result and it’s also got back £100 billion more than was ever anticipated as a result of those prosecutions. So it’s not that we don’t prosecute …

ANDREW MARR:
(over) And yet day after day after day, we get more examples – above all through HSBC but other places too - of people who have avoided their tax and seemingly got away with it. Do you agree with Ken Clarke the Conservatives should be a little bit more cautious about some of their donors?

IAIN DUNCAN SMITH:
Can I say, first of all, that I don’t believe that people are getting away with it. You know just because they weren’t on a criminal prosecution … And as you know and I know – we’ve been in this game long enough – criminal prosecution, the bar is very high to be able to prove that. So rather than go down that road sometimes where
there’s not quite enough evidence, what they proceed against them is in a civil manner and they get up to 200 per cent more back. So that 100 billion more we got back is from people who evaded and they are now paying a massive penalty financially. And of course we should proceed against more and we will.

ANDREW MARR:
And the Ken Clarke point, if I may?

IAIN DUNCAN SMITH:
Well on the Ken Clarke point, I’ve never been a believer – I’ll be quite frank with you – in state money. I mean look at these other countries around – France and Germany where they have state money. You have all sorts of problems - Anne mentioned that earlier on – lots of problems over their own financing. I think it’s not a panacea. What I think, however, is openness, a clarity. You need to show who has influence and who doesn’t have influence. You know, for example, the Labour Party has to demonstrate to us the trade unions who finance them mostly, pick leaders …

ANDREW MARR
(over) And you have to demonstrate to them the hedge funds.

IAIN DUNCAN SMITH:
(over) … pick candidates and MPs. Absolutely open, that’s the way to do it. But you know any taxpayer listening to this, they’re going to say to themselves why should I spend more money on politicians and particularly politicians I don’t even support? And I agree with them, so the answer is as long as we’re open and clear I think this system is by and large actually – and let’s be honest – I think it is one of the cleanest systems in the Western world.

ANDREW MARR:
We’ve talked a lot about fairness, Mr Duncan Smith. What about intergenerational fairness? How do you personally feel about the fact that pensioners are not means tested in any way at all, all of their benefits and stuff have been protected, they’ve got the triple lock, all the winter fuel payments and all the rest of it all protected, whereas people at working age, struggling younger people are not protected at all?
IAIN DUNCAN SMITH:
Well I mean …

ANDREW MARR:
“Intergenerational theft” is what one of your MPs called it.

IAIN DUNCAN SMITH:
Well maybe but they’re wrong. Let’s just go back before 2010. Pensioners had a very raw deal from successive governments. They saw earnings outstrip their pensions, they saw themselves languishing behind - often now as a result of low interest rates their savings not paying them what they wanted, many as a result of the crash have found that their pensions on retirement pay less. So what we took a decision earlier on, quite rightly, is two things. First of all, we would safeguard the quality of their pension. So the triple lock, I’m proud of that – 2.5 per cent for all …

ANDREW MARR:
(over) Even pensioners on the top rate of tax who are going to have everything protected under a future Conservative government?

IAIN DUNCAN SMITH:
Yeah, but let’s be honest, all of the poorest pensioners are now better off by something in the order of £800, £900 better than they were … or £500 more than they would have had in their wallets as a result of our changes. And the second thing we’ve done is we haven’t sat on that. We’ve now got the single tier pension coming, which means pensioners will do better. And …

ANDREW MARR:
(over) You’re giving them an awful lot. I mean …

IAIN DUNCAN SMITH:
… but automatic enrolment. We’ve got 5 million people now who are saving who never saved before. Honestly these are people … Think of pension…
ANDREW MARR:
And you’re comfortable with the generational fairness point – you yourself?

IAIN DUNCAN SMITH:
Well I think most kids are too because most people look at their grandparents and they say look they worked hard, they need a fair deal. And after all we say “vulnerable” people. Pensioners are in that vulnerable category because they can’t affect their salaries. Their income is locked, so we need to be able to help them through years when you know economies crash and everything else. So I am very much in favour of supporting pensioners doing the right thing.

ANDREW MARR:
Iain Duncan Smith, thank you very much indeed for joining us this morning.

IAIN DUNCAN SMITH:
Thank you, Andrew.

INTERVIEW ENDS