Andrew Marr: Let me start off with the single easiest question I’ve asked anybody during 2017. How long have you been in power?

David Gauke: We’ve been in power since 2010, in coalition obviously.

Andrew Marr: Is the correct answer.

David Gauke: Very good.

Andrew Marr: The reason I asked is that when I talk to your colleagues about housing and mental health and many other issues, they get very offended by the state of things, almost as if you are not responsible for what’s going on at the moment. You are responsible, and you also accept that you are the man basically in charge of the safety net for people at the bottom of the heap.

David Gauke: Yes. Yes, and of course it’s a huge task and it’s a great privilege to perform this role. Of course there are various aspects of the welfare state that come together, so you know, we work together in terms of issues on housing, in terms of mental health and so on, but it’s very important that we work together as a government. But when it comes to the benefit system, okay, that’s me.

Andrew Marr: I’m glad you said that. So when it comes to the number of people sleeping rough tonight in England, how many people, roughly speaking, are sleeping rough, and what has happened to that figure since you came to power?
David Gauke: Rough sleeping has gone up. I can’t give you a number for what it will be tonight. It has gone up. As a government, we are committed to bringing that down. We want to halve it by 2022, we want to eliminate it by 2027.

Andrew Marr: Okay. It’s gone up by 134% on your watch.

David Gauke: And we do need to bring that down. Which is why -

Andrew Marr: Is that acceptable?

David Gauke: Well, no, and that’s why we need to bring it down. So for example, we’ve got a Homelessness Reduction Act which we have passed. Actually it was a Private Member’s Bill with the government’s backing. Which is about trying to deal with this upstream. It’s why we will be spending a billion pounds between now and 2020 on this –

Andrew Marr: This is a problem that’s been created on your watch, because the last Labour government almost eliminated rough sleeping, and it’s gone shooting up on your watch. Four thousand people tonight will be rough sleeping in this country. That is only part of course of the homelessness issue. Again, as compared with 2010, what about the number of children in temporary accommodation because their families are homeless?

David Gauke: Well, yes, I accept that that also has gone up. But if we’re looking at what we’re doing –

Andrew Marr: It’s gone up 70% under the Conservatives.

David Gauke: And what we’re doing to address this, as I said, we are spending a billion pounds over the next three years on this. We are also, you know, we’ve got plans to, as I say, eliminate homelessness by 2027. When it comes to children, we’ve actually
seen a fall of the number of children who are in absolute poverty since 2010, a fall of 200,000. When it comes to temporary accommodation, actually we made some changes in the budget last month in terms of how temporary accommodation works, which I think again is a sensible change. I accept there is much that we still need to do. But, you know, the fact is that we are seeing fewer children in workless households, we’re seeing fewer children in absolute poverty than we were in 2010.

Andrew Marr: I’ll come onto that. But do you accept the Public Accounts Committee, a very senior committee of MPs say that part of the reason for increasing homelessness, part of the reason for rough sleeping is connected to the sanctions regime that you’re in charge of as universal credit rolls out?

David Gauke: No, well, I think you’re bringing together a number of things there. When it comes to the sanctions regime, actually we’ve seen fewer sanctions over 2017 than we did in 2016 and 2015, so the number of sanctions is coming down.

Andrew Marr: I’ve got it, let me just read you this, this is the Public Accounts Committee in February. ‘Sanctions have increased in severity in recent years and can have serious consequences, such as debt, rent arrears and homelessness.’ Are they wrong?

David Gauke: It is the case that in the last couple of years the number of sanctions has fallen. We must also remember that we have a welfare system that is based on conditionality, and rightly so. We pay money to people but there are certain conditions that are in place. We do expect people to comply with those conditions. In some cases where those conditions are not met, it is appropriate to have a sanction. If you don’t have sanctions essentially you don’t have conditionality and you don’t change behaviour. And you know, we’ve got to put this in the context where we have got three million more people in work than was
the case in 2010. Part of that is because we have a benefits regime that –

Andrew Marr: It’s become more aggressive. It’s more aggressive, it’s pointed, and it affects people’s mental health and their homelessness as well.

David Gauke: It does place more conditions on people. And one of the reasons why I think we’ve got higher levels of employment, because we place conditions on people, that changes behaviour and that helps people get into work. Now, that’s not to say that there aren’t hard cases, cases where we get it wrong, and we want to work very hard to eliminate that. But I would defend the principle of saying, ‘look, if we’re going to give money to people to actually lift people out of poverty on a sustainable basis, it’s not just about giving the money it’s also about saying what can we do and what can you do to get you into work?

Andrew Marr: I’m absolutely sure that you don’t get up in the morning and think how can I make people have mental breakdowns or become homeless and all the rest of it, but part of the problem perhaps is that your department doesn’t really know very much about the effect of the sanctions that you’re in charge of on actual people. Both the National Audit Office and the Public Accounts Committee have criticised your department for not knowing enough about the effect of sanctions in the real world. And your department has now accepted that.

David Gauke: Well, we’re always looking to know more, to learn more, to have an understanding of everything that we do. But I come back to this point about having a benefits system that is designed to get people into work. And on the subject of mental health – and this is a sensitive point and I’m not going to pretend for one moment that we have always got this right in every individual case, but we do know that getting people into work, giving people the benefit of working, the structure that that
provides, the self-esteem that that provides, work can really help mental health as well. And we shouldn’t pretend otherwise.

Andrew Marr: But this is an argument where the professionals are on the other side. The British Psychological Society and all the other psychological bodies in the country wrote to the press recently and they said they call on you to: ‘immediately suspend the benefits sanction system. We see evidence which links sanctions to destitution, disempowerment and increased rates of mental health problems. Vulnerable people with multiple and complex needs are being disproportionately affected.’

David Gauke: Now, I think the task for us is to ensure that we have an increasingly personalised welfare state, a system that properly understands the circumstances that individuals are in, and that is a challenge for us and I fully accept that. But the idea of walking away from conditionality within the benefits system, which is what those who advocate getting rid of sanctions are essentially advocating, I think would not only be unfair to the tax payer but actually unfair to a lot of claimants, because it is that conditionality that helps change behaviour and helps get people into work.

Andrew Marr: Part of the problem that you have inherited is that so much of the cuts that were made to work allowances have now been baked into the new universal credit system, and therefore you are cutting the overall amount of money for people on welfare at the moment by about three billion pounds. And everybody seems to agree with that figure. Now, right at the beginning when universal credit was first announced in 2010, the government said, your department said, that it would lift 350,000 children out of poverty. Can we talk about child poverty? And then a couple of years later the figure dropped to 150,000. What is it now?
David Gauke: Well, I think it’s difficult to make an assessment at the moment. But I come back to this point, and the new universal credit is really important here. What universal credit will do is help get more people into work.

Andrew Marr: You made the assessment in 2010 and in 2014, and you’re not revealing a number now because the truth is that the way you’re implementing the system is you’re actually going to put more people, children, into poverty, not fewer. Not raise them up.

David Gauke: I come back to what I was saying earlier. If you look at what our record is – if you look at our record – if you look at our record, we have lifted more children up out of absolute poverty. And the fact remains that universal credit is going to be, and is already a very effective means by which we can get more people into work and more people who are in work progressing in work. And that is the best way of lifting people out of poverty.

Andrew Marr: I’m going to read one critic out to you. This is the well-known Marxist, kind of agitator group, the Institute for Fiscal Studies, Corbynite who are Momentum supporters to a man – and woman. ‘If the government sticks to the planned benefits cuts, it should not be surprised if absolute child poverty rises. Every region and nation is projected to see an increase in child poverty. Among around three quarters of that increase equivalent to 400,000 children, is attributable to the benefit changes.’

David Gauke: Well, I’d make the point that the Institute For Fiscal Studies, which is a fine organisation, has been predicting increases in child poverty for some years now which have not happened. Now, why has that not happened?

Andrew Marr: Can it happen in the future?
David Gauke: Well, why has it not happened? It’s because we have got an economy that has created a lot of jobs. And in particular, pay at the lower end has risen faster than elsewhere. It’s why income inequality has actually fallen within the last seven years. And in order to address this issue of child poverty what is absolutely key is that we continue to have a job creating economy and that we see pay rising at the bottom end. That’s what has happened over the last seven years and that’s what we need to continue to see.

Andrew Marr: People can make their judgements about that, but let me ask you about your big announcement today, which is auto-enrolment in pensions. Another 900,000 youngish people are being automatically enrolled into the pension scheme. Why?

David Gauke: Well, we believe that what we’ve seen over the last few years, since auto-enrolment came into place in 2012, is much greater saving for pensions. After decades of declines in workplace pension saving we are now seeing increases. We want to extend that benefit to people under the age of 22. At the moment the starting point was 22, we’re now lowering that to 18. That’s the announcement that we are making today. That, I think, will get more people into the habit of saving. It will mean that younger people will be saving for those extra years, so that obviously is significant when it comes to their retirement. And so extending the benefit of auto-enrolment, which I think everybody agrees has been a huge success, is a really important next step. Over the next couple of years we’re going to see increases in the contribution rates, and that –

Andrew Marr: And that could people off of course.

David Gauke: It might do. And the challenge here is to get the balance right. We believe that the next years, the increase in the
contribution rates for employers and employees strikes that balance. The evidence so far is that the opt-out rates on auto-enrolment have been lower than people expected, and in particular lower for younger people. So people in their twenties have been saving more than I think anyone particularly expected. Now, that’s encouraging. And this is building on that success.

Andrew Marr: Alright, this week you sit round the Cabinet table with the Prime Minister and she asks each one of you, ‘David, are you a converger or a diverger?’ What’s your answer?

David Gauke: Well, my view is that clearly the British people have made a decision on the EU.

Andrew Marr: Start with a C or a D.

David Gauke: Well, it is more complex than that. I think, as the Prime Minister has rightly said, we’re not looking for a kind of EEA type arrangement so that essentially it’s, you know, continuity as far as the end state is concerned. But it is also important that we maximise our access to the European markets, that’s really important too.

Andrew Marr: Eating cake, still have cake?

David Gauke: Well, we’re going to have a negotiation. You know, my view is that, you know, we need to make sure that we get the right result for the UK. And I think Theresa May is the right person to deliver that.

Andrew Marr: Surprise, surprise. David Gauke, thanks very much indeed for talking to us.

(ends)