ANDREW MARR:
Now the Conservatives may be enjoying their majority, but that doesn’t mean that everyone in the party or the government agrees about everything. At the moment, for example, there’s plenty of internal debate about the future of grammar schools, whether to impose a sugar tax, and, above all, whether the cuts and tax credits should be tweaked to help the poorest. I’m joined now by the Education Secretary Nicky Morgan. Welcome to you.

NICKY MORGAN:
Good morning.

ANDREW MARR:
Let’s start with the controversy, if we may, of the week as it were: tax credits. Now we read in The Sunday Telegraph the cabinet is split over this matter. On which side are you?

NICKY MORGAN:
Well, I don’t recognise that story. I think we are all absolutely united in the need to get our welfare budget under control erm and …
ANDREW MARR:
Is there anybody in the cabinet who believes that it has to be softened at least at the edges, mitigated for the poorest?

NICKY MORGAN:
Well it’s not discussions that I’ve had and we’ve had the debate. And MPs have voted, including all the cabinet, three times in the House of Commons on the need to make these changes to tax credits. The ball, as you’ve already discussed earlier on, is very firmly now in the House of Lords where it will be unprecedented for them to overturn a taxation and spending matter like this, which the House of Commons has spoken so very clearly about.

ANDREW MARR:
Though it’s not part of a finance bill, so they’re allowed to do it. And, secondly, this is not something the Conservatives were straight with the country about before the election.

NICKY MORGAN:
Okay well let me take both those points. Firstly I think we absolutely were clear in our manifesto about the need to get the welfare bill under control. If you’d been interviewing me, if this interview had taken place in April, you’d have been pushing me on the £12 billion pounds which we were said we were going to cut off welfare.

ANDREW MARR:
I would have done.

NICKY MORGAN:
This is one of those measures. But can I just …

ANDREW MARR:
(over) But when … Can I …

NICKY MORGAN:
(over) … can I just pick up on the House of Lords point about the statutory instrument
because it is important because the House of Lords has only rejected five statutory instruments since the Second World War. It is a revising chamber, which means that normally it revises bills. The thing about striking down a statutory instrument is that there’s no … there’s no way back, and that’s not what the House of Lords is about. You know the Lords need to understand quite how critical …

ANDREW MARR:
(over) So you regard this as a … as a constitutional matter?

NICKY MORGAN:
Well I think it is. I think it’s … I think it is very important. I mean the former cabinet secretary, Lord Butler, has said that this would be unprecedented. I think … I completely understand there are bishops who will … The Bishop I think of Portsmouth has put down a motion. People want to have their say on this in the House of Lords, but they need to be very clear this is constitutionally unprecedented to strike down a measure on tax and financial which is in a statutory instrument.

ANDREW MARR:
And if tomorrow they go ahead and do it anyway, what should happen to them?

NICKY MORGAN:
Well I think that’s a matter I’m sure that the prime minister and the cabinet obviously would want to think about that. But I just think the Lordships should make it very clear…

ANDREW MARR:
(over) Is the possibility of putting in more Tory peers to give you a majority in the House of Lords as well, is that something that you would regard as a possibility?

NICKY MORGAN:
Well it’s something that has been talked about by other commentators. I mean, to be honest with you, I think we have at the moment two …

ANDREW MARR:
I’m asking you.

NICKY MORGAN:
Well I think … To be honest with you, we have at the moment … I think the House of Lords, as I say, should be very clear. It’s a revising chamber. Often they do make good points. But they are striking down 70 per cent of the votes that they’re having. They’ve already made it more difficult for us on childcare, for example, where they’re going to slow down things. Childcare’s one of those things that people really want to see delivered our pledge on that and the Lords are slowing it down.

ANDREW MARR:
So without going into specifics, what you’re saying to the House of Lords is be very, very careful before you do that? Think about your own future as a chamber?

NICKY MORGAN:
Well I certainly think they should be very mindful of what they are doing. I think this … As I say, it’s constitutionally unprecedented to strike down a statutory instrument on a taxation and spending matter.

ANDREW MARR:
Let me come back to when I said the government weren’t straight about this before the election. Michael Gove – and we were pressing him about the £12 billion and so forth – did say of these particular benefits we’re going to freeze them, we are not going to cut them. And what has happened?

NICKY MORGAN:
Well the level … I mean the prime minister at that final election debate talked about tax credits. He said the level is going to stay the same. Yes there are …

ANDREW MARR:
(over) He did say …

NICKY MORGAN:
… there are thresholds that are … that are changing, but let’s think about the wider …
ANDREW MARR:
(over) But you are going to cut them. I mean that’s the whole debate.

NICKY MORGAN:
(over) Well but the whole … Exactly let’s have the wider debate. Why are we doing this? It’s because it has to be right that you leave people with more money that they earn. You don’t take it off them, recycle it through a system in some sort of Gordon Brown-esque way and hand it back to them – often with errors. MPs postbags used to be full of people saying they had been overpaid, underpaid, they were worrying about not having declared the right amount of money. It’s got to be right that people are incentivised obviously to work.

ANDREW MARR:
That’s the bigger picture …

NICKY MORGAN:
Yes.

ANDREW MARR:
… but Michael Gove told The World at One we are not going to cut them and you are.

NICKY MORGAN:
Well we are making the change. I’m sorry, I haven’t heard what Michael said, but we were very …

ANDREW MARR:
(over) This was during the general …

NICKY MORGAN:
(over) … we were very clear …
It was straightforward. That’s why people are so … I mean the reason I’m raising it is that’s why people are so … one of the reasons people are so angry about this. And these are hardworking, striving people, the kind of people that you were appealing to during the election campaign who aren’t you know sitting at home. They’re going … getting up early in the morning. They’re going to clean your office, they’re going to clean the streets outside my house. They are doing really tough, hard jobs. They’re absolutely on the edge at the moment a lot of these people, they can’t necessarily afford to heat their houses properly and so forth, and you are taking away a lot of money from them.

NICKY MORGAN:
But what we are also doing is introducing the national living wage, obviously the income tax threshold is going to go up, we’re pledging doubling the free hours of childcare for 3 and 4 year olds. The chancellor in previous budgets has frozen fuel duty, cut … you know frozen council tax.

ANDREW MARR:
Sure and when you run all of those numbers, they are still losing lots and lots of money.

NICKY MORGAN:
Well no, that’s one of the interesting things, isn’t it, about this debate – is that people are saying … they’re not looking at those in the round. I think some of the commentators are not taking into account the childcare …

ANDREW MARR:
(over) Well they may …

NICKY MORGAN:
(over) … council tax, fuel duty, all those things.

ANDREW MARR:
We have, we have. I mean we’ve talked to the Institute of Fiscal Studies, we’ve crunched a lot of numbers, and you know single parents, households where there’s
two parents on the minimum wage and so forth, those people are going to lose you know £1200, £1400, £1500, £1800 a year. That’s a lot of money suddenly to knock out of your budget when you’re planning every week very, very carefully.

NICKY MORGAN:
But that is why we have … as I say we are lifting the income tax threshold, introducing the …

ANDREW MARR:
(over) And after … I’m talking about after all that.

NICKY MORGAN:
(over) … introducing the living wage. Well no, no, no because I think we can …

ANDREW MARR:
(over) I am. That’s right.

NICKY MORGAN:
… we can trade … we can obviously trade all of the numbers. But it goes back to … I have to go back to the bigger point – why are we doing this and what is the alternative? I mean John McDonnell was not able to set out a credible alternative today to making these changes.

ANDREW MARR:
(over) Well he’s going to raise other taxes clearly.

NICKY MORGAN:
Well but only … He’s talked about inheritance tax and that would only raise … and the 50 … 50 per cent tax rate. It would only raise £100 million. That’s nowhere near the amount of money that we need to save. And the biggest thing we can do …

ANDREW MARR:
Alright.
NICKY MORGAN:
… for families of the next generation is to cut the amount of money that we owe as a country. That’s what we will have to do to build a stable economy.

ANDREW MARR:
Okay. If I was a striving, underpaid worker – which I’m not – but if I was and I had watched the election campaign and I heard Michael Gove promise that you weren’t going to cut tax credits and just before Christmas I get that letter saying how much money I am going to lose, how do you think I would feel?

NICKY MORGAN:
Well, I think it’s inevitable that people are of course going to be worried. I will have constituents coming to me, as other Members of Parliament will, but I think it’s a question as I say of working through all of the numbers. But, as I say, what is the alter…

ANDREW MARR:
(over) But you’d feel upset and angry, wouldn’t you?

NICKY MORGAN:
(over) … what is the alternative? We have to get the economy straight. We have to pay off what we owe as a country for our next generation. We otherwise will have this debt going on and on and on for our children. And, as I say in terms of explaining, the chancellor, his track record has been supporting working families. That’s why I go back to the fuel duty, the council tax, childcare – all of those things which do make a difference – and particularly the increase in the living wage and the increase in the income tax threshold next April.

ANDREW MARR:
So how are they going to feel nonetheless when they get those letters?

NICKY MORGAN:
Well I’m sure people … of course people will feel very concerned of course the income tax. But also, as I say, the broader package – and that’s what we as politicians
have to communicate…

**ANDREW MARR:**
Okay.

**NICKY MORGAN:**
… is that broader package - that it is going to make a difference, a positive difference to people’s income when you take all those other things into account.

**ANDREW MARR**
It has been suggested by quite a lot of your colleagues – people like Boris Johnson, Zac Goldsmith, many MPs in the Commons as well … you heard Heidi Allen’s speech, I don’t know if you did?

**NICKY MORGAN:**
I did, yeah.

**ANDREW MARR:**
A lot of people are suggesting okay well we don’t like … we don’t like the overall message of this, but we do understand it, but what we have to do is just do something on the edge to mitigate the pain for people right at the bottom whether it’s moving on thresholds or whatever. Are you against all of those kind of ideas?

**NICKY MORGAN:**
Well the prime minister’s made it very clear that the overall … the policy is not going to change, but the chancellor’s track record has very much been about supporting in budgets working families. And interesting, as I say, Members of Parliament have voted three times to support these measures: on the budget, we had a vote in September …

**ANDREW MARR:**
Sure.

**NICKY MORGAN:**
… we had a vote last week as well. And Heidi was doing what MPs do. They obviously represent their concerns of their constituents. She’s a new Member of Parliament. It was her maiden speech.

ANDREW MARR:
It was a very heartfelt speech and a very powerful one.

NICKY MORGAN:
It was a very heartfelt speech. And, look, I mean we’re going to talk about women in a moment …

ANDREW MARR:
(over) We are, yeah.

NICKY MORGAN:
(over) … and that’s why I think having female Members of Parliament is so brilliant in the House of Commons.

ANDREW MARR:
I’m not sure if George Osborne feels the same way quite at the moment. (Morgan laughs) Nonetheless, you suspect he is listening to those people saying can we do something at the edges, there’ll be something done for people on the edge of the problem?

NICKY MORGAN:
Look I was a Treasury minister in the last parliament. George was my boss at that point. He very much is always in listening mode. But I have to say you know the prime minister’s being very …

ANDREW MARR:
(over) Not the main policy but …

NICKY MORGAN:
Not the main policy. The prime minister’s been very clear that the policy is not going
to … It has to be right, as I say, for people to keep more of the money that they earn and it’s an overall package.

ANDREW MARR:
Okay.

NICKY MORGAN:
You can’t lift income tax thresholds without … and introduce the national living wage without also taking difficult decisions like the one we are taking on tax credits.

ANDREW MARR:
Well it’s certainly difficult for the people on the receiving end.

NICKY MORGAN:
Yes.

ANDREW MARR:
Let me move onto another big issue at the moment, which is the sugar tax, because there’s been a big debate. One of your prede… one of the predecessors as health secretary, Stephen Dorrell, says he sees merit for it. You are in charge of children while they’re at school in England as it were. A lot of them have obesity problems, there’s a lot of children with dental problems as well because of the huge amount of sugar they are taking. Is there a case for a case to start to turn the tide against the sugar industry?

NICKY MORGAN:
Well I think we’ve been very clear that we aren’t convinced by the idea of a sugar tax. There’s a report that’s going to come out and we are as a government looking across departments at a comprehensive obesity strategy because you’re absolutely right and I think the point that Catherine was going on – the obesity, the impact it has on people’s life chances and on children. But I personally think …

ANDREW MARR:
(over) So that being so, what is the case against a sugar tax?
NICKY MORGAN:
Well I think the case is that those often who buy the drinks often would be in the lower incomes and would be most affected, but also is that the right way? It’s a bit of a blunt instrument. Frankly as education secretary, I would much rather we educate children on healthy eating; we increase and we’ve got £150 million spent on the sport premium so there’s lots of exercise happening, we can do more in that, advertising. Public Health England has said there are other things that can be done.

ANDREW MARR:
As education secretary, also you are saying very clearly when the first grammar school annex was announced, this is not the floodgates, the policy hasn’t changed. We’ve now got a second one and it seems to a lot of people that … Or second big application in South London. … and it seems to a lot of people that there is a kind of loophole now, that annexes … If I’m running a school, I can say I’m going to have another annex. It might have 1,000 pupils. It might be in effect same blazers but a different school and that grammar schools are coming back through the back door.

NICKY MORGAN:
Well I was very clear when making the decision to say this is not a change in policy, we were not going to change the law. That second so-called application hasn’t reached my desk yet. And we’ve always been clear that schools can open annexes. You have to … I will make any decisions on the basis of the specific circumstances put to me.

ANDREW MARR:
(over) So it’s not going to be a flood of these things?

NICKY MORGAN:
No …

ANDREW MARR:
Okay, right.
NICKY MORGAN:
… I mean I think … But my task as education secretary, just briefly, is to make sure that every school in the country – academies, free schools, maintained schools – they’re all offering an excellent education. And we know there are parts of the country where that’s not yet the case. That’s what I’m focused on.

ANDREW MARR:
Alright. Now as Women’s and Equalities minister, you have announced some changes today.

NICKY MORGAN:
Yeah.

ANDREW MARR:
Companies are going to have to report more about the number of … the gap in bonus payments between men and women and so forth, but this is all about reporting, it’s not really about carrots or sticks, is it?

NICKY MORGAN:
Well I think that’s right. The first step is reporting. The first step is getting companies and organisations, who are also going to extend these regulations to public sector organisations – including the BBC, I should add – and also tackling any remaining all male boards in the FTSE 350. But in terms of the reporting, I think it does concentrate minds. When companies see the gender pay gap in their own company of their employees, including bonuses, I think that does then change … start to change behaviours, it has the conversations in the company. Female employees can say well actually hang on, how come the men are being paid …

ANDREW MARR:
(over) I think it’s still true that there are more CEOs of major companies called John …

NICKY MORGAN:
Yes.
ANDREW MARR:
… than there are women. What can you actually do to change that?

NICKY MORGAN:
Well this is about executive boards. What we’ve seen – and I’d like to thank Lord Davies for his work because actually we’ve now got over 25 per cent of board positions in FTSE 100 companies are held by women – but you’re right, obviously that’s particularly made progress with non-exec. It is now about execs, but it’s also about building the pipeline. And the thing about the gender pay gap is understanding why does it happen. Often it’s women aren’t in high enough paying careers, they don’t get to stay in longer before they take time out. It’s all those things. It’s building that pipeline of talent.

ANDREW MARR:
Final question. The police training college has got a deal with Saudi Arabia who flog and behead and cut people’s hands off. What do you feel about that?

NICKY MORGAN:
I am extremely concerned. It was only brought to my attention a couple of days ago. I will be taking it up obviously with the home secretary as minister for women. I think I’m very conscious of the way that women are treated in Saudi Arabia, so I will be discussing this further.

ANDREW MARR:
Nicky Morgan, for now thank you very much indeed.

INTERVIEW ENDS