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THE ANDREW MARR SHOW
INTERVIEW:
RACHEL REEVES, MP
SHADOW WORK AND PENSIONS
SECRETARY
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ANDREW MARR:

Pensions and benefits are the biggest area of government spending - about £200 billion every year - and despite all the cuts we've heard so much about, the bill keeps on rising, so whoever is in power after the next election will have to control spending as Labour's spokeswoman on work and pensions admits. Rachel Reeves is with me now. Welcome.

RACHEL REEVES:

Good morning.

ANDREW MARR:

Good morning. Now that's the basic truth, isn't it? You are going to have to keep a real tight grip on welfare spending in particular, aren't you?

RACHEL REEVES:

That's absolutely true. Whoever wins the next election is going to have to make tough decisions. And one of the things I think is most important is that we use the potential

of everybody, so instead of paying out huge amounts of benefits for people to be out of work, we're helping as many people get back into work - which is why we've said that we would reinstate the tax on bank bonuses and use that money to get young people back into work. At the moment we're paying £350 million a year out to unemployment benefits and lost tax revenue for the long-term unemployed. It would be much better if those people were in work contributing and we weren't paying out benefits to them. Similarly a basic skills test to ensure that people who are claiming jobseeker's allowance have the skills in Maths, English and IT to be able to get a job and stay in one.

ANDREW MARR:

Well I'm glad we've got these two (if I may say so) familiar policies out to start with because my main question is you are committed to the triple lock on preserving pensions, yes?

RACHEL REEVES:

Yeah.

ANDREW MARR:

So if that's the case, then the big hit has to be on working age benefits. Are there any of the Government's cuts in working age benefits that you support?

RACHEL REEVES:

Well on pensions - you're right that we support the triple lock, but we've also said that winter fuel allowance should be cut for the richest pensioners ...

ANDREW MARR:

(over) That's an important but very small item financially.

RACHEL REEVES:

(over) ... so that is one change on pensions that we would do that the Government haven't committed to do. But look, the best way to bring down the ...

ANDREW MARR:

(over) Working age benefits?

RACHEL REEVES:

... the best way to bring down the working age benefits bill is to ensure more people are in work and more people are in better paid work. So at the moment we've got a record number of people who aren't being paid a living wage - one in five people, one in four women not paid a living wage. As a result, they have to draw on tax credits and housing benefit to be able to make ends meet.

ANDREW MARR:

Right.

RACHEL REEVES:

So there are things we can do not just about cutting entitlement, but also ensuring that more people are in work and more people are in full-time decently paid work.

ANDREW MARR:

Sure.

RACHEL REEVES:

That's what we need to do to sustainably reduce the benefits bill.

ANDREW MARR:

The Institute for Fiscal Studies says that you need to take a third out of the welfare bill and you can't tell me a single working age benefit that you would cut?

RACHEL REEVES:

Well there's different ways to reduce the benefits bill. The best way to reduce the benefit bill is to ensure that fewer people are claiming benefits. What we've seen under this government ...

ANDREW MARR:

You ... Sorry, can I ...

RACHEL REEVES:

... despite all the rhetoric from this government, they're spending £15 billion more than they planned on welfare. Now despite the fact, they're making all these cuts. The reality is the only way you're going to bring down the social security bill is by ensuring that fewer people are claiming benefits, fewer people ...

ANDREW MARR:

(over) So no cuts at all? Forget cuts. It's all about the hope of growth ...

RACHEL REEVES:

(over) Look, we've been very clear ...

ANDREW MARR:

Even though you've set yourself until 2020 to remove the deficit, according to Ed Balls, you've given yourselves a very big target ...

RACHEL REEVES:

Yeah.

ANDREW MARR:

... and you're saying it's all going to be done - we hope, cross fingers - by increasing employment? No need for any tough decisions whatever?

RACHEL REEVES:

Well there's a number of things that I've said there. So the basic skills test to ensure people can get work, the jobs guaranteed to ensure that no-one can stay unemployed for more than a year if they're under the age of 25 or more than two years if they're over 25.

ANDREW MARR:

Both of those extra spending certainly in the short-term ...

RACHEL REEVES:

(over) Well using the bank bonus tax and restricting pensions tax really for the wealthiest pensioners. So you know those are tangible things we will do to get the benefits bill down straightaway by getting people into work, paying taxes and national insurance rather than drawing on benefits. Similarly cracking down on zero hour contracts, getting more people paid the living wage, and also building more houses. And we're already made that commitment - £200,000 a year.

ANDREW MARR:

(over) Okay from a Labour point of view no hard decisions there at all? They're all about expanding the economy, spending more money ...

RACHEL REEVES:

(over) Well it's ...

ANDREW MARR:

(over) ... getting companies to spend more money, hitting the rich, but nothing in terms of cracking down on the working age benefits at all?

RACHEL REEVES:

Well we've been very clear. The changes that the Government have made, however much we don't like them, we're not going to be able to reverse them. Apart from the bedroom tax, which we have been very clear about how we would fund that, things like the restrictions to child benefit, which we didn't support, we will have to stick with in government to help bring down that benefits bill.

ANDREW MARR:

(over) What about the overall cap per household? Does that stay under Labour?

RACHEL REEVES:

Yes, we've said that we support that benefits cap, that individual benefits cap, and we do support that principle that no-one should be better off on benefits than they are in work. That means having the benefits cap, but it also means ...

ANDREW MARR:

(over) Do you think ...

RACHEL REEVES:

... doing more to ensure that work pays. For example ...

ANDREW MARR:

(over) Do you think that housing benefit is out of control?

RACHEL REEVES:

... by having more people pay the living wage.

ANDREW MARR:

Sorry.

RACHEL REEVES:

Yes, Andrew, you asked about the housing benefit ...

ANDREW MARR:

(over) Housing benefit. Is it out of control?

RACHEL REEVES:

The housing benefit bill is too high. Now there's a number of reasons for that.

ANDREW MARR:

So what are you going to do about it, can I ask?

RACHEL REEVES:

Well a couple of things. First of all, the housing benefit bill for people who are working part time but want to work full time is up by £1.8 billion. So housing benefit is going to people who are in work, but not earning enough to be able to pay the rent because rents are just going up and up and up. So we need to do more to ensure that people are in jobs but also in full time jobs because we've got a record number of

people working part time who want to work full time. Also we've got to build those houses. The reason why rents are going up in the private sector is because demand is massively ...

ANDREW MARR:

(over) So you need to spend more money on building houses?

RACHEL REEVES:

(over) ... outstripping supply. Now we've got Michael Lyons doing this review for us on how we can build 200,000 homes a year. For example by saying to developers if they've got planning permission, they've got land, they have to build those homes otherwise they'll lose that permission and lose that land. So we've got concrete policies like that.

ANDREW MARR:

(over) So yeah, that's another spending ... another spending commitment. Just a lot of people watching including ...

RACHEL REEVES:

(over) Well no, it's about saying to developers as well ...

ANDREW MARR:

(over) Sorry a lot of people watching, including Labour supporters, will be saying to themselves: 'okay, so if we vote Labour, there will be no severe decisions on welfare cuts'.

RACHEL REEVES:

(over) But you just said ... you just said Andrew at the beginning is housing benefit out of control? The reason the housing benefit bill is going up, the reason why taxpayers are having to pay more and more out in housing benefit is because we're not building the housing. Now we're saying that under a Labour Government, not Labour building 200,000 homes a year, but we will build 200,000 homes a year ...

ANDREW MARR:

(over) But here is the slightly tricky point ... sorry.

RACHEL REEVES:

(over) ... by demanding more from private sector developers as well. And that will help control that social security cost because unless you've got those houses being built - and actually those houses being available to people in this country rather than being sold off to developers and investors overseas, if we build those houses, we enable British families to live in those homes - then we'll do a huge amount to bring down the benefits bill. And that ...

ANDREW MARR:

(over) Okay, well let me just interrupt for a second ...

RACHEL REEVES:

(over) ... is one of the sustainable things to get benefits down.

ANDREW MARR:

... because the problem is that you have set yourselves as a party a tough and limited timetable over four or five years ...

RACHEL REEVES:

Yeah.

ANDREW MARR:

... to remove this huge, huge deficit.

RACHEL REEVES:

Yeah.

ANDREW MARR:

And yes of course if the economy grows, if in due course more houses are built, if eventually more people got back to work, then in due course, eventually the benefits bill will come down.

RACHEL REEVES:

Well, I would...

ANDREW MARR:

But you have a much harder problem, which is getting it down quickly in the short term and, as a party, you appear to have absolutely no idea how to do that.

RACHEL REEVES:

Well, actually, the commitment to say anybody who is under 25 and been out of work for a year, we will guarantee them a job paid for out of the bank bonus tax, isn't about eventually, in a few years' time, some way down the line, that's about something we would do right now if we were in government, something we would do right now in 2015.

ANDREW MARR:

So how many people will you get back into work and how much will it save?

RACHEL REEVES:

Well, at the moment we're spending £350m a year on keeping young people out of work. Those one million young people out of work, 56,000 young people have been out of work...

ANDREW MARR:

So you'd get all of them into work, are you saying?

RACHEL REEVES:

We would say to those young people: We will guarantee you a job, funded by the bank bonus tax, 25 hours a week, plus training, and that's a job you would have to take otherwise forfeit your benefit. Similarly, basic skills test, if you don't have those basic skills, you have to go to college and get those skills. If you don't want to do that, then you forfeit your benefits. So those are some concrete things that we would do straight away to get the benefits bill...

ANDREW MARR:

(over) And you get everybody in that category into work or into training, absolutely everybody and after that, that £350m vanishes.

RACHEL REEVES:

(over) That... That... That is our commitment that those people out of work for more than a year...

ANDREW MARR:

(over) It's a heck of a promise.

RACHEL REEVES:

Well, actually, it's the right thing to do by those people who are out of work, it's also the right thing to do by the taxpayer, who at the moment is footing the bill.

ANDREW MARR:

(over) I'm not saying right or wrong, I'm saying it's highly ambitious.

RACHEL REEVES:

If you look at what we did with the Future Jobs Fund when we were in government, that helped around 100,000 people into work and therefore helped to get down the benefits bill for those people. This government allowing young people to stay on benefits year after year – we've got 900,000 young people out of work, a third of them out of work for more than a year – that's not affordable for the taxpayer and it's a huge waste of those young people's skills and potential. We've got to do better by those young people.

ANDREW MARR:

Rachel Reeves, thank you very much, for now.