

Liz Kendall MP, Labour's Shadow Work and Pensions Secretary
Demos think tank
Monday 4th March

This week the Tories' seventh Chancellor gives his second budget; the last before the general election.

Speculation swirls about what Jeremy Hunt will say and whether it will appease his divided, chaotic party.

But whatever Mr Hunt announces, it won't make up for 14 years of economic failure under this Conservative government.

They claim the economy has turned a corner, but they've driven it into a dead end.

Rishi's recession; with GDP per capita down in every quarter of the last year.

Our economy smaller now than when the Prime Minister first entered Downing Street.

The biggest hit to living standards on record.

The highest tax burden for 70 years.

More foodbanks than police stations.

Public services on their knees.

People in this country don't need statistics to tell them the state we are in or that they're paying more but getting less.

And as Rachel Reeves, Labour's Shadow Chancellor, has said: we know what led us here.

Austerity choking off investment.

Brexit without a plan.

A disastrous mini budget that sent interest rates soaring and mortgages rocketing.

With ordinary people paying the price for an ideological gamble, which swathes of Tory MPs still believe in.

But there is another reason why the Tories have failed on the economy, and that's because they have failed on work.

The official unemployment rate is low. But this isn't because there's a record high in the number of people in work.

We are the only country in the G7 whose employment rate hasn't returned to pre-pandemic levels.

The reality is, increasing numbers of people are leaving the labour market and no longer even looking for work.

This Parliament has seen the highest increase in economic inactivity for 40 years.

And the number of people out of work because of long term sickness is at an all-time high.

2.8 million people not in work because of poor health.

The over 50s: mostly women, struggling with bad hips, knees and joints; often caring for elderly parents at the same time.

Young people with mental health problems; many lacking basic qualifications.

With all these problems far worse in Northern towns and cities, which the Conservatives promised to 'level up' but have once again born the brunt of their economic failure.

In places like Blackburn, Sunderland, Middlesbrough and Hull, including these 'hidden unemployed' takes the official unemployment rate from 5 to 20 per cent.

This is unacceptable.

And it is such an appalling waste.

It's a waste of individual potential, as hundreds of thousands of people who want to work are written off and denied help to get back on their feet.

It's a waste for British businesses, who are desperate to recruit and who need the talents of everyone in our country in order to grow and succeed.

And it's a waste of taxpayers' money too, with health related worklessness now costing an extra £16 billion a year, just since the pandemic.

For all the Tory claims about being tough on benefits, over the next five years there will be 600,000 more people on incapacity and disability benefits and these benefits will cost an extra £33 billion.

That's more than our day-to-day expenditure on defence.

The Office for Budget Responsibility says the sustained rise in health-related worklessness is holding back growth and living standards while putting ever greater pressure on the public finances.

Yet all we get from the Tories is more of the same.

More half-baked programmes which fail to tackle the root causes of the problem.

More re-hashed, re-announced schemes.

And more of the same empty rhetoric on benefits when their failure to get to grips with welfare is there for all to see.

But this Tory future isn't inevitable.

We can choose a different path.

And under a Labour government, we will.

A path that follows in the footsteps of the great reforming Labour governments before us: Attlee, Wilson and Blair.

Labour governments who championed full employment and acted to bring it about.

They understood the key to increasing growth and opportunity - and tackling poverty and inequality - is creating more well-paid jobs, supporting more people into employment and improving the quality of work too.

I have always believed the benefits of work go beyond a payslip.

Having a job and providing for your family gives millions of people across Britain a sense of dignity and self-respect.

Good work is good for mental health.

Work can bring pride, fulfilment and purpose.

And for millions of women, freedom and independence too.

The Labour party was founded by working people, for working people.

And that core belief - that Labour is the party of work - is at the heart of Keir Starmer's changed Labour party today.

The truth is for the last 14 years, the overwhelming focus of the Department for Work and Pensions - and the succession of Tory ministers leading it - has been on benefits and the creation of Universal Credit.

Under Labour, the Department of Work and Pensions, and Job Centres will do what they say on the tin.

We will have a relentless focus on helping more people get work, and get on at work. And on making workplaces healthier and more productive places to be.

Labour's back to work plan is built on investment and rooted in reform.

It starts by tackling the root causes of worklessness, so no one is excluded from the opportunity and security that comes from having a good job.

A healthy nation is critical to a healthy economy. They are two sides of the same coin.

So we will drive down waits for NHS treatment, creating 2 million more operations, scans and appointments and recruiting 8,500 more mental health workers, paid for by closing unfair tax loopholes.

We'll ensure back to work support is tailored to individual and local needs.

Overhauling Job centres to end the tick box culture and devolving employment support to local areas. Because the man - or even woman - in Whitehall can never know what's best for Leicester, Liverpool and Leeds.

We'll create more good jobs in every part of the country, in clean energy and through our modern industrial strategy.

And we'll improve the quality of work and make work pay with a genuine living wage, banning exploitative zero hours contracts, and strengthening rights to flexible working that are vital to family life.

I'll say more about our back to work plans for the over 50s in the coming weeks, but today I want to focus on our offer for young people.

Last month, we learnt over 850,000 young people aged 24 and under are not in education, employment or training.

That's 1 in 8 of all our young people.

More than 200,000 are workless due to ill health. A number that has doubled over the last decade.

As the Resolution Foundation has shown, much of this is driven by poor mental health and low qualifications.

When half of all mental health problems start before 14 years old, we have got to intervene earlier.

So Labour will provide specialist mental health support in every school and walk in access in every community, tackling one of the key drivers of worklessness before it takes hold.

Second, we will deliver 1,000 new careers advisers in schools underpinned by good quality work experience, so young people leave school ready for work and ready for life.

Third, we will overhaul skills with new Technical Excellence Colleges and by reforming the Tories failed apprentice levy which has seen apprenticeship starts for young people fall by a third.

Our new Growth and Skills levy will help young people get the skills they need, including offering a second chance at basic skills and pre-apprenticeship training if they didn't get the right qualifications at school.

Fourth, we will provide new employment advisers for young people in our Young Futures hubs, to offer joined-up, specialist help and support. Because the old, one size fits all approach won't cut the mustard when it comes to tackling this problem.

And we will overhaul Access to Work for young disabled people, so they know what equipment, adaptations or personal support they'll get before they start work – giving them the confidence to take the plunge.

This is our commitment to young people.

We value you. You are important.

We will invest in you and help you build a better future, with all the chances and choices this brings.

But in return for these new opportunities, you will have a responsibility to take up the work or training that's on offer.

Under our changed Labour party, if you can work there will be no option of a life on benefits.

Not just because the British people believe rights should go hand in hand with responsibilities.

But because being unemployed or lacking basic qualifications when you're young can harm your job prospects and wages for the rest of your life.

This isn't good enough for young people or for our country.

Unlike the Tories, Labour will not let a generation of young people go off track before they've even begun.

Our goal is every young person earning or learning, with help to build their skills and careers, and to manage and improve their health.

This is how we will grow the economy, transform opportunity and give everyone a stake in our country's success.

This year, the British people face a choice.

Another 5 years under Rishi Sunak: with more stagnation, low growth, high costs and worklessness - against the backdrop of never-ending Tory psychodrama.

Or a future with Keir Starmer: with a long-term plan to get Britain building again, get Britain growing again and get Britain working again.

Founded on the rock of economic stability, led by a changed and united Labour party.

The public know it is time for change.

Labour stands ready to deliver.

Ends