

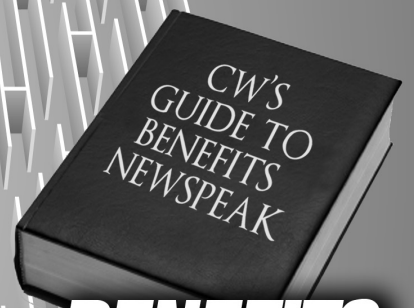
# Corporate Watch

winter 09/10  
issue 45/46 £2

## THE UNEMPLOYMENT BUSINESS



**WHO  
BENEFITS?**



**BENEFITS  
NEWSPEAK**

*unemployed?  
go this way*



**VOLUNTARISM  
OR SLAVERY?**



# editorial

It has almost become a self-evident truth that unemployment has been growing progressively over the last two decades, both in scale and in its significance for social and economic policy. How and why are often ignored but a vast industry to 'manage' this 'crisis' has developed. From flourishing private companies, such as A4e, contracted by the Department for Work and Pensions to deliver what Jobcentre Plus has apparently failed to achieve, through tens of subcontracted employment services providers, to a growing sector of so-called voluntary organisations that depend on this reserve army of unemployed people to source their 'slave' workforce. This double issue of the Corporate Watch Newsletter takes a look at this relatively new 'unemployment business'; its protagonists, ideological, political and economic premises and how it is being utilised by the New Labour government to dismantle what's left of the welfare state.

The 'unemployment crisis' has certainly been exacerbated by the recent economic downturn, with many employers going bust, but that's not the whole story. Many big businesses have also exploited the current climate to push for compulsory redundancies. More importantly, the recession and the rising number of jobless people have been skilfully employed by politicians and government officials. By introducing new schemes and increasingly coercive measures to 'help' the unemployed get back into the job market, they have put yet another nail in the welfare state's coffin.

The first article, The Welfare Crisis, discusses these deployments in more detail, providing some historical background on New Labour's welfare reforms. Two other articles take an in-depth look at the New Deal programmes, both old and new, which have been at the core of these reforms, providing some new details and figures about the winners and losers, or the private contractors and their victims. The voluntarism business is discussed in depth in a separate article, again with some interesting details and figures. These are complemented by a shorter article on prison slave labour, which bears striking similarities to the increasingly coercive benefits and employment system, both in how it is working out and in the reasoning behind it.

Readers may notice, or be annoyed by, the rather excessive use of inverted commas in most of the articles. This is because one of the aims of this issue is not only to demystify the business jargon used to talk about employment and benefits, but also to pause and question the official terms and euphemisms that have come to be used by almost everyone without much questioning. To that end, we have included a list of the most common words and terms in this 'benefits newspeak', along with their real meanings.

Our other aim of this issue is to highlight how the reformed welfare system is being used by the state and the market for social control. During interviews conducted for the purpose of producing this newsletter, one of the "Jobcentre victims," as he described himself, commented: "If they gave the money they spend on finding work for people to those people [on the dole], there wouldn't be a crisis, would there?" No, there probably wouldn't but, of course, it's not only about money. Keeping people busy with work or looking for work also serves another political agenda: preventing time for politics, uninstitutionalised creativity and other 'dangerous' activities.

With all the talk about 'flexibility', people nowadays appear to have less freedom to choose what they really want to do, particularly those with less marketable skills. Forcing people to do whatever is available on the job market to survive means subjecting them to ruthless market mechanisms (everyone seems to accept terms like the 'labour market' as normal!). We have included an article about the rather small-scale acts of resistance by the unemployed and benefit claimants, but we are aware that much more could, and should, be done. We hope this issue is a useful contribution to this growing movement.

## The Corporate Watch Newsletter is growing... into a magazine?

We are thinking of turning our bi-monthly newsletter into a more substantive, magazine-style quarterly publication. This would allow us to include longer and more in-depth articles but would also mean it is less frequent and a little more expensive. What do you, as a reader and subscriber, think? Would you still buy or subscribe to it? Please write to us with your opinion at [news\[at\]corporatewatch.org](mailto:news[at]corporatewatch.org).

## Corporate Watch

### Newsletter 45/46: Winter 2009/2010

Corporate Watch is an independent not-for-profit research group, which aims to expose how large corporations function, and the detrimental effects they have on society and the environment as an inevitable result of their current legal structure. Corporate Watch strives for a society that is ecologically sustainable, democratic, equitable and non-exploitative. Progress towards such a society may, in part, be achieved through dismantling the vast economic and political power of corporations, and developing ecologically and socially just alternatives to the present economic system. If you would like to help with research, fund-raising or distribution, please contact us.

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ISSN 14705842

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# THE WELFARE CRISIS

## Political deployments of the unemployment 'crisis'

Since late 2008, when the recession kicked in, the number of unemployed and people claiming benefits has been steadily rising. In January 2010, there were some 2.5 million unemployed people in the UK, or 7.8 percent of the working-age population, with over 1.6 million claiming Jobseeker's Allowance. One after another, government ministers and politicians have utilised this 'unemployment crisis', clearly exacerbated by the economic downturn, to push for old plans to 'reform' or dismantle the social welfare system.

## Some history

New Labour's welfare reforms date back to the late 1990's, when the so-called Blair-Clinton orthodoxy on social welfare promised to deal with the mass unemployment that had reappeared in western industrialised countries during the previous decade. The new doctrine was also a response to globalisation, which placed wage relations back at the centre of politics. But it was more than simply reforming social services; it was driven by specific ideological and ethical premises and with far-reaching implications.

Denying the relevance of class and exploitation in the labour market, 'social justice', the newly found buzz word, became a disguise for economic efficiency. The market values of employability, equal opportunities, and individual competitiveness became guidelines for social policy, which endeavoured to place ever greater restrictions on people's eligibility for social benefits through tough, coercive measures aimed at disqualifying people from entitlement to benefits and driving them into paid work. Thus, those in need for social protection became simply 'unemployed' needing 'help' to get back into the labour market, and people out of work became a 'crisis'. Moreover, greater powers were increasingly devolved to the private sector, not only in delivering services but also in designing and implementing policies and programmes. The old contractors were now often referred to as 'partners'.

Many of these policies derived from neoliberal critiques of the postwar welfare state and had been started by the New Right governments on both sides of the Atlantic (Thatcher-Regan). Many of today's training and employment programmes had previous incarnations in the Thatcherite era. In fact, the original architect of the

current Welfare Reform Bill was none but David Freud, an investment banker who recently left Labour to embrace a job as spokesperson on the Tory front bench. Back in 2007, Freud wrote the government's 'controversial' white paper *Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work*, which proposed a greater role for the private and voluntary sectors, with payment based on results, to 'help' people move into, and stay in, work. In return, the report argued, there should be increased responsibilities on benefit claimants to look for work. Many of the new measures introduced by the latest welfare reforms mirror Freud's proposals.

## Coercion as help

At a jobs summit in January last year, Gordon Brown promised, in a bid to stop unemployment increasing further, to 'help' 500,000 people into work or training. The £500m plan promised employers £2,500 for every person, who had been unemployed for more than six months, that they trained and employed. This 'help' would include extensive job interviews and 'training' programmes aimed at getting people ready for jobs they do not necessarily want to do. In return, claimants would have to sign on weekly for benefit payments.

Former Work and Pensions Secretary James Purnell was a little more explicit: "What we have learned from previous recessions is [that] we need to make sure people don't feel out of touch with the labour market." The same argument was used by Employment Minister Tony McNulty MP answering readers' questions on the BBC website in December 2008: "In previous slowdowns, government has made the mistake of easing the benefit regime and allowing people to drift into inactivity, leaving them ill-prepared to take advantage when the economic recovery came. It is key that this time we keep people attached to the labour market." In other words, the recession should be utilised to force people into paid employment rather than allowing them to claim benefits due to the economic hardship. The new euphemism for this coercion is 'help' and the wider implication is a restructuring of the welfare system that prioritises employability over welfare.

Naturally, much of the emphasis has been on the jobless youth; a 'major concern' for the government, we are told. In his pre-budget speech to the Commons in December 2009, Chancellor Alistair

Darling revealed a £550m scheme that will "guarantee work or training" for young people who have been unemployed for six months. This is because, to quote Work and Pensions Secretary Yvette Cooper, "the longer young people are unemployed, the harder it can be for them... and that's why we are investing this extra help."

More than a quarter of 16 to 24-year-olds classed as unemployed are actually in full-time education. Young, inexperienced people are also particularly vulnerable to exploitation as many unscrupulous employers use them as cheap or free labour. Forcing them into work as quickly as possible through such 'help' schemes is just the right recipe for further exploitation.

## Propaganda as news

This political spin and rhetoric is often recycled by mainstream media without much questioning or analysis. Headlines promising, or even demanding, 'more help', 'guaranteed jobs', 'immediate action' and so on have become all too familiar. Government press releases are copied, almost word for word, and presented as news reports; officials are quoted celebrating the government's achievements, while any criticism is censored or watered down. The only 'counter opinion' presented is often some pressure group saying 'not enough is being done'.

For instance, a BBC series last year, titled *Britain's Jobless: Who Cares?*, was based on the hypothesis that British society "has been ignoring the real plight of the jobless." With five case studies selected carefully to portray the long-term unemployed as people "who want to work but, for many reasons, are not searching," the main conclusion readers are driven to reach is that not enough assistance is being offered to help these people find a job. Although the introductory text does point out that the government's approach of forcing people into work may not bring about the desired results, the main argument is that long-term unemployment is damaging to people's mental and social health.

A better example is *Benefit Busters*, Channel 4's hit series on unemployment and benefits last year. 'Benefit busters' is a term used by A4e, for example, to describe its business and may imply, as in 'crime busters', that benefit claimants are 'scroungers'.



Two of the three episodes focused on A4e 'helping' single mothers in Doncaster and long-term unemployed people in Hull. The programme has been described by many as "uncritical" and "a promotion for A4e", which may explain why the company has a prominent link to the programme on its website, along with a picture of all-smiles A4e chair Emma Harrison and A4e tutor Hayley Taylor standing side by side. Another little detail that many may not be aware of is that the series was produced for C4 by Studio Lambert. The company's chief executive, Stephen Lambert, was the creator of another C4 hit series, *Secret Millionaire*. Emma Harrison was the heroine of episode five of series one, first aired in January 2007. On her blog, Harrison shares the "inside track" on the making of Benefit Busters:

*"More than a year ago, a guy called Stephen Lambert phoned me up. Stephen and I had previously worked together on two TV programmes - Make me a Million and Secret Millionaire. He is very good at what he does. He told me that he wanted to make a documentary about real people involved in the benefits system to be screened on Channel Four. We had a couple of meetings (and a few phone calls) and, after some serious thinking, A4e agreed to take part. The Department for Work and Pensions gave their blessing and the research began."*

With not enough time or staff to investigate or even edit properly, local papers are often much worse. A Warrington Guardian article on 29th January 2010, titled *'Meet the people getting Warrington's unemployed back to work'*, was little more than a promotional advert for A4e. The article claimed the company's "formula of building up people's confidence and providing them with whatever it is they need to get a job" had been "so successful" that 120 people in Warrington had found a job in the previous four months, at a rate of one person a day. The piece then cites a number of 'success stories' and quotes at length from A4e's business manager bragging about his company's social achievements. Absolutely nothing about A4e's business or the quite-well-known controversies surrounding it in recent years was included.

### Jobcentre on the move

As with other privatisation projects, the 'failings' of Jobcentre Plus in 'helping' the unemployed are often used to justify its sell-off. A recent BBC Radio 4 programme, *Jobcentre Plus - Not Working*, claimed

there was "concern that advisers are not able to deliver the personalised and professional service promised by the government because they are so badly stretched." Presenter John Waite

***"So many of us live to work, work to earn, and earn to consume, and our consumption habits are squandering the earth's natural resources... Spending less time in paid work could help us break this pattern."***

- Anna Coote, co-author of a new report by the New Economics Foundation (nef) titled *'21 Hours: Why a shorter working week can help us all to flourish in the 21st century'*

examined claims that Personal Advisers are "under-resourced, under-trained, under pressure and unprepared" for the demands of the "growing unemployment crisis." Who made these claims is not very clear but the 'solution' suggested (often in subtle ways, such as selecting certain commentators and silencing others) is that the institution needs 'innovation' and 'modernisation' – words that often herald the privatisation of public services.

In June 2009, the Institute of Public Policy Research, a think-tank with strong ties to the Labour party, published research into Britain's employment services after interviewing over one hundred front-line advisers, including 40 or so from Jobcentre Plus. The report, which concluded that Jobcentre Plus advisers were "overrun by the extra demands of the recession," was discussed on the afore-mentioned Radio 4 programme, after which Employment Minister Jim Knight was hosted saying, among other things, "That's why we've contracted a good range of executive recruitment agencies to provide a service for those sorts of people."

Back in 2002, Gordon Brown declared a "street-by-street, estate-by-estate" war on "unemployability." The context at the time was the then-chancellor trying to sell a new initiative involving mobile job centres that would "tour unemployment blackspots, alerting people to vacancies and offering advice." The announcement, of course, was all over the press but the plans never materialised, except in creating a discourse on "the culture of worklessness." Other DWP 'outreach efforts' to deal with the 'growing crisis' of unemployment have included installing job search touch screens in public places, such as libraries and supermarkets. The new technologies are often provided and

managed by private companies and are just another step towards breaking up, and then selling off, the services traditionally provided by Jobcentre Plus. Similar tactics can be observed in the 'modernisation' of the Post Office and the NHS.

### What crisis?

We have already said, in more than one place, that the whole benefits regime is becoming increasingly about getting people back into paid work, which is justified mainly by 'soaring' mass unemployment. But leaving the political rhetoric and media-driven hysteria aside, what is this 'unemployment crisis' all about?

While employment has fallen by 2% over the past few months (still a fraction of the fall in economic output), unemployment benefits, especially for families without kids, are much lower than they were in past recessions. It is also much harder to qualify for incapacity and other benefits these days. Still, staying on benefits is, in many cases, better than taking a job that pays less than £15,000 a year. Yet many jobs that claimants, particularly those with less marketable skills, are being pushed to accept are minimum-wage jobs at places such as Poundland, McDonald's, supermarkets and other unscrupulous retailers. Another significant trend in recent years has been a big rise in people going part-time or accepting more 'flexible' contracts. During the recession, many preferred to accept little or no pay to keep their jobs. In a sense, the insecurity of poverty has been replaced by the insecurity of unemployment and wage dependence.

The approach taken by the government and its private 'partners' in reducing unemployment seems to be centred around bullying claimants into accepting any job available, based on the presumption that everyone wants to work, whatever the work is. Those who don't are considered 'parasitic free riders'. This logic, which blames unemployment on the unemployed and ignores the fact that job offers are subject to market mechanisms, is used to justify the criminalisation of the unemployed and the use of increasingly punitive and repressive measures against them (the 'zero tolerance' approach). Other possible approaches, such as reducing working hours or increasing the minimum wage, are readily dismissed as that might be politically dangerous: people with their basic needs met and a lot of time on their hands might be capable of too much.

# WHO BENEFITS FROM THE BENEFITS SYSTEM?

*Jobcentre Plus was created in June 2001, bringing together the Employment Service and parts of the former Benefits Agency. It was the New Labour government's second 'radical overhaul' of the welfare system, with the aim of "help[ing] the large numbers of people on benefits to find meaningful employment." Gradually, as Jobcentre Plus was allegedly failing to achieve what it was set up for, most of its services were outsourced to private contractors. The 'unemployment business' has now become a vast, lucrative market, yet 'customers' receive increasingly poor services.*

## The old New Deal

Since the late 1990s, there has been a steady trend to get people off benefits and into work. This has been manifest in repeated efforts by the Department of Work Pensions (DWP) to devise programmes aimed at enticing and/or forcing people to obtain employment, through restructuring the benefits system to make it more difficult for people to stay on benefits for long and, more recently, through a full-fledged war on lone parents, disabled people and 'benefit cheats' (renamed 'benefit thieves' in 2009).

An instrumental part of this strategy has been the New Deal programme, first introduced by the Labour government in 1998 with the stated purpose of reducing unemployment by providing training, subsidised employment and voluntary work for the unemployed. Funded by a one-off £5bn windfall tax on privatised utility companies, it was initially piloted on unemployed youth. New Deal programmes were subsequently expanded to include various groups, including lone parents, people with disabilities and over-50's.

One of the key architects of the UK's version of New Deal is said to be LSE professor and founder of the Centre for Economic Performance, Richard Layard. Layard was an early advocate of the welfare-to-work approach to unemployment that would later materialise, in its most recent incarnation, as the Flexible New Deal. Between 1997 and 2001, Layard helped implement these policies as a consultant at the Department for Education and Skills, which was also responsible for employment until 2001 when the Department for Work and Pensions was created. In 2000, he became a Labour life peer in the House of Lords.

It is perhaps telling that a liberal economist, who graduated from Eton and Cambridge, would devise, or advocate, a 'deal' that unemployed people have no choice but to accept. In essence, it is the same deal offered by the business class to workers time and again: If you don't like the little money we give you, you can just leave and starve to death.

## The black box

In April 2007, responsibility for employment programmes delivered by external providers was transferred from Jobcentre Plus to the DWP's Work, Welfare and Equality Group (WWE) and Commercial and Estates Directorate (CED). A newly created Delivery Directorate within WWE took on overall responsibility for the design, commissioning and performance of such programmes. In a letter to providers, David Smith, DWP's Commercial Director, and Matthew Nicholas, Jobcentre Plus's Director of External Relations and Communication, explained that "the movement [...] will provide greater clarity of respective roles for Jobcentre Plus and DWP." In reality, this meant a greater role for the private sector, not only in delivering the programmes but also in designing and implementing policies.

In February 2008, the then Work and Pensions Secretary, James

Purnell, set out his "three C's" in an 'historical' speech that paved the way for the welfare reforms that followed. Purnell's three Cs, echoing Roosevelt's Three Rs during the Great Depression (Relief, Reform and Recovery), were Capability, or "helping people stay in and return to work"; Control, or "giving people choice and control over services"; and Contribution, or "modernising the benefit system." Modernisation and innovation, as we have come to know so well, often mean subtle privatisation. Indeed, the DWP commissioning strategy, which was published that same month and set out the department's "vision for modernising and strengthening the welfare to work market," recommended "longer, larger contracts" (5–7 years) and "a focus on place not structures, with top-tier providers taking a more strategic role." While smaller, specialist providers were still to be "encouraged to flourish and develop" through subcontracts, this was something of a departure from the old 'local partnerships' approach (Local Strategic Partnerships and Local Area Agreements). In management jargon, this is sometimes referred to as the 'black box approach': "greater responsibility but shar[ing] risk and encourag[ing] innovation," to quote a DWP presentation on employability provision and sub-contracting. The scientific definition of the black box method, however, might be more accurate in describing the reality of New Deal: a device or system that is viewed from an external perspective, solely in terms of its input, output and transfer characteristics, without any knowledge of its internal workings.

## Contracts and partners

Until October 2009, when phase one of Flexible New Deal came into effect, the DWP had 121 contracts with 51 private and 'third-sector' agencies and organisations to deliver New Deal programmes in the UK's 11 regions. Of these, only 16 were described as 'voluntary organisations', including such names as BTCV, Careers Development Group, CSV Training, SCVO and YMCA Training (see page 11). The 35 other contractors were all private companies specialising in 'employment services', such as job search and training. Most of the contracts were for two or three years but some were for up to 12 years.

By far, the largest number of contracts, 16, was awarded to the Training Network Group, followed by A4e (formerly Action for Employment) with 11 contracts. Other big 'partners', as the DWP often describes them, included Support Training (7 contracts); Pertemps, Seetec, Triage Central and Management Introductions (5 each) (see page 7 for a full list).

New Deal spend figures for the financial year 2008-9, obtained by Corporate Watch under the Freedom of Information Act, show that A4e was paid £84,433,506 in that year for its 11 contracts, 10 of which were for 6 years and 10 months. The second biggest beneficiary was Working Links, which received £56,581,024 for 3 contracts, two of which were for 3 years and 2 months and one for one year and 11 months. Other fat contracts included

Work Directions (one contract, £45,533,303 in 2008-9); Reed (one contract, £47,111,328); Pertemps People Development Group (5 Contracts, £33,903,613) and SEETEC (5 Contracts, £16,653,137). Strangely, the largest contractor of all in terms of the number of contracts, the Training Network Group, received only £240.

Needless to say, the details and specifics of these contracts are kept away from the public under the pretext of 'commercial confidentiality'. However, it is known that the majority of Jobcentre Plus provision is funded through a so-called 'formula funded' system, where providers are paid on the basis of a universal 'unit price', or a fixed amount of money for the same service provided no matter who the provider and how large the contract is. This 'unit price' is typically split between fixed programme delivery costs and 'outcome payments', which are mainly focused on what are termed 'job outcomes' and are paid after an outcome is deemed to have been achieved (for example, when a participant finds a job and leaves the programme). The programme delivery element is paid at a weekly rate determined by the planned length of the programme. The ratio between the two elements is often 70 to 30 percent. Thus, for each so-called customer on New Deal for Young People, for instance, the total 'unit price' ranges between £848 and £1,186 for eight weeks. The weekly programme delivery element for this course is calculated by taking 70% and dividing it by eight, which gives £74.20 – £103.78 per customer per week.

### Profits and profiteers

None of the private providers contacted by Corporate Watch was willing to discuss the amounts they spend on, and the profits they make from, their New Deal provision. With some simple maths, however, it is not very difficult to come up with some rough estimates. Let's take A4e as an example.

In 2006, A4e Central London won the prime New Deal contract for Camden and Islington. Both London boroughs have an A4e office that work with Jobcentre Plus partners in the area. A4e Central London employs approximately 40 staff and, in 2008, had 438 New Deal participants. Of these, 223 were based at its Holloway centre, 83 at the Kentish Town centre and 132 at subcontractors' centres. To deliver its full-range provision, the company subcontracted to Kennedy Scott, A2Train and Metropole College.

In 2008, A4e overall had some 13,000 New Deal clients at its 100 or so centres throughout the country. This represented approximately 50% of the company's activities, but 40% of it was subcontracted to smaller providers. In 2008-9, A4e received £84,433,506 for New Deal provision; that is, more than £6,000 per client. So assuming that the A4e Holloway and Kentish Town centres only provided New Deal programmes -which is not, of course, the case- the centres would have generated at least £2.5m only in one year. There are no accurate figures available but it is difficult to imagine that the running costs of both centres would exceed half of that amount. In fact, participants often complain that computers are old and insufficient in number, that staff are too busy and such like. Jobcentre Plus states in its Provider Guidance that it "does not, in principle, object to providers seeking to generate additional income from the service they are providing through any Jobcentre Plus contract." This may explain why the same staff and equipment are often used for other services, such as advice and learning, while charging the government as if their sole purpose is to deliver one programme.

As a result of these lucrative government contracts, the

Sheffield-based training company has grown steadily since its establishment in 1991 to become a small transnational company with operations in 11 countries across four continents, including 'new markets' with 'growth potential', such as Poland and Israel. In the UK, it is the largest supplier of employment services as a prime contractor with the DWP. In 2009, the company's revenue was £146m, 63% of which derived was from employment and welfare services. Its operating profits before tax in the financial year ending 31st March 2009 were just over £6m. A4e's other business includes telephone-based legal advice on behalf of the Legal Services Commission and employer programmes to "improve the capability of their workforces." While A4e remains the biggest and most 'successful' shark, the same could more or less be said of all the other big private providers: Pertemps, Working Links, Seetec and so on. One could give example after example had there been enough space here.

Other benefactors of New Deal programmes include employers who are paid 'subsidies' for up to 26 weeks for employing participants (as if employers hire employees as a favour to the employee). This is £60 and £75 per week for full-time and £40 and £50 for part-time, under New Deal for Young People and New Deal 25 Plus respectively. Although not all employers take up this offer, the DWP spent nearly £41,000 on New Deal employer subsidies in 1999-2000. In 2004-5, this was over £15 million.

### The real benefit cheats

There have recently been a number of scandals and investigations into alleged fraud and misconduct by private companies contracted to deliver employment services. In May 2008, for instance, the DWP had been investigating A4e and at least two other undisclosed training providers for fraud for over a year. A minimum of 20 cases of fraud were discovered at an A4e centre in Hull, where two staff members had apparently falsified employer forms and forged signatures on them in order to receive 'job outcome' bonuses from the DWP. A4e was also reportedly involved in a temporary job recruitment agency scam, forcing New Deal participants into temporary work, which resulted in more 'job outcome' bonuses. Despite the ongoing investigation, A4e was not blacklisted or restricted from bidding for Flexible New Deal contracts and eventually won the largest number of contracts amongst all the bidders. This is unsurprising, perhaps, when we learn that the company's advisory group includes such highly esteemed members as David Blunkett, the former Work and Pensions Secretary who was forced to resign, for the second time, following revelations about his external business interests during his brief time outside the cabinet, and the former permanent secretary at the Department of Trade and Industry, Sir Robin Young.

Another example is Pertemps People Development Group, which continued to receive payments as usual under its £2,259,282 two-year contract that ended in June 2008, even though a Jobcentre Plus monitoring report dated 7 November, 2006, clearly stated that, "there are still major issues that need to be addressed to meet with contractual compliance." A letter by the Jobcentre Plus director of programmes, dated 20 November 2006, stated that "Jobcentre Plus [is] satisfied that the contract is being delivered to the required standards."

Since Maatwerk had its contract terminated for fraud in 2008, only two other New Deal providers are known to have been forced to repay fraud money, the first being A4e (£15,000) and another provider whose name has not been disclosed (£48,000). It is known, however, that Jobcentre Plus and the DWP have received numerous complaints and requests for investigations concerning various providers. Most fraud cases so far - at least, those we





are aware of - have been primarily related to forged signatures and falsified forms. Other alleged fraud practices that the DWP has not yet picked up, but are widely reported by participants and observers on the web, include timesheet abuse, dismissal abuse (dismissing participants for false or trivial reasons to receive the full 13 weeks amount), guaranteed job bonuses abuse (some participants may receive a job offer before the course starts and providers still get job outcome payments, even if they had nothing to do with finding the participant a job) and future job outcome bonuses abuse (forcing participants to enter an agreement whereby the provider has 'permission' to contact any future employer after the course has ended to obtain a job outcome bonus even though the participant would have found the job after the course had finished, unaided by the provider).

### Targets and results

Whenever the DWP is asked - in parliamentary questions, for example - for an assessment of New Deal, spokespeople reply with statistics concerning how many long-term unemployed people have been 'successfully helped' off benefits and into work. What is almost always missing is how and what kind of work has been offered to, or forced onto, people.

When asked in parliament in March 2007 how many people had been on the New Deal programme more than once (those commonly known as 'retreads'), the DWP's Jim Murphy chose to precede his figures with the following statement: "Some people will return to New Deal after leaving the programme, but this is inevitable in a dynamic labour market." ('Flexible' wasn't then a buzz word.) The plain answer, as the statistics showed, would have been 'increasingly too many.' And the main reason is that 'customers' are being pushed to do any job available as soon as possible.

This is sometimes referred to as the 'work first' model: the best way to improve a person's position in the labour market, it is argued, is for them to move quickly into work, any work. Unemployment programmes, thus, have come to focus primarily on compulsory job searches and short-term interventions to facilitate a quick return to the job market, which is quite different from the 'human

capital development' approach of the welfare state. Sometimes this is done in subtle ways, such as career 'planning', job search

'advice', 'training' and so on, but often through pressurising people into getting a job to avoid 'all the hassle.' As a result, job searches have become synonymous with intimidation and harassment by staff; training with 'employability', or increasing a person's chances to find any job; the gap between professionals and 'unskilled' workers has increased; and overall everyone enjoys less security, in what is often termed the casualisation of the labour market.

While standards may vary between one provider and another, it could be argued that this prevailing free market ideology, added to the companies' profit-driven structure, does not allow for any other mode of work. It is unsurprising, then, that this mode would culminate in the recent welfare 'reforms' and the 'work for your benefits' pilot schemes, where welfare becomes an earned privilege rather than a right.

As for the participants themselves, the most common experience is sitting on chairs all day doing nothing, except competing for old computers and being interrogated by over-stretched staff. "It's demoralising," one A4e client said, describing his experience. "Downgrading and humiliating treatment," added another. "A complete waste of time"; "a de-skilling exercise" and so on and so forth. In fact, an increasing number of websites, such as [newdealcomplaints.co.uk](http://newdealcomplaints.co.uk), are solely dedicated to sharing such experiences; experiences that are, paradoxically, often used to justify the privatisation of public services.

The other common experience is the necessity of lying to survive through such an unjust system. Mocking A4e's slogan "Improving people's lives",

one participant commented, "All they do is improve people's lies." Asked whether this was a good or a bad thing, the 'retread' replied, "New Deal is bad for your health." The same could be said of most, if not all, aspects of the new benefits system; it is bad for the well being of individual claimants and the welfare of society as a whole. The only exception seems to be the private contractors, for whom New Deal and other 'welfare' programmes have been golden business opportunities.

### New Deal private sector providers and the amounts received from the DWP in the financial year 2008-9

Provider	Spend 08-09
A4e (11 contracts)	£84,433,506
Access Training South West Ltd	£265,567
Best Ltd (2 Contracts)	£14,324,285
Birmingham Chamber of Commerce	£2,056,355
Careers Wales Cardiff & Vale	£84,685
Crosby Training (2 Contracts)	£2,478,492
DASH Training South Wales	£1,919,478
DMT Business Services	£773,192
Glasgow Mentoring Network	£47,546
Inbiz	£758,366
Inspire to Independence	£3,688,027
Juniper Training	£2,408,592
Management Introductions (5 Contracts)	£1,785,408
Manpower UK	£3,243,918
MBW Training Services (2 Contracts)	£1,583,963
Pertemps People Development Group (5 Contracts)	£33,903,613
Prospects Services	£1,268,852
Quadrant (2 Contracts)	£132,894
Reed	£47,111,328
Scottish Cultural Enterprise Ltd	£63,333
SEETEC (5 Contracts)	£16,653,137
Sencia	£6,006,267
Shackleton Associates (2 Contracts)	£885,604
Skills Training (2 Contracts)	£8,085,783
Standguide (3 Contracts)	£2,225,362
Steps to Work Walsall	£5,843,184
Support into Work	£269,600
Support Training Ltd (7 Contracts)	£910,361
TBG Learning (3 Contracts)	£8,888,502
Training Network Group Ltd (16 Contracts)	£240
Triage Central Ltd (5 Contracts)	£5,259,740
Work Directions	£45,533,303
Work First	£4,410,327
Working Links (3 Contracts)	£56,581,024
WTCS (now Max Employment UK)	£920,019

# FLEXIBLE DEALS

***Rising 'mass unemployment' in western industrialised countries in the late 1990s was widely attributed in political and academic circles to 'rigidities' in work and wage patterns, as well as 'too-high' social contribution by the state. The 'solution' advocated by free market proponents, and picked up by New Labour almost more enthusiastically than neoliberals, was a more 'flexible' labour market, coupled with a flexible, employment-friendly benefits system.***

## Flexibilities

Arguments for flexible work patterns put forward by scholars and policy makers in the 1990s often focused on the 'new social reality' of the twentieth century: the increased mobility of people; the new family(s); more women working outside home and so on. Conclusions were often rhetorical: flexible work patterns allow a better work-life balance, reduce social exclusion, improve the employment prospects for the most disadvantaged and so on.

Economists were clearer about the real aims: to increase labour supply, in both quality and quantity, while reducing costs (health, pensions etc.). In a sense this was an alternative to 'old' solutions, such as migrant 'guest workers', to the labour demands of the unstoppable growth of capitalist economies; an alternative that would also avoid the social and political problems associated with immigration.

Seeking the 'efficiency' and 'dynamism' of the private sector, the main purpose of social welfare policy would now become a progressive liberalisation of welfare functions by contracting out public employment services. The amalgamation of jobs and benefits in one agency, Jobcentre Plus, was only the first step towards 'closer links' between the management of social welfare and the delivery of employment services, with the aim of facilitating a 'quick return' of the unemployed back to the labour market by increasing their 'employability', that is to say, inserting 'job seekers' into any available work opportunity that the market throws up. This would be achieved through turning benefit advice sessions into work-focused interviews; through mandatory, intensive job search, with claimants being forced to be 'more flexible' and 'more realistic' job goals imposed upon them; and turning training and capacity building into 'work placement experience'. And wherever financial top-ups (extra money offered to claimants on top of their Job Seeker's Allowance whilst on such programmes) and other incentives failed, increasingly tough sanctions would be used. To quote Gordon Brown, "In the old days, the problem may have been unemployment, but in the next decades, it will be employability. If in the old days, lack of jobs demanded priority action, in the new world, it is lack of skills. And that means that our whole approach to welfare must move on."

Flexibility, thus, has come to mean the flexibility of government in policy implementation by working with, and through, private contractors; the flexibility of these private 'partners' to provide services in a way that increases 'job outcomes' (i.e. profits) and reduces costs; and the flexibility of employers to hire and fire. There is also the flexibility in funding these programmes - often sold in official rhetoric as 'shared governance' - in place of the old 'rigid' contracts.

As for the 'job seekers' themselves, the reception is more or less divided along class lines. Those from better-off backgrounds, who often turn out to become highly skilled professionals, may enjoy this flexibility as they are able to move between jobs more easily. For those from worse-off backgrounds, who often end up occupying low-paid, manual or unskilled jobs, this 'flexibility' often

means insecurity and uncertainty. Finally, for the unemployed, or those who refuse to be employed, there is increasingly much less room for flexibility.

## Deal or new deal?

As part of the current welfare reforms, a new benefits and employment system for people claiming Job Seekers Allowance (JSA) called Flexible New Deal (FND) is replacing existing New Deal programmes (Gateway to Work, New Deal for Young People, New Deal for 25 Plus, New Deal 50 Plus, New Deal for Self Employed and Employment Zones). There had already been several attempts to reform or restructure parts of the regime. For example, a Re-engineered New Deal 25 Plus was introduced in April 2001 with the aim of "improving [claimants'] prospects of finding a job and remaining in employment." Customised, employer-led New Deal Gateway programmes were also piloted in the Department for Environment, Food and Rural Affairs (Defra), the former Department for Trade and Industry and the former Benefits Agency. The new system, however, introduces additional new measures that did not exist under the old one.

The changes were initially announced in the green paper *In Work, Better off: Next Steps to Full Employment*, published in July 2007. The white paper *Raising Expectation and Increasing Support: Reforming Welfare for the Future*, published in December 2008, reiterated the government's intention to implement a "single, integrated, flexible programme for people claiming Jobseeker's Allowance and for people claiming Employment and Support Allowance." According to the plan, Flexible New Deal will be implemented in two phases across England, Wales and Scotland. Phase one, which started on 5th October 2009, covers 28 Jobcentre Plus districts. Phase two will implement the new system in the remaining 20 districts from April 2010, with new contracts starting from October 2010.

In January 2009, a major conference brought together the government, employers and private and voluntary sector 'partners' to set out the next steps in this agenda, promising "inspiring opportunities for prime contractor organisations from the private, public and third sectors to work together in partnership to deliver this new programme."

The introduction of Flexible New Deal also laid the foundation for further reforms included in the current Welfare Reform Bill, in particular the proposals for a 'work for your benefit' initiative for people who have been unemployed for two years or more. To quote Gordon Brown again, "The New Deal was both a statement of our values and a key part of our economic strategy... Now, as we look ahead, we need a reformed New Deal to help us face the challenges of the next decades."

## No deal

At the heart of the new regime is a four-stage programme that increases claimants' level of job search activity the longer they remain on benefits, culminating in referral to Flexible New Deal after a year, or six months for those identified at the start of



their claim as being “in greater need of help to secure work.” Participation in FND lasts for up to 12 months but can be extended for a further six months. Of these, four weeks are allocated for mandatory ‘work-related activity’, which involves working 30 hours a week for any organisation, including a Flexible New Deal provider, that does not have to be related to the participant’s job goals at all as long as it provides some ‘work experience’. Providers are then almost free (flexible) in what they do for the remainder of the course, as long as they get their clients a job, which is when they get paid.

Under FND, service fees are calculated per contract value rather than the number of participants, as in New Deal. This has raised concerns that providers will cherry-pick clients and park older ones, who will be lined up for sanctioning to ease overcrowding. Furthermore, a large part of service fees is paid upfront, with monthly payments then decreasing progressively towards the end of the contract. Thus, it is not very difficult to predict that conditions and service quality will deteriorate as service fees decrease. The upfront service fee element is currently 20 percent but many providers are demanding this is raised to 50 percent.

The rest of the contract value (80 percent) is paid on participants’ results or outcome, i.e. when they leave the programme to a job. These so-called ‘job bonuses’ are larger than before and the six-week ‘tracking period’, during which bonuses can be claimed by providers, is over double the previous time. The bonuses are capped at one bonus per unique participant, which means that if someone got a job within the 12-month programme period but after the 13 or 26 weeks needed for the provider to prove they have found them a job or a sustainable job respectively, they are likely to be ‘parked’ as there is no money to be gained from them as the provider would have been paid already for that person for the whole year.

FND providers are also delegated certain Secretary of State powers and can sanction participants for various ‘offences’, up to six months for the first offence. This includes the refusal to attend an appointment, apply for or take up a job, leaving ‘training’ before it is completed and refusal to sign the action plan drawn up by the provider.

While FND may represent a better deal for the private contractors, who get larger and ‘more flexible’ contracts, and for the government, which is expecting 3,288,000 JSA claimants to ‘flow off’ benefits in the financial year 2009-10, it is definitely a worse deal for benefit claimants. In addition to the tougher measures mentioned above, claimants will remain on JSA for the majority of the programme’s duration, instead of receiving Training Allowance on top their JSA, as was the case with old New Deals. A Training Allowance will now only be payable when a participant takes part in a full-time activity, such as full time ‘work-related experience’.

## The new dealers

In May 2009, the security and public service giant Serco Group announced it had been selected by the DWP as one of the preferred bidders for three Flexible New Deal prime contracts. The five-year contracts cover North and Middle Wales, the West Midlands and Greater Manchester, with an expected value of £100-125m for the first two and £200-250m for the latter. In a press release, Serco described the contracts it secured as “the first in a significant new market.” Further, similar-sized “opportunities” are expected to be announced in the next two years.

Flexible New Deal does not represent a totally new market for all contractors, however. The biggest FND contractor, A4e, had already been the largest employment services provider in the country under the old regime. Despite being under investigation for alleged fraud, the growing company was nonetheless awarded five prime contracts in five contract areas (Cambridgeshire, Suffolk and Norfolk; Central London; North and East Yorkshire; South Yorkshire and Derbyshire; and the Black Country). Other ‘established’ providers who were selected by the DWP as prime contractors included Working Links, with four contracts; Work Directions, with two contracts; Pertemps, Seetec and The Wise Group, with one contract each. The total number of current FND prime contractors is 14. The number of Phase One prime contracts, most of which were awarded in Spring 2009, is 24, in total worth more than £1bn over five years. By 2011, 200 contracts are expected to have been awarded, with a combined value of £4-5 billion.

Each of these prime contractors subcontract smaller, and often local, organisations from the public, private and third sectors

**Bloggers vs. A4e**

In July 2009, a website dedicated to *Watching A4e* was taken offline by its hosting company, Freewebs, after someone, thought to be Action 4 Employment (A4e), contacted the company claiming the site’s content was ‘defamatory’. The site subsequently returned online as a blog, [watchinga4e.blogspot.com](http://watchinga4e.blogspot.com).

In April 2009, another blog, *New Deal Scandal*, had its WordPress account suspended after posting information that Neil Watson, finance director at Action 4 Employment, had previously resigned as director from A4e Ltd. The resignation came at a time when A4e was under investigation for alleged fraud. *New Deal Scandal* is also back online as a new site, which can be found at [newdealscandal.co.uk](http://newdealscandal.co.uk).

Both censorship attempts seem to have backfired, with more and more blogs and websites dedicated to scrutinising A4e and other private New Deal providers have appeared on the web.

to deliver the services. This not only adds another layer of bureaucracy but is also another step away from accountability. In its report in response to the government’s welfare reform proposals, the parliamentary Social Security Advisory Committee raised a number of concerns about the proposals, including that small-scale, specialist providers in the third sector may “lose out to big private-sector contractors.” These concerns were, however, ignored and the plans went ahead.

The DWP has commissioned an ‘independent’ research consortium, headed by the Policy Studies Institute, to evaluate the new benefits and employment regime, with the aim of determining the overall effectiveness of the reforms. The final report is expected to be out in late 2013 but it is doubtful that it will say anything different from previous government-commissioned assessments. After all, the PSI describes the “importance of the research” as follows: “The evaluation will test the extent to which [the new Jobseeker regime and Flexible New Deal] lead to additional employment outcomes for individuals in this client group and the cost effectiveness with which this is done.”

# VOLUNTARISM OR NEW SLAVERY?

*Voluntarism is usually defined as the use of, or reliance on, voluntary action to maintain an institution or carry out a policy. An increasing number of scholars and writers, however, distinguish between 'voluntarism' and 'volunteerism' in that the latter involves formal structures. While voluntary organisations may employ paid staff and receive funding, what distinguishes them from private companies -at least in theory- is that they are meant to act for the public good, rather than in shareholders' benefit. Traditionally, volunteering and voluntary work were associated with affluent philanthropic 'do-gooders'. In reality, however, things are much more blurred and complex.*

## Voluntary Turn

The definition of the 'third sector' has been stretched so as to include private and profit-seeking companies, as well as charitable organisations. Many of the non-profit organisations involved in employment services, such as training and work experience, are not local community groups in the traditional sense of the word. Rather, they are large bureaucratic organisations, barely distinguishable from any company or government department in terms of structure, hierarchy and budget. Many charity shops now have a paid manager instead of volunteers, with head offices run by overpaid managers. In fact, most charity shops have become little more than profit-making enterprises, just like any other commercial shop. The only difference, perhaps, is that charity shops still capitalise on old values associated with charity and voluntary work; values that are based primarily on a Christian paternalistic approach to 'others', which is problematic in itself, but that's another story.

A central tenet of New Labour's 'third way' ideology, which has become rooted in many Western countries, is the belief that, while the state and the market have a 'legitimate' role to play in the provision of social welfare, community and voluntary organisations could, or should, also play a role too. This incorporation of the 'third sector' into the state apparatus, which had already started with the neoliberal project in the context of its attack on the postwar welfare state, has led to a massive growth of what some have called 'government volunteerism', with the government setting the volunteering agenda and playing an increasing role in creating the environment in which voluntary action takes place. Examples range from unemployment programmes to the Olympics.

While some would still argue that a more prominent role for the third sector is a good thing, by 'bridging the gap' between the state and the market and between the government and society, there is sufficient evidence to suggest that this "institutional fix", as some commentators have described it, has enabled the state to protect its legitimacy and maintain its control, while avoiding responsibility and cutting costs under the guises of 'flexibility' and 'innovation'. What's more, this steady encroachment by government on voluntary and community organisations, through such mechanisms as government contracts and partnerships, has managed to 'professionalise' many of these organisations, with all the usual political side effects: closing down any scope for real, radical change or state-critical thought, much like the corporate philanthropy of big foundations has done with other organisations and social movements. Jennifer Wolch calls this "para-state apparatus" that carries out welfare state functions the "shadow state", while others have dubbed the process the "voluntary" or "community turn."

## Free labour

In this 'mixed welfare' economy, the boundaries between voluntarism and formal employment are increasingly blurred. One of



four options offered to 'job seekers' on New Deal, after they had been on the programme for four weeks (the so-called Gateway phase), is working with a contracted voluntary or community organisation to gain 'work experience'. The option could last for up to 26 weeks if the person does not find a job, and failure to attend may result in them losing their benefits. This can hardly be called 'voluntary'.

According to DWP statistics, between January 1998, when the programme started, and the end of November 2006, 1,090,270 people had left New Deal for Young People. Of these, 194,330, or 38 percent, chose or were put on the 'voluntary sector' option - the highest number of participants among the four options. In those eight years, almost £5 billion was spent on New Deal programmes, almost half of which was spent on New Deal for Young People, between administrative and programme expenditure. So a substantial amount of money has been spent on the voluntary option over the years (close to £1 billion in that period), split between the prime contractors, subcontractors and providers.

Voluntary option work placements are typically charity shops or community and youth centres, where participants are meant to gain work experience in retail, admin and other 'skills'. These work placements are often arranged through voluntary or community organisations contracted or subcontracted by Jobcentre Plus. Last year, the DWP had contracts with 51 different organisations from the private and voluntary sectors for the delivery of New Deal provision. Among these were YMCA Training, BTCV (formerly British Trust for Conservation Volunteers), Careers Development Group, Community Service Volunteers (CSV Training - apparently the UK's largest volunteering and training charity), the Scottish Council for Voluntary Organisations (SCVO) and SOVA, a national 'volunteer mentoring' programme working with people leaving the care system, young offenders and migrants (see page 11 for the number and value of their contracts).

The largest voluntary contractor in terms of the number of contracts was The Wise Group, with 7 contracts receiving £9,307,974 in 2008-9. Over the past two and half decades, the Scottish charity has grown from a small training project in Glasgow to a “professional enterprise” operating across central Scotland and north east England. In 2007, it generated an annual turnover of £21 million, employed 420 people and operated from 26 premises, providing employment-focused services for 3,654 clients. Commenting on the several fat government contracts it holds, the group describes itself as follows: “As a Third Sector organisation, the Wise Group is a business that reinvests any surplus for the good of the community and future of the company. In effect, the Wise Group was operating as a social enterprise long before the term was in common parlance.”

Many participants on the NDYP Voluntary option, as well as those on the Environment Task Force option, do not receive a wage and are, thus, not covered by the National Minimum Wage Act 1998. These participants are paid a New Deal allowance equivalent to their Job Seeker's Allowance, plus a grant of £400 paid over the 26 weeks of the programme. Thus, a participant doing a 4-6-hour shift, four days a week, for up to 26 weeks, receives little more than the basic minimum that he or she should be getting anyway. Now imagine a charity shop or some community project that is used by Jobcentre Plus as a work placement for New Deal participants. They get a constant flood of technically free labour and some even get paid for accepting them.

As discussed in other articles in this issue, the Welfare Reform Bill and Flexible New Deal took this even further with the idea that people who have been on benefits for a certain period of time should be forced to do mandatory work experience in order to continue receiving their benefits. Other less known ‘slave labour’ schemes have been tried in the past. A few years ago, for instance, the Home Office tried out a pilot scheme in Merseyside under which refused asylum seekers would be forced to do unpaid ‘community service’ (degrading, menial tasks in most cases) in return for accommodation while they waited to be deported. YMCA, which was to carry out the scheme on behalf of the government, eventually dropped it following a public outcry. Nonetheless, the word ‘voluntary’ is still being used in the organisation's promotional literature to describe such schemes.

In light of the increasing commercialisation and professionalisation of charities and other so-called voluntary organisations, it wouldn't be too far-fetched to argue that their loss of legitimacy among their

traditional supporters makes many of them keen on accepting ‘volunteers’ from such programmes as New Deal. A recent survey by the Charities Aid Foundation (CAF) and the National Council for Voluntary Organisations (NCVO) revealed that donations to charities in 2008 fell by 11%. At the same time, figures from the Charity Finance's Charity Shops Survey 2009, which questioned over 5,000 UK charity shops, show that their profits rose by 4.1% over the same year.

### No criteria

Choosing the voluntary or community organisations used by Jobcentre Plus as work placements is entirely up to private agencies contracted to provide mandatory or voluntary training programmes. In response to a Freedom of Information request by Corporate Watch last year, Jobcentre Plus admitted it “do[es] not hold information [on] those community and voluntary organisations that they [contracted agencies] work with.” Furthermore, Jobcentre Plus does not apparently have any criteria for selecting or assessing such organisations as “it is the providers’ responsibility to set and apply the criteria used to select the organisations.”

However, media reports last year revealed that the DWP was running a £8m ‘volunteer brokerage scheme’, with contracted charities, such as BTCV and CSV, competing to get local volunteer centres to arrange placements for them in return for 10 percent of the funding they receive for the task from government. Under the scheme, the prime contractors would get between £130-200 for each New Deal participant they matched with a volunteering placement, but would offer volunteer centres as little as £20 or £30 for each volunteer they accepted. It seems the concept of ‘job brokers’ has extended to volunteering too, but that should come as no surprise when voluntary work is treated as mandatory work experience.

However good and humanitarian the word ‘voluntary’ might sound, voluntary organisations charged with delivering public services are less accountable than public authorities, as they often operate outside traditional democratic/bureaucratic structures – the “shadow state”, as Woch dubbed the sector. With social welfare delivery increasingly channelled through private and voluntary actors, this should raise serious concerns.

### Charitisation

In a 2006 report commissioned by the Public and Commercial Services Union (PCS), Steve Davies of Cardiff University examined claims that ‘independent providers’ do better than existing statutory ones. He concluded that, “whenever Jobcentre Plus staff have been allowed the same flexibilities and funding as private sector companies or charitable organisations, they have been able to compete with, if not surpass, the performance of contractors.” The ‘charitisation’ of the public sector, however, serves another purpose: it is subtle privatisation, with the voluntary sector opening up services for contests, which can subsequently be won by the private sector.

The leading organisation lobbying for contracting out employment services is the Employment Related Services Association (ERSA). Although ERSA includes many long-established charities, hybrid government-charity and non-profit organisations that aim to increase their ‘market share’ of public contracts, it is dominated by private companies that make millions of pounds in profit from job brokering and training. Furthermore, many of these charities, which are increasingly dependent on government contract funding to survive, have close links - through their trustees, for example - with the business lobby, which has its own interests in opening up public sector markets.

### New Deal voluntary sector providers and the amounts received from the DWP in the financial year 2008-9

Provider	Spend 08-09
BTCV (3 Contracts)	£9,600,986
Careers Development Group (3 Contracts)	£12,150,224
Claverhouse Training	£12,234,909
Community Links	£2,424,018
CSV Training (2 Contracts)	£681,724
Norfolk and Waveney Enterprise Agency	£1,728,986
Scout Enterprises	£2,093,827
SCVO	£1,743,260
Shaw Trust	£57,348,958
SOVA	£836,865
The Wise Group (7 Contracts)	£9,307,974
Track 2000	£133,277
Tydfil Training Consortium	£1,133,847
Voluntary Action Vale Royal	£243,806
Volunteer Cornwall	£0
YMCA Training	£57,501,044



**Benefit Cheat** (or Benefit Thief): A person deemed by the authorities to have broken the law whilst in receipt of benefits. This may include people who have discovered that it is almost impossible to survive on the dole and decided to earn a little more by doing some occasional cash-in-hand work. It also includes many administrative errors that are often blamed on claimants until the truth is uncovered. In 2008-9, overpayment as a result of administrative error was found in 2.6% of all JSA claims, compared with 2.6% due to alleged fraud. This 'zero tolerance' approach is based on the presumption that everyone wants to work - whatever the work is - and those who don't are considered 'parasitic free-loaders.' It is also used to justify the criminalisation of the unemployed and the use of increasingly punitive and repressive measures against them.

**Customer:** A benefit claimant or a person in need of social protection who is treated by Jobcentre Plus and its private 'partners' as shoppers, or beggars, seeking a product that the former sell. The change in terms, from 'claimant' to 'customer' or 'client', reflects a cultural shift towards an increasing commercialisation of public services, where market values have become guidelines for social policy.

**Flexible** (as in Flexible New Deal, etc.): The flexibility of government to outsource social and other public services; the flexibility of private contractors to deliver services in a way that minimises costs and maximises profits; and the flexibility of employers to hire and fire. This is achieved through fewer regulations and often leads to a deterioration in services and less accountability.

**Gateway, Pathway and other ways to work:** Programmes designed to get people off benefits and into work as quickly as possible, no matter what the job is and how unsuitable for the claimant. They are mostly about hassling and intimidating participants so that they get sick of it all and accept whatever jobs the market throws up and are offered to them. The programmes are also becoming increasingly coercive, forcing claimants to go on compulsory courses, rather than having the freedom to choose between different options according to what best suits them (see also Voluntary and Workfare).

**Jobseeker:** A benefit claimant who is assumed by the Jobcentre to be fit for and willing to work (everyone is assumed to be willing to do waged work in a capitalist economy). This sometimes includes people with disabilities, single parents and students who are finding it increasingly difficult to stay on incapacity benefit, income support and so on.

**Provider:** A private company contracted by the DWP to do what Jobcentre Plus is meant to be doing. They enjoy increasingly more power in designing and implementing programmes in a

way that maximises their profits, as well as in making important decisions about people's eligibility for benefits and future prospects. Private providers are nowadays referred to by government officials as 'partners'.

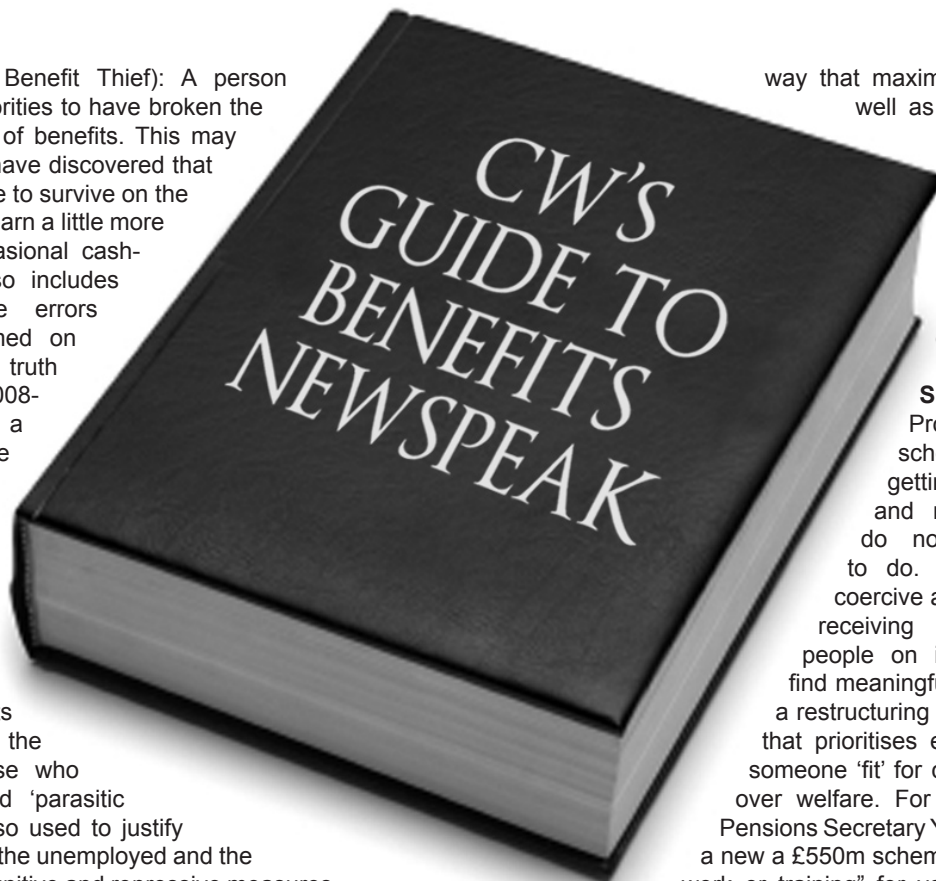
#### **Support or Help:**

Programmes and schemes aimed at getting people off benefits and ready for jobs they do not necessarily want to do. This 'help' is often coercive and imposed on those receiving it, e.g. "supporting people on incapacity benefit to find meaningful work." The result is a restructuring of the welfare system that prioritises employability (making someone 'fit' for certain types of work) over welfare. For example, Work and Pensions Secretary Yvette Cooper justified a new £550m scheme that will "guarantee work or training" for young people with the following word: "the longer young people are unemployed, the harder it can be for them... and that's why we are investing this extra help."

**Training:** Short-term interventions by Jobcentre Plus or its private contractors to increase a claimant's chances of finding a job out of those available on the market (increasing claimants' 'employability'). This may include sending them on a course they may not want or need, or having to 'volunteer' at a 'work placement' to gain experience that is not necessarily related to their stated 'job goals', or simply imposing new, 'more realistic' job goals on them.

**Voluntary:** Programmes under which benefit claimants are forced, after a certain period of time, to attend a community or youth centre, charity shop and the like, ostensibly to gain 'work experience' in retail, admin and other 'skills' that do not always relate to the actual job they are looking for. Participants are not covered by national minimum wage regulations and are only paid their normal benefit rate (less than a third of minimum wage), or a little more in some cases, despite doing 4- 6 hour shifts, 4 days a week, for up to 26 weeks. Many charity shops and so-called community or voluntary organisations used by Jobcentre Plus as 'work placements' depend on this constant flood of technically free labour from which to source their 'volunteers'.

**Workfare or Work-to-Welfare:** A pilot scheme and part of the recent welfare reforms, under which people who have been on benefits for a certain period of time should be forced to do mandatory, unpaid work in order to continue receiving their benefits. Participants are expected to work 40-hour weeks for six months without pay at work placements chosen by private contractors that do not necessarily have to be related to claimants' job goals. Workfare has been in use in the US since the 1990s but has failed to achieve what it was supposedly created for: to get unemployed people into regular paid work. The only result that such schemes may have achieved is turning welfare into an earned privilege rather than a right.



# RECLAIMING WELFARE

**An increasing number of grassroots campaigns and groups around the country have been set up to support unemployed workers and benefit claimants, fight privatisation and resist corporate profiteering from the welfare system. Below is an incomplete overview at some of these groups and what they do.**

## London Coalition against Poverty and Hackney Unemployed Workers

The London Coalition against Poverty (LCAP) was formed in 2007, inspired by Ontario Coalition against Poverty (OCAP, [www.ocap.ca](http://www.ocap.ca)), primarily to act as a base for collective action around housing. LCAP has also been doing work around jobcentres since 2008, when some of the people involved with LCAP were asked, wrongly, to give confidential medical information to the jobcentre; when they refused to hand it over, their benefits were cut. Another claimant had their benefits cut because the wrong postcode was written on their claim form. In response, 25 people occupied the jobcentre in Dalston with a list of demands. The claimants' benefits were soon reinstated and compensation was offered. People also began leafletting jobcentres in Hackney, London, encouraging collective action.

Since then, Hackney Unemployed Workers, a separate group working closely with LCAP, has been formed to 'keep an eye' on the jobcentre in Hackney (see Campaign Spotlight). New coalitions against poverty have also been formed in Tower Hamlets and South-East London.

For more information, see [www.lcap.org.uk](http://www.lcap.org.uk) and <http://hackneyunemployedworkers.wordpress.com>.

## Edinburgh Coalition against Poverty and Edinburgh Claimants Union

Edinburgh Claimants was formed in 1992, when the local council cut off funding to Edinburgh Unemployed Worker's Centre and claimants occupied the building in response. In 1996-7, there were occupations of jobcentres in an attempt to resist the introduction of Job Seeker's Allowance (JSA), which imposed stricter conditions for people claiming unemployment benefit. There have been meetings of Edinburgh Claimants Union at the Autonomous Centre of Edinburgh ([www.autonomous.org.uk](http://www.autonomous.org.uk)) since 1997.

In 2008, the Edinburgh Coalition Against Poverty was formed, inspired by LCAP. One of the first ECAP initiatives was to organise a phone tree to enable swift collective action against jobcentres people's benefits were cut, bailiff companies engaged in repossession, bad landlords or to support people who were being harassed by the sheriff's office. One action has been to go en masse to local councillors' surgeries to demand that

they deal with their constituents' problems, for example being harassed over old poll tax debt. A later action targeted the Edinburgh offices of Action 4 Employment (A4e), which contracted by Jobcentre Plus to provide unemployment services

ECAP's work is regularly spotlighted in a new local free sheet, the Edinburgh Muckraker (<http://edinburghmuckraker.org.uk>). For more information on Edinburgh Coalition Against Poverty, see their website at <http://edinburghagainstopoverty.org.uk>.

***"In the past people often used to come to campaigns like this primarily to solve their personal problems. This time people want to attack the system and the companies benefiting from it too."***

**- Sarah Chapman,  
Brighton Benefits Campaign**

## Cambridge Unemployed Workers Union

This new group, based in Cambridge, recently organised a demonstration outside A4e offices in Cambridge. The aim of the group is to "represent and defend the rights of those who are unemployed [and] fight the Welfare Reform Act." For more information on Cambridge Unemployed Workers Union, see [www.cambridgeaction.net](http://www.cambridgeaction.net).

## Brighton Benefits Campaign

Resistance to privatisation of welfare and support for claimants in Brighton has been provided for years by the Brighton and Hove Unemployed Workers Centre (BHUWC, [www.bhuwc.org.uk](http://www.bhuwc.org.uk)). Regular welfare advice sessions are run at the BHUWC, the Brighton Unemployed Centre - Families Project ([www.bucfp.org](http://www.bucfp.org)) and the Cowley Club ([www.cowleyclub.org.uk](http://www.cowleyclub.org.uk)). Between 1995 and 1997, there was a vibrant campaign in Brighton against the introduction of JSA; alliances were formed with Jobcentre Plus staff and jobcentres

were occupied. People who had been active in the JSA campaign then became involved in various campaigns against welfare privatisation and, eventually, formed a new group called Abolish Working Links (AWOL), which produced a local newsletter about Working Links ([www.workinglinks.co.uk](http://www.workinglinks.co.uk)), a private company paid by the government to get claimants off benefits. The newsletter, bearing the slogan "Working Links, We think it stinks!", was handed out at various Brighton jobcentres.

The last few years have seen a lull in campaigning on these issues but, in 2009, another group was set up, Brighton Benefits Campaign, to resist against the Welfare Reform Act. The group, still in its infancy, plans to target companies like Working Links and A4e. Other targets include Atos Healthcare ([www.atoshealthcare.com](http://www.atoshealthcare.com)), whose computer system, Logic Integrated Medical Assessment (LiMA) system, is used to assess Employment Support Allowance (ESA) claimants. The company further claims that its software may replace doctors assessments. One claimant, who is missing an arm, was given a LiMA computerised assessment which read "mild amputation." Another read "can take adequate care of his goldfish..." Profiteers also include charities like the British Legion, which works with the DWP to 'support' those on sickness benefits to 'return to work'. Finally, Maximus ([www.maximusuk.co.uk](http://www.maximusuk.co.uk)), the company administering the DWP's 'Flexible New Deal' in Brighton, will be high up on the list of targets.

## No to Welfare Abolition

A national coalition of groups, No to Welfare Abolition, is being launched as a base for resistance to the new attack on claimants posed by the Welfare Reform Act. A national gathering was held in 2009 and another is planned this April. For more information, you can join the coalition's mailing list: <http://groups.google.com/group/no-to-welfare-abolition>.

## Other groups and websites

**Claimants Action South Wales:** <http://claimantsactionsouthwales.blogspot.com>

**Ipswich Unemployed Action:** <http://intensiveactivity.wordpress.com>

**Sunderland Welfare Action Group:** <http://sunderlandwelfareaction.wordpress.com>

**Nottingham Claimants Action:** [www.afed.org.uk/nottingham/claimants](http://www.afed.org.uk/nottingham/claimants)

**Sheffield Claimants and Unemployed Workers:** [sheffdoleys \(at\) gmail \(dot\) com](mailto:sheffdoleys(at)gmail(dot)com)

**Newham Claimants Union:** [www.newhamclaimants.org.uk](http://www.newhamclaimants.org.uk)

**Overheard at the Jobcentre:** <http://overheardatthejobcentre.wordpress.com>

**Watching A4e:** <http://watchinga4e.blogspot.com>



# CAPTIVE LABOUR

*In its efforts to build a prison-industrial complex based on the US model, partly in response to prison rebellions and riots in the 1970s and 80s, British governments have endeavoured over the past three decades to restructure the prison control and discipline system in a way that both subdues prisoners into a compliant state and exploits this captive workforce to generate profits. There are no exact figures for the number of prisoners earning money for such mind-numbing activities as sorting and packaging for up to 10 hours a day, but the prison workforce is estimated at 10,000 people in 370 workshops across England and Wales.*

Part of this effort was introducing the Incentives and Earned Privileges (IEP) scheme in 1995, which encouraged "hard work and other constructive activity" by introducing a system of privileges that are "earned by prisoners through good behaviour and performance" and are "removed if they fail to maintain acceptable standards." Under Rule 8, even the right to possess tobacco and to smoke is an 'earned privilege', which can be taken away for breaking any of the myriad prison rules listed in the Prison Discipline Manual. Most of the work available, by the authorities' own admission, "provides little training, qualifications or resettlement activities for prisoners."

According to the Prison Service Order 4460, all prisoners who participate in "purposeful activity" must be paid. Their rate, however, is not subject to the national minimum wage (£5.80 per hour). The minimum wage in UK prisons is £4 per week, as it has been for the past 20 years, with the average pay estimated to be £9.60 per 32-hour week, or 30p an hour. Prisoners are not paid in cash but, instead, receive credits that can be used

to buy items such as tobacco, stamps and phone cards. In 2008, Gordon Brown vetoed plans for a modest increase in inmates' pay to £5.50.

Many big companies are known to have exploited prisoners' cheap labour to produce their products, including Sainsbury's for packing their plastic spoons and Virgin Airways for packing their entertainment headphones. Monarch Airlines, Speedy Hire, Travis Perkins and book publisher Macmillan are also known to have used prison workshops.

For over two years, freelance journalists Phil Chamberlain and Richard Cookson have investigated the contracts private companies hold with prisons (see [www.prisonlabour.org.uk](http://www.prisonlabour.org.uk)). According to them, more than 100 smaller companies are using prison labour in England and Wales to produce a wide range of products, from holiday brochures, novelty name tags and balloons, to industrial mouldings and security chains. Even the NHS and the Ministry of Defence are said to have used goods produced by prisoners.

With a total estimated value of £30m a year, these contracts are arranged by a Ministry of Justice department known as Prison Industries. The details are often subject to intense secrecy, with HM Prison Service doing its best to refuse Freedom of Information requests for the names of companies involved. The justification ('commercial confidentiality') is that public identification of these companies may harm their business and lay off workers.

Under a contract with DHL and Booker that started in October 2008, 500 low-risk prisoners selected by the Prison Service on the basis of 'good behaviour record' began working in 17 workshops to supply prison canteens across the country. The service was designed on a hub-and-spoke model, a distribution system arranged like a chariot wheel, similar to the way parcel courier services work. The previous prison canteen supplier, Aramark, had reportedly used Category D prisoners at HMP Blantyre House in Kent to pack canteen supplies for all Kent prisons. For more details, see this 2008 Corporate Watch article [www.corporatewatch.org.uk/?lid=3156](http://www.corporatewatch.org.uk/?lid=3156).

## CORPORATE WATCH LAUNCHES PALESTINE RESEARCH BLOG

TWO CORPORATE WATCHERS HAVE BEEN DIGGING THE CORPORATE DIRT IN PALESTINE FOR THE PAST TWO MONTHS. CORPORATE WATCH HAS SET UP A NEW BLOG [CORPORATEOCCUPATION.WORDPRESS.COM](http://CORPORATEOCCUPATION.WORDPRESS.COM) TO TRACK COMPANIES PROFITING FROM THE ISRAELI OCCUPATION OF AND APARTHEID POLICIES IN PALESTINE. IN ADDITION TO RESEARCH BLOGS, THE SITE ALSO INCLUDES ALL CORPORATE WATCH'S RECENT ARTICLES ON ISRAEL-PALESTINE.

## CORPORATEOCCUPATION.WORDPRESS.COM





# campaign spotlight

A graphic featuring a pair of black pliers cutting through a piece of white police tape. The tape has the words 'POLICE LINE DO NOT CROSS' printed on it in black capital letters. The pliers are positioned diagonally across the tape, with the handles pointing towards the top right and the jaws cutting through the tape.

Hackney Unemployed Workers is an autonomous group supported by the London Coalition Against Poverty (LCAP). The group was formed in 2008, following direct action at a local job centre in support of two LCAP members whose benefit claims had not been processed for weeks. Harry McGill and Anne-Marie O'Reilly write about the campaign and the recent welfare system 'reforms'.

The mainstream and corporate media have hardly given the Welfare Reform Act 2009 a mention. It is not a sexy-enough subject for them. As a result, the welfare system we have now is being dismantled without comment - the very thing our good Labour party promised to uphold and protect. And as with all acts in parliament, we don't get a chance to suck it and see if we like it first. By the time we know what it is about, it's already in place.

Part of the many new changes to working people's lives, should they find themselves thrown onto the dole due to the economic downturn, is the introduction of 'workfare', or the 'work for your benefit' scheme. Workfare has been used in America for some time now and has failed to achieve what it was supposedly created for; that is, to get unemployed people into regular paid work. Here in the UK, the government calls its current version of it the New Deal. This is the forerunner to the 'workfare' system that will be piloted in the UK next year. Initially, this will send people who have been unemployed for two or more years to 'work placements', where they will be expected to work 40-hour weeks for six months without pay. Instead, they will receive their dole money as usual at less than a third of minimum wage.

One of the effects Workfare has had on the labour force in America is that the companies employing the lowest paid workers are able to get rid of their paid workforce. After welfare changes in 1996, over 30,000 union jobs in the New York City parks department and transportation were lost within a year as unemployed workers were forced to work the jobs for free to get their benefits. What happens to all the people who lose their jobs to this influx of free forced labour? Well, after being sacked, they end up forming large queues at job centres or private contracted agencies the following week. This is essentially the same system that has been piloted in Manchester and East Anglia in Autumn last year.

Hackney Unemployed Workers plan to make it impossible for these pilot schemes to be rolled out. At a national meeting in October 2009, with over 20 groups present, we 'plotted' ways to ensure that the pilots do not succeed and to damage the political viability for Workfare schemes to be set up elsewhere.

In Hackney, London, one in five people of working age are claiming out-of-work benefits. When our group started meeting in April 2009, there were 37 job-seekers for every new job advertised in the borough. Matters have got worse since then. The recession hit following a sustained attack on Jobcentre services (500 closures in five years and thousands of job losses). Members of

our group know just what it means to navigate run-down public services: lost documents, delays in processing claims, benefits stopped without warning with weeks of hardship before they start again, and penalisation for bureaucratic errors are the norm.

As a group, we defend, at different levels, welfare as a right not a benefit. If someone experiencing problems with their claim comes along to our meeting, then others will volunteer to support them to get it sorted out. Strategies include strongly worded letters, authoritative phone calls, a show of numbers in support of the person affected, as well as office occupations at local job centres.

For example, in June 2009, 25 unemployed workers and supporters carrying placards and banners occupied the Jobcentre in Hackney Central, with demands for members' claims to be resolved; for conditions at the job centre to be improved; for people to be treated with respect; for baby-changing facilities and access to toilets; and against welfare abolition. The manager refused to accept our demands and had the police remove us. A week later, however, we realised how useful the action had been for establishing a 'working relationship'. When a single parent whose income support had been stopped came to our meeting, five people joined her to demand a meeting with the manager. This was granted within an hour and her claim was resolved within a week.

In our experience, you can't separate individual from wider political actions. Through taking action in support of each other, we build our understanding of how the system impinges in different ways on different people; we build our experience of different tactics, and new people join the group all the time.

At the same time, we understand that our bad experiences are the result of a political ideology that criminalises claimants (even though 'benefit fraud' is at an all-time low) and seeks to make our worth dependent on work - as defined in the narrow terms of waged work for someone else's profit.

This ideology means that things will get worse unless we stand together to resist these attacks on single parents, unemployed workers and people with impairments or illnesses. We share our resources with other grassroots groups and plan to take co-ordinated action against the companies applying for the contracts to run 'work-for-your-benefit' pilots. We also intend to publicise unemployed workers' stories to counter the media's ridiculous treatment of people accessing welfare. We believe we're at the start of a new movement to claim welfare as a right not a benefit. Get in touch if you are involved in a similar group or want to start one up!

For more on Hackney Unemployed Workers, see the groups website at <http://hackneyunemployedworkers.wordpress.com>. For more information on LCAP, see <http://www.lcap.org.uk>. There's also a national 'No to Welfare Abolition' discussion list: <http://groups.google.com/group/no-to-welfare-abolition>.

# Babylonian Times

*Babylon hath been a golden cup in the Lord's hand, that made all of the earth drunken: the nations have drunken of her wine; therefore the nations are mad. Jeremiah 51:7*



## TESCO SCHOOLS

Last October, Tesco's chief executive, Sir Terry Leahy, bemoaned the "woefully low" standards in UK schools. Now the retailer's director of corporate and legal affairs has also weighed in, lambasting UK school-leavers for what she cites as problems with basic literacy and numeracy, timekeeping and "what you might call an attitude problem." Addressing a conference in London in March 2010, Lucy Neville-Rolfe helpfully added, "They don't seem to understand the importance of a tidy appearance and have problems with timekeeping." "Some seem to think that the world owes them a living," she griped. None of the audience, it seems, found it in themselves to point out where the real attitude problem might lie.

Tesco's offensive appears to herald a new generation of 'Tesco schools', where no-longer-needed subjects, such as literature and science, are replaced by more useful subjects, such as cashier, shelving and floor sweeping. In fact, many big supermarket chains, which are among the country's largest private employers, already have 'educational' programmes to 'equip' workers with 'skills' needed in the workplace. Sainsbury has recently launched the UK's first supermarket bakery 'college'. Asda has promised to offer 14- to 16-year-olds a week of "real work experience," where each Asda stores will 'partner' with a local school or college. The next step, it is said, will be merging the two, thereby relieving kids of the perils of ever going outside. Instead, they can take their classes, do their shopping, have their meals and even play exciting games, all within the confines of the same shiny complex.

## FUEL FOR CYNICISM

BP Biofuels has been voted the 2009 Biofuels Corporation of the Year by the World Refining Association at its 4th annual Biofuels Conference. More than 350 biofuels industry players, regulators and policy makers are said to have voted for BP Biofuels to be the first recipient of the award in recognition of the corporation's efforts in supporting the development of the biofuels industry globally.

## CLIMATE CHANGE PISS-TAKING

The latest innovation in the global efforts to tackle climate change was a Japanese airline asking its passengers last year to go and have a piss before boarding in order to reduce the amount of greenhouse gases produced by its flights. All Nippon Airways (ANA) claims that if 50 percent of its passengers went to the toilet before boarding, the reduced weight of the aircraft would reduce carbon dioxide emissions by 4.2 tonnes a month. Even were this accurate, the reduction would be a mere greenwash dent in emissions: a return flight from Tokyo to London emits more than 6 tonnes of CO2 per passenger alone. Thinking of profit from the boardroom, ANA also lists an e-flights (e- as in ecological) programme, under the banner "Thinking of the Earth from the Sky."

These little absurdities take their place among other schemes of profit and plunder peddled as solutions to climate change from the boardroom. The roll call so far includes carbon trading, geo-engineering, nuclear power, carbon capture and storage, biofuels, carbon offsetting, and so on and so forth.



## THE MACHINES DON'T STOP

An American flying hunter-killer robot assassin, deployed in Afghanistan, rebelled against its human controllers for the first time last September, forcing a manned US fighter jet to shoot the rogue machine down before it unilaterally invaded a neighbouring country. Known as 'The Reaper' and used by the US and British armies in Afghanistan, the weapon is a large five-ton turboprop-powered machine capable of carrying up to 14 Hellfire missiles, each of which is capable of destroying a tank or flattening a building. Meanwhile, more disciplined unmanned spy drones are being adapted by BAE Systems to be used for police monitoring of motorists, protesters, fly-tippers and other anti-social behaviour.

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