### List of abbreviations

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ACEVO</td>
<td>Association of Chief Executives of Voluntary Organisations</td>
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<td>ADA</td>
<td>Approved Disability Analyst</td>
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<td>CA</td>
<td>Carers Allowance</td>
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<td>CIRC</td>
<td>Clydebank Independent Resource Centre</td>
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<td>CUCRC</td>
<td>Clydebank Unemployed Community Resource Centre</td>
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<td>CUWC</td>
<td>Clydebank Unemployed Workers Centre</td>
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<td>DLA</td>
<td>Disability Living Allowance</td>
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<td>DVLA</td>
<td>Driver and Vehicle Licensing Agency</td>
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<td>DWP</td>
<td>Department for Work and Pensions</td>
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<td>ESA</td>
<td>Employment Support Allowance</td>
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<td>ERSA</td>
<td>Employment Related Services Association</td>
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<td>GP</td>
<td>General Practitioner</td>
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<td>IB</td>
<td>Incapacity Benefit</td>
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<td>JSA</td>
<td>Job Seekers Allowance</td>
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<td>NI</td>
<td>National Insurance</td>
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<td>SSAC</td>
<td>Social Security Advisory Committee</td>
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<td>SSP</td>
<td>Statutory Sick Pay</td>
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<td>STUC</td>
<td>Scottish Trade Union Congress</td>
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<td>UAG</td>
<td>Unemployed Action Group</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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**Introduction**

**Part One: David Freud’s welfare ‘shake-up’ as seen from Clydebank**

**Part Two: Incapacity Benefit: Myth and realities**

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**TO BANKER, FROM BANKIES**

**Incapacity Benefit: Myth and Realities**

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with

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Introduction

This report offers a view on ‘welfare reform’ in recent years from the perspective of the Clydebank Independent Resource Centre (CIRC). It is being written at a crucial moment in the history of welfare in the UK. The Welfare Reform Bill currently going through Parliament represents, in the words of the Social Security Advisory Committee (SSAC), “a major departure from the principles … that have underpinned UK social protection for almost 60 years”. The plan is to “shake up the benefit system”. The “architect” behind the plan is a former banker, David Freud. He is the banker referred to in the main title of the report. He is also the person to whom ‘the bankies’ (people from Clydebank) are addressing themselves – though of course they are simultaneously, and every bit as importantly, addressing themselves to the politicians who appointed him as their key adviser. Freud’s plan was published in March 2007. At that moment bankers in general were highly regarded. However since then things have changed; for we now know that at that moment the UK economy was experiencing a fantastic economic bubble created by the grossest irresponsibility and incompetence in the banking and finance sector. That irresponsibility and incompetence was, unfortunately, facilitated by the misplaced reverence shown by politicians and regulators towards the leading figures in the banking and finance sector. Freud, like too many others (including the leading politicians), took the continuation of the unsustainable boom as given, and based his policy thinking on that assumption.

Many, including the SSAC, had serious reservations about the ‘direction of travel’ in welfare policy even when that assumption was widespread. But with the onset of what the Managing Director of the International Monetary Fund has called ‘the great recession’, the latest departure looks plainly wrong-headed. Some of this was reflected in the contribution of Labour MP, Frank Field, during the second reading of the Bill in Parliament: “The Bill was conceived in a boom world and by the time it occurs it will be largely irrelevant to our constituents”.

Yet this is perhaps too optimistic, for the greater likelihood is that the measures in the Bill will be relevant to many, but too often in a very negative, damaging way. And, as one journalist recently observed, the Bill is proceeding through Parliament “at an unseemly speed”. Worryingly: “No one apart from a desperate and despairing coalition of poverty groups and trade unions seem to much care that this curiously tailormade advice and support to enable claimants to “take control of their journey back to work”. These latter terms bear just as little relation to the precarious lives of people living on benefits as do the widespread prejudices to which they, curiously, are linked. They are two sides of a single, and false, coin – the undeserving and deserving poor.”

There is little serious debate inside Parliament, and unfortunately not very much more outside of it. Such debate as there is has often been conducted in wildly misleading terms. Frequently such terms reflect widespread prejudices about benefit recipients, based on serious misunderstanding of their lives and circumstances and serious overestimation of the actual levels of benefits. These are prejudices which, as leading surveyors of public attitudes have indicated, the government has itself done much to fuel since 1997. Such prejudices portray claimants as feckless and idle cheats who ‘neither work nor want’ and who need to be coerced out of their ‘dependency culture’ and into work.

But, just as misleadingly, recent government reforms are being presented in terms of the “personalisation” of service to individual “customers”, and “individually tailored” advice and support to enable claimants to “take control of their journey back to work”. These latter terms bear just as little relation to the precarious lives of people living on benefits as do the widespread prejudices to which they, curiously, are linked. They are two sides of a single, and false, coin – the undeserving and deserving poor.

‘It is in this context that the people at the CIRC have decided to try to make a contribution to the debate, based on their long-standing experience in serving the town of Clydebank. It is a contribution which they believe will help to show how wrong the prevailing policies and terms of debate have been in recent years...’

It is in this context that the people at the CIRC have decided to try to make a contribution to the debate, based on their long-standing experience in serving the town of Clydebank. It is a contribution which they believe will help to show how wrong the prevailing policies and terms of debate have been in recent years – when the economy was in boom, and the policy agenda was rather less harsh. And if that is true, then as boom turns to bust and the policy agenda becomes yet harsher, the new measures will be even more wrong.

The second part of this report focuses on the experience of Incapacity Benefit (IB) claimants – who are very much in the firing line of the current reforms. It presents three case studies which can usefully inform the debate. However, the first part of the report offers a view, from the perspective of the CIRC, of the Freud-inspired welfare reforms. First, it focuses on Freud: Who is he, and how did he become so influential on welfare? Secondly, it introduces the CIRC and its perspective on the welfare reform agenda of the government since 1997. This provides the context in which the case studies should be read, and their significance understood.

5 Thanks to Oxfam for funding towards the research for this report. Thanks also to John English, John Foster, Bernadette Leaky, Gerry McGarvey, Lynne Poole, and colleagues at Oxfam – both in Glasgow (particularly Jim Boyle) and Oxford – for comments and advice. The authors retain full responsibility for any omissions or errors.
7 The Herald, 17 February 2009.
11 Quotations from article by Bunting, as note 5 above.
Part 1

David Freud’s welfare ‘shake-up’ as seen from Clydebank

1. The banker: David Freud

David Freud is the great grandson of the famous psychoanalyst Sigmund Freud. He started out as a journalist but went into the City of London in the eighties, just when the global finance revolution was kicking off. Initially his basic pay was much the same as when he had been a journalist. But, as Jane Martinson observes: “By the time he left twenty years later no self-respecting banker would get out of bed for anything less than six figures”. In the interim, Martinson adds, he “worked on some of the biggest and most controversial deals of the 1980s and 1990s” and became vice-chairman of UBS investment banking. Freud himself said to his deputy: “If the rest of the country knew what we were being paid, there would be tumbrils on the street and heads carried round on pikes”.4

In 2006 Freud published a book about his career. The ‘blurb’ on its back cover includes a comment from the playwright, David Hare, who describes the book as a “morally ambiguous account of twenty crazy years of buoyant capitalism”. Freud admits to what Martinson calls “suspect behaviour” amidst what Freud himself describes as a “pioneering, piratical industry, where we made up the rules”.9

In his City career Freud frequently got things seriously wrong. As one reviewer of his book put it, Freud “will be remembered in the City as one of the key players in several of the most embarrassing and badly managed deals in investment banking history.”10 Investors lost hand over fist in Eurotunnel. His revenue forecasts were, in his own words, “completely potty”.12 At Euro Disney, as The Telegraph observed, Freud’s financial plans “went so goofy they almost wrecked his career”.14 He also played a leading role in the rapid expansion of the Warburg Group. It ended in humiliation and collapse. On the Channel Tunnel Rail Link he got his sums wrong by £1.2bn and had to ask the government for it. He was also involved with Railtrack, appearing before MPs to try to explain that particular mess. Nonetheless, he became a government advisor on the successor to Railtrack – Network Rail.14 Freud was also duly to be appointed as the key government adviser on ‘welfare reform’ – when John Hutton was at the Department for Work and Pensions (DWP). Tony Blair, still Prime Minister, thought Freud could help him to achieve the kind of fundamental changes to benefits which he wanted as his legacy. This was despite the fact that Freud, in his own words, “didn’t know anything about welfare at all”.17

This in itself indicates the actual thrust of the ‘welfare reform’ agenda. In relation to benefits, as in other areas of welfare, the world ‘reform’ is now inextricably linked to privatisation. And Freud’s plan was much less about the detail of the benefits system than it was about opening up the world of ‘welfare to work’ to the ‘morally ambiguous’ demands of business and finance – ‘getting welfare to work’ for them. Freud had a clear track record in packaging and selling things which others, including the public at large, would have to worry about, and pick up the tab for, later. The Independent journalist Dominic Lawson saw it thus:

“Perhaps David Freud’s greatest re-spray job was the stock market flotation of Eurotunnel. Not only did he come up with a clever way to make shares in Eurotunnel plc seem more than a wing-and-a-prayer speculation, he managed to flog the stock at the height of the stock market crash of 1987, even if it did involve getting Bob Maxwell to stuff a couple of his tame pension funds with the stuff... With such a reputation for finding gold in a mound of silage, it was not particularly surprising that John Hutton, the Work and Pension Secretary, should turn to this particular ex-banker when ordered by Tony Blair to come up with something snappy on welfare reform for the prime ministerial legacy.”18


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4 Freud in the City, Bene Factum Publishing Ltd, 2006.
5 Jane Martinson, as note 6 above.
9 References as notes 6, 9 and 10 above.
So, despite the great complexity of the welfare system, Freud was able to research and write the first draft of his “shake up” plan in just three weeks. It recommended that the existing role of private firms in the government’s ‘welfare to work’ programme be dramatically increased. Contractors were to take over from the DWP’s Jobcentre Plus in dealing with all but the short-term unemployed. Freud acknowledged that there was no evidence to suggest that such contractors were any better in performing this role, but still concluded that it would be “economically rational” to pay them several tens of thousands of pounds for every person that they removed from benefits. At this stage, however, Gordon Brown, who very shortly was to be Prime Minister himself, was opposed to the plan. Peter Hain replaced Hutton at the DWP and the proposals were dropped.

Nonetheless, in early 2008 the freshly appointed Minister for Work and Pensions, James Purnell, turned to Freud anew. Freud was impressed: “Purnell is showing astonishing energy”, he told the Daily Telegraph, “there is going to be energy”, he told the plan. Peter Hain replaced Hutton at the DWP and the very shortly was to be Prime Minister himself, was opposed from benefits.

As recent as 2006/2007 its very existence was in doubt. Early part of 1995 it began to decrease. In part, however, this decrease reflected the removal of growing numbers of claimants from the unemployment count on the basis of long-term sickness or disability. Increasingly this was creating a discrepancy between the official unemployment figures and the ‘real’ level of unemployment. In January 1997 the discrepancy in Clydebank was of the order of 15% – with the claimant count at 12% and “real unemployment” at 27%.

Within a few months, however, a new government was coming to power on the basis of a landslide general election victory. The ‘anthem’ which heralded the ‘New Labour’ campaign was “Things can only get better”. At the Centre there was some guarded optimism that things would indeed get better, in particular for those poorest sections of the community whose needs the Centre most served. However, there was also a growing concern about the thinking which was being deployed around this.

Across the near four decades that the Centre and its predecessor organisations have been serving the needs of the local community, rates of unemployment and other forms of reliance on state benefits have been high. Consequently, welfare rights work has been a major component of its activity. It was the main part of the work of the UAG of the 1970s, and has remained significant in the work of its descendants. While the period between the lapsing of the CUWC and the creation of the CUCRC seems to have seen some loss of capacity in this respect, it was steadily rebuilt in the early years of the latter, and has been central to its work since 1995. More recently, since 2005, the Centre has offered debt and money advice. The work in this area has built up steadily and has become an increasingly important aspect of the Centre’s contribution to its local community. As the current recession has unfolded it has, sadly, become more important still.

Across the decades that Freud was pursuing his sometimes “morally ambiguous” career in the City, the predecessors of the current CIRC were working, in a morally unambiguous way, to help some of those worst affected by decisions that have been made in the City and other centres of power to cope with the consequences.

The CIRC is a community-based organisation of long standing. As its name indicates, it primarily serves local needs in the town of Clydebank. The town is situated just to the west of Glasgow, on the north of the River Clyde. Despite its close proximity to Glasgow, the town has retained a distinct identity. The local community identifies strongly with organisations which serve, and are representative of, the town. Formerly under the jurisdiction of Clydebank District Council and Strathclyde Regional Council, since local government reorganisation in 1996 the town has been part of the West Dunbartonshire authority.

The CIRC took its current name in 2006/2007. It moved to its current location, on Dumbarton Road in the Dalmary area of Clydebank, at the beginning of 2008. Previously it was known as the Clydebank Unemployed Community Resource Centre (CUCRC), and was based, from September 1992, in the ‘gate house’ of an industrial faculty (Thor Ceramics/RHI Refractories) in the Whitecrook area of the town.

The CUCRC was itself created through a campaign to ‘regenerate’ the former Clydebank Unemployed Workers’ Centre (CUWC), which had been created in the early 1980s and was a recipient of Urban Aid funding between 1983 and 1990. The CUWC had fallen into abeyance at the end of 1990 due to funding issues arising when the Urban Aid expired.

In turn, the CUWC emerged out of the Clydebank and Drumchapel Unemployed Action Group (UAG). The latter was formed in 1971 in the context of rising unemployment in the town, and as part of the broader national campaign, initiated in Clydebank (at the time of the Upper Clyde Shipbuilders’ Work-in), for ‘the right to work’. It was created on the initiative of the Clydebank and District Trades Council, and all of the organizations mentioned above, which have ‘descended’ from the UAG, have retained a direct link to the Trades Council.

Recent research on the evolution of the CIRC was published as The Right to Exist: The Story of the Clydebank Independent Resource Centre. It highlights the Centre’s roots in and ongoing connection to the Clydebank and District Trades Council and, through that, to the Scottish Trades Union Congress (STUC), as a key part of the explanation for its longevity, and its capacity to retain its independence. This has allowed it to resist the kind of co-option and emasculation which has befallen many other community and voluntary organisations. Indeed, as recently as 2006/2007 its very existence was in serious question, in part due to its ongoing scepticism about the ‘welfare to work’ programme in its locality.

Across the near four decades that the Centre and its predecessor organisations have been serving the needs of the local community, rates of unemployment and other forms of reliance on state benefits have been high. Consequently, welfare rights work has been a major component of its activity. It was the main part of the work of the UAG of the 1970s, and has remained significant in the work of its descendants. While the period between the lapsing of the CUWC and the creation of the CUCRC seems to have seen some loss of capacity in this respect, it was steadily rebuilt in the early years of the latter, and has been central to its work since 1995. More recently, since 2005, the Centre has offered debt and money advice. The work in this area has built up steadily and has become an increasingly important aspect of the Centre’s contribution to its local community. As the current recession has unfolded it has, sadly, become more important still.

The Centre has detailed records of its welfare rights work dating back to 1995. Beyond these records, key Centre personnel have over many years built up detailed knowledge and experience which underpins a deep understanding of problems and issues. The fact that the work of the Centre has been focused on a relatively stable population is also important. It means that the knowledge and experience embodied in the Centre offers a perspective on the development of a community over time, and on families and households on an inter-generational basis.

This accumulated experience provides a very important potential resource for those interested in developments over the past decade and a half, and in the current economic context it provides a very useful aid towards reflection on the ‘direction of travel’ in ‘welfare reform’.

Unemployment, worklessness and welfare reform

In 1995, the CUCRC was rebuilding its welfare rights capacity as it emerged from what was left of the CUWC. Britain was emerging from the recession of the early 1990s and its associated ‘hangover’ – including mass unemployment long beyond the ‘technical’ recession. This had come relatively soon after the recession of the 1980s and its extended ‘hangover’. In the intervening years, culminating in the so-called ‘Lawson boom’ of the late 1980s, growth and prosperity were heavily skewed – geographically towards the south east of England, and socio-economically towards richer groups.

In towns like Clydebank, which had been very much an industrial town, the experience across these years had been very bad. In the 1980s government economic policy converted a pre-existing crisis of deindustrialisation into a near collapse in the town’s economic base. Official unemployment in the town was around 20% throughout this period. It was only from around 1988 that it began to fall significantly – nearing one in ten by the end of 1990 (partly due to loss of population). Thereafter, as the ‘Lawson boom’ turned to bust, it increased to around one in seven, until in the early part of 1995 it began to decrease.
Prior to this time, particularly within the Labour Party, deindustrialisation and recession were seen as the key reasons for so many being out of work. Indeed such a view had led Conservative governments to accept the withdrawal of large numbers from the labour force on the basis of long-term sickness or disability. But the new government was seeing the problem in terms of the failure of individuals to equip themselves for a new kind of ‘flexible labour market’ in a ‘globalised free market’ economy.

This shift in thinking had profound implications for the ‘objectives, logic and organisation of social security policy making’, which were within a few years to be reflected in the creation of the new DWP. Increasingly, social security was to be seen as ‘support and not a right’, and that support was in turn to be seen as conditional on certain behaviours on the part of the recipient, which were geared towards entering work.41

The UAG in 1970s Clydebank had wanted a ‘right to work’, but in its absence had ensured at least the right to social security. Twenty five years later, people at the Centre were witnessing even the right to social security being taken away – in the name of the duty to work.

Yet, while the government was insisting on a duty to work, it did not itself accept any duty to ensure that decent work opportunities would be available. Whereas previous Labour governments had been committed to ‘full employment’, New Labour increasingly focused on ‘full employability’. The new party’s slogan was not to provide job opportunities, but to provide opportunities for training and skills development for individuals to make themselves ‘competitive’ in the jobs market.

The broader economic logic in which this was rooted is vital. It was rooted in the belief that economic ‘boom and bust’ had been abolished. The ‘free market’, it was claimed, had been stabilised, and the global economy would burgeon for the foreseeable future. The task of government was to maximise the country’s participation in this burgeoning global economy by creating the conditions for broad economic ‘competitiveness’. And a very important aspect of this was labour market competitiveness. This meant expanding the supply of ‘labour-market ready’ workers, both to offset wage inflation as employment grew, and to reduce or re-orientate public expenditure – through a decreasing social security bill.

It was understood that at best this would mean low wage and often insecure employment for very many. Optimists hoped that such employment might duly provide the basis for subsequent labour market progression for significant numbers. But others tended to see it, by and large, as the best that could be hoped for even if economic conditions remained benign. They then hoped for improving social mobility for the children of those entering the labour market.

The problem for government was to adjust people’s expectations and behaviour in a context where wage levels at the bottom end of the labour market offered little incentive to many claimants. The government responded with the New Deal package of welfare to work measures, financed initially by a one-off levy on the privatised utilities. This was followed by a range of related measures which sought to provide improved rewards to those entering work – such as the Minimum Wage, the Working Families Tax Credit and later Child Tax Credits and Working Tax Credit (to replace and extend WFTC). At the same time ‘sticks’ were added to these ‘carrots’ in the form of benefit penalties to punish benefit recipients who would not ‘co-operate’ with relevant agencies in exploring possibilities for entering, or coming closer to, the labour market.

Third term welfare reform

These kinds of measures characterised the policies of the New Labour governments elected in 1997 and 2001. They have been full employed since the party’s re-election in May 2005. Recently they have been pursued more intensively than ever. Freud’s 2007 report eventually underpinned a Green Paper in July 2008 (No-One Written Off: Reforming Welfare to Reward Responsibility) and a White Paper in December 2008 (Raising Expectations and Increasing Support: Reforming Welfare for the Future).

The resulting Welfare Reform Bill entails the removal of the last remaining unconditional benefit – Income Support. It will remove the universal right to benefit based on need alone. All benefit recipients, with the exception only of some disabled people, the terminally ill and parents of very young children, will be expected to agree to a plan to enter employment. Virtually all of those currently receiving Income Support or incapacity Benefit will be forced to look or prepare for work, regardless of their circumstances. Failure to conform will lead to sanctions, culminating in benefit withdrawal.

As we have seen, Freud’s key proposal was that this work “should be outsourced into the private and voluntary sector, giving them the incentive to improve performance.”42 This is by no means a new thing. Private and voluntary bodies are already heavily involved in the ‘welfare to work’ process. Contractors currently deliver a third of all welfare provision, accounting for about a quarter of all DWP expenditure. And a half of the Ethen Jobcentre Plus budget goes to 33 large companies and charities that are members of the Employment Related Services Association (ERSA).43 These are already paid on the basis of ‘results’.

However, as previously indicated, the government’s intention is to increase the role of the private and voluntary sectors very significantly. Freud confidently anticipated that welfare to work would become “an annual multimillion market” which “would attract commitment from a wide range of private sector providers and voluntary groups”.44 His confidence was probably based on the fact that their organisations, the Association of Chief Executives of Voluntary Organisations (ACEVO) and ESRA itself, had been lobbying hard for what he was proposing.

Unsurprisingly, then, the ERSA gave the Freud report an effusive welcome: “Freud is everything we have been asking for in terms of flexibility in delivery”, it urged the DWP to accept Freud’s “central premise” – that a lot more money should be directed towards the private and voluntary sectors – and to deliver on it promptly. It also offered advice on “best practice” in performance measurement and prompt payment – and to deliver on it promptly. It also offered advice on “best practice” in performance measurement and prompt payment to service providers; and of course it welcomed “increased conditionality”.45

But even then, it is maintained, it will be necessary to ‘experiment’ and to think ‘innovatively’. One current innovation is to allow service providers to retain monies saved when claimants have their benefits reduced or stopped altogether. Glasgow’s citizens are among those specially chosen to ‘pilot this innovation’ – as one of five ‘pilot’ areas due to run from March 2011.46 The SSAC has serious ethical reservations about such experimentation on human subjects – who cannot opt out of the experiment.

The Bill also entails the introduction of ‘workfare’ for the long-term unemployed; that is the requirement to undertake work in order to receive benefits. With Job Seekers Allowance currently at £60 50 a week, that could imply tens of thousands of people working for somewhere between £1.50 and £2.00 per hour.

To many, such measures, and indeed the longer-term thrust of policy, appear ill-considered and counter-productive, as well as very harsh. As the SSAC and others indicate, the key contentions which underpin the measures either lack a basis in evidence, or are actually contradicted by the available evidence – including the government’s own evidence.47 Indeed, leaked documents show that to last October the performance of private firms was far below the level the Department thought it would be.48

However, for the government, when it has not been actively talking the language of popular prejudice, the ongoing ‘drive from welfare to work’ has been justified on the basis of the many negative consequences of ‘worklessness’ for individuals, families and communities. Such consequences include a strong link with family breakdown, lower educational attainment, links with crime and the fear of crime, and strong links with poor health outcomes. The argument is that these are the consequences of having allowed the emergence and consolidation of a ‘dependency culture’, and that ‘tough’ measures have been required to try to tackle that culture.

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44 The Freud Report, p.5.


47 See also Davies (note 15 above).

For sceptics, including the people at the Centre, there have been a number of key problems with this justification. Leaving aside for the moment the specific measures in the current Bill and the many problems which they raise, they have insisted that the government’s ongoing case for ‘welfare to work’ has stubbornly overestimated the potential for ‘supply side’ programmes to redress an overall shortage of job opportunities in the economy, and in particular to provide ‘decent’ jobs. They have indicated that in practice it has very seriously underestimated the barriers to employment faced by many benefit recipients, failed to do enough to tackle them (with affordable good quality child care being an obvious example) and overestimated the actual or potential capacity of many to enter employment.

They have also indicated that the government’s justification has neglected the fact that such vacancies as have tended to be available have very largely been for low-paid, low-skilled and insecure work. Such work can also have seriously negative consequences for people, potentially as, or even more, damaging than ‘worklessness’ itself. Increasingly, these consequences have included households with working adults continuing to live in poverty after entering employment – Minimum Wage and tax credits notwithstanding. They also include the precariousness of the employment itself, leading to disadvantaged groups ‘cycling’ between employment and benefits – often between ‘working’ and ‘workless’ poverty. Such ‘cycling’ moreover can be precisely the time when households encounter problems and delays with income which can lead to other problems, including indebtedness.

Such prospects, of course, do little to ‘incentivise’ people to enter employment, and one response would be to ‘touch’ up the pressures on individuals to do that. This is very clearly the logic of the government’s policy. But this seems to reveal something about the balance in the government’s thinking between, on the one hand, concern about the negative consequences of worklessness and poverty, and on the other, concern about labour market ‘flexibility’, privatisation and reducing expenditure. The latter concerns seem very much the more prominent.

Freudian slip?

Indeed, David Freud’s own account makes this quite clear. An article he wrote for The Times for the launch of the White Paper was very blunt on this issue. Freud highlighted the ‘soaring number of people on disability benefits’ since the early 1980s, ‘with about 2.6 million still on incapacity benefit’. He then continued to say that:

“If terms of the location of the economically inactive, this group are far and away the most significant. Indeed, until the past few months, the roughly 900,000 of standard unemployment claimants on jobseeker’s allowance were little more than the fractional number necessary for the economy to function.”

Freud was saying that the problem in the boom years was that amongst the ‘workless’ the number of ‘standard unemployment’ claimants was far anything tending towards being too low. In that context, the view was that as the labour market grew the number of unemployed would need to be at least maintained. This was to require removing entitlement to enhanced benefits for substantial numbers. And, of course, ‘for the economy to function’, these individuals would need to be made, through training and support, into meaningful competitors for jobs with the ‘standard unemployed’.

However, should substantial numbers of them actually find employment this would only recreate the initial problem – a lack of sufficient ‘standard unemployment’ for ‘the economy to function’. An implication is that a reduction in the income and security of significant numbers of benefit recipients who would not actually be entering work, and were not expected to be entering work, was seen as a necessary price for the kind of labour ‘competitiveness’ which the government was pursuing. These were to be the ‘losers’.

On this thinking, however, those who might have gained employment would not exactly have been ‘winners’. Their wages would have been held down by the improvement in labour market ‘flexibility’ provided by the ‘losers’. The ‘winners’ would have been employers provided with low labour costs (and perhaps with free labour in the case of claimants forced to work for their benefits), the private firms and ‘voluntary’ organisations who paid far out of the savings of benefits for those who entered work, and the banks providing the investment for these bodies to fund their activity up front. Some might have wished to add the taxpayer to the list of potential ‘winners’, but the record of privatisation is really not very reassuring in that respect. All of this reveals a deeply worrying intensification of an existing situation in which the security of some of the most vulnerable and disadvantaged is being replaced by an increasing economic value for organisations in the private and ‘voluntary’ sectors.

Some will doubt the interpretation here offered on the basis that it would lead to the conclusion that there is ‘moral ambiguity’ at the heart of the government’s welfare plans. Surely ministers would not accept that, and surely the presence of the voluntary sector in the ‘welfare to work’ process is an indication that it is not all so harsh and not all about privatisation? This is, in part, why it is necessary to know a little about Freud’s career. It means that the implication of “moral ambiguity” is in itself no basis on which to doubt the interpretation here offered. Freud’s history, we must remember, is known, and he was picked specifically for the job – by ministers.

As for the role of the voluntary sector in this process, in reality it provides little reassurance. A leading representative of that sector in Scotland, who heads an organisation heavily involved in employment related services, told a workshop last year that the DWP was intent on driving people back to work, whether it was good for them or not. Their own organisation employed large numbers of people who would themselves be out of work if they did not go along with it. And more generally, as Davies reminds us, the Director of Public Services at the Confederation of British Industry has described the voluntary sector as “the weapon of choice for those involved in the ongoing battle over public service reform” – providing ‘cover’ for the marketisation and privatisation process, while remaining relatively weak and vulnerable to the larger ‘prime contractors’ in each region of the UK.

“A humane welfare state?”

The CIRC has been acutely aware of the issues and dilemmas posed by welfare policy for some years. As noted previously, it is not in any way that the Centre does not recognize the great harm unemployment and its consequences have done to people in Clydebank. On the contrary, from its earliest days this has provided the rationale for the Centre’s existence. Rather, the view at the Centre has been that the government has offered a false choice between doing nothing to address these problems, and its own drive towards what Jonathon Rutherford has called ‘privatisation and punitive conditionality’. Indeed Rutherford’s comment on the 2008 White Paper serves as a useful summary of the view of people at the Centre:

“More than ever we need a humane welfare state, not privatisation and a punitive conditionality. [It is not] that people should be left in poverty and their children’s life chances destroyed. We don’t argue that families living chaotic lives or suffering psychological trauma, or domestic violence or mental illness should be left to rot for a lifetime on benefit. We need a welfare state whose services people feel they have control over and which they can shape to suit their needs. We need earlier intervention to help people with low skills. The benefit system is too rigid and fails to deal with the complexity of people’s lives. It’s time to increase the level of benefits and lift people out of poverty.”
In the current context the concerns of the people at the Centre have been heightened by their awareness of the great seriousness of the unfolding global economic crisis. As the effects of the global ‘credit crunch’ have impacted on the wider economy, we have been seeing the ‘avalanche’ of job losses which commentators were predicting towards the end of 2008.

The STUC recently reported that in January of this year there were already more than ten Job Seekers Allowance (JSA) claimants for every job vacancy in Scotland – up from four in January 2008. In some areas the ratio was very much higher. In West Dunbartonshire, the CIRC’s area, it was 21:1. These ratios, moreover, are based on the most conservative definition of unemployment – the JSA claimant count. Using the International Labour Organisation definition of unemployment would give higher ratios still (an average of 15:1 across Scotland).46

In February, Professor David Bell of the University of Stirling was also reporting dramatic unemployment increases since April 2008. Glasgow, Aberdeen and Dundee had all seen rises of between 27% and 30%. Edinburgh had seen a rise of 40%. Many rural areas had been even harder hit – with rises of 80% and more. Scotland on Sunday quoted Bell:

“It is normally the cities that we talk about, but they are not doing that badly compared with the rest of Scotland. But things are going to get an awful lot worse and maybe the cities will catch up.” 47

Since then it has been confirmed that unemployment in the UK is well in excess of two million. The British Chambers of Commerce predict it will be 3.2m in little over a year from now.

‘It is normally the cities that we talk about, but they are not doing that badly compared with the rest of Scotland. But things are going to get an awful lot worse and maybe the cities will catch up.’

Others fear even worse. For the STUC this rapidly deteriorating situation now constitutes a “national emergency”.48 Increasingly the fears that the recession will give way to a full-scale depression look worryingly well-founded. In this context the existing problems with the government’s approach to social security become yet more pronounced. For this context removes the key economic assumption on which the government’s approach has, ostensibly, been based. As already outlined, it has been based on the assumption that economic ‘boom and bust’ had been successfully abolished. This assumption provided the basis for the belief that ‘security’ could be provided by employment as long as a suitable labour market ‘competitiveness’ strategy was implemented. However, with the global economy in a very severe crisis, and with the UK among the countries most exposed, this already flawed thinking now proves untenable.

The government’s response to this challenge has been strident. As Purnell has put it:

“We should not repeat the mistake of the recessions of the eighties and nineties when hundreds of thousands were shuffled onto inactive benefits to keep the unemployment count down, and trapped there without support, abandoning them and scaring their communities.” 49

The recession, on this view, requires an acceleration of welfare reform so that, in Freud’s words, we can “be ready for the next economic upswing”. 50 This is also the line taken by the ERSA in its recent press releases.

This is a predictable enough attempt to head off a challenge to a plan which has substantial momentum and some powerful interests behind it. But it is far from convincing. What is perhaps least convincing is the suggestion that it is possible meaningfully to plan benefits policy around “the next economic upswing”. Here is some recent advice from Martin Wolf of the Financial Times. We are, he says, “with a huge global financial crisis and a synchronised slump in economic activity”, living through a period of seismic change. He continues to stress that:

“It is impossible at such a turning point to know where we are going. …What will happen now depends on choices unmade and shocks unknown. Yet, the combination of a financial collapse with a huge recession, if not something worse, will surely change the world. The legitimacy of the market will weaken. The credibility of the US will be damaged. The authority of China will rise. Globalisation itself may founder. …The integrated economy of the decades before the first world war collapsed. it could do so again.”

This, Wolf insists, “is a time of upheaval”, 51 and in this new context it very clear that whatever rationale might previously have been claimed for “privatisation and punitive conditionality” was both deficient and flawed, and also rooted in a world which no longer exists. In that world, it was possible for the DWP to assert that: “The problem is not a lack of jobs”. 52 That view was, and has remained, the key basis of the government’s policy. Yet, when it is so clearly no longer credible, the government seems determined to persevere as if it were still the case, or as if it will be the case again very shortly.

From the point of view of the Centre, the kind of mistake which most urgently has to be avoided is that which the government has been making for some years with its progression towards “privatisation and punitive conditionality” – a mistake which, despite all the evidence, it seems to be about to compound very seriously. It is not ideology or political preference – and even less the pursuit of profit or its own existence as an organisation – which has led the Centre to this view. Rather it is the experience of working with local people and supporting them as they try to meet their needs and to negotiate the problems which that creates. This experience demonstrates that we really do need what Rutherford calls “a humane welfare state”. And now, as the crisis brings home to us just how far ‘worklessness’ is not about the failure of individuals, we really do need it “more than ever”.

46 The Herald, 17 March 2009.
50 David Freud, “Everyone will be expected to work”, The Times, 10 December 2008.
self-respecting bankers might not get out of bed for less than six figures, but John had to get out of his sick bed to attend a tribunal just to keep his pittance of a benefit entitlement; and no-one seemed to be thinking about his self-respect.” (CIRC welfare rights volunteer)

“You end up wondering about politicians. They’re talking about counselling and therapy for benefit claimants. But actually they themselves could do with some counselling and therapy before they speak about vulnerable people like Eleanor. They think that claimants need sanctions and compulsion to start them on their "journey back to work". But there is no evidence to suggest that will help people. It certainly won’t help Eleanor.” (CIRC staff member).

“No hassle? The DWP has given us constant hassle. Hassle doesn’t help anyone. When you have suffered mental health problems and you’re working at getting better, the last thing you need is the stress of appeals when they kick you off your Incapacity Benefit, and cuts to your benefit that leave you worrying about paying bills. They hammer your self respect and you end up more ill. And you end up thinking that they all need help even more than you – the person who is officially ‘sick’.” (Gordon)

Part 2

Incapacity Benefit: Myth and Realities

1. Introduction

As a contribution towards the goal of a humane welfare state, the CIRC would like to make more of its experience of the reality of welfare available for those participating in the wider discussion. This report focuses on the experience of Incapacity Benefit (IB) claimants, for whom the current reforms have very significant implications. These are people who have been, up until now, deemed too ill or disabled to work.

The widespread perception of IB claimants, one which is invoked liberally by both Freud and Purnell, is of older, former industrial workers who became unemployed in the 1960s and 1970s and were shunted on to long term sickness and disability benefits as a way of keeping them off the unemployment register and giving them a bit more money to eke out their lives. The further perception is that they then ‘festered’ there and proceeded to raise a generation which was unable to learn about the routines and disciplines of working life. This generation then became problematic in its attitude to employment and reliant on welfare.

IB, on this view, became a means to ‘dependency’ – depriving individuals and families of the life chances and ‘freedom’ provided by participation in the labour market. And with people apparently clinging tightly to their ‘dependency’, it is now suggested that even tougher measures be used to start them on ‘their journey back to work’. Ultimately, it is all for their own good.44

Already, since October 2008, IB has been replaced for new claimants by the Employment and Support Allowance (ESA). By 2013 existing IB claimants are to be moved onto the ESA regime. There, some will go immediately into a ‘work ready group’ – following a more stringent Work Capability Assessment. This group will face a cut in benefit. The current (2008/9) IB level is between £63.75 and £84.50 a week. Job Seekers Allowance is just £60.50 a week – £8.64 a day. The government has predicted that there will be 260,000 in this position. If they then fail sufficiently to show that they are actively seeking work, they will face further sanctions. The great bulk of the remaining IB claimants will, on going over to ESA, be in a ‘progression to work’ category. They, together with single parents with younger children (aged 3-6), will be expected to carry out ‘work-related activities’, in the form of work-focused interviews, training and unpaid work placements. Again, failure to comply will lead to sanctions. This is despite the lack of any evidence to suggest that sanctions and compulsion are effective in leading to sustainable employment.45

The current target is to reduce the number of IB claimants – currently around 2.65 million – by one million by 2015. As previously indicated, the potential returns to ‘service providers’ were seen by Freud as very large. In February 2008, when Freud had been advised that the government would go ahead on the basis of his 2007 plans, he told The Daily Telegraph: “We can pay masses – I worked out that it is economically rational to spend up to £62,000 on getting the average person on Incapacity Benefit into work.” And while the first target was to reduce IB claimants by 1 million, he said that in the longer term the reduction could be much bigger still: “When the whole rot started in the 1980s we had 700,000 [on IB]. I suspect that’s much closer to the real figure than the one we’ve got now”. All that was needed was an adjustment to the operation of the system and the logic of incentives.

“If you want a recipe for getting people on to IB we’ve got it; you get more money and you don’t get hassled. You can sit there for the rest of your life. And it’s ludicrous that the disability tests are done by people’s own GPs – they’ve got a classic conflict of interest and they’re frightened of legal action.” 46

For Freud then, the solution was really very simple: Cut the money, up the hassle, get GPs out of the equation, toughen up the medicals, and then the problem would largely evaporate.

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44 This justification was very clear when the White Paper preceding the current Bill was introduced to Parliament, and in the media offensive surrounding it. See, for example, the coverage in The Times, 10 December 2008.
The problem with this account of the experience of IB claimants, as we shall see, is that it could only have been produced by someone who knew very little indeed about welfare. Amongst those who know rather more are the people at the CIRC. The experience of the Centre is also that the widespread perception of the IB claimant invoked by the government is very misleading. It might even be called a myth. In what follows three case studies are presented which highlight this. They show how rather younger people have ended up as eligible for IB in recent years after having spent many years working in sectors like retail and services. And they also show how the 'drive to get people back to work' has in practice resulted in inappropriate, wasteful and counterproductive action against ill and vulnerable people who in no way fit the government's stereotype. These cases have not been selected to show this. Rather, they just represent the kinds of cases which the Centre has dealt with in recent months. The people at the Centre feel that the cases should give reasonable people, who have perhaps been unduly influenced by stereotypical perceptions, reason to think again. 47

2. Case A: John

“Self-respecting bankers might not get out of bed for less than six figures, but John had to get out of his sick bed to attend a tribunal just to keep his pittance of a benefit” (CIRC welfare rights volunteer)

In the language of the DWP John is a ‘customer’. Recently he has gone to the DWP, not to spend money, as customers ordinarily do, but because he needs money to meet basic living needs which he has not been able to meet through paid employment. The ‘currency’ he brings to the DWP is living needs which he has not been able to meet through paid employment. The ‘currency’ he brings to the DWP is ‘value’ derives from paid employment. The ‘currency’ he brings to the DWP is ‘value’ derives from paid employment.

John is in his mid-30s. He left school at the end of the 1980s and thereafter he worked in the retail sector. This was despite the significant health issues he had been confronted with since childhood. He was diagnosed with kyphosis as an infant – a curving of the spine. This required several corrective surgeries in childhood. More recently this condition was linked to Marfan Syndrome – an inherited disorder that affects the connective tissue providing the framework and support for the body. The condition can be mild or severe in its effects. In severe cases the effects can be life threatening. In most cases the symptoms progress as the person ages.

The eventual diagnosis of the syndrome in John’s case followed on from the development of heart and lung problems which are symptomatic of the syndrome. He had suffered breathlessness for a few years, but then suffered a collapsed lung in 2005. It was then established that he needed a heart valve replacement. The diagnosis of Marfan Syndrome followed.

By this point John was unable to work. He received Statutory Sick Pay (SSP) between February and early September 2006. Towards the end of the SSP period John had his heart valve replacement. Within two weeks he was back in hospital due to bleeding from his stomach – a side effect of medication. Four months later he was still experiencing a rapid heart rate and was being prescribed additional medication to try to slow it.

John was by this stage, as one might imagine, struggling to cope with the routine demands of everyday life. He became breathless very easily, and was easily fatigued. Fortunately he had been able to move in with his grandmother after he had the lung collapse in 2005. She had since been able to provide ongoing support and assistance.

At this stage, however, John still felt, and indeed was, able to deal with the DWP. In the wake of his operation in 2006, he applied for IB and was awarded it. This was an “indefinite award” – made on the 6th of November 2006, and dated from the 4th of September 2006.

At this stage John’s income was worked out in the following way. The “Applicable Amount” for his ‘needs’ (all 2008/9 rates) was calculated as follows:

- Personal Allowance for a single person: £60.50
- Disability Premium: £25.85
- Applicable Amount: £86.35

This applicable amount was then paid to John in the form of:

- Incapacity Benefit: £84.50
- Income Support: £1.85
- Total: £86.35

John was also eligible for Disability Living Allowance (‘high mobility’ payment) of £46.75, giving a total income of £86.35 + £46.75 = £133.10

Yet, for all that John had received as “indefinite award”, little more than two months later it was revoked. Within a fortnight of the award he had received and completed an Incapacity for Work Questionnaire (IWQ). He was then referred for a medical, which took place at the end of December. The documentation for John’s later (second) appeal includes the DWP “Decision Maker’s Submission”, which explains what ensued at this point:

[The customer] was …assessed on 27.12.06. A medical adviser considered medical evidence provided by the claimant’s doctor and information contained in a questionnaire completed by [the customer]. The medical adviser was of the opinion that the evidence held did not support the claimant’s assessment of his limitations. On 24.1.07 a decision maker determined that [the customer] was capable of work as his score from assessment did not reach the personal capability threshold (of 15 points).”

The medical adviser and the decision maker calculated that John had only 14 points – one less than the total required for IB eligibility. On this basis, it was concluded, John “cannot be treated as incapable of work”.

John had previously felt able to deal with the DWP himself. But now he needed support, and he came to the Centre to get it. An immediate revision of the decision was requested. It was clear that the medical adviser conducting the assessment had failed to allocate relevant points under several headings. The most glaring of these were highlighted.

A decision maker is quite at liberty to accept such information from a “customer” unless it is “self contradictory or improbable”. And though the information provided was neither of those things, in anticipation of the decision remaining unchanged – which it did – an appeal was also lodged.

In the meantime John’s actual income remained unchanged. All that happened was that the Applicable Amount was paid entirely in Income Support, with no Incapacity Benefit component. But John knew that he was not fit to work, and didn’t want to be put under ‘pressure’ to do so. He knew that wouldn’t help him. And in terms of his income, he was concerned that the decision on IB might also jeopardise his entitlement to DLA, which could reduce his income very significantly – perhaps by as much as 35%.

The appeal was ultimately heard 6 months later – in July 2007 – with staff from the Centre representing John. The tribunal, to quote the “Decision Maker’s Submission” cited above, “revised the decision of 24.1.07 and determined that [the customer] was incapable of work from and including 24.1.07 as his score from assessment reached the personal capability threshold”.

In other words, John had been exposed to an unnecessary and avoidable period of stress and anxiety when he was clearly unwell and unable to work. The DWP had expended substantial resources in trying to remove from the IB register someone who very clearly needed to be on it. The welfare rights workers and volunteers at the Centre had also spent valuable time on John’s case which could have been devoted to other matters. It’s the kind of experience that one would imagine would prompt some reflection and learning all round. Surely sensible organizations and decent people wouldn’t want that kind of thing to be recurring.

47 The case studies were written on the basis of welfare rights records held by the Centre, and were discussed with and approved for publication by the individuals concerned, who were also given the opportunity to change and add to what was written. The authors offer sincere thanks for their co-operation and input. The studies are presented here in an anonymised form.
Seven months later, in February 2008, John received another IWO from the DWP. He came to the Centre for support and advice in completing it. At the DWP, an Approved Disability Analyst (ADA) scrutinised it and referred John’s case for medical assessment. Curiously, this seems to have been done with sole reference to the previous medical assessment conducted in December 2006. The report from the ADA makes no reference at all to the later finding of the Appeal Tribunal, which had in effect concluded that the previous medical assessment had been seriously flawed. In fact, the earlier medical assessment had given the prognosis that John’s condition would improve significantly in six months. Just over six months later the appeal tribunal had concluded that John’s condition was worse than had been indicated by that assessment. Nonetheless, John was again referred for assessment on the basis that this previous assessment had identified only “minimal disability”.

And so in March 2008 John was examined by a “health care professional approved by the Secretary of State”. This time John was assessed as having 13 points – now two less than the 15 required. John’s own assessment, reached with the assistance of the staff at the Centre, was that he should have well over the 15. The difference was as to his eligibility for any points under some headings, and the amount of points to be awarded under other headings. For instance, as he seemed to manage to stand unaided for a whole 2 minutes during the medical assessment “without obvious discomfort”, then the 3 points he might have received under that heading, and which would have taken him over the IB threshold, were not awarded. And as the medical examiner regarded his breathlessness as only “moderate”, then he would receive only 7 points under that heading, as opposed to the 15 that the Centre staff felt he should receive.

The DWP decision maker, despite the history of the case, duly concluded, on the 3rd of July 2008, that John had been “found to be capable of work and is no longer entitled to Incapacity Benefit”. It was one year to the day since the appeal against the earlier decision to disentitle had been won. It was now going to be necessary to go through the whole process again.

A revision of the decision was requested on the 7th of July. The grounds for the request were very simple. John could not stand for more than 10 minutes without having to move around. This meant that his assessment should have recorded 3 points under that heading – which would have taken him over the required 15 points. Now, remember that his assessment had recorded that he stood “without obvious discomfort” for only two minutes. And remember also that the decision maker is supposed to be able to accept evidence from the “customer” unless it is “self contradictory or improbable”. Clearly this submission was neither of those things. But the request for a revision was still refused – on the 4th of August. The details of the decision are worth quoting in full:

“I have reconsidered the decision of the Decision Maker dated 3.7.08. In reaching my decision I have taken into account all the available evidence and the [customer’s] appeal letter dated 7.7.08. The original Decision maker found him capable of work as a consequence of a Personal Capability Assessment. [The customer] was awarded 13 points from the physical health descriptors.

“In his letter of appeal he has stated that she (sic) cannot stand for more than 10 mins without having to move. The Medical Advisor has taken into account all the medical conditions relating to [the customer]. In considering the matters raised by her (sic) in her (sic) appeal letter I prefer the evidence of the Medical Advisor as their evidence is both unbiased and informed. The Medical Advisor is specially trained to perform both the physical and mental health tests in relation to the Personal Capability Assessment.”

“Therefore, based on the aforementioned evidence I am unable to change the decision of the original Decision Maker finding [the customer] capable of work and consequently he (yes!) is not entitled to Incapacity Benefit from and including 3.7.08.”

What does this account tell us about the decision making processes within the DWP and about how it communicates with its “customers”? The failure to get the gender right seems indicative of the degree of care and attention to detail. Had the reviewer “taken into account all the available evidence” then it would have been understood that the matter in hand did not call for a judgement as to the preferenceability of the evidence of the medical advisor as against that offered by John himself. There was no contradiction or disagreement between them. The adviser said that John could stand for 2 minutes. John said that he couldn’t stand for more than 10.

Then, to make matters worse, when the unnecessary judgement is dispensed, it is dispensed with high-handed insensitively. The Medical Advisor is “specially trained” and “both unbiased and informed”. So where does that leave “the customer”? And all of this is dispensed with an apparent obliviousness to the possibility that a Medical Advisor could get things quite wrong. Again, if “all the available evidence” had been taken into account, then the reviewer would have been fully aware that this had in fact happened at the first medical assessment.

Staff at the Centre had on this occasion, as previously, anticipated that the request for revision of the decision would be rejected, and had simultaneously submitted an appeal against the decision. Eight weeks later John was advised that the appeal would be heard on the 12th of December. A worker from the Centre would come, as previously, to represent him.

In the days prior to the hearing John was due to come to the Centre for a short preparatory meeting. But he was unable to come. Marfan Syndrome, as previously explained, affects the connective tissue providing the framework and support for the body, and in most cases the symptoms progress as the person ages. This can leave the sufferer with severe pain and the sensation of their internal organs being compressed – or even crushed. And this was what John had been experiencing in the days prior to his appeal hearing. The pain had confined him to bed over several days, and he felt that he wouldn’t be able to attend the appeal itself. Staff at the Centre encouraged him to try to attend.

On the day itself John managed to get out of bed and attend. He struggled into the room where the hearing was to take place. That took some time. The staff member from the Centre could feel the discomfort of the panel members as they watched him make his way to the seat provided. When he was seated, the worker from the Centre made an appropriately blunt statement. The Chair, looking chastened, indicated that the Panel would try to get things over with as quickly as possible, whereupon there would be a taxi waiting to get John home. This time the panel awarded him 20 points.

It’s the kind of experience that one would imagine would prompt some reflection and learning all round. Surely sensible organizations and decent people wouldn’t want that kind of thing to be recurring? But in reality the staff at the Centre fully expect that John will be going through it all again in a matter of months.

If anyone thinks that IB claimants get more money, no hassle, and that all their medical assessments are handled by mollycoddling GPs, then they should have a think about John. One wonders about what will become of him in the future, when he is moved onto ESA, and when he faces a yet more stringent medical, and a ‘service provider’ which has been ‘incentivised’ to move people ‘closer to work’.

3. Case B: Eleanor

“You end up wondering about politicians. They’re talking about counselling and therapy for benefit claimants. But actually they themselves could do with some counselling and therapy before they speak about vulnerable people like Eleanor. They think that claimants need sanctions and compulsion to start them on their “journey back to work”. But there is no evidence to suggest that will help people. It certainly won’t help Eleanor.” (CIRC staff member)

Eleanor is in her early 40s. She worked for the same retail employer for almost 25 years after leaving school, ending up with a responsible job which she enjoyed. She is married with a teenage son called Ben. Her husband, Andy, has long-standing mental health problems and has been in receipt of Incapacity Benefit and Disability Living Allowance for some years. In this situation, Eleanor became the ‘mainstay’ of the family. Through her earnings the family was able to obtain a mortgage and buy their council house.

Andy’s mental health problems placed a strain on Eleanor over the years, but the strain intensified as her son got older. The relationship between Ben and Andy became increasingly difficult. Now Ben was showing behavioural problems of his own – at home, in school and in the community. That was a source of great anxiety. Ultimately the strain became too much for Eleanor. The trigger was her involvement in a car crash in the summer of 2006. In its wake came the onset of depression, anxiety and panic attacks. It also left her with ongoing back pain.

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Eleanor was now unable to work and went onto Statutory Sick Pay. Some months into her Statutory Sick Pay period it was clear that she was not going to be able to return to work for some time. Her difficulties had been compounded by problems with gallstones and persistent abdominal pain. This had required surgery, from which she was still recovering.

With the assistance of the Centre, she began to work through how best to deal with her situation. She was able to negotiate redundancy with her employer on health grounds. She received a reasonable redundancy payment, which she used against the outstanding mortgage on the family home. She was also clearly going to have strong grounds to receive Incapacity Benefit, so the process of being assessed to receive it was initiated.

An Incapacity for Work Questionnaire (IWQ) was completed, and Eleanor was duly referred for a medical assessment – which took place in December 2007. Eleanor was still recovering from surgery at this time, but her main problem remained anxiety and depression, manifesting in low mood, tearfulness and social withdrawal – all very troublesome, and all made worse by what remained a very stressful domestic situation.

To be awarded IB on the grounds of mental health one needs 10 mental health points. People at the Centre advise that securing these points is neither straightforward nor routine. But the medical assessor felt that no less than 15 points were needed to reflect the seriousness of Eleanor’s condition. The assessor, however, was optimistic that there would be some significant improvement in her condition within six months.

On this basis Eleanor was awarded Incapacity Benefit from the 24th of January 2008. At this stage the benefits for the family were calculated (at 2008/9 rates) as follows: Household income, in the form of Incapacity Benefit for both Andy and Eleanor (£84.50 in each case), came to £168.00. This was in excess of the Applicable Amount for a couple in their circumstances, which would have been made up as follows:

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Allowance for a couple:</td>
<td>£49.95</td>
</tr>
<tr>
<td>Disability Premium (Andy):</td>
<td>£39.85</td>
</tr>
<tr>
<td>“Applicable Amount”:</td>
<td>£131.80</td>
</tr>
</tbody>
</table>

This meant that, unlike in John’s case, the award of Incapacity Benefit did make a difference to the household income - £38.20 to be precise (the difference between the IB entitlement, and the basic Applicable Amount).

This IB total of £169.00 was then supplemented by Andy’s DLA (middle care, £44.85, and low mobility, £17.75) of £62.60. Child Benefit of £20.00 and Child Tax Credit of £50.54.

At the beginning of July 2008 Eleanor was issued with a further IWQ which was duly completed and returned to the DWP. Comparison of this form with the one completed at the end of 2007 suggests that the optimism of the medical assessor at that time had not been borne out. If anything, her problems had become more severe. The list of mental health problems which Eleanor provided is now rather longer and perhaps more concerning. She was now waiting for an appointment with a psychologist. And there were also new and unpleasant issues concerning. She was now waiting for an appointment with a physician. The list of mental health problems which Eleanor provided is now rather longer and perhaps more concerning. She was now waiting for an appointment with a psychologist. And there were also new and unpleasant issues concerning. She was now waiting for an appointment with a physician.

The case was referred for assessment.

The assessment took place at the beginning of August. The report makes for somewhat confusing reading. It records that Eleanor’s anxiety and depression had been getting worse over the previous 18 months. Symptomatically, it recorded that she was having “suicidal thoughts”, which had not been the case at the previous assessment. The previous issue with gallstones had now become a broader “abdominal problem”, involving ongoing pain, daily diarrhoea and episodic faecal incontinence – all of which Eleanor’s GP might feel it was stress related. Moreover, since her last assessment, she had suffered increasing problems with the back pain which had begun after her car accident. She had twice been taken to hospital and administered morphine.

These developments, particularly those under the immediate heading of anxiety and depression, would tend to confirm the picture that one might have taken from Eleanor’s two IWQs – that her situation was if anything deteriorating. Yet, the actual assessment that was in due course delivered by the assessor in relation to mental health was: “The customer’s mental health condition is very mild. The impact day to day is minimal”. Eleanor’s previous 15 points became a mere 4 points. On the 29th of September a decision maker concluded that she was “found to be capable of work and is no longer entitled to incapacity benefits”.

Eleanor came to the Centre for help. A review of the decision was requested, and in anticipation of the decision remaining unchanged, an appeal was launched. The basis for the review request was, as in John’s case, that points which Eleanor should have been awarded under a number of headings had not been awarded, and the most obvious of these were listed. The request was considered within a week. As we have noted already, a decision maker is supposed to be able to accept evidence from the “customer” unless it is “self contradictory or improbable”. As in John’s case, Eleanor’s submission was neither of those things.

But as one looks at review decisions, one begins to wonder about how far they are decisions reflecting consideration of individual circumstances, and how far they are standard responses trotted out without much regard for circumstances at all. Consider the following passage from the “details of the decision” supplied for the later appeal tribunal in Eleanor’s case:

“Considering the matters raised by her in her letter [I prefer the evidence of the Medical Advisor as their evidence is both unbiased and informed. The Medical Advisor is specially trained to perform both the physical and mental health tests in relation to the Personal Capability Assessment.”

This may sound familiar. It is in fact an almost exact reproduction of the explanation provided to John for the refusal of his request for a change of decision just a couple of months previously. As we know, the two cases are very dissimilar. And the cutting and passing of standard responses across such dissimilar cases looks worryingly like a way of not engaging with the specific circumstances of a case, and simply siding with the medical assessor. When no other reasoning is given, and there is none at all in Eleanor’s case, it is hard to reach any other conclusion.

In John’s case, as we have seen, such an interpretation of the ‘review’ decision was rather confirmed by subsequent events. At the point when the system was obliged to engage with the specifics of his case there was an almost immediate recognition that the prior decisions had been wrong. What about Eleanor’s case?

Well, with the review leaving the original decision to disentitle unchanged, the full appeal process ensued. The appeal papers were received on the 10th of November. On the 8th of January 2009 the appeal date was received – 26th of January. And the result of the appeal was that the decision to disentitle made on the 29th of September “is set aside”.

In allowing the appeal the Tribunal awarded 11 mental health points. It did so in the face of strong exhortation from the DWP’s decision maker not to do so. It is worth quoting this at some length. It doesn’t make for easy reading, but please bear with it.

“I submit that a full assessment was carried out in respect of the personal capability assessment. The decision maker agreed with the findings of the approved health care professional, who examined [Eleanor] in respect of the personal capability assessment. … It is my submission that the approved health care professional’s report is a true account of the claimant’s ability to perform normal daily functions, therefore, the report should be accepted. Commissioners have stated that the evidence of a medical adviser is both disinterested and informed and is normally to be preferred to that of the claimant’s GP because the GP is likely to be subject to pressure from the claimant. Unless the appeal tribunal has doubts, the findings of the approved health care professional can be given full weight because the findings are based on skilled observation, clinical examination and history. In deciding the number of points to be awarded the decision maker took all available evidence into account.”

Part 2: Incapacity Benefit: Myth and Reality

20/21
In the matter of conducting mental health tests medical advisers are instructed not to use the mental health descriptors checklist. They are told that this approach invariably produces inaccurate results, both for and against a claimant. Medical advisers are required to obtain information necessary for the completion of mental health test assessment from careful questioning during the course of conversation. Taking into consideration the constraints under which the approved health care professional was acting when carrying out the mental health assessment, I submit that it would be inappropriate for the tribunal to obtain information from [Eleanor] by using the mental health descriptors in the very fashion that the approved health care professional is told to avoid. I respectfully submit that if this method would invariably lead to inaccurate results, then a lay tribunal would not have any greater success. It is my submission that the approved health care professional’s report is a true account of the claimant’s ability to perform normal daily functions; therefore, the report should be accepted.

...The appeal tribunal is respectfully reminded that the period for consideration of the claimant’s circumstances ends on the day the decision maker determined the question..."

To what extent does this suggest a process which aims to date the decision maker determined the question for consideration of the claimant’s circumstances ends on the day the decision maker determined the question? For then the very forceful submissions to appeals tribunals from decision makers – the personal agenda. Almost identical passages appear in other directions which is being provided by the DWP to the tribunal. People at the Centre say that tribunals are variable. A lot depends on who is serving on a particular day. But as what was at stake in this for Maureen and Gordon was much less to do with income than it was to do with dignity and entitlement. Maureen is clearly ill, clearly not able to work, and clearly entitled to that NI credit, and at each stage in the appeals process as she sat before them could have used that final sentence as a legitimate basis for so doing. It could have said, regardless of how you are as we now see you, we believe that four months ago you were really very much better than you are now, because reports from “approved health care professionals” are “true”, decision makers’ decisions based on them are “correct”, and we are not allowed to take anything else into account.

If Eleanor were reading this she could be forgiven for not having any greater success. It is my submission that the approved health care professional’s report is a true account of the claimant’s ability to perform normal daily functions; therefore, the report should be accepted.

People at the Centre say that tribunals are variable. A lot depends on who is serving on a particular day. But as something like 70% of the tribunals in which the Centre has a role prove successful, clearly tribunals are not entirely disinclined to trust their own judgement ahead of the submissions of decision makers and the “true” reports of “approved health care professionals”. In Eleanor’s case, this is clearly what the tribunal did – 4 points became 11 points. What was “true” was “set aside” in favour of what was rather more humanly decent.

Soon the whole process will no doubt begin again. In and of itself that is not a bad thing. If Eleanor is significantly better, then she will lose her IB entitlement and will become part of the “active labour market”. But what if she is not significantly better? How confident do you feel, reader, that the process will not be the same all over again, or perhaps, as the system goes through its “shake-up”, even worse? Who might that benefit?

4. Case C: Gordon and Maureen

“No hassle? The DWP has given us constant hassle. Hassle doesn’t help anyone. When you have suffered mental health problems and you’re working at getting better, the last thing you need is the stress of appeals when they kick you off your Incapacity Benefit, and cuts to your benefit that leave you worrying about paying bills. They hammer your self respect and you end up sick. And you end up thinking that they all need help even more than you – the person who is officially ‘sick’.”

(Gordon)

Gordon is in his late 40s. He worked since leaving school, and for many years, prior to coming to the Centre, had been committing long hours in his job in the service sector – to ‘make work pay’. He and his wife both worked hard and bought themselves a house in a nice wee bit of town. But for more than a decade before he came to the Centre in January 2008, life had been a bit of a struggle for Gordon. His wife, Maureen, had mental health problems for some time before having to give up work in 1996. She was actually the first to come to the Centre for help – in 2003. By that time her problems were really quite severe – agoraphobia, depression, anxiety, and panic attacks. The Centre helped her to establish eligibility for Disability Living Allowance and Incapacity Benefit. In respect of DLA, Maureen received ‘low mobility’ and ‘middle care’ payments, amounting to £62.60 (at 2008/9 rates). In respect of IB, Maureen was credited with a National insurance contribution only. This, of course, did not get close to making up the loss to the household income resulting from Maureen’s ill health, but it was something.

Across these difficult years Gordon was very much the dedicated and loving husband – attentive to the needs of his distressed partner while continuing to work long hours in a not always very rewarding job.

It didn’t always help that the DWP seemed to be on a mission to remove his wife from the IB register after 2003. They did it no less than three times, only for it to be reinstated on appeal – all three of which were lodged and conducted by the staff and volunteers at the Centre. That was quite a lot of ‘hassle’ and upset for a couple who had quite enough to cope with already, and also one imagines, quite a lot of unnecessary and avoidable work and expense for the DWP.

What was at stake in this for Maureen and Gordon was much less to do with income than it was to do with dignity and entitlement. Maureen is clearly ill, clearly not able to work and clearly entitled to that NI credit, and at each stage in the ongoing process of removal and reinstatement that has been confirmed. But she has been repeatedly subjected to the distress and indignity of having to re-establish that entitlement – apparently purely on the basis of a system that is geared towards achieving targets for reducing entitlement, and which pursues those targets without much regard for the known details of people’s lives and circumstances.

But in 2007 things took a turn for the worse. Gordon himself began not just to feel the strain, but to find it too much. He was now himself suffering from recurrent anxiety and depression, and physical symptoms of headache and other pain – very bad pain. In October he was signed off work by his GP. Over the next period he received Statutory Sick Pay, but towards the end of that period he was not better and certainly not able to return to work.
This was not because Gordon had failed to take positive steps to try to get better – quite the reverse. He embraced self-help and took up all the support that was available. He regularly attended a community based project providing mental health services. He also accessed a local gym, through the GP Referral Scheme, to help to reduce his stress and anxiety levels. He went swimming to the same end. And within a few months he had commenced a self-help programme with the NHS Pathways to Work Initiative and was attending regular appointments there too.

Gordon wanted to get better and wanted to return to work. His GP was reasonably optimistic that if he was handled appropriately by all those involved he would be “able to return to his usual employment”, but that would take time and care.

In the meantime, the couple had been operating with a much-reduced income for a number of months and were approaching a financial crisis which was not going to do much for the well being of either of them. In January 2008 Gordon also came to the Centre for help. The household’s ‘needs’ as calculated under benefit rules (at 2008/9 rates) were as follows:

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Allowance for a couple</td>
<td>£ 94.95</td>
</tr>
<tr>
<td>Disability Premium (Maureen)</td>
<td>£ 36.85</td>
</tr>
<tr>
<td>Applicable Amount</td>
<td>£ 159.55</td>
</tr>
<tr>
<td>Less Income</td>
<td>£ 75.40</td>
</tr>
<tr>
<td>Income Support</td>
<td>£ 84.50</td>
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</tbody>
</table>

The household had an income of £75.40 in SSP (for Gordon), which was subtracted from the above Applicable Amount to give an Income Support payment of £56.40.

<table>
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</tr>
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<td>Disability Premium (Maureen)</td>
<td>£ 36.85</td>
</tr>
<tr>
<td>Carer’s Premium (Gordon)</td>
<td>£ 27.75</td>
</tr>
<tr>
<td>Applicable Amount</td>
<td>£ 159.55</td>
</tr>
<tr>
<td>Less: Income (Gordon’s IB)</td>
<td>£ 84.50</td>
</tr>
<tr>
<td>Income Support</td>
<td>£ 75.40</td>
</tr>
</tbody>
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To this combined income and income support total of £131.80 one needs to add the non-means tested DLA sum of £62.60 (for Maureen) to get the total household income of £194.40. Out of this weekly income Gordon and Maureen would have to pay for all of the typical costs of running a household – food, fuel (take ‘fuel poverty’ as given), clothing, transport, water and sewerage charges, the maintenance and upkeep on their house and everything in it (including insurance premiums), TV licence, and so on.

What could the Centre do to help? Well, Gordon had for a long time been caring for Maureen, and so he was advised to apply for Carer’s Allowance – which would increase household income by £50.55. That sounds good, but at this stage it really isn’t. Because what it means is that the income figure which would be subtracted from the Applicable Amount for the household would increase, thus giving the same overall household income, but on the basis of a reduced Income Support payment.

The real benefit in establishing entitlement to Carer’s Allowance was in knowing that this allowed for an increase in the overall Applicable Amount, through the addition of a Carer Premium of £27.75. That increased the Applicable Amount from £131.80 to £159.55.

Gordon also came to the Centre for help. The household’s ‘needs’ as calculated under benefit rules (at 2008/9 rates) were as follows:

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Adding Maureen’s DLA of £62.60 to the above income and Income Support gives an overall household income of £222.15 – exactly what it had been immediately prior to the award of IB. Now, this might sound like a futile exercise – establishing an entitlement and ending up no better off. Why go to the trouble?

But from Gordon’s perspective it wasn’t futile at all. As he saw it, he didn’t really want to be paid by the state to care for his wife. He wanted to receive the Incapacity Benefit to which he was entitled – having worked and paid tax and insurance continuously since leaving school – while he continued to work to regain his health. Again, as he saw it, it was about his dignity, and he felt better about himself and where he was at in his life with the way his income was now accounted for.

Holding on to your feeling of human dignity is important when you are unwell. And it was particularly important given that Gordon was about to receive another blow. He was due a routine medical required by the DLA in relation to his employment. His doctor was hopeful that there would not be a problem with this, but the DVLA saw things otherwise and advised:

> “It is clear from information received that you are experiencing problems with your powers of memory and/or understanding, to a degree that is likely to make it unsafe for you to drive. Regrettably, driving must cease.”

Both his ordinary driving licence and the special licence he required for his employment were revoked. It took him four months of what he himself describes as “heartache and pain” to get a one year restricted licence for an ordinary car. His GP was in later correspondence to describe all of this as “a huge setback” for Gordon.

But there was yet another one of those on the way shortly. Just three months after being awarded Incapacity Benefit, Gordon’s entitlement to it was reviewed and removed. The review process had concluded that Gordon did not have enough points to merit the award.

So Gordon returned to the Centre for advice. An immediate review of the decision was requested and relevant information was faxed off to the local Jobcentre Plus. As we have seen in our other cases, anticipating that the review would leave the decision unchanged (which proved to be the case), a full appeal was submitted at the same time. In the meantime, staff at the Centre helped Gordon to ensure that his “underlying eligibility” for Carer’s Allowance was reactivated – so that at least the household income would (as previously outlined) be unaffected.

The same could not be said for Gordon’s ideas about his dignity, and about the observance on the part of the DWP of the respect he felt he should be due. And, of course, for someone who is doing their very best to recover from recurrent anxiety and depression, such is not particularly conducive to recovery and return to the “active labour market”.

In the meantime Gordon continued to embrace self-help and any support that was available. This was all documented in letters, which he solicited from those he was liaising with, in support of his IB appeal. But the advice from the GP was very clear. Gordon was investing a lot towards his own recovery. He was making progress. He wanted to return to work, and ultimately he would probably be able to do so – but it was still too early for him to attempt even a ‘graduated’ return to work, such as voluntary work.

Incapacity Benefit: Myth and Realities

24/25
For our cases do not show older, former industrial workers who were made redundant in the recessions of the eighties and nineties and who have been ‘fester[ing] there ever since; they show rather younger people, who have spent many years working in the retail and service sectors. They established eligibility for IB, not in a context where government was managing unemployment figures to spare political embarrassment during a recession, but because of genuine and serious health issues which the claimants experienced during the ‘things can only get better’ years – what has been referred to as ‘the nice decade’ (1997-2007).

This is not to say that all of the problems that people have encountered in their lives are unrelated to the changes in social and economic life which came about in the 1980s and 1990s. There is accumulating evidence to suggest that the increasing problems of mental health are linked to the growing individualism and consumerism which emerged as British society was steered away from its broadly social democratic orientation of the post war decades, and towards an increasingly neo-liberal direction in the eighties, nineties and through the ‘noughties’ (2000s). Indeed, it is increasingly clear that the growing inequality which has everywhere been an outcome of this kind of change is very damaging indeed to health and well-being and that it has very serious consequences for the poorer sections of society in particular. The World Health Organization recently used the West of Scotland as an example of this, reporting that a boy living in the deprived Calton area of Glasgow can expect to live on average 28 years less than a boy born in nearby affluent Lenzie. Inequalities, the relevant WHO report put it, are “killing people on a grand scale”.

“The high burden of illness responsible for appalling premature loss of life arises in large part because of the conditions in which people are born, grow, live, work and age . . . Poor and unequal living conditions are, in their turn, the consequence of deeper structural conditions that together fashion the way societies are organized – poor social policies, unfair economic arrangements, and bad politics . . . This toxic combination of bad policies, economics and politics, is, in large measure, responsible for the fact that a majority of people in the world do not enjoy the good health that is biologically possible.”

Significantly, in the UK, and also across northern Europe more generally, it is the areas which were most affected by deindustrialisation and recession in the eighties and nineties which have the worst health outcomes.46 These are also the areas in which IB receipt is highest.

Yet, the government’s thinking on IB reform is wildly at odds with these well known facts. Freud’s view that the number who really need to be in receipt of IB is closer to the 700,000 who received its equivalent in 1983 simply ignores the fact that the processes of economic and social change which have unfolded since that time are known to have had very serious health impacts on the poorest in particular. The fact that such a view can become the basis for legislation is a striking example of the kind of bad policy making which the WHO has identified as being at the root of the problem.

Moreover, the cases stand as a striking refutation of the view of the actual experience of IB claimants which has been expressed by Freud and which still seems to be informing the government’s thinking. Let us remind ourselves of that view, which was quoted earlier:

“If you want a recipe for getting people on to IB we’ve got it: you get more money and you don’t get hassled. You can sit there for the rest of your life. And it’s ludicrous that the disability you get more money and you don’t get hassled. You can sit there for the rest of your life. And it’s ludicrous that the disability is a move away from this and may be described as a classic conflict of interest and they’re frightened of legal action.”

What we have seen is that in two out of the three cases (Eleanor and Gordon/Maureen) the award of IB in fact made no difference to household income – for what the DWP gives, the DWP also taketh away. In the third case it made a difference of less than £40 a week for a family of three – a sum a “self-respecting banker” might not stoop to pick up from the pavement.

In none of our cases did we find that there was an absence of “hassle” – far from it. In fact, claimants were “hassled” even when it should have been very clear indeed that their entitlement to IB was not in doubt and that removing it would prove harmful. Had the DWP been a bit more rational about things, it could have used its resources to do something rather less wasteful and counterproductive than “hassling” these people. What seems clear is that an excessively target driven system generates a paradoxically counterproductive lack of care, lack of respect, and a worrying and recurring failure to learn from serious mistakes.

Finally we have the idea that “disability tests are done by people’s own GPs” who are exposed to “a classic conflict of interest”. This is perhaps the danger of having people driving a policy process in an area where they have no knowledge at all. If there is a conflict of interest in evidence in the IB process, it is perhaps more to do with medical assessors whose methods and judgement in dealing with vulnerable individuals seem to be so heavily influenced by the prevailing imperatives and targets of the DWP. This might help to explain how such poor decisions as we have seen are regularly reached in the cases of IB claimants. The conflict of interest here might be between the most basic ethics of medical care on the one hand, and the imposition of targets by the DWP on the other. And as Clare Bambra has noted, this has some further serious implications:

“Sickness related benefits . . . until recently did not attract as much popular stigma as other benefits. . . . The reform of incapacity benefit is a move away from this and may signal a potentially disturbing political discourse about how some patients who are unemployed because of illness or disability are less deserving of unconditional public support than others. It is unclear how this will play out, but it seems clear that the deserving/undeserving dichotomy may well reinforce and magnify the existing stigma attached to claims that are based on mental illness and may therefore further increase health inequalities. Either way, it will have important implications for the health professionals involved, as the validity of professional medical certification is being questioned by the government and healthcare workers will become increasingly involved in regulating the poor.”

Since Bambra wrote this, the DWP has been taking out full page adverts in the British Medical Journal extolling the virtues of ESA.

6. Conclusion

In light of the above considerations, it becomes clear just how misplaced is the thinking behind the government’s latest initiatives in ‘welfare to work’. As the bill is making its way through Parliament, and as the realisation of the reality of “the great recession” is dawning, there has been at least some growing awareness of that.

In early February the ERSA issued a press release which showed anxiety that the government was drawing back from full implementation of the Freud proposals, and that there was a rethink about the extent to which the private sector could be allowed to be seen to dominate the field. As Labour MP John McDonnell was to report in March, 33 out of 34 contracts had gone to private sector firms, rather undermining the ‘cover’ provided for the privatisation process by the role of the voluntary sector. At the same time, the rapid changes in the labour market were seriously undermining the revenue forecasts for these private firms and they were demanding radical changes to the terms of the deal with DWP – much more money up front and many more people to be forced onto workfare schemes. Yet, as McDonnell noted:

“Despite this, and despite leaked reports showing the public sector outperforming its private competitors two to one in getting people into work, the government charges on bullishly with its privatisation plans.”

A week after the ERSA press release The Daily Telegraph reported that Freud himself had severed all ties with ministers and was joining the Conservatives’ work and pensions team – “after being put forward for a peerage”. With the polls increasingly indicating a Conservative government for Westminster at the next election (mid-2010 at the latest), The Herald reported:

“The Conservatives promised a ‘full-blooded version’ of what they termed the Government’s ‘half-hearted’ implementation of [Freud’s] radical proposals.”

So, even the news that there may be at least some realisation within the government of the folly of the current agenda comes with the news that in little more than a year that agenda could well be reasserted in its “full-blooded version” and with the kind of “single-minded ferocity” which, as we saw earlier, Freud so admires in ministers.

From the perspective of the CIRC there is no disagreement with the view that the current system of welfare needs to change – and this is certainly borne out by the case studies examined. There is serious disagreement, however, with the idea that change should be in the direction which the government, despite growing reservations, is continuing to pursue, and to which the main opposition party at UK level is also committed. Privatisation and punitive conditionality are not the answer. They represent a worrying intensification of an existing problem.

More than ever, we do indeed need a humane welfare state. As we move into a very difficult period, pregnant with some unpleasant and even dark possibilities of the kind which emerged in earlier periods of financial and economic collapse, and from which the post-war generation deduced the need to build a civilising society, we ignore that need at our peril.

52 John McDonnell, “New Labour’s twin obsessions: Penalising the unemployed and privatising public services is the real agenda”; see also Tony McNulty, “A boost for the jobless: People’s skills and aspirations will be improved – and their lives transformed”, both in The Guardian, 17 March 2009.

This report offers a view on ‘welfare reform’ from the perspective of the Clydebank Independent Resource Centre (CIRC). It has a particular focus on the most recent changes to benefits and on the 2009 Welfare Reform Bill. These constitute a major departure from the principles of social protection which have been in place since World War II. The report is addressed to the former banker, David Freud, whose 2007 report inspired the reforms, but also, and perhaps more importantly, to the politicians who appointed him as their adviser. The first part of the report introduces both ‘the banker’ (Freud) and ‘the bankies’ (the CIRC). It then outlines the CIRC’s perspective on ‘welfare reform’ as it has developed since 1997. The second part focuses on the experience of Incapacity Benefit (IB) claimants in Clydebank in recent years, presenting three case studies which challenge the stereotypes and the rationale presented by the proponents of the current reforms.