

Disability employment and pay gaps 2019

**TUC proposals for legislative and
workplace change**

Section 1

Short summary

This report looks primarily at the disability pay gap, which is the difference between the average hourly pay of disabled and non-disabled people, building on TUC research published in 2018.¹

The report also examines the disability employment gap, which is the difference between the employment rates of disabled and non-disabled people, and considers the impact of financial stress on disabled workers. Disabled people have significantly lower employment rates than non-disabled people. While the gap has narrowed, there has only been a very slight improvement of less than one percentage point over the past year. More needs to be done to ensure that disabled people who want to work are able to do so.

Disabled people experience significant barriers to getting and keeping jobs. This results in an employment gap of around 30 per cent. But this report shows that disabled people face double discrimination. Not only are they less likely to have a paid job but when they do, disabled people earn substantially less than their non-disabled peers.

Disabled workers experience a pay gap of 15.5 per cent, earning £1.65 less an hour on average which equates to £3,003 less a year. This pay gap is a major contributing factor to the financial stress experienced by disabled workers. The current glacial pace of change cannot be allowed to continue. And rather than showing any signs of improvement, the disability pay gap has increased over the last 12 months by 0.3 percentage points.

Disabled women continue to face the most significant pay gaps of all, higher than those faced by both disabled men and non-disabled women. This highlights the importance of employers taking an intersectional approach when tackling their gender pay gaps. Gender pay gap action plans should take account of the specific steps required to address the barriers experienced by disabled women in accessing, remaining in and progressing at work.

The low pay which results from the disability pay gap makes disabled workers more likely to be negatively affected by financial stress than non-disabled workers. Disabled workers are more likely than their non-disabled peers to have to go without basic amenities, such as heating on a cold day or food, when they are short on money and are more likely to ask for outside assistance from charities because of the financial hardship they face.

The government must take steps to ensure that disabled people who want to work are able to do so. It needs to act now to tackle these concerning trends. We have seen how the power of transparency has begun to concentrate employers' attention on tackling the gender pay gap. Public policy needs to be used to drive change on the disability pay gap too. Introducing mandatory pay gap reporting, alongside mandatory action plans, and moving away from ineffective voluntary approaches needs to be an immediate priority.

¹ www.tuc.org.uk/sites/default/files/Disabilityemploymentandpaygaps.pdf

Throughout the report we refer to disability as defined within the Equality Act 2010. This sets out that people are disabled if they have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

The TUC has adopted the social model of disability. The social model of disability focuses on the ways in which society is organised, and the social and institutional barriers which restrict disabled people's opportunities. The social model sees the person first and argues that the barriers people face, in combination with their impairments, are what disables them. Barriers can make it impossible or very difficult to access jobs, buildings or services, but the biggest barrier of all is the problem of attitudes to disability. Removing barriers is the best way to better include millions of disabled people in our society.

Section 2

Recommendations

More must be done to ensure that disabled people who want to work are able to do so, and to address the pay gap for disabled workers.

Government

The government's current response to the disability pay gap has been limited and largely ineffective. In 2018 it launched a two-page voluntary reporting framework where it 'suggested' to larger employers 'who chose to engage with this' that they provide a narrative to explain their activities in relation to the recruitment and retention of disabled people. It also suggested 'where possible' that employers report on the number of disabled workers they employ.²

A year after the government launched this voluntary scheme the disability pay gap had increased.

The government should examine the lessons from previous attempts at voluntary approaches to pay transparency. For example, before mandatory reporting on the gender pay gap was introduced, the government Equalities Office ran 'Think, Act, Report?',³ a voluntary scheme for employers to report on their gender pay gap.

Of the 280 businesses that signed up, only five went on to publish their data.⁴ However, following the introduction of mandatory pay gap reporting, over 10,500 employers published their gender pay gap data, with 100 per cent compliance achieved within weeks of the reporting deadline. While we believe that concerted action to close the gender pay gap will require further change, including requiring employers to publish mandatory action plans, the high levels of compliance with current gender pay gap reporting requirements evidences the success of a mandatory approach over voluntary initiatives.

The government must therefore bring in legislation to introduce mandatory disability pay gap reporting for all employers with more than 50 employees.

The legislation must be accompanied by a duty on employers to produce targeted action plans identifying the steps they will take to address any gaps identified, including ensuring disabled workers with hidden impairments feel confident in completing workplace equality monitoring.

² www.gov.uk/government/publications/voluntary-reporting-on-disability-mental-health-and-wellbeing/voluntary-reporting-on-disability-mental-health-and-wellbeing-a-framework-to-support-employers-to-voluntarily-report-on-disability-mental-health-an#how-can-an-employer-collect-data-for-voluntary-reporting-and-where-can-this-information-be-reported

³ www.gov.uk/government/publications/think-act-report

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/747546/ethnicity-pay-reporting-consultation.pdf

The action plans employers produce must also identify and address intersectional issues for example how they intend to ensure, and gaps identifies for disabled women are addressed.

These action plans must be produced in consultation with recognised trade unions.

Despite the government's 2015 and 2017 manifesto pledge the disability employment gap remains at a high rate. Government must take steps to ensure that disabled people who want to work are able to do so.

To address this gap they must:

- ensure Access to Work is funded appropriately so all eligible people can access their full entitlement
- stop and reverse the cuts to disabled people's financial support (Employment and Support Allowance (ESA) and Personal Independence Payment (PiP))

Employers

Employers should not wait for the government to bring in mandatory disability pay gap reporting and should take immediate steps to identify and address any gaps they have.

Employers should:

- collect and publish disability pay gap data in a similar manner to gender pay gap reporting, including the proportion of disabled people in each pay quarter
- collect data from disabled workers and job applicants in areas including:
 - recruitment and promotion
 - pay and remuneration
 - training
 - appraisals
 - grievances
 - disciplinary action
 - dismissals and other reasons for leaving.
- use this to inform targeted action plans
- set targets for improving disabled workers' representation at all levels of their organisation
- measure and report progress against those targets annually
- work with trade unions to establish targets and develop positive action measures to address inequalities linked to disability within the workforce.

Where an employer has identified a disability pay gap or under-representation of disabled people, they should strongly consider using positive action as a way of addressing this for example within training and/or recruitment. This could include:

- hosting an open day specifically for disabled people to encourage them to get into a particular field
- offering training or internships to help disabled workers get opportunities or progress at work.

Employers should consult with disabled staff and their trade unions on the best way to remove barriers and address the underlying causes of disability pay gaps, in recognising that re disabled people themselves should be able to determine the solutions to the issues they face.

Employers must take steps to ensure disabled workers and job applicants feel confident taking part in workforce equality monitoring. These steps should be developed with disabled workers and recognised trade unions.

Employers must also do more to meet their Equality Act obligations to put in place reasonable adjustments for disabled workers. This can involve removing physical barriers to employment and/or providing extra support for a disabled worker.

Employers should record sick leave taken by disabled workers that is connected to their impairment separately from sick leave that is unconnected to this. This would recognise that some disabled people may have different and higher forms of sickness absence.

Trade unions

Unions should work with employers to review disability monitoring policies and practices to ensure any barriers to disabled workers confidently sharing information in equality monitoring exercises are identified and removed.

Unions should negotiate for disability pay gap monitoring and reporting making sure any reporting is accompanied by an action plan that is informed by monitoring data on key areas of the employment relationship including:

- recruitment and promotion
- pay and remuneration
- training
- appraisals
- grievances
- disciplinary action
- dismissals and other reasons for leaving.

Where disability pay gaps and areas of disadvantage are identified unions should advocate for positive action to form part of the solutions to address them.

Section 3

The disability employment gap

The UK has a significant disability employment gap, which is currently 29.8 percentage points.

This disability employment gap, which is the difference between the employment rates of disabled and non-disabled people, is one of the major indicators of the range of employment inequalities disabled people face.

The disability employment gap remains at a high rate despite the government's 2015 manifesto pledge⁵ to halve it. Although no time frame was set for this, at the time of the pledge the employment gap was 34 percentage points⁶, meaning that, far from halving, it has only shrunk by around one per cent a year since the government outlined its ambitions. Perhaps influenced by the lack of progress in halving the disability employment gap, this goal was replaced by a subsequent pledge in 2017 to get one million more disabled people into work within ten years.⁷

Our 2018 report revealed an employment gap of over 30 percentage points (considering figures from Summer 2017–Spring 2018). To understand the extent of change, and whether the government had been successfully progressing its stated aims since then, we have updated this analysis by conducting a new four-quarter analysis of disabled people's employment rates (considering figures from Summer 2018 – Spring 2019).⁸ We used this method to ensure an accurate picture was presented and to avoid highlighting peaks or troughs in employment as representative of the year.

Our analysis shows that only around half of disabled people of working age are employed (51.8 per cent),⁹ while the employment rate for non-disabled people is 81.6 per cent.¹⁰ This means the current disability employment gap is 29.8 per cent.

This is only a 0.8 per cent increase in the number of disabled people employed when compared to a year before.¹¹ If this rate of change continues it will take another 37 years for the gap to close.

People with differing impairments

Although the total percentage of disabled people employed is 51.8 per cent, this varies significantly between groups of disabled people with different impairments.

⁵ <http://ucrel.lancs.ac.uk/wmatrix/ukmanifestos2015/localpdf/Conservatives.pdf>

⁶ <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/56/56.pdf>

⁷ www.gov.uk/government/news/strategy-seeks-one-million-more-disabled-people-in-work-by-2027

⁸ July–Sept 2018 and April–June 2019

⁹ 3,933,500 disabled workers

¹⁰ 27,266,500 non-disabled workers

¹¹ 4-quarter average calculated over the same period i.e. July–Sept 2017 to April–June 2018

Our 2018 report found that disabled people with some impairment types have far lower levels of employment, facing significant barriers in accessing the workplace.

The disabled workers with the lowest employment rates, grouped according to the ONS Labour Force Survey (LFS) classifications, are people with:

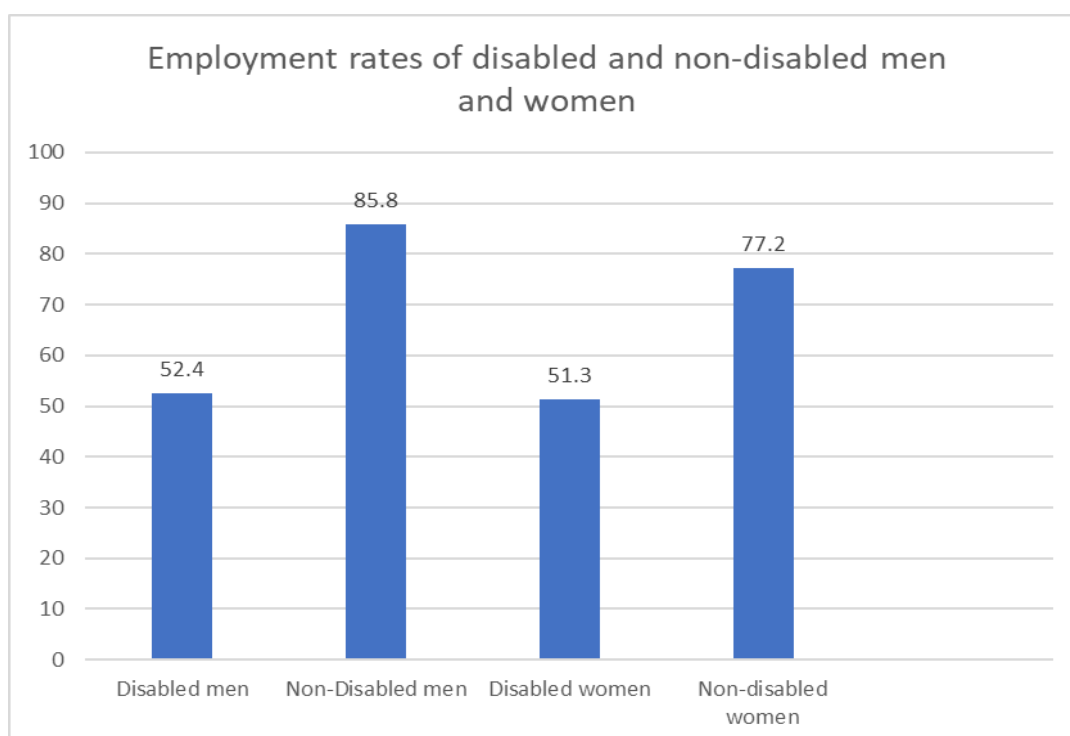
- learning difficulties – 14.8 per cent in employment
- speech impediments – 20.4 per cent in employment
- epilepsy – 33.6 per cent in employment
- mental illness, phobias or panics – 33.7 per cent in employment
- impairments linked to arms, hands – 38.4 per cent in employment.

Far more needs to be done to ensure that the barriers to employment faced by disabled people, and in particular those with the impairments above, are addressed.

The disability employment gap by gender

There are more disabled women of working age than there are disabled men. This is reflected in the number of disabled women and men in employment (2,209,703 disabled women in work, compared to 1,723,800 disabled men). Despite the difference in the number of disabled men and women in the workforce, our analysis shows little difference in employment rates. The disability employment rate for disabled men is around 1.1 per cent higher than that of disabled women.

Chart 1: Employment rates of disabled and non-disabled men and women, ONS LFS, (4 quarter average from Q3 2018 to Q2 2019)



This differs from employment rates for non-disabled people. The employment rate for non-disabled men is 8.6 percentage points higher than that of non-disabled women (85.8 per cent vs 77.2 per cent).

Section 4

The disability pay gap

Disabled people in work earn less than non-disabled people

The disability pay gap is another of the major employment inequalities disabled people face.

Analysis of the LFS shows that the pay gap experienced by disabled people is 15.5 per cent.¹²

This means that on average a disabled worker earns £1.65 less an hour than their non-disabled counterpart. This is equivalent to £3,003 less a year based on someone working a 35-hour week, which represents:

- over 11 months of the average household food expenditure (£60.60 per week¹³) or,
- over nine months of the average fuel and power household expenditure (£76.10 per week¹⁴) or,
- over 8 months of what an average household spends on transport (£80.80 per week¹⁵)

Our analysis of the current gap found it had increased by 0.3 percent over the past year.¹⁶

People with different impairments experience different levels of the disability pay gap

Although the overall disability pay gap is 15.5 per cent, similarly to the disability employment gap, this is not uniform across groups of disabled people with different impairments.

¹² 15.5 per cent is the median pay gap

¹³ Family spending in the UK: financial year ending 2018, note that this is a conservative estimate as expenditure in these areas may be higher for disabled people

www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018

¹⁴ Family spending in the UK: financial year ending 2018, note that this is a conservative estimate as expenditure in these areas may be higher for disabled people

www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018

¹⁵ Family spending in the UK: financial year ending 2018, note that this is a conservative estimate as expenditure in these areas is likely to be higher for disabled people

www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018

¹⁶ Our calculation is based on a four-quarter average from Q3 (July to September) 2018 to Q2 (April to June) 2019 and it compared to the same period a year ago IE Q3 (July to September) 2017 to Q2 (April to June) 2018

Our analysis found that disabled people with some impairment types have far higher pay gaps. Those with the highest pay gaps, grouped according to the ONS Labour Force Survey (LFS) classifications, are people with:

- learning difficulties (62.6 per cent)
- mental illness, phobia, panics (30.9 per cent)
- depression, bad nerves (24 per cent)
- diabetes (22.8 per cent)
- skin conditions, allergies (21.2 per cent)
- impairments linked to heart, blood, pressure, circulation (20 per cent)
- impairments linked to chest, breathing problems (18.6 per cent).

Table 1: Disability pay gap by ONS LFS category (4 quarter average from Q3 2018 to Q2 2019)¹⁷

Impairment linked to:	Median Average hourly pay gap (£)	Pay gap (%)
Arms, hands	1.35	12.4
Legs or feet	1.48	13.7
Back or neck	0.88	7.7
Difficulty in seeing	0.93	8.1
Difficulty in hearing	0.73	6.3
Skin conditions, allergies	2.15	21.2
Chest, breathing problems	1.93	18.6
Heart, blood, pressure, circulation	2.05	20
Stomach, liver, kidney, digestion	0.73	6.3
Diabetes	2.28	22.8
Depression, bad nerves	2.38	24
Epilepsy	1.30	11.8
Learning difficulties	4.73	62.6
Mental illness, phobia, panics	2.90	30.9
Progressive illness	1.45	13.4
Other problems, disabilities	0.35	2.9

¹⁷ Speech impediments have been left out of this table as the sample size did not meet threshold in two of the four and was not published in the other two.

Causes of the pay gap

The main causes of the disability pay gap are:

Part-time work

A higher proportion of disabled people than non-disabled people work part-time.

On average, part-time jobs, especially in the private sector, are paid less per hour than full-time jobs. Improving access to better paid-part time work will be key to tackling the disability pay gap.

Disabled workers are more likely than non-disabled workers to be employed in a lower paid occupation

Disabled people are overrepresented within lower paid occupational groups for example caring, leisure and other services and sales and customer services.

Disabled workers are also less likely to be in higher paid roles such as managers, directors or senior officials.

Their over-representation within lower-paid occupational groups shows that disabled workers are being denied access to promotion and progression - restricting their opportunities and life chances and depriving the economy of their skills.

The pay gap can be linked to lower educational attainment, but this alone does not explain the gap

It is often argued that the disability pay gap is a result of educational attainment differences between disabled and non-disabled people.

The difference in educational attainment between disabled people and non-disabled people is well documented.

However, our analysis of the LFS suggests that even when disabled people are equally as qualified as their non-disabled peers, they still face pay inequality. Comparing gross hourly pay by degree level qualification shows that even when disabled people have a degree, they earn less than their non-disabled counterparts with equivalent qualifications. Pay gaps between disabled people and non-disabled people without degrees are lower than for the whole population but still persistent. Unlawful discrimination, negative attitudes and structural barriers are holding back disabled people both in educational achievement and progress in work.

For more information on the causes of the pay gap please see our 2018 report *Disability Employment and Pay Gaps 2018*.

Disabled women and the disability pay gap

A comparison of the median hourly earnings of disabled men and women and non-disabled men and women shows all three other groups are substantially worse off compared to non-disabled men. However, disabled women face the largest pay gap. The pay gap for disabled women is nearly nine percentage points higher than the pay gap for

women overall. Both groups of women are paid less than disabled and non-disabled men, with non-disabled men being paid 25.9 per cent more than disabled women.

Table 2: Average median gross hourly earnings compared to non-disabled men (4 quarter average from Q3 2018 to Q2 2019)

	Median Average hourly pay (£)	Median Average hourly pay gap (£)	Pay gap (%)
Non-disabled men	£13.43	-	-
Disabled men	£11.60	£1.83	13.6
Non-disabled women	£11.13	£2.30	17.1
Disabled women	£9.95	£3.48	25.9

Impact of financial stress

Disabled workers and in particular disabled women face significant pay gaps. To understand the impact of these on the lives of workers we looked at the effect financial stress had on disabled workers by conducting a poll of 2,700 people over the age of 16 in either full-time or part-time work.¹⁸ With a statistically significant sample of disabled workers.¹⁹

The analysis found disabled workers were more likely than their non-disabled peers to have to go without basic amenities, such as heating on a cold day or food, when they were short on money.

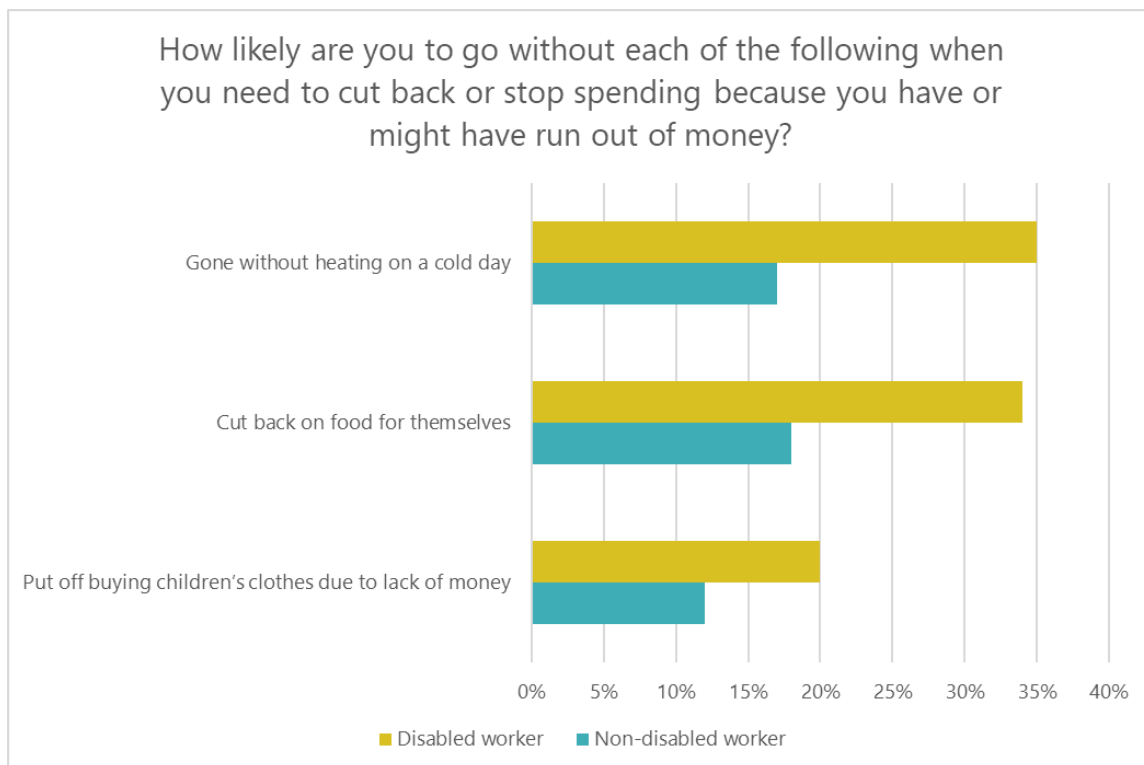
It also found that when that disabled workers are more likely to resort to going without basics to get by than other workers. In the last year:

- 20% of disabled workers have put off buying children's clothes due to lack of money, compared to 12% of non-disabled workers
- 34% of disabled workers have cut back on food for themselves, compared to 18% of non-disabled workers
- 35% of disabled workers have gone without heating on a cold day, compared to 17% of non-disabled workers

¹⁸ GQR, Working Life in Britain: Survey of working people – addendum, August 2019

¹⁹ There were 164 disabled workers within this sample.

Chart 2: How likely disabled workers are to without basic amenities, GQR: Working in Britain Survey, August 2019



The research also found disabled workers were more negatively affected by financial stress than non-disabled workers. Two thirds (65 per cent) of disabled workers reported feeling stressed when they had to cut back spending compared with half (52 per cent) of non-disabled workers.

Disabled workers were three times as likely to ask for outside assistance from a charity or community organisation compared to non-disabled workers. 15 per cent of disabled workers reported asking for outside assistance compared with 5 per cent of non-disabled workers.

This heightened need for outside assistance from charity or community organisations has a particularly negative impact on disabled people, as it can reinforce negative stereotypes of disabled people as dependant on the kindness of others rather than recognising disabled people and non-disabled people as equals.