

# Disability and employment



## Key findings

The government's commitment to halve the employment gap by 2020 is welcome but it is unlikely to make this target by 2020. The TUC would like this employment gap to be eliminated<sup>1</sup>.

- At the current rate of change, from Q1 2016, it would take 58 quarters, until Q2 2030 to halve the employment gap<sup>2</sup>.
- The TUC have calculated that by the end of this Parliament (Q2 2020) at the current rate of change there would still only be a 52.4 per cent employment rate for disabled people. This means that with a number of provisos and assuming the current rate of change continues, only around a third of the government's goal would have been achieved (31 per cent).
- The latest employment rate of disabled people remains at below 50 per cent, at 47.2 per cent for Q4 2015. It averaged at 46.6 per cent between 2008 and 2014. The latest employment rate for non-disabled people is 80.3 per cent, and the average rate between 2008 and 2015 was 78.0 per cent.<sup>3</sup>
- The disability employment penalty rate averaged at -31.4 per cent between 2008 and 2015. The ILO unemployment penalty rate averaged at 4.4 per cent<sup>4</sup>. The disability penalty is the gap between an employment outcome measure for disabled and non-disabled people<sup>5</sup>.
- In Q4 2014 the average pay for all disabled people was 14.8 per cent lower than all non-disabled people. Average pay increased for both non-disabled people and disabled workers from Q4 2014 to Q4 2015. However, the gap narrowed between them in Q4 2015, when the average pay per hour for disabled people was 12.3 per cent less than non-disabled people<sup>6</sup>. The average weekly pay for part-time disabled workers decreased between Q4 2014 and Q4 2015 compared with other workers.

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<sup>1</sup> <http://www.theyworkforyou.com/lords/?id=2016-01-25a.1038.3>; Strong Leadership, A Clear Economic Plan, A Brighter More Secure Future, 2016, <https://www.conservatives.com/manifesto/p.19>; <http://www.theyworkforyou.com/lords/?id=2016-01-25a.1038.3>;

<sup>2</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>3</sup> Oct-Dec 2015, Great Britain, TUC analysis of Labour Force Survey nb. The measure of disability is not comparable across 2008-2015. The way it is measured by ONS last changed in Q2 2013. More on technicalities of how it is measured is available is described later in this paper and is available at ONS, 2016, Measuring disability in the Labour Force Survey <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeety/pes/methodologies/measuringdisabilityinthelabourforcesurvey>

<sup>4</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>5</sup> The employment rate disability penalty is the disabled people employment rate minus non-disabled employment rate. The ILO unemployment disability penalty is the disabled ILO unemployment rate minus the non-disabled unemployment rate.

<sup>6</sup> Great Britain, TUC analysis of Labour Force Survey

## Introduction

The Work and Pensions Select Committee announced an inquiry on 30th March 2016 into the Government's commitment to halve the disability employment gap<sup>7</sup>. Their manifesto commitment to close the employment gap by 2020 between disabled and non-disabled people is welcome<sup>8</sup>. However our latest research shows much progress is needed.

The new Work and Pensions Secretary of State Stephen Crabb has highlighted the need to address getting more disabled people into work and the Government is seeking to close the employment gap. The Work and Pensions Select Committee recent call for evidence set out the government's intention to halve the employment gap by increasing the disabled employment rate.

TUC analysis of Labour Force Survey employment rate figures for disabled people in Q4 2015 shows this would require an increase from 47.2 per cent to 63.8 per cent to halve the employment gap<sup>9</sup>. This is very slightly different to the government figure of 63.5 per cent cited in the Work and Pensions Committee call for evidence as the government figures includes UK data. Unfortunately, however, this aim is an unlikely prospect without considerable government and employer action given that figures show employment rates for disabled people have been largely stable between 2008 and 2015.

The TUC's Manifesto for Disability Equality<sup>10</sup> launched in January 2016 called for measures to address the employment gap between disabled and non-disabled people as employment rates for disabled people have remained at below 50 per cent since 2008.

The figures in this paper update extensive research in the TUC report Disability and Employment<sup>11</sup> and show that disabled people continue to experience employment inequalities.

The following technical points regarding the charts below should be noted. For the period Q1 2008 to Q1 2013 the ONS defined people as disabled under the Disability Discrimination Act 1995. The Equality Act 2010 definition of disability superseded this in Q2 2013 when ONS changed how it measures disability. ONS also re-weighted how they derive the disability measure variable, so pre and post Q2 2013 are not comparable. A change is also visible in 2009 with the introduction of questions on health and

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<sup>7</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2015/disability-employment-gap-launch-15-16/>

<sup>8</sup> <http://www.theyworkforyou.com/lords/?id=2016-01-25a.1038.3>; Strong Leadership, A Clear Economic Plan, A Brighter More Secure Future <https://www.conservatives.com/manifesto> p.19; ; Session 2015-16, Welfare Reform and Work Bill Written evidence submitted by Leonard Cheshire Disability (WRW 11)

<sup>9</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>10</sup> TUC, January 2016, A Manifesto for Disability Equality,

<https://www.tuc.org.uk/sites/default/files/Manifestofordisabilityequality.pdf>

<sup>11</sup> TUC, 2015, Disability and employment: a social model study of the employment experiences of disabled people in Great Britain, with a focus on mental illness,

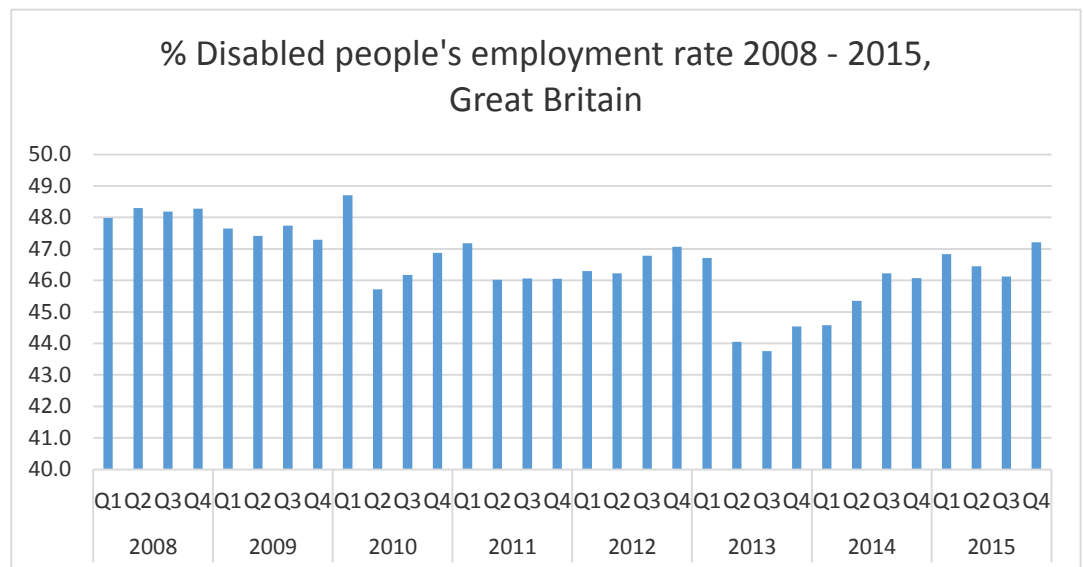
<https://www.tuc.org.uk/sites/default/files/DisabilityandEmploymentReport.pdf>

women’s pension age. It means the three definitions of disability are not directly comparable across the time series. The figures in this paper are also specific to Great Britain rather than the UK to reflect the coverage of the Equality Act, which does not cover Northern Ireland<sup>12</sup>.

### Analysis

The latest employment rate figures for disabled people in Great Britain for Q4 2015 is 47.2 per cent, as seen in chart 1. These figures have remained largely similar since 2008, reaching their highest point of 48.7 per cent in Q1 2010 and their lowest of 43.8 per cent in Q3 2013. However, they have steadily started to increase since Q3 2013<sup>13</sup>.

Chart 1



Source: TUC analysis of Labour Force Survey

Chart 2 shows the comparative employment rate of non-disabled people in Great Britain. On average from 2008 to 2015 this has been 78.0 per cent. The latest Labour Force Survey employment rate figure for Q4 2015 is 80.3 per cent for non-disabled people<sup>14</sup>.

<sup>12</sup> ONS, 2016, Measuring disability in the Labour Force Survey  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeety/pes/methodologies/measuringdisabilityinthelabourforcesurvey>

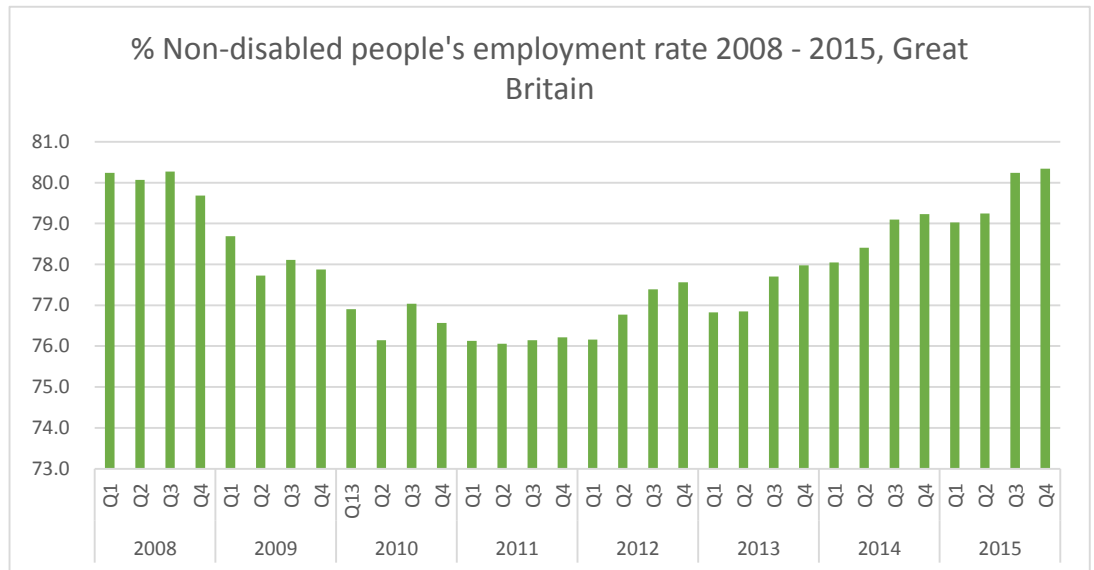
<sup>13</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>14</sup> Great Britain, TUC analysis of Labour Force Survey

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Chart 2



Source: TUC analysis of Labour Force Survey

Chart 3

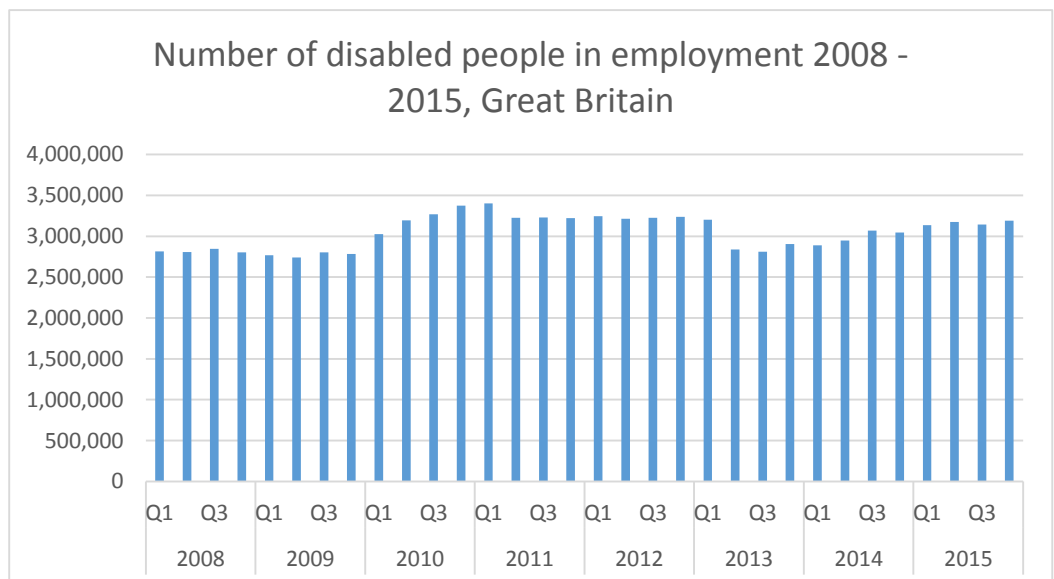


Chart 3 shows the total number of disabled people in employment in Great Britain. In Q4 2015 this was 3,190,129<sup>15</sup>.

<sup>15</sup> Great Britain, TUC analysis of Labour Force Survey

Since the change in the definition of disability used in the Labour Force in Q2 2013 there has been a slight increase in the number and percentage of disabled people in employment<sup>16</sup>. The figures are not comparable from 2008 to 2015 due to the change in definition of disability. The figures over 11 quarters from Q2 2013 to Q4 2015 (when changes last took effect) show the quarterly increase in the employment rate for disabled people averaged was 0.29 percentage points. Over the same period the employment rate for non-disabled people increased, on averaged, at 0.32 per cent per quarter<sup>17</sup>.

The government target of halving the employment rate between disabled and non-disabled people would require an employment rate for disabled people of 63.8 per cent<sup>18</sup>. This target is included in the Work and Pensions Select Committee call for evidence. This figure appears to be based on Q2 2013 to Q4 2015 Labour Force Survey figures for the UK, and is therefore very slightly different to the figures used in this document which are calculated for Great Britain.

To achieve the government's target of halving the employment rate for disabled people at the current increase in employment it would take 58 quarters following Q4 2015 i.e. commencing from Q1 2016 it would take until Q2 2030 to achieve, slightly exceeding the halve way point and hitting 64 per cent<sup>19</sup>. The Work and Pensions Select Committee say that halving the employment gap would equate to bringing an extra 1.2 million disabled people joining the workforce<sup>20</sup>. We calculate that this would equate to 1.5 million additional disabled people in employment.

To achieve the target of halving the employment rate for disabled people there are a number of provisos here, including the following. Clearly, economic growth is not uniform, the size of the disabled population will change and what is included in the definition of disability may change over this time period. And as the TUC's report Disability and Employment<sup>21</sup> identified, people with different disabilities experience varying problems and discrimination in finding employment. Significant government and employer action is therefore essential to achieve this aim.

Looking at what could be attained by Q2 2020 i.e. 18 quarters from Q1 2016, and assuming there is a consistent uplift in employment rates of disabled people at the rate of change of 0.29 per cent, there would still only be a 52.4 per cent employment rate for disabled people. This means only around a third of the government's goal would be achieved (31 per cent) by Q2 2020<sup>22</sup>.

If the government's intention is to be realised by the end of this parliament the employment rate for disabled people would have increased considerably between Q1

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<sup>16</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>17</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>18</sup> Great Britain, TUC analysis of Labour Force.

<sup>19</sup> Great Britain, TUC analysis of Labour Force Survey

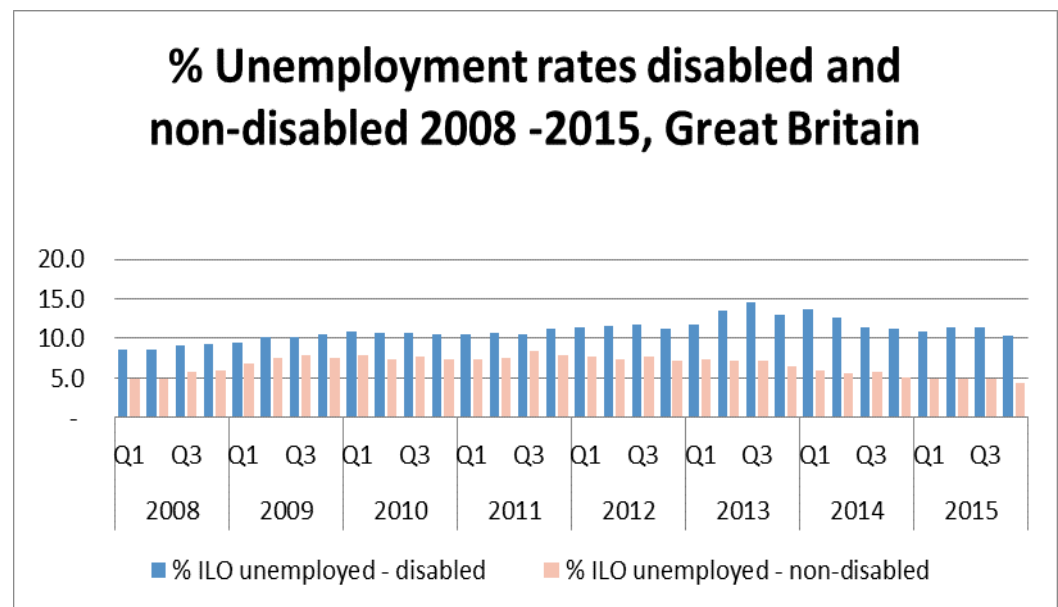
<sup>20</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2015/disability-employment-gap-launch-15-16/>

<sup>21</sup> TUC, 2015, Disability and employment: a social model study of the employment experiences of disabled people in Great Britain, with a focus on mental illness, <https://www.tuc.org.uk/sites/default/files/DisabilityandEmploymentReport.pdf>

<sup>22</sup> Great Britain, TUC analysis of Labour Force Survey

2016 and Q2 2020, at the employment rate of 0.92 per cent per quarter, on average, in order to halve the employment gap. Again, the above provisos should be noted about whether this is realistic. These figures highlight the slow increase in the employment rate for disabled people, despite them covering a period of economic recovery.

Chart 4

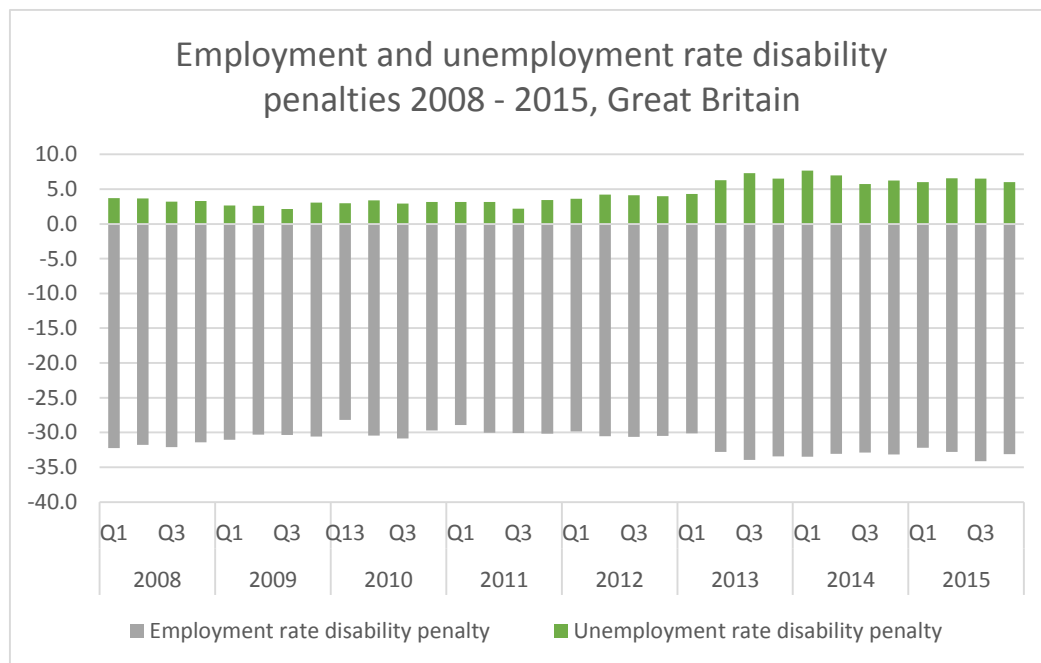


Source: TUC analysis of Labour Force Survey

Chart 4 compares the unemployment rates for disabled and non-disabled people over 2008 to 2015 in Great Britain using the ILO measure of unemployment<sup>23</sup>. While it has fallen for both groups in recent years in a period of economic recovery, it again shows a difference between disabled and non-disabled people, with non-disabled people having lower unemployment rates. In Q4 2015 the unemployment rate for disabled people stood at 10.4 per cent compared with 4.3 for non-disabled people. And over the period 2008 to 2015 the unemployment rate for disabled people was 11.0 per cent and 6.6 per cent for non-disabled people.

<sup>23</sup> Great Britain, TUC analysis of Labour Force Survey Disability and employment/ ESAD May 2016

Chart 5



Source: TUC analysis of Labour Force Survey<sup>24</sup>

Chart 5 shows the employment rate disability penalty, which is the disabled people employment rate minus non-disabled employment rate. The employment rate disability penalty averaged at -31.4 per cent. It also shows the ILO unemployment disability penalty which is the disabled ILO unemployment rate minus the non-disabled unemployment rate. The ILO unemployment disability penalty averaged at 4.4 per cent from 2008 to 2015, however this penalty varied more widely than the employment penalty between 2008 and 2015 from a low of 2.1 per cent in Q3 2009 to a high of 7.7 per cent in Q1 2014<sup>25</sup>. This may, however, be due to the change in survey methodology in 2013 and how disability is measured.

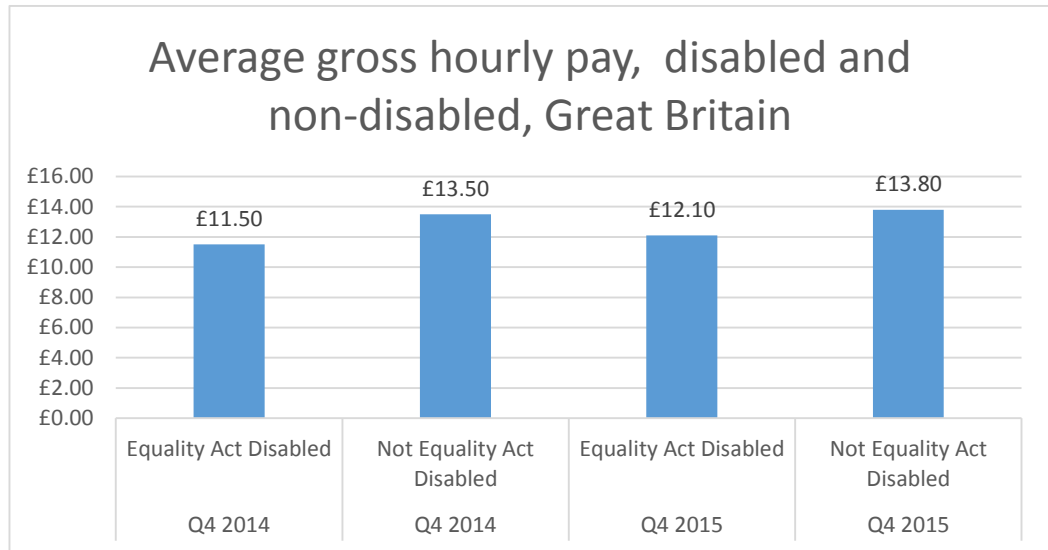
Chart 6 compares the average (mean) gross hourly pay for all employees of disabled and non-disabled people in Q4 2014 and Q4 2015. Again, it shows a differential between these groups with disabled people, on average, on a lower gross hourly rate of pay. In Q4 2014 the average pay for disabled people was 14.8 per cent lower than non-disabled people. Average pay increased for both non-disabled people and disabled workers from Q4 2014 to Q4 2015. However, the gap narrowed between them in Q4 2015, when the average pay per hour for disabled people was 12.3 per cent less than non-disabled people<sup>26</sup>.

<sup>25</sup> Great Britain, TUC analysis of Labour Force Survey

<sup>26</sup> Great Britain, TUC analysis of Labour Force Survey



Chart 6



Source: TUC analysis of Labour Force Survey

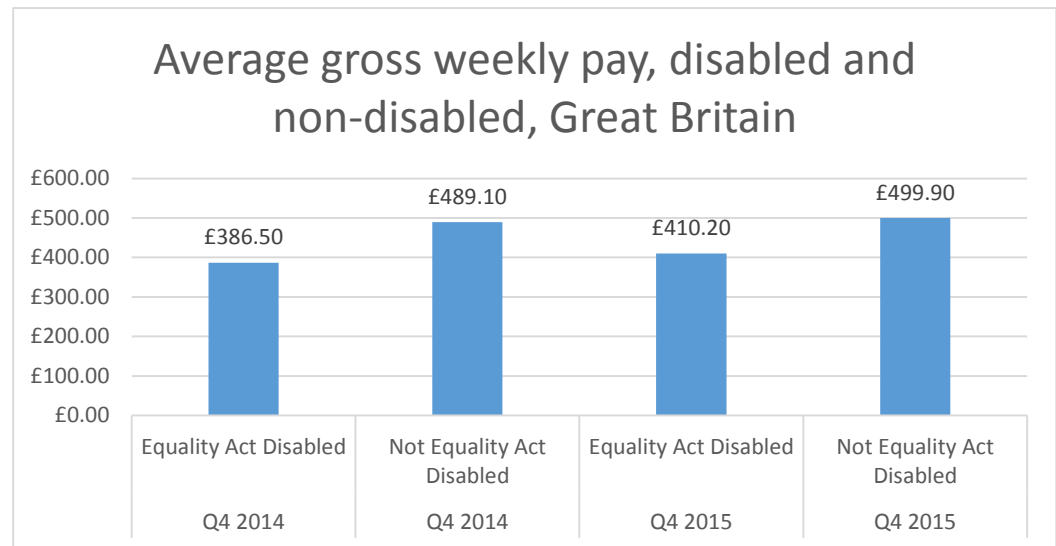
Table 7

Hourly average pay disabled and non-disabled employees full time and part-time			
		Q4 2014	Q4 2015
Disabled	Full-time	£12.60	£13.10
Non-disabled	Full-time	£14.50	£14.80
Disabled	Part-time	£9.50	£9.90
Non-disabled	Part-time	£10.40	£10.70
Full time disabled workers earned x % less than full time non-disabled workers		13.1%	11.5%
Part time disabled workers earned x % less than part-time non-disabled workers		8.7%	7.5%

Source: TUC analysis of Labour Force Survey

Table 7 highlights the average hourly pay differential between full and part-time disabled and non-disabled workers in Q4 2014 and Q4 2015. This gap decreased slightly for both full and part-time workers over this time period.

Chart 8



Source: TUC analysis of Labour Force Survey

The weekly pay measure gives a good sense of what people earn, but it is susceptible to changes in the mix of full-time and part time workers. Using the hourly pay measure overcomes this problem and is a good indicator of relative fairness, but obviously cannot tell us about total earnings.

Therefore Chart 8 shows for all employees the average (mean) gross weekly pay for disabled and non-disabled people in Q4 2014 and Q4 2015. In Q4 2015 both disabled and non-disabled workers earned more, on average, per week, than in Q4 2014. In Q4 2014 average gross weekly pay for disabled employees was 21 per cent less than the average gross weekly pay of non-disabled people. This gap has narrowed since then with disabled people earning 17.9 per cent less than non-disabled people in Q4 2015. And gross weekly pay rose for disabled people in Q4 2015 by 6.1 per cent and 2.2 per cent for non-disabled people.

Table 9

Weekly average pay disabled and non-disabled employees full time and part-time			
		Average pay Q4 2014	Average pay Q4 2015
Disabled	Full-time	£491.50	£516.90
Non-disabled	Full-time	£580.30	£591.50
Disabled	Part-time	£185.00	£182.10
Non-disabled	Part-time	£199.30	£212.00
Full time disabled workers earned x % less than full time non-disabled people		15.3%	12.6%
Part time disabled workers earned % less part-time non-disabled people		7.2%	14.1%

Source: TUC analysis of Labour Force Survey

Table 9 breaks the information in chart 8 down into full time and part-time average weekly pay. It shows part-time disabled and non-disabled workers earn significantly less weekly pay, on average, than full-time workers. While average pay has increased for these workers between Q4 2014 and Q4 2015, it has decreased for part-time disabled workers.

### Recommendations

More is needed if the government's objective of improving the employment position of disabled people is to be made a reality. Analysis of the current programmes available to assist disabled people with employment and a series of policy reforms to improve the employment position of disabled people can be viewed in detail the TUC Disability and Employment report<sup>27</sup>.

- Expansion and increased funding of the Access to Work programme to meet demand and promoting widely to employers
- The Work Programme should be amended to create separate streams tailored to disabled people.

<sup>27</sup> TUC, 2015, Disability and employment: a social model study of the employment experiences of disabled people in Great Britain, with a focus on mental illness,

<https://www.tuc.org.uk/sites/default/files/DisabilityandEmploymentReport.pdf>

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- The £30 cut for new claimants to the Work Related Activity Group of the Employment and Support Allowance (ESAG WRAG) planned for April 2017 should be reversed.
- The Work Choice scheme should be funded beyond 2017 and should be tailored to provide for disabled people's needs.
- Employers should work with unions to create disability equality employment policies. This should cover disability related sickness absence; disability leave; confidentiality; flexible working; time off for medical appointments. All such policies go a long way in supporting disabled people to stay in work.
- The government should work with unions and employers to create an inclusive environment where being disabled isn't stigmatised so disabled people are more willing to disclose their disability. This in turn may make it easier for disabled people to ask for adjustments. This could help to ensure people who develop an impairment whilst at work, stay in work.