

# Disability and skills in a changing economy

Briefing Paper Series

September 2011

# **Disability and skills in a changing economy**

**Nigel Meager and Tom Higgins**

**Institute for Employment Studies**

**UK Commission for Employment and Skills**

**September 2011**



**Views expressed by the authors of this Briefing Paper are not necessarily those of the UK Commission for Employment and Skills.**

## Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our mission is to raise skill levels to help drive enterprise, create more and better jobs and promote economic growth. Our strategic objectives are to:

- provide outstanding labour market intelligence which helps businesses and people make the best choices for them;
- work with businesses to develop the best market solutions which leverage greater investment in skills;
- maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base.

These strategic objectives are supported by a research programme that provides a robust evidence base for our insights and actions and which draws on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring '**relevance**' to our most pressing strategic priorities; '**salience**' and effectively translating and sharing the key insights we find; **international benchmarking** and drawing insights from good practice abroad; **high quality** analysis which is leading edge, robust and action orientated; being **responsive** to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a **co-ordinated** approach to research.

Equality and employment is an important and well-researched field. The Youth Inquiry (UK Commission 2011) explored questions around the unemployment, recruitment and employer perspectives of young people. In May 2011, Joseph Rowntree Foundation published 'Poverty and ethnicity: a review of evidence' and is launching a fuller programme of in this area. In order to add value to the existing body of research, the UK Commission has developed a series of Briefing Papers with a focus on equality and skills in a changing economy. The aim of the series is to inform and enable connected thinking about how to enable opportunity in the labour market through skills. Each paper provides commentary and analysis for an equality group or theme, these are:

- Disability and skills in a changing economy;
- Gender and skills in a changing economy;
- Low skills and social disadvantage in a changing economy;
- Older people and skills in a changing economy;
- Spatial inequality and skills in a changing economy.

The research focussed on policy in England as the development of the papers received England only funding. However, in order to give breadth and strength to understanding of a subject area the review of literature and data drew on UK data and, occasionally, devolved policy, though not in the conclusions or implications.

Together the Briefing Papers in this series provide insight and understanding into the skills related challenges, needs and opportunities for individuals who are disadvantaged in the labour market. These outputs are only the beginning of the process and we will be continually looking for mechanisms to share our findings, debate the issues they raise and extend their reach and impact.

We would like to take this opportunity to thank all of the authors for their work in developing these papers and add extended thanks to Chris Hasluck provided a coordination and editorial role across the series of equality papers.

We hope you find this paper useful and informative. The other papers in the series can be accessed on the UK Commission's website [www.ukces.org.uk](http://www.ukces.org.uk). If you would like to provide any feedback or comments, or have any queries please e-mail [info@ukces.org.uk](mailto:info@ukces.org.uk), quoting the report title.

**Lesley Giles**

# Table of Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Why look at disability and skills?.....	1
1.2	Some definitional issues .....	2
1.3	Age structure of the disabled working age population .....	3
1.4	Labour market participation of disabled people .....	4
1.5	Regional employment rates of disabled people .....	6
1.6	Earnings of disabled people.....	7
1.7	Qualifications profile of disabled people .....	9
1.7.1	Skills and labour market outcomes .....	10
1.7.2	Skill utilisation and disabled people .....	12
1.8	Where are disabled people employed? .....	13
<b>2</b>	<b>Impact of recent economic change on disabled people</b>	<b>16</b>
2.1	Impact of the recession on employment rates .....	16
2.2	Impact of the recession on earnings .....	18
<b>3</b>	<b>Impact of likely future economic developments on disabled people</b>	<b>20</b>
3.1	Projections of disabled people's employment.....	20
3.2	Implications of changing occupational and sectoral structures and changing demand for skills.....	22
3.3	Implications of reductions in public expenditure .....	24
3.3.1	Direct employment impacts.....	25
3.3.2	Indirect employment impacts .....	27
<b>4</b>	<b>Employment needs and preferences</b>	<b>29</b>
4.1	Employment aspirations, ambitions and motivations .....	29
4.2	Employment support needs .....	29
4.3	Preference for flexibility and working patterns .....	32
4.3.1	Disabled people and part-time work .....	32
4.3.2	Disabled people and self-employment.....	34
4.3.3	Disabled people and temporary work .....	35
4.4	Skills needs .....	36
<b>5</b>	<b>The role of employers</b>	<b>37</b>
5.1	Evidence from employer surveys .....	37
5.2	Employers and skills .....	39
<b>6</b>	<b>The role of the system</b>	<b>42</b>
6.1	Employment policy for disabled people .....	42
6.2	Employment and skills policy .....	46
<b>7</b>	<b>Key policy issues</b>	<b>49</b>
	<b>Bibliography</b>	<b>50</b>

# Tables and Figures

Figure 1.1: Relative employment disadvantage of disabled people at regional level (2010) .....	7
Figure 2.1: Employment rate indices for disabled and non disabled people (2004-2010) .....	17
Figure 2.2: Changes in earnings (2005-07 and 2007-10) by disability status .....	19
Figure 3.1: Projected occupational employment growth (2012-17) and relative share of disabled and non-disabled employment by occupation (2010) .....	22
Figure 3.2: Projected sectoral employment growth (2012-17) and relative share of disabled and non-disabled employment by sector (2010) .....	23
Figure 3.3: Share of public sector employment and disabled people's employment rate, by region ....	28
Figure 4.1: Self-employment rates by disability status, 2010 .....	34
Table 1.1 Prevalence of disability among the working age population, 2010 .....	3
Table 1.2 Age distribution of working age population and people in employment, by disability status, 2010 .....	3
Table 1.3 Labour market participation by disability status, 2010 .....	4
Table 1.4 Employment rates of disabled people by nature of main health problem, 2010 .....	5
Table 1.5 Earnings by disability status, 2010 .....	7
Table 1.6 Earnings by disability status and qualification level, 2010 .....	8
Table 1.7 Level of highest qualification held, by disability status, 2010 .....	9
Table 1.8 Qualifications and disability status, by age, 2010 .....	10
Table 1.9 Employment rates of disabled people by level of highest qualification held, 2010 .....	11
Table 1.10 Occupation of employment by disability status, 2010 .....	13
Table 1.11 Sector of employment by disability status, 2010 .....	14
Table 1.12 Employment in the private or public sector, by disability status, 2010 .....	15
Table 2.1 Employment rates by disability status (2005, 2007, 2010) .....	16
Table 3.1 Projected annual average growth rates in total employment, by disability status (2008-2020) .....	21
Table 4.1 Economic inactivity, disability status and desire to participate in the labour market, 2010 .....	29
Table 4.2 Employment enablers for disabled persons aged 16 and above, by employment status 30	
Table 4.3 Barriers to employment faced by disabled persons aged 16 and above who are limited in the type or amount of paid work they could do, by employment status .....	31
Table 4.4 Full-time, part-time working and reasons for working part-time by disability status, 2010 .....	33
Table 4.5 Permanent and temporary work, and reasons for temporary working by disability status, 2010 .....	35
Table 5.1 Job-related training by disability status, 2010 .....	40
Table 5.2 Job-related training by disability status and level of highest qualification held, 2010 .....	41

## Executive summary

This paper presents an overview, drawing on existing literature and data, of the employment situation of disabled people, looking at the recent past and possible future developments, with a particular emphasis on the role of skills alongside other factors in influencing that situation. Key points emerging from the review include the following.

### Labour market disadvantage

On the broadest definition of disability one in five of the working age population are disabled. Disability prevalence increases with age, and disabled people are, therefore, older than average.

Disabled people suffer **massive labour market disadvantage** which has not been significantly reduced by policy interventions and legislation:

- Around half of working age disabled people are not in work. Most are economically inactive rather than unemployed. Significant proportions (30-40 per cent depending on definition) say, however, that they want to work.
- Disabled people's disadvantage is also reflected in lower hourly earnings.
- Neither type of disadvantage (jobs or earnings) is wholly explicable by personal characteristics: it seems that employer discrimination remains significant.
- Labour market disadvantage varies markedly by type of impairment, and is especially high among people with mental health conditions, and people with learning disabilities.
- The relative disadvantage of disabled people is rather insensitive to cyclical economic fluctuations, but highly sensitive to local variations in demand (the 'disability penalty' is higher in poorer-performing local economies).

### Skills and qualifications

Disabled people have a **different skills/qualifications profile** from non-disabled people:

- They are twice as likely as non-disabled people to have no qualifications, and only two thirds as likely to have qualifications at level 4 and above.
- The qualifications gap persists in all age groups.



- There is a complex two-way relationship between disability and qualifications. Disability may result in people acquiring fewer qualifications, but equally early educational disadvantage raises the likelihood of becoming disabled later in life.
- The qualifications gap is a major cause of poor labour market outcomes among disabled people.
- Although disabled people are less well-qualified than non-disabled people, there is evidence of under-utilisation of disabled people's skills (due to employer discrimination, or to a narrower range of jobs being available to disabled people).

### **Employment patterns and recent trends**

Consistent with the skills profile, disabled people are less likely than non-disabled people to work in **high level (managerial, professional and technical) occupations**, and more likely to work in lower level and manual occupations.

However, the **sectoral profiles** of disabled and non-disabled workers' jobs are similar (disabled people are slightly under-represented in banking, finance and business services, and slightly over-represented in the public sector).

Disabled people's employment held up relatively well in the **recent recession**, and gap in employment rates between disabled and non-disabled people has closed slightly. Longer-term evidence shows that the disability penalty, although it grew up to 2000, has been relatively insensitive to economic fluctuations. However, the recent experience raises the question of whether the Disability Discrimination Act (DDA) may be starting to have an effect (possibly asymmetrically: the DDA may be better at protecting disabled people in a downturn, than at encouraging recruitment in an upturn). Similarly, the disabled/non-disabled wage gap has narrowed slightly in the recession.

### **Future trends and spending cuts**

It is hard to forecast the **impact of future economic developments** on disabled people's employment, in the short- or medium-term. As the economy recovers, however, it is unlikely that the employment rate gap will narrow as fast as in the recent recession. Any further increase in the disabled proportion of the working age population (which is ageing) means that employment of disabled people will need to grow faster than that of non-disabled people, simply for the employment rate gap to remain constant. Much depends on the effectiveness of anti-discrimination legislation (especially in the recruitment area) and the effects of new welfare-to-work and benefit policy on disabled people's employment.

**Projected changes in the occupational structure of employment** are generally unfavourable to the growth of disabled people's employment (given their current occupational and skills profile): disabled people are under-represented in many occupations projected to grow (e.g. managerial and professional) and over-represented in occupations expected to decline (junior administrative and manual). Expanding occupations offering the best prospects for growth in disabled people's employment are sales and customer service occupations, and personal services.

The direct impacts of **public spending cuts** in the Comprehensive Spending Review (CSR), on disabled people's employment are unknown, and the government has not chosen to assess them. Many spending cuts, including the changes to Disability Living Allowance (DLA), mainly affect the incomes of non-working disabled people but they may have an impact on access to employment for a minority of (economically active) recipients. There is no evidence that the main labour market and employment programmes for disabled people will be negatively impacted by the CSR. More important are likely to be the ongoing roll-out of new rules for ESA recipients and (former) recipients of incapacity benefits, and the introduction of the new single Work Programme, which will include more disabled participants than previous mainstream employment programmes. Much uncertainty surrounds the operation of these reforms, but the small impacts of the previous government's reforms at a time of rapid employment growth, justify some scepticism that the new regime will lead to rapid or dramatic increases in disabled people's employment in a much tougher economic climate.

**Indirect impacts** of spending cuts, particularly those operating through the concentration of public sector job cuts in particular localities, are likely to be detrimental to disabled people's employment, given that localities highly dependent on public sector employment also tend to be areas exhibiting a high 'disability penalty'<sup>1</sup> in employment.

### **Employment support needs**

The heterogeneity of disabled people's impairments makes it difficult to generalise about their **employment support needs**. However, despite the expectations of many employers that these needs are generally costly and burdensome, requiring extensive workplace adjustments, evidence from disabled people suggests that most needs are low cost, such as working hours flexibility.

---

<sup>1</sup> The difference between the employment probabilities of disabled and non-disabled people, after controlling for other relevant characteristics.

Disabled people are more likely than non-disabled people to work **part-time** or as **self-employed**, and there is evidence in both cases (especially the former) that this reflects the flexibility these forms of work offer, rather than resulting from labour market discrimination or marginalisation of disabled people. Disabled people are no more likely than non-disabled to be in insecure **temporary jobs**.

## **The role of employers**

**Employers** play a crucial role in determining disabled people's employment chances:

- Despite the DDA, the evidence suggests that discrimination against disabled people persists (this is suggested both by evidence from disabled people themselves, and from the fact that disabled people's employment chances are much worse than would be suggested by their personal characteristics, including skills and qualifications). Tackling this, particularly at the point of recruitment, could make a big difference to their employment rates.
- Employers have more positive views about retaining existing disabled employees than about recruiting disabled people.
- There is some evidence that employers' perceptions of disabled employees are (positively) influenced by experience.
- Employer attitudes and behaviours vary considerably by organisation size.
- There is some evidence of employer attitudes and awareness having improved over time, and the DDA is likely to have played a role.
- There is no evidence that employers are generally less likely to train disabled workers than non-disabled workers, although the least-skilled/unskilled disabled workers are least likely to be trained.

## **Employment and skills policy**

The **employment policy regime** for disabled people in recent years has involved: a growing emphasis on supply-side measures; a focus on benefit reforms to 'make work pay'; increased 'activation' (via compulsory participation in schemes); more individualised support packages; greater involvement of the private and voluntary sectors; and increased emphasis on early intervention in the sickness absence process. These trends are intensified in the approach of the current government, dominated by the ESA regime and the new Work Programme, with a smaller number of specialist programmes for disabled people with more complex needs.

There is a continuing **under-emphasis on skills development** for disabled people in employment programmes. This reinforces rather than compensates for the 'double disadvantage' that disabled people experience through low participation rates in formal education. Disabled people's participation in government-funded further education and skills provision (including apprenticeship) has improved, but they remain under-represented. Lack of appropriate and structured personal support, including better individual advice and guidance is a key barrier here.

## **Conclusion**

There is tentative evidence that the gap between disabled and non-disabled people's employment rates may have begun to narrow, and that the DDA may have helped disabled people in employment remain in work. Future changes in the occupational and skill structure, compounded by the impact of spending cuts may make it hard to continue this progress, however, and there is still a very long way to go.

# 1 Introduction

## 1.1 Why look at disability and skills?

Disabled people are hugely disadvantaged in labour market terms, however disability is defined and measured (as discussed below, there are complex issues of definition and measurement). This disadvantage is persistent and has resisted attempts by policy-makers to reduce it. The evidence suggests that despite anti-discrimination legislation introduced in the mid-1990s, and a range of welfare-to-work policies and employment support programmes targeted at disabled people, little progress has been made in increasing the level and quality of disabled people's labour market participation. Indeed recent evidence (Berthoud, 2011) shows that the 'disability employment penalty'<sup>2</sup> increased from 17 per cent in 1987 to 28 per cent in 2000 and has not reduced since then.

This paper includes a focus on the skills dimension of disabled people's labour market participation. In assessing the labour market disadvantage faced by disabled people and appropriate policy responses, it is crucial to understand the different influences contributing to that disadvantage. In particular, given that the skills and qualifications of disabled people are, on average, lower than those of non-disabled people, there is an important question about how far the labour market disadvantage is driven by this skills deficit, and how far it reflects other factors. The latter include the role of employers and discrimination against disabled people, as well as the wider barriers which disabled people face in participating fully in the labour market. It seems that the skills deficit has received less attention than other factors in the research and policy literature.

In this paper, we provide an overview of disabled people's labour market situation and the role of skills in contributing to that situation, drawing on existing research and data. We also provide more speculative conclusions on the impact of the recent recession and future economic developments on disabled people's labour market participation. Finally, we highlight key policy issues.

---

<sup>2</sup> The difference between the employment probabilities of disabled and non-disabled people, after controlling for other relevant characteristics.

## 1.2 Some definitional issues

One of the major problems in any discussion of disabled people and their skills and employment is defining the disabled population for consideration. (Riddell, 2010, p4)

Different authors and statistical sources use different definitions, some closer than others to the 'social model of disability', which has become the dominant approach to conceptualising disability<sup>3</sup>. In this paper, which uses the Labour Force Survey (LFS) as a data source, we are limited to the two definitions of disability in that survey: 'DDA-disability'<sup>4</sup>; and 'work-limiting disability'<sup>5</sup>. One in five of the working age population (7.6 million people) meet either or both definitions (Table 1.1).

The definition used affects the conclusions drawn about disabled people's labour market experiences. The 'official' definition<sup>6</sup> used to monitor disabled people's employment rate is the DDA-disabled definition (around 6.4 million people)<sup>7</sup>. However, this measure understates the labour market disadvantage faced by disabled people (Meager 2009) by excluding people (1.2 million) who do not meet the DDA definition, but whose impairment affects the work they can do, and who are, therefore, disadvantaged in labour market terms. Equally it includes a large group (2.0 million) whose impairment, while meeting the broad DDA definition, *does not* affect their working life (and who are not significantly disadvantaged in labour market terms; indeed their employment rates are very similar to non-disabled people). The most disadvantaged group are those meeting both definitions, around **4.4 million people**. As Riddell et al. 2010 (p.8) note, 'Clearly those that are DDA and work limiting, a group which includes those who are severely disabled, are at the greatest labour market disadvantage'.

---

<sup>3</sup> The 'medical model', embodied in earlier research and many statistical definitions, assumes that people are disabled primarily by their impairment or medical condition. By contrast, the 'social model' advanced in recent years by the disabled people's movement is rooted in the notion that people are disabled by physical, organisational and attitudinal barriers within society: Oliver 1990.

<sup>4</sup> The DDA definition is that someone has "a physical or mental impairment which has a substantial and long-term adverse affect on their ability to carry out normal day-to-day activities".

<sup>5</sup> An older definition based on the respondent's assessment of whether their impairment limits the amount or kind of work they can do.

<sup>6</sup> See, for example: <http://www.officefordisability.gov.uk/roadmap-to-disability-equality/indicators.php> and Government Equalities Office (2009)

<sup>7</sup> In discussing the definition used in the General Household Survey and its tendency to overstate the level of impairment in the population, Berthoud (2011. p11) also notes that: "the same problem also affects the definition of disability adopted by the Labour Force Survey, used by the government and its agencies as the official source of data to monitor equal opportunities for disabled people. The LFS persistently overstates the prevalence of disability (compared with specialist surveys), and as a result persistently understates the extent of disadvantage experienced by disabled people."

**Table 1.1 Prevalence of disability among the working age population, 2010<sup>8</sup>**

	number	%
not disabled	30,479,667	80.0
all disabled	7,601,447	20.0
<i>of which</i>		
DDA- and work-limiting disabled	4,432,533	11.6
DDA-disabled only	2,012,284	5.3
work-limiting disabled only	1,156,630	3.0
Total	38,081,114	100.0

Source: Labour Force Survey (April-June 2010), UK

### 1.3 Age structure of the disabled working age population

Disabled people are, on average, older than non-disabled people (Table 1.2). The prevalence of disability increases with age, and many 'disabling' impairments are age-related. This is relevant to many themes in this paper since, where differences (e.g. in skill profiles) between the disabled and non-disabled workforce are identified, it is important to understand whether this reflects an age effect, or is associated with disability status per se.

**Table 1.2 Age distribution of working age population and people in employment, by disability status, 2010**

Age group	Working age population		Working age, in employment	
	all disabled	not disabled	all disabled	not disabled
	%	%	%	%
16-24	10.1	21.6	7.6	13.6
25-34	12.8	23.4	13.9	23.1
35-44	21.6	23.5	23.8	25.7
45-54	28.7	20.6	31.2	24.8
55-64 (women 55-59)	26.7	10.9	23.4	12.7
Total (=100%)	7,601,447	30,479,667	3,850,382	23,616,769

Source: Labour Force Survey (April-June 2010), UK

<sup>8</sup> We define 'working age' in the traditional sense (men aged 16-64 and women aged 16-59). Official usage has recently changed to include both men and women aged 16-64, in line with international convention (See <http://www.nomisweb.co.uk/articles/487.aspx>). However, the LFS questions relating to disability do not all reflect this new definition, and for this reason, as well as to allow time series comparisons, we use the older definition.

## 1.4 Labour market participation of disabled people

Table 1.3 shows the extent of disadvantage facing disabled people in general, and those with work-limiting disability in particular. On the broadest definition, only 51 per cent of disabled people are in work, compared with 78 per cent of non-disabled people. Among disabled people, worklessness is largely a problem of economic inactivity rather than unemployment; the proportions of non-disabled and disabled people who are unemployed are very similar (6.3 per cent and 6.6 per cent respectively). The employment rate varies according to the definition of disability. The employment rate among the ‘DDA-disabled only’ group (80%) is **higher** than among non-disabled people (78%). This is not surprising, since these are disabled people whose impairment does not affect their work, but it underlines the extent to which official estimates are boosted by including this group. Indeed, among people who are work-limiting disabled, the employment rate is only 40%, and among those who are **both** work-limiting and DDA-disabled, it is 33%.

**Table 1.3 Labour market participation by disability status, 2010**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled	total
	%	%	%	%	%	%
in employment	50.7	33.3	79.9	66.2	77.5	72.1
ILO unemployed	6.6	6.5	5.0	9.7	6.3	6.3
economically inactive	42.8	60.2	15.1	24.1	16.3	21.6
Total (=100%)	7,601,447	4,432,533	2,012,284	1,156,630	30,479,667	38,081,114

*Source: Labour Force Survey (April-June 2010), UK*

It is important to stress that ‘disabled people’ are a heterogeneous group. While there is reluctance within the disabled people’s movement, in line with the social model of disability, to focus on specific impairments, it is nevertheless clear that impairment type is correlated with labour market chances:

The main conclusion of the analysis has been that disability is a complex construct that can be measured and analysed – and that it is useful to do so. [...] the employment rate of disabled people varies according to the medical conditions they report, according to the types of impairment they experience, and according to the overall severity of those impairments. These three packages of variables make a significant contribution to an explanation of employment probabilities across the working-age population as a whole, and especially to an explanation of variations within the disabled group. (Berthoud 2008, p. 143)



Similar variations are evident in the LFS data (Table 1.4): among the different impairment types, several groups have employment rates above 60%, while people with mental health problems or learning disabilities have very low employment rates (below 25%).

**Table 1.4 Employment rates of disabled people by nature of main health problem, 2010**

Health problem	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only
	%	%	%	%
severe disfigurement, skin conditions, allergies	67.5	51.2	80.6	69.8
diabetes	66.3	46.4	84.2	58.9
chest or breathing problems, asthma, bronchitis	63.0	41.7	79.9	68.7
stomach, liver, kidney or digestive problems	60.2	46.4	81.5	62.2
heart, blood pressure or blood circulation problems	59.0	35.8	82.3	62.5
difficulty in hearing	54.4	34.6	70.0	66.8
other health problems or disabilities	53.5	34.5	77.0	63.9
problems or disabilities connected with... arms or hands	51.9	39.9	81.4	70.7
.....back or neck	51.2	37.5	**	77.1
....legs or feet	49.0	34.2	84.0	73.8
difficulty in seeing	47.0	35.9	70.0	62.3
epilepsy	43.8	27.0	86.0	58.9
progressive illness not included elsewhere (e.g. cancer, multiple sclerosis, symptomatic HIV, Parkinson's disease, muscular dystrophy)	43.5	30.9	82.5	**
depression, bad nerves or anxiety	31.6	21.2	66.5	37.6
severe or specific learning difficulties	24.7	13.2	**	50.8
mental illness, phobia, panics or other nervous disorders	17.4	12.8	63.8	**
a speech impediment	**	**	**	**

Note: \*\* = less than 10,000 in cell

Source: Labour Force Survey (April-June 2010), UK

Finally, it is worth noting that, although the DDA came into force in 1996, the evidence does not suggest that disabled people's labour market disadvantage has been significantly reduced as a result of the legislation. While aggregate LFS data for 2002 to 2010 produced by the Office of Disability Issues show an increase in the employment rate from 44.5 per cent to 48.4%<sup>9</sup>, as noted above, this does not fully reflect the employment rate of people with work-limiting disabilities, which is lower and more stable over time<sup>10</sup> (see section 2.1 below). Further, econometric analysis using a range of national survey data has concluded that there is "...no evidence of a positive employment effect of the introduction of the DDA" (Jones 2009), and "the DDA has had no impact on the employment rate of disabled people or possibly worsened it" (Bell and Heitmueller, 2005). Reasons suggested for the disappointing impact of the DDA include:

- The possibility that the DDA is better at protecting disabled people already in the labour market, than at easing entry to the labour market for disabled people currently outside it (the DDA is rarely used by disabled people seeking redress for discrimination at the point of recruitment: Meager and Hurstfield 2005).
- The possibility that the DDA poses compliance costs on employers. There is some evidence of such an impact from US anti-discrimination legislation (Acemoglu and Angrist 2001). Bell and Heitmueller (2005) argue that such effects may be lower in the UK, because there are offsetting mechanisms (especially the *Access to Work* scheme, subsidising workplace support costs) and because awareness and enforcement of the legislation in the UK remain weak (as Hogarth et al. 2009 note, this view is qualified by recent UK employer surveys showing growing levels of awareness of the DDA: Simm et al. 2007<sup>11</sup>).

## 1.5 Regional employment rates of disabled people

There are big regional variations in disabled people's employment rates (Meager and Hill, 2005). Of particular interest, however, is whether such variation simply reflects regional variation in overall employment rates, or whether the *relative* disadvantage of disabled people also varies regionally. Figure 1.1 shows that this disadvantage is indeed greater in low employment regions<sup>12</sup>. As Meager and Hill (2005) show, moreover, the relationship is even stronger when spatially disaggregated (local authority) data is used.

---

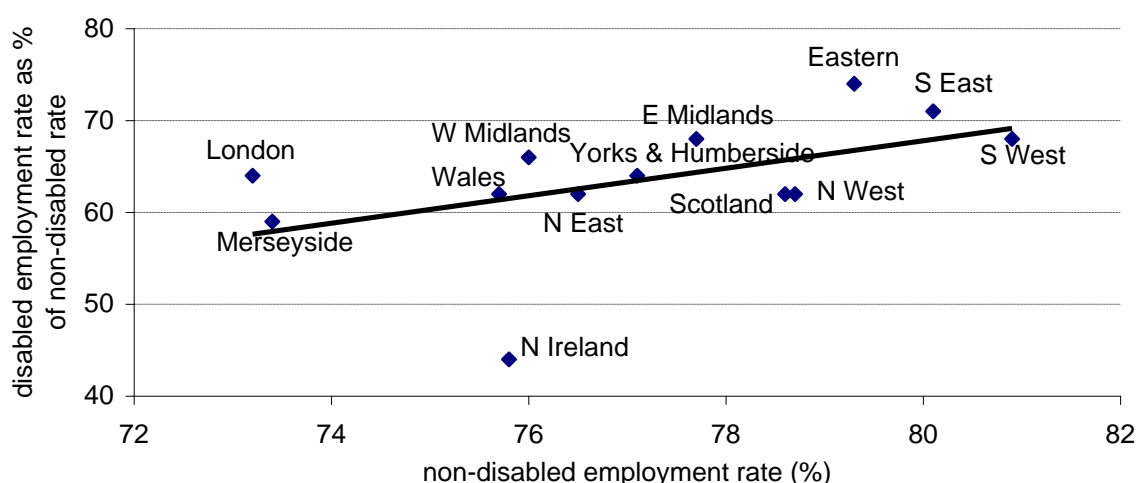
<sup>9</sup> See: <http://www.officefordisability.gov.uk/roadmap-to-disability-equality/indicators.php>

<sup>10</sup> Unfortunately, because of weighting changes to the LFS data sets we have been unable to construct a comparable time-series based on a work-limiting definition of disability.

<sup>11</sup> More recently (Dewson et al. 2010) the growth in awareness may have plateaued, however.

<sup>12</sup> This is also suggested by the multivariate econometric analysis of Berthoud (2011).

**Figure 1.1: Relative employment disadvantage of disabled people at regional level (2010)**



Source: Labour Force Survey (April-June 2010), UK

These findings are consistent with a strand of the literature<sup>13</sup> arguing that the local incidence of disability-related inactivity reflects local labour market demand rather than any local variation in disability prevalence; disabled people are further down the ‘hiring queue’ in demand-deficient localities (wage replacement ratios may also be relevant, since benefit levels are set nationally, but wages vary regionally). In tighter regional and local labour markets, it is likely that employers, particularly if facing recruitment difficulties, make more effort to recruit a diverse workforce, to the benefit of disabled job-seekers.

## 1.6 Earnings of disabled people

Disabled people earn less than non-disabled people (Table 1.5), with the exception of those who are DDA-disabled only (whose hourly earnings are higher than non-disabled people). As with employment rates, the gap is widest for those who are both DDA and work-limiting disabled, whose 2010 earnings were 89 per cent of the non-disabled level.

**Table 1.5 Earnings by disability status, 2010**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled	total
Gross hourly pay (£ per hour)	£12.05	£11.21	£13.03	£12.05	£12.65	£12.57
Total (=100%):	3,243,845	1,271,109	1,289,592	683,144	20,533,577	23,777,422

Base: employees only

Source: Labour Force Survey (April-June 2010), UK

<sup>13</sup> See Beatty and Fothergill (2005), Beatty et al., (2007)

It is likely that some of the earnings gap reflects lower qualifications of disabled people. Table 1.6 suggests, however, no simple pattern: while the earnings gap persists **within** qualification levels at lower levels (especially 'other qualifications'), at higher levels, especially NQF levels 2-3, there is little or no earnings gap (or even a gap in favour of disabled people).

**Table 1.6 Earnings by disability status and qualification level, 2010**

	<b>All disabled</b>	<b>DDA- &amp; work-limiting disabled</b>	<b>DDA-disabled only</b>	<b>work-limiting disabled only</b>
	gross hourly pay as % of gross hourly pay of non-disabled people			
NQF level 4 and above	94.5	91.3	97.5	93.6
NQF level 3	107.9	102.9	117.8	97.1
trade apprenticeship	98.8	98.5	101.3	94.1
NQF level 2	106.5	101.5	118.6	98.9
below NQF level 2	101.4	94.6	108.5	97.8
other qualifications	86.1	79.8	91.7	90.3
no qualification	99.5	93.8	116.5	90.2
<i>All</i>	95.2	88.6	103.0	93.1

*Source: Labour Force Survey (April-June 2010), UK*

More generally we can ask how much of the earnings gap is explained by personal characteristics of disabled people, and how much by employer discrimination. The literature is less well-developed than the parallel literature on gender pay gaps, but several econometric studies<sup>14</sup> of the influence of personal characteristics on disabled wage and employment gaps, confirm significant unexplained residuals, attributed to employer discrimination (which account, depending on the study, for up to half of the observed differentials between disabled and non-disabled people).

<sup>14</sup> Blackaby et al. (1999); Kidd et al. (2000), Jones et al. (2006), Jones and Sloane (2010)

## 1.7 Qualifications profile of disabled people

There is a dramatic difference in the stock of human capital between disabled and non-disabled people, measured at a single point in time. (Jones, 2010, p33).

Table 1.7 shows that the qualifications profile of disabled people (except for those in the DDA-only category) is very different from that of non-disabled people. Particularly marked is the under-representation of disabled people in the most highly-qualified group (NQF level 4 and above), and their over-representation among those no qualifications. Disabled people are only two-thirds as likely as non-disabled people to achieve level 4 and above (and those in the most disadvantaged group, DDA and work-limiting-disabled, are only half as likely), while they are more than twice as likely to have no qualifications (and those in the least disadvantaged group more than three times as likely).

Further, just as Table 1.7 suggests that human capital levels are lowest among those with the most severe impairments (in our analysis, those with both DDA and work-limiting disabilities), Jones (2010) constructs another proxy for 'severity' (the number of health problems an individual has), finding:

**Table 1.7 Level of highest qualification held, by disability status, 2010**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled	total
	%	%	%	%	%	%
NQF level 4 and above	22.7	17.2	32.3	27.1	33.4	31.3
NQF level 3	13.3	11.7	15.9	14.8	17.4	16.6
trade apprenticeship	5.6	5.5	5.8	5.8	3.9	4.3
NQF level 2	14.8	13.5	17.0	15.8	16.7	16.3
below NQF level 2	15.3	16.6	13.3	13.5	12.3	12.9
other qualifications	8.8	8.9	8.1	9.5	8.3	8.4
no qualification	19.5	26.6	7.5	13.5	8.1	10.3
Total (=100%)	7,600,825	4,431,911	2,012,284	1,156,630	30,447,335	38,048,160

Source: Labour Force Survey (April-June 2010), UK

The proportion holding qualifications at degree level decreases continuously as the number of health problems rises from 1 to 5 or more, while the proportion with no qualifications increases continuously. (Jones 2010 p. 33)

Of course, part of the qualifications gap may be age-related. Disabled people are older than average, while young people have higher qualifications<sup>15</sup>, due to expansion of further and higher education, and the raising of the school-leaving age. Table 1.8 shows, however, that the gap is not solely an age effect. For both disabled and non-disabled people the chance of having no qualifications increases with age, but in all age groups the proportion of disabled people with no qualifications is twice or more the proportion of non-disabled people. Similarly, the proportion of disabled people qualified to level 3 and above is, in all groups, 10-15 percentage points lower than among non-disabled people.

**Table 1.8 Qualifications and disability status, by age, 2010**

Age group	% qualified to level 3 or above		% with no qualifications	
	All disabled	Not disabled	All disabled	Not disabled
16-24	31.0	42.6	18.2	9.9
25-34	45.4	58.6	12.1	6.1
35-44	37.8	53.6	16.5	5.9
45-54	35.4	49.6	20.7	8.1
55-64 (women 55-69)	32.6	46.3	24.9	13.2
Total (=100%)	2,736,655	15,458,640	1,485,173	2,452,784

Source: Labour Force Survey (April-June 2010), UK

Finally it is important to note that the relationship between disability and educational level is not uni-directional (with the causality going from disability to qualifications); the evidence also suggests that people with educational disadvantages are also more likely to become disabled<sup>16</sup>.

### 1.7.1 Skills and labour market outcomes

Given the strong association between qualifications and employment outcomes, it would be surprising if this skills deficit was not a cause of disabled people's poor labour market performance. This is confirmed by most econometric work on this question; as Jones et al. (2006) note:

...the results show that both men and women with educational qualifications are significantly more likely to be in employment than those without any qualifications; a finding that applies for both categories of the disabled as well as the non-disabled. However, the marginal effect of each qualification is stronger for the work-limited disabled, indicating the particular importance of obtaining qualifications among this group. (Jones et al. 2006)<sup>17</sup>

<sup>15</sup> see UK Commission, 2010, p125-6

<sup>16</sup> See Berthoud (2008) and the discussion in section 4.4 below.

<sup>17</sup> Jones et al. (2006) also note a similar effect of qualifications on earnings.

Table 1.9 reinforces this, showing that:

- disabled people are, like non-disabled people, more likely to be in work if they have a qualification, especially a higher level qualification.
- the relative disadvantage associated with lack of qualifications is greater for disabled than for non-disabled people. The ratio between the employment rate of people qualified to level 4 and above to that of people without qualifications is 1.6 for non-disabled people, while for disabled people it is 3.6, and for the most disadvantaged (DDA and work-limiting disabled) it rises to 4.4.
- (with the exception of the 'DDA-only' group) at any skill level disabled people are less likely to be in work than non-disabled (so qualifications explain only part of the employment disadvantage that disabled people face).

**Table 1.9 Employment rates of disabled people by level of highest qualification held, 2010**

	<b>All disabled</b>	<b>DDA- &amp; work-limiting disabled</b>	<b>DDA-disabled only</b>	<b>work-limiting disabled only</b>	<b>not disabled</b>
	%	%	%	%	%
NQF level 4 and above	72.1	54.8	87.5	82.2	87.7
NQF level 3	63.4	50.3	80.4	70.8	75.1
trade apprenticeship	53.5	35.5	81.3	70.3	87.7
NQF level 2	56.1	39.7	79.5	65.5	73.5
below NQF level 2	42.9	27.8	75.6	58.2	71.2
other qualifications	46.4	31.1	75.5	57.9	76.8
no qualification	20.2	12.4	58.7	41.9	55.0
<i>Ratio of employment rate of NQF 4 and above group to employment rate of no qualification group</i>	3.6	4.4	1.5	2.0	1.6

Source: Labour Force Survey (April-June 2010), UK

## 1.7.2 Skill utilisation and disabled people

Given their lower overall qualification levels, it might be expected that the chance of disabled people ending up in work which underutilises their skills is lower than for non-disabled people. Counter to this, there are also reasons to expect that disabled people might be more subject to skills mismatch: as Jones and Sloane (2010) point out, disabled people facing employer discrimination may be more willing to accept jobs which do not fully utilise their qualifications; further, they may also face constraints on job-search (e.g. transport barriers) as well as constraints relating to the “physical (or emotional) demands of employment, hours of work and accessibility”. As a result, they may **search in a smaller labour market**, and be more likely to accept employment for which they are poorly-matched.

For all these reasons, disabled people may enter jobs for which they are over-skilled. Jones and Sloane (2010) also suggest, however, circumstances in which disabled people might end up under-skilled for their jobs: “...it is also possible that onset of disability reduces an individual’s ability to work and so increases their probability of being underskilled (conditional on remaining in the same job)”. Their empirical tests of this, using the Workplace Employment Relations Survey (asking employees how well their skills match those needed by their jobs) show that, controlling for other personal and occupational characteristics, disabled are much more likely than non-disabled workers to experience skill mismatch. This works in both directions, although the over-skilling effect is stronger than the under-skilling effect, and is particularly marked in disabled people with a work-limiting disability.

In this context it is also of interest to note that the most common type of ‘workplace discrimination’ reported by disabled employed adults in the Life Opportunities Survey (ONS 2010) is “being given fewer responsibilities than you wanted”, while the second commonest is “not being promoted”. It is apparent that skill utilisation / high performance working may offer a way for both employer and individual to address this issue.



## 1.8 Where are disabled people employed?

Table 1.10 shows the occupational distributions of disabled and non-disabled people in work (employees and self-employed). Consistent with their skill profile, disabled people are under-represented in higher level jobs: just over a third (37%) work in managerial, professional and associate professional occupations, compared with 43 per cent of non-disabled people. Thus not only does the relative under-qualification of disabled people affect their likelihood of obtaining work, but it also affects, for those who do get work, access to higher level jobs. Once again, however, it is notable that the 'DDA-only' group is less disadvantaged in this respect than those with a work-limiting disability.

**Table 1.10 Occupation of employment by disability status, 2010**

Occupation (SIC 2000)	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled
	%	%	%	%	%
1: Managers & senior officials	13.8	11.8	16.2	12.4	15.8
2: Professional occupations	11.9	9.5	14.4	11.4	14.4
3: Associate professional & technical	13.9	13.3	13.8	15.1	15.1
4: Admin & secretarial	11.3	11.9	11.8	9.1	10.5
5: Skilled trades	10.8	11.9	9.0	12.3	10.8
6: Personal services	10.1	10.5	10.1	9.6	8.5
7: Sales & customer services	8.0	9.7	7.2	6.6	7.4
8: Process, plant & machine operatives	7.7	8.2	7.3	7.7	6.6
9: Elementary occupations	12.5	13.3	10.2	15.7	10.9
Total (=100%)	3,830,234	1,466,153	1,602,815	761,266	23,538,942

Source: Labour Force Survey (April-June 2010), UK

In contrast, Table 1.11 shows little difference between the sectoral distributions of disabled and non-disabled people in work: the only notable differences are that disabled people are slightly less likely to work in banking, finance, insurance and related activities, and slightly more likely to work in public administration, education and health.

**Table 1.11 Sector of employment by disability status, 2010**

<b>Sector (SIC 2003)</b>	<b>All disabled</b>	<b>DDA- &amp; work-limiting disabled</b>	<b>DDA-disabled only</b>	<b>work-limiting disabled only</b>	<b>not disabled</b>
	%	%	%	%	%
A-B: Agriculture, Forestry & fishing	1.1	1.5	0.7	1.2	1.0
C,E: Energy & Water	1.7	1.7	1.5	1.8	1.7
D: Manufacturing	9.7	9.1	10.1	10.0	10.2
F: Construction	7.3	7.6	6.9	7.4	7.9
G-H: Distribution, Hotels & Restaurants	18.9	20.9	17.1	18.8	19.0
I: Transport & Communication	8.7	8.3	8.6	10.0	8.5
J-K: Banking, Finance & Insurance etc.	13.6	13.0	14.7	12.5	16.4
L-N: Public Administration, Education & Health	33.5	32.9	34.8	31.8	30.0
O-Q: Other Services	5.5	5.0	5.5	6.3	5.3
<b>Total (=100%)</b>	<b>3,813,024</b>	<b>1,456,935</b>	<b>1,595,926</b>	<b>760,163</b>	<b>23,457,028</b>

*Source: Labour Force Survey (April-June 2010), UK*

Table 1.12 confirms that disabled people are slightly more likely to work in the public than the private sector. Previous research, however, suggests that the greater propensity of public sector employers to employ disabled people and their more positive attitude towards disabled people, are not solely due to the penetration of ‘disability-friendly’ employment policies and practices in the public sector<sup>18</sup>, but also reflect the higher concentration of large establishments in the public sector (larger employers are more likely to employ disabled people: Dewson et al. 2005). Table 1.12 shows further that the share of public sector employment is highest among the ‘DDA only’ group (i.e. the group apparently least disadvantaged in labour market terms), and the public sector does hardly any better than the private in employing people with work-limiting disabilities.

**Table 1.12 Employment in the private or public sector, by disability status, 2010**

<b>Private or public sector (self-reported)</b>	<b>All disabled</b>	<b>DDA- &amp; work- limiting disabled</b>	<b>DDA- disabled only</b>	<b>work- limiting disabled only</b>	<b>not disabled</b>
	%	%	%	%	%
Private sector	72.7	74.0	70.6	74.4	75.0
Public sector	27.3	26.0	29.4	25.6	25.0
Total (=100%)	3,813,009	1,457,621	1,596,515	760,163	23,457,028

*Source: Labour Force Survey (April-June 2010), UK*

<sup>18</sup> Roberts et al. (2004) documents the greater prevalence in the public sector of policies towards the recruitment of disabled people.

## 2 Impact of recent economic change on disabled people

### 2.1 Impact of the recession on employment rates

Disabled people's employment rate has not fallen in the recent economic downturn (Table 2.1). Over 2007-2010, the employment rate of non-disabled people both by more than two percentage points, while that of disabled people increased slightly, as did that of the most disadvantaged group (DDA and work-limiting disabled). Only the 'DDA-only' group recorded a slight fall in its (already high) employment rate.

**Table 2.1 Employment rates by disability status (2005, 2007, 2010)**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled	total
	%	%	%	%	%	%
April-June 2005	49.7	32.8	83.2	65.8	80.4	74.5
April-June 2007	49.8	32.9	80.7	66.4	80.0	74.3
April-June 2010	50.7	33.3	79.9	66.2	77.5	72.1

*Note: data from 2007 and 2010 are weighted to 2009 population estimates, while data from 2005 are weighted to 2007-8 and are not, therefore, strictly comparable*

*Source: Labour Force Survey (April-June quarters)*

As a result, the disabled/non-disabled employment rate gap has narrowed in the recession. This surprising finding is consistent with the econometric analysis in Jones (2009), who incorporates GDP variables in the model, noting that:

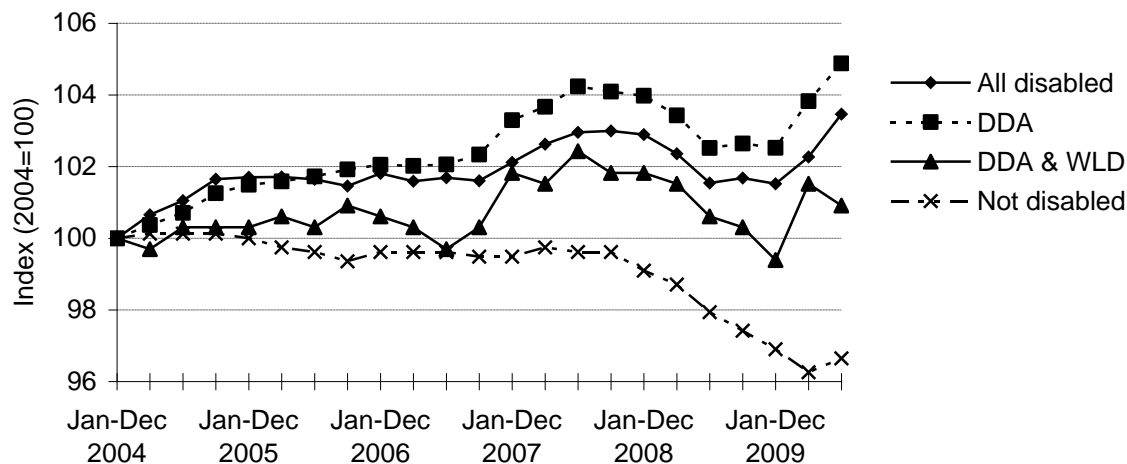
The estimated effect of the economic cycle, which suggests the disabled do worse than the non-disabled during a period of growth is, however, counterintuitive. (Jones, 2009, p.359)

Jones uses data, preceding the recent recession. However, data from the Annual Population Survey covers the period 2004-2010, enabling us to construct comparable time series<sup>19</sup> for the years up to and following the recent recession. Figure 2.1 presents indices of employment rate change for the period 2004-2010, using three overlapping disability measures. Prior to the recession, the employment rate on all three definitions (but especially the DDA definition) grew slightly faster than the employment rate of non-disabled people, which was flat or slightly falling. After the onset of recession, however, employment rates of disabled people (on all definitions) fell less than that of non-disabled

<sup>19</sup> These data are not comparable with the LFS data used elsewhere in this paper, due to the different sampling bases of the APS and LFS, and the fact that the APS data (<https://www.nomisweb.co.uk/>), use the new official working age definition.

people, and started to recover earlier. The overall effect is a reduction in the disabled/non-disabled employment rate gap throughout the period, but especially since the onset of recession.

**Figure 2.1: Employment rate indices for disabled and non disabled people (2004-2010)**



Source: Annual Population Survey, sourced via NOMIS

The literature offers no explanation for this pattern: standard labour market theory suggests that in tighter labour markets employers would discriminate less against disadvantaged groups, whose relative disadvantage would diminish<sup>20</sup> (and vice versa in a downturn); this is consistent with cross-section evidence showing a smaller gap between disabled and non-disabled employment rates in high employment areas (section 1.5 above). Interestingly, Berthoud (2011) also finds this distinction between the impact of the economic cycle over time, and the cross-sectional impact of variations in labour demand:

The initial conclusion that disabled people’s employment is not very sensitive to variation in labour demand is reversed, though, when we consider differences between regions. For the population as a whole (without interactions) regional unemployment makes less difference to job chances than cyclical unemployment does. This is even more true when the model with interactions is examined – non-disabled people are hardly affected by the regional economy. But disabled people are seriously affected by long-term regional variations. Almost the whole of regional disadvantage is experienced by disabled people. (Berthoud 2011, p25)

Further evidence is required to explain the recent trends, but Berthoud’s longer-term analysis, showing the lack of response of disabled people’s jobs chances to booms and busts, suggests that we should not get too excited about small movements in the disabled/non-disabled employment rate gap. However, the fact that the gap narrowed slightly before the recession (and a little faster in the recession) at least raises the

<sup>20</sup> See the discussion in Hasluck 2006.

possibility that the DDA may finally be beginning to obtain some traction on disabled people's employment rates. Further, the differential performance in the recession is consistent with the notion that the DDA's impact is asymmetrical, with a greater protective impact on job-retention than on recruitment<sup>21</sup>. As noted in Meager and Hurstfield (2005), many more tribunal cases taken under the DDA relate to discrimination against existing disabled employees, than to recruitment discrimination, even though disabled people report that a key source of employment discrimination occurs at recruitment (Grewal et al. 2002). It is clear that the evidential barriers to taking recruitment cases are greater than those faced under other sub-jurisdictions of the Act (dismissal cases or reasonable adjustment cases), and that disabled people outside the labour market have less likely access to support (e.g. from trade unions) or information necessary to take a case. This may lead to employers making greater efforts to avoid discriminating against existing disabled employees (e.g. when making redundancies); the onset of age discrimination legislation in 2006 may have reinforced any such tendency (given the strong correlation between age and disability). Any effect on recruitment of disabled people in an upturn may, however, be weaker.

Finally it is worth noting that an employer survey in 2009 (Dewson et al. 2010), asked about the impact of the recession on the employment of disabled people. While almost three quarters of employers had been affected by the recession (mostly negatively), this did not translate into a significant impact on the employment of disabled people, over 81 per cent of whom said their ability to employ or retain disabled people had not been affected.

## **2.2 Impact of the recession on earnings**

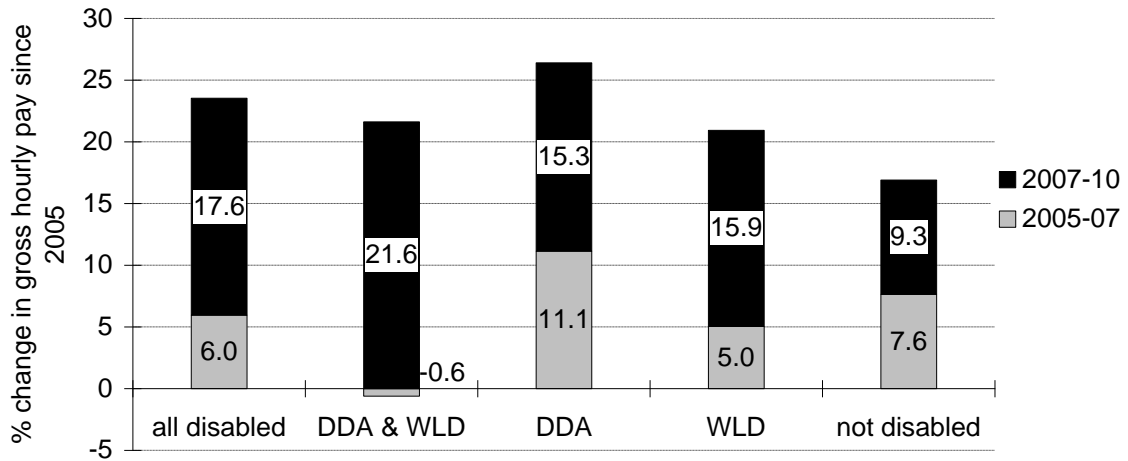
Similarly, there is no evidence that the earnings gap between disabled and non-disabled has widened in the downturn. Indeed (Figure 2.2) it may even have narrowed. Over 2005 to 2010, the gross hourly pay of non-disabled people increased by 17%, less than the increase for disabled people as a whole (24%) as well as for the different disabled sub-categories. Interestingly, over the recession (2007-2010) the difference is even larger, with the increase recorded by disabled people being nearly twice that of non-disabled people.

---

<sup>21</sup> See also Bell and Heitmueller (2005) who suggest asymmetrical impacts of the DDA on recruitment and retention.

As with the employment rate gap, further work is required to explain the narrowing of the earnings gap. Nevertheless, it is consistent with our tentative explanation of the narrowing employment gap; if the latter reflects existing disabled employees experiencing better chances of job retention in the recession, then this would tend to raise the average job-tenure of disabled employees relative to non-disabled and, given a positive wage-tenure relationship, reduce the earnings gap.

**Figure 2.2: Changes in earnings (2005-07 and 2007-10) by disability status**



*Note: data from 2007 and 2010 are weighted to 2009 population estimates, while data from 2005 are weighted to 2007-8 and are not, therefore, strictly comparable*

*Source: Labour Force Survey (April-June quarters)*

### 3 Impact of likely future economic developments on disabled people

Discussion of this subject is hampered by the fact that, after the most severe recession for many decades, followed by a controversially fast and large planned reduction in public expenditure, there is no consensus among economists about the likely course of the main economic aggregates in the immediate short-term, let alone over the medium- to long-term. The most disaggregated available employment projections (*Working Futures: Wilson et al. 2008*<sup>22</sup>) cover 2007-17, but were prepared prior to the recession, and many of their underlying assumptions no longer apply. Even if it were possible to describe the future course of the economy and employment, however, the difficulty in translating this to an impact on disabled people's employment is further compounded by the fact (discussed above) that the relationship between disabled employment on the one hand, and total employment and economic growth on the other has recently changed, and we lack a robust explanation for the change, to allow us to predict how the relationship would develop over time.

With this background, the most that can be done is to consider the projections that do exist, link them to what is known about the relative employment and skills position of disabled people, and tentatively highlight key possible influences on how that relative position will develop over time.

#### 3.1 Projections of disabled people's employment

The most recent projections focusing specifically on disabled people's employment are presented in Hogarth et al. (2009), who looked at the impacts of the recession to date, and included projections of disabled people's employment<sup>23</sup>. It is difficult to link these projections to the LFS data in the current paper, because the projections of Hogarth et al. are for total employment (including those above working age); because they do not include projections of the working age population and hence of the employment *rate* which is our key interest; and because the projection periods (2008-13 and 2013-20) do not match the dates used in our analysis. With these caveats, Table 3.1 reports their projections of annual employment growth rates, showing that for all disabled categories the rate of employment growth is slightly higher (or the rate of decline slightly lower) than for non-disabled people. It is also of interest that the fastest growth is projected among those who are *both* DDA and work-limiting disabled (the group which previously had the poorest employment performance).

---

<sup>22</sup> The updated Working Futures projections for 2010-2020 will not be available until later in 2011.

<sup>23</sup> Derived by applying disabled people's historical employment by sector and occupation to employment forecasts from the UK macro-econometric model of Cambridge Econometrics.



**Table 3.1 Projected annual average growth rates in total employment, by disability status (2008-2020)**

	2008-13	2013-20
	%	%
DDA & work-limiting disabled	-0.5	0.7
DDA disabled only	-0.6	0.6
work-limiting disabled only	-0.6	0.6
not disabled	-0.7	0.5

Source: IER/Cambridge Econometric Forecasting Model, reported in Hogarth et al. 2009

Over the full period 2008-2020, covering recession and (presumed) subsequent recovery, the effect of these projections would be that total employment of non-disabled people would grow by a mere 0.4 per cent in total, while employment of the various categories of disabled people would grow by 2.2 per cent (DDA and work-limiting disabled), 0.7 per cent (DDA disabled) and 1.6 per cent (work-limiting disabled) respectively. These are not large changes over 12 years, and the projections certainly do not imply major improvements in the relative employment position of disabled people. This is even more the case when allowing for the possibility that growth rates in the working age populations in each of the categories may change over the period; recent history suggests that the proportion of the working age population reported as disabled has increased over time. If this continues (it is likely to, because the working population is ageing), then disabled people's employment will need to grow faster than that of non-disabled people, just to ensure that the gap in employment rates remains constant.

Given the date at which these projections were undertaken, however, the historical data used on relative employment shares has not fully incorporated the most recent changes, notably the recent narrowing of the employment gap; if anything, therefore, the projections are likely to err on the pessimistic side about disabled people's employment prospects. Thus whereas the *projections* in Table 3.1 suggest falling employment for disabled and non-disabled groups alike over 2008-13, the *actual* LFS data for 2007-10 show that, while non-disabled employment *fell* by 3.2%, disabled people's employment grew by 5.4 per cent (DDA and work-limiting disabled), 16.7 per cent (DDA disabled) and 4.2 per cent (work-limiting disabled). It seems therefore that, over the recession period, the projections of Hogarth et al. (2009) may have under-estimated the growth in disabled people's employment, and the narrowing the employment rate gap. It is unclear whether this narrowing will continue once overall economic growth resumes, not least because (section 2.1 above), historical data suggest that the disabled people's relative position improves less fast during upturns.

Much may depend on whether anti-discrimination legislation and its enforcement (and associated attitudinal and behavioural changes on employers' part) begin to impact on recruitment practices in the way they may have already begun to impact on retention practices, and whether changes to welfare-to-work and employment programmes supporting disabled people's employment begin to have positive effects (sections 3.3.1 and 6.1 below)

### 3.2 Implications of changing occupational and sectoral structures and changing demand for skills

*Working Futures* (Wilson et al. 2008) contains occupational and sectoral projections to 2017. As noted above, however, these were prepared before the recent recession, and before the announcement of spending cuts in the Comprehensive Spending Review. For these reasons, the projections should be treated with some caution. It is nevertheless of interest to look at their forecasts of the changing balance of occupations and sectors alongside the current occupational and sectoral distribution of disabled people's employment. Figure 3.1 plots on the horizontal axis the difference between the percentage share of disabled people's employment in a given occupation in 2010 and the percentage share of non-disabled people's employment in the same occupation (positive values represent occupations in which disabled people are relatively over-represented and vice versa). The vertical axis shows the growth in employment in each occupational group over 2012-17, projected by *Working Futures*.

**Figure 3.1: Projected occupational employment growth (2012-17) and relative share of disabled and non-disabled employment by occupation (2010)**



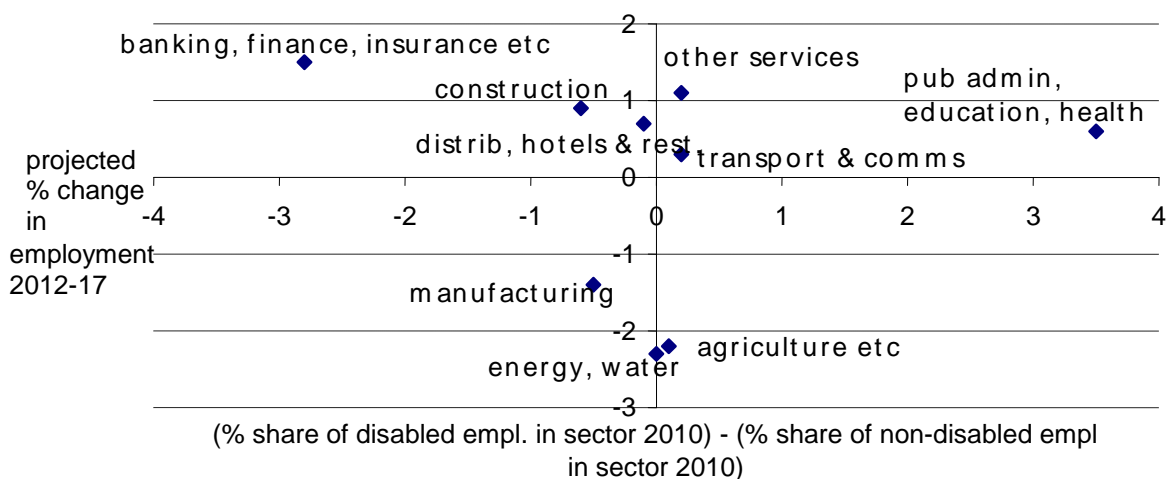
Source: Labour Force Survey (April-June 2010), UK and authors' calculations from Wilson et al. 2008, Table 3.1

Overall, the pattern is fairly clear: disabled people are under-represented in key occupations (managerial, professional and associate professional) in which strong growth is projected, while many occupations in which disabled people are over-represented (administrative, process plant and machine operatives and elementary occupations) are projected to experience falling employment. Overall however, taking these data together with:

- the skill profile of disabled people; and
- the growth areas identified in the *National Skills Audit* (UKCES 2010)<sup>24</sup>

it seems that the changing occupational structure and associated skill requirements are skewed in a direction unfavourable to employment growth among disabled people (at least if they retain their current occupational and skills profiles relative to non-disabled people). The main exception relates to two occupational groups (personal services, and sales and customer services) where disabled people are over-represented, and which are also projected to experience jobs growth. Given the current skills profile of disabled people, these may be the occupations with most potential for expanding their labour market participation.

**Figure 3.2: Projected sectoral employment growth (2012-17) and relative share of disabled and non-disabled employment by sector (2010)**



Source: Labour Force Survey (April-June 2010), UK and authors' calculations from Wilson et al. 2008, Table 3.1

<sup>24</sup> Looking at the fastest and slowest-growing occupations over 2001-09, UKCES 2010 states: "More than half of the jobs that have grown fastest are in occupations that have at least a level 4 qualification as the dominant qualification. Overall, the vast bulk of growth has been in managerial (+1.1 million), professional (+1.05 million) and associate professional/technical (+900,000), as well as personal service (+700,000) occupations. By contrast, the 20 fastest declining occupations are identified in Table 2. More than half of the jobs that have declined the fastest are in occupations where the majority of people are qualified to level 2 or below." (UKCES 2010, p7)

Figure 3.2 repeats the same analysis at sectoral level. The pattern is less clear-cut: apart from two sectors (banking, finance etc. and public administration etc.) there is little difference between the distributions of disabled and non-disabled workers. These are both projected by *Working Futures* to be growth sectors over 2012-17, and disabled people are somewhat under-represented in the financial sectors, and somewhat over-represented in the public sector. If we allow for the likelihood, given planned public spending reductions, that the *Working Futures* projections overstate likely public sector employment, the changing sectoral balance does not suggest a significant shift in favour of disabled people's employment.

### **3.3 Implications of reductions in public expenditure**

The UK coalition government is committed to an unprecedented reduction in public expenditure, in order to reduce the public deficit arising from the measures to support the banking system introduced in 2007-9 by the previous government. The detailed plans were set out in the Comprehensive Spending Review (CSR) of 20 October 2010, outlining a reduction of £81bn in government spending by 2014-15.

It is not straightforward to assess the likely impact of these changes on disabled people in general, and their employment prospects in particular.

The CSR document (HM Treasury, 2010) notes reassuringly that:

...the Government has looked closely at the impact of the Spending Review on different groups in society. In particular, the Government has ensured that the potential impacts on the equality of men and women, people from ethnic minorities and people with disabilities have been taken into account as far as possible in decision making. (HM Treasury, p31)

However, the 'distributional impact analysis' included in the CSR does not quantify the impact of spending reductions on disabled people. This impact has been the subject of much debate and speculation both before and after the CSR announcement:

Since the emergency budget in June 2010, when many of these proposed cuts were outlined, there has been much analysis and commentary in the press and policy circles on the impact of these cuts on those on low incomes. The impact on more specific groups – such as disabled people – has remained a debate held primarily among lobby groups and the third sector. Yet disabled people are particularly vulnerable to cuts in services and benefits – they are disproportionately reliant on health, social care, housing and transport services, and also, as a result of low employment rates and the additional costs associated with living with an impairment, more likely to live in poverty and/or rely on benefits for a large proportion of their incomes. They are therefore likely to be directly and disproportionately affected... (Wood and Grant, 2010)

Looking for employment effects, we can distinguish between *direct* impacts (where, for example, specific programmes supporting disabled people's employment are reduced), and indirect impacts (where, for, example, employment changes in particular sectors or regions due to spending cuts have disproportionate impacts on disabled people).

### 3.3.1 Direct employment impacts

The main public spending areas relevant to disabled people affected by the CSR have been summarised by DWP<sup>25</sup>. Overall, the reductions which created the largest controversy and raised most concern among disability organisations, involve changes to Disability Living Allowance (DLA) and Employment and Support Allowance (ESA)<sup>26</sup>:

The key **change to DLA** is a new "objective medical assessment" to be introduced from 2013-14 (saving over £1 billion a year)<sup>27</sup>. DLA, which assists with the extra costs associated with disability, is not work-related. It is possible, however, that those ineligible for DLA after the new assessment, will include some economically active disabled people whose behaviour will change as a result e.g. because loss of the DLA affects their ability to offset travel costs<sup>28</sup>. Any effect is, however, likely to be small given very low levels of economic activity<sup>29</sup> among DLA recipients (Thomas and Griffiths, 2010).

Turning to **ESA**, from April 2012, claimants allocated to the Work Related Activity Group will receive 'contributory ESA' only for one year; subsequently they may claim means-tested ESA, but entitlement will depend on other household income or capital. There is no evidence on likely employment effects from this change<sup>30</sup>, which needs to be seen in the broader context of welfare reform and the new Work Programme<sup>31</sup>. Given that people affected will have already have participated in 'work-related activities' for a year, it is unlikely that reduced benefit will provide an extra work incentive, particularly in current labour market circumstances. Any small effect of this kind could anyway be offset if claimants becoming more financially-reliant on a partner's financial support, choose not to claim ESA rather than move onto means-tested benefit, thus losing contact with 'work-

---

<sup>25</sup> <http://www.dwp.gov.uk/adviser/updates/spending-review-2010/> (page accessed 10 Feb 2011)

<sup>26</sup> ESA replaced incapacity benefits in 2008 for new claimants. It is being extended to existing claimants from early 2011. Under ESA claimants are assessed for 'work capability' and allocated to three groups: the 'fit for work' group (eligible for Jobseeker's Allowance, but not ESA); the 'Work-Related Activity Group' deemed able to prepare for a return to work; and the 'Support Group' whose illness or disability most severely affects their ability to undertake work-related activity (the latter receive a higher rate of benefit). Early results of the pilot roll-out to existing IB claimants suggest that ESA will have a significant effect: 30 per cent have been found 'fit for work'; 39 per cent have been allocated to the WRAG; and only 31 per cent remain in the Support Group. See <http://www.dwp.gov.uk/newsroom/press-releases/2011/feb-2011/dwp019-11.shtml>

<sup>27</sup> The other main change: removal of the DLA mobility component from people with publicly-funded care home places (saving £135 million a year), is unlikely to have employment implications.

<sup>28</sup> Eligibility for support through *Access to Work* (see below) will not be affected in such cases.

<sup>29</sup> While Thomas and Griffiths (2010) suggested that, despite not being work-related, DLA receipt might have some disincentive effect on working (because of a 'badging effect' or because of fear of loss of DLA entitlement on entering work), there is no evidence that restricting eligibility would affect disabled people's employment rate.

<sup>30</sup> Most reaction has concentrated on its likely impact on disabled people's incomes: for a summary of the responses to the ESA announcement, see Kennedy 2010.

<sup>31</sup> <http://dwp.gov.uk/docs/work-prog-prospectus-v2.pdf>

related activities' and support from Jobcentre Plus, to the detriment of their employment prospects.

When it comes to **expenditure on employment programmes** aimed at disabled people<sup>32</sup> DWP has done "relatively well" out of the CSR (Simmonds 2010): although savings are expected from administration and capital costs, programme expenditure will rise from £5.2-6.5bn over four years. This is, however, more than offset by a fall in welfare payments of more than £18bn, through measures such as the DLA and ESA changes outlined above, and the effects of more people entering work as the economy recovers, and DWP's employment programmes. The breakdown of spending by programmes is not available from the DWP business plan<sup>33</sup>, but DWP's summary of the CSR's implications for disabled people does not suggest significant spending reductions on these programmes as a result of the CSR. The key programmes are:

- The mainstream **Work Programme** from summer 2011, bringing together most employment measures into a single programme, delivery of which is contracted out to private and voluntary sector providers, under an outcome-related funding regime. Growing numbers of disabled people will experience the Work Programme compared with previous schemes, as it will now cover all ESA claimants in the WRAG as well as some in the Support Group, while those 'migrated' onto JSA from incapacity benefits will enter the programme after 3 months<sup>34</sup>. As yet, however, there are no estimates of the likely impact of this change on disabled people's employment, and what proportion of disabled people leaving ESA (and, increasingly, JSA) will enter work rather than some other destination.
- **Specialist disability employment programmes**, the main ones of which are **Work Choice, Residential Training, Remploy and Access to Work** (see also section 6.1 below for more details). While detailed budget information on all of these is not publicly available, DWP<sup>35</sup> suggests no significant reduction in funding resulting from the CSR<sup>36</sup>, although there will be greater emphasis on moving participants into 'mainstream' jobs, and wider eligibility for Access to Work to include disabled people applying for work.

---

<sup>32</sup> Also discussed in section 6.1 below.

<sup>33</sup> See: <http://www.dwp.gov.uk/docs/dwp-business-plan-2011-2015.pdf>

<sup>34</sup> For details, see <http://dwp.gov.uk/docs/work-prog-prospectus-v2.pdf>

<sup>35</sup> <http://www.dwp.gov.uk/adviser/updates/spending-review-2010/> (page accessed 10 Feb 2011)

<sup>36</sup> Note, however, that in December 2010 an independent review (the Sayce Review) of three of the specialist disability employment programmes (i.e. Access to Work, Residential Training and Remploy) was launched, and this review is underway at the time of writing.

Overall, it seems that most programmes directly targeted at disabled people have not been significantly reduced in the CSR, and the most important changes are benefit reforms related to ESA, and the greater participation of disabled people in ‘mainstream’ employment programmes. While these changes are intended to both reduce benefit bills and increase disabled people’s employment, the evidence<sup>37</sup> on previous disability employment measures (notably the *New Deal for Disabled People*, and *Pathways to Work*), implemented in a growth period, found positive but small employment impacts. It will be much harder for the new policy regime to achieve similar impact levels in the more depressed labour market conditions anticipated in the years ahead<sup>38</sup>.

### 3.3.2 Indirect employment impacts

Various projections of the impact of forthcoming public spending cuts on public sector employment have been produced. The new ‘Office of Budget Responsibility’ initially (June 2010) forecast 490,000<sup>39</sup> fewer public sector jobs over the four years; in November 2010 this was reduced to 330,000<sup>40</sup> (reflecting a greater emphasis in the CSR on benefit cuts than departmental spending). The OBR also predicts that reduced public sector employment will be (by 2015) more than offset by a growth in private sector jobs. Independent forecasts are of a similar scale but slightly less optimistic on the growth front (Kirby et al. 2011).

If we assume that new jobs in the private sector go to disabled people and non-disabled people in similar proportions to current private sector employment, and likewise that disabled and non-disabled people lose jobs in the public sector in proportion to their current distribution in that sector, then the changing balance of public and private sector employment resulting from the public spending cuts would be to the detriment of disabled people compared with non-disabled people, given their (slight) current over-representation in public sector employment. These assumptions may not hold, however: much will depend on how job loss in the public sector is managed; and on how far anti-discrimination legislation and changing attitudes penetrate the private sector during the forecast recovery. In any case, it should be stressed that even if the assumptions hold, under the OBR employment forecast the net difference between the impact on disabled and non-disabled people’s employment is small (implying employment growth of around 3.3 per cent over four years for disabled people, and 3.6 per cent for non-disabled people).

---

<sup>37</sup> House of Commons (2010); Stafford (2007).

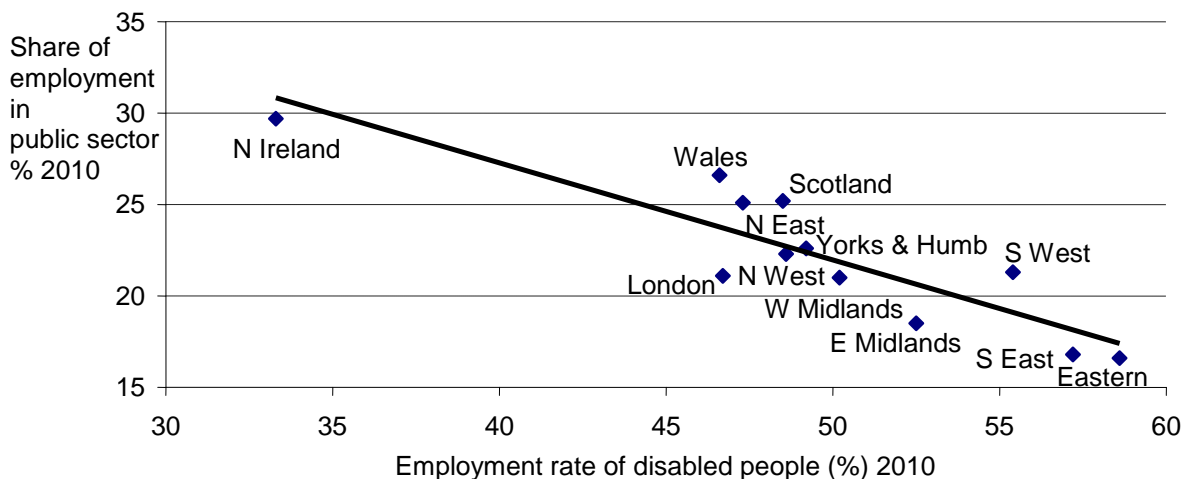
<sup>38</sup> For a sceptical assessment of the likely impact of the new approach, with a specific emphasis on the regional context, see Beatty et al. 2011.

<sup>39</sup> [http://budgetresponsibility.independent.gov.uk/d/employment\\_forecast\\_300610.pdf](http://budgetresponsibility.independent.gov.uk/d/employment_forecast_300610.pdf)

<sup>40</sup> [http://budgetresponsibility.independent.gov.uk/d/econ\\_fiscal\\_outlook\\_291110.pdf](http://budgetresponsibility.independent.gov.uk/d/econ_fiscal_outlook_291110.pdf)

It is, however, possible that the effect may be compounded by the regional distribution of employment. While, nationally, disabled people have a slightly higher share of public sector than of private sector employment, Figure 3.3 shows that, at regional level, there is a strong inverse relationship between the share of a region's employment in the public sector and its employment rate. Regions more dependent on public sector jobs have lower than average employment rates of disabled people, and the spending reductions may, therefore, further widen regional disparities in disabled people's employment rates. Of course, regions are aggregates of local economies with widely differing characteristics: the data in Beatty et al. 2011, however, analyse the UK's 'weakest' local economies, in terms of out-of-work benefit dependence (the majority relating to disability) showing the vulnerability of these economies to public sector job loss (and their poor prospects for private sector growth), implying that this picture would be reinforced by an analysis at the local level.

**Figure 3.3: Share of public sector employment and disabled people's employment rate, by region**



Source: Labour Force Survey (April-June 2010), UK and ONS, Public Sector Employment Statistics Bulletin - Q1 2010



## 4 Employment needs and preferences

### 4.1 Employment aspirations, ambitions and motivations

We have seen that, depending how disability is measured, half or more of working age disabled people are not working, and most of these are economically inactive. As previous surveys have shown, however, this does not mean that all of the latter have do not, nevertheless, have aspirations to work or would not work if appropriate jobs were available. Grewal et al. (2002) reported that of those inactive people who had not looked for work in the four weeks prior to interview, 43 per cent of disabled people and 32 per cent of non-disabled people said they would like a job at the moment, although the authors emphasise that most for most respondents this is a distant aspiration rather than an expectation of what is likely to happen soon.

Our analysis of 2010 LFS data 2010 (Table 4.1) shows a smaller proportion of inactive disabled people who would like a paid job. Nevertheless it is around 30 per cent and higher than the proportion of inactive non-disabled people who say the same.

**Table 4.1 Economic inactivity, disability status and desire to participate in the labour market, 2010**

	<b>All disabled</b>	<b>DDA- &amp; work-limiting disabled</b>	<b>DDA-disabled only</b>	<b>work-limiting disabled only</b>	<b>not disabled</b>
	%	%	%	%	%
Economically inactive, not looking for work, but would like a paid job	29.6	29.9	27.8	28.6	23.0
Total (=100%)	3,195,740	2,638,460	288,693	268,587	4,667,201

*Source: Labour Force Survey (April-June 2010), UK*

### 4.2 Employment support needs

Survey evidence on disabled people's perceptions about enabling and supporting factors which would help them get or retain employment suggest that, the necessary adjustments or support are mostly relatively simple, low cost interventions, dominated by factors such as adjustments to working hours (Table 4.2). In particular disabled people in employment cite relatively few other enabling factors, such as equipment, workplace adjustments or personal support (unsurprisingly some of these are more commonly mentioned as potential enabling factors by disabled people who are economically inactive).

**Table 4.2 Employment enablers for disabled persons aged 16 and above, by employment status**

Enabler	employed	unemployed	inactive
	%	%	%
Modified hours or days or reduced work hours	22	36	26
Modified duties	7	13	13
A job coach or personal assistant	4	6	7
Changes to work area or work equipment	10	8	6
Equipment to help with a health condition or disability	6	3	19
Building modifications	1	1	8
Tax credits	11	21	8
Other equipment or services	2	4	3
None of these	59	43	57
<i>Persons in the sample (number)</i>	1,710	120	930

Source: Life Opportunities Survey (2009/10)<sup>41</sup>, as reported in ONS 2010

Similarly (Table 4.3) lack of such support provision, equipment etc. is much less often cited by disabled people as a barrier to employment, than are factors related to the impairment itself, the broader labour market situation, skills and qualifications deficits and family circumstances. Some care must be taken in interpreting such findings, since it is possible that respondents who take it for granted that support will *not* be available are less likely to mention it as a barrier, and may instead report that their condition is the ‘barrier’. Nevertheless these findings<sup>42</sup> contrast with employer surveys (section 5.1 below) showing that many employers (especially those with little experience of disabled employees) anticipate costly and burdensome adjustments and support requirements from employing disabled people.

<sup>41</sup> The Life Opportunities Survey (LOS) is a new large-scale longitudinal survey of disability conducted, for the first time, according to the social model of disability.

<sup>42</sup> Grewal et al. 2002, report similar findings, noting that when disabled people in work or who feel they could work, are asked about the effect of their disability on work, relatively few cite major support needs or physical adjustments (rather than working time adjustments or flexibility), although many report being unable to do physical work. Further, only a minority of disabled employees (13%) had special working arrangements specifically because of their disability, but many took advantage of arrangements available to all employees, such as flexi-time.

**Table 4.3 Barriers to employment faced by disabled persons aged 16 and above who are limited in the type or amount of paid work they could do, by employment status**

Barrier	employed	unemployed	inactive
	%	%	%
Lack of job opportunities	18	41	8
Family responsibilities	29	28	23
Lack of qualifications/experience/skills	16	27	8
A health condition, illness or impairment	35	43	70
A disability	15	16	42
Difficulty with transport	9	31	11
Difficulty getting into buildings	2	1	4
Difficulty using facilities	2	1	4
Caring responsibilities	10	10	9
Lack of special aids or equipment	1	1	2
Lack of help or assistance	5	10	6
Anxiety/lack of confidence	9	16	19
Attitudes of colleagues	3	2	4
Attitudes of employers	12	13	6
Affects receipt of benefits	6	13	8
Other reasons	18	9	5
<i>Persons in the sample (number)</i>	560	120	940

Source: Life Opportunities Survey (2009/10), as reported in ONS 2010

However, because of the huge diversity among disabled people of personal circumstances, conditions/impairments and specific employment-related barriers, individual employment support needs vary considerably. It is, therefore, difficult to draw general conclusions, other than to highlight the obvious fact that effective, individualised independent assessment of those needs is crucial if they are to be met (there is a large literature<sup>43</sup> on the specific employment support needs of people with particular conditions and impairments, alongside examples of good practice, which cannot be summarised here).

<sup>43</sup> See, for example, Ridley et al (2005) on support for people with learning difficulties and autistic spectrum disorder, and Perkins et al. (2009) on support for people with mental health conditions.

Finally, in this context, the conclusion of Hasluck and Green (2007) remains relevant:

It is important to note that people with disabilities are not a static group: their perceptions of barriers and bridges to work, and their relationship to the labour market changes over time. This emphasises the need for responsiveness and flexibility in meeting individual customer needs. However, for some people with disabilities, policy interventions alone might be insufficient in moving towards or entering work; rather, an underlying improvement in health may be the key change in moving towards work, while deterioration in health can make entry to work less likely or lead to a premature exit from the labour market, so highlighting that trajectories of health and perceptions of health are crucial. (Hasluck and Green, 2007, p 112)

### **4.3 Preference for flexibility and working patterns**

Variations in working patterns and time can be, for many disabled people, the main adjustments needed to overcome barriers faced in participating in work. As noted above (Table 4.2) working adults with impairments reported that the most common enabler for participation was modified hours or days or reduced work hours (identified by 22 per cent of adults with impairments, compared with 16 per cent of adults without). Similarly Grewal et al. (2002) found that just under half of disabled people in work had some kind of adjustments to working time or patterns, the most common being flexi-time (19%). Further, 24 per cent of all disabled people with special working arrangements said they could not carry out their job without them (almost twice as many as said their special arrangements were actually in place due to their disability). Overall Grewal et al. (2002) concluded that a significant minority of disabled people rely on special working arrangements to enable them to stay in work.

We summarise below some LFS evidence on working patterns of disabled people compared to non-disabled people (including part-time work, self-employment and temporary work).

#### **4.3.1 Disabled people and part-time work**

Disabled people, especially the most disadvantaged, if in work, are significantly more likely than non-disabled to work part-time (Table 4.4). The table also shows, when reasons for working part-time are examined, the main differences between disabled and non-disabled part-timers are (unsurprisingly) that the former report more often that part-time working is due to being “ill or disabled”, and they are also more likely to report not wanting a full-time job.

It is of interest to understand whether the greater prevalence of part-time work reflects employer discrimination (i.e. disabled people are less likely to be offered full-time work).

Table 4.4 suggests, however, that not being able to find full-time work is a minor reason for disabled people working part-time (only marginally more common than among non-disabled people). An alternative explanation is that, for some disabled people, part-time work offers greater scope and flexibility to make adjustments accommodating their impairment(s). Econometric analysis by Jones 2007, using LFS data, leads her to conclude that part-time work provides an important means of accommodating a work-limiting disability, rather than reflecting marginalisation of disabled people by employers.

**Table 4.4 Full-time, part-time working and reasons for working part-time by disability status, 2010**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled
	%	%	%	%	%
Full-time	69.8	63.0	76.0	70.0	76.0
Part-time	30.2	37.0	24.0	30.0	24.0
<i>of which (reason for part-time working)</i>					
<i>student</i>	2.5	2.8	2.1	3.0	4.5
<i>ill or disabled</i>	3.8	8.4	**	2.5	0.1
<i>could not find full-time job</i>	4.4	4.9	3.3	5.8	3.8
<i>did not want full-time job</i>	19.2	20.9	18.3	18.1	15.5
<i>no reason given</i>	**	**	**	**	0.1
Total (=100%)	3,810,332	1,455,989	1,597,994	756,349	23,498,477

Note: \*\* = less than 10,000 in cell;

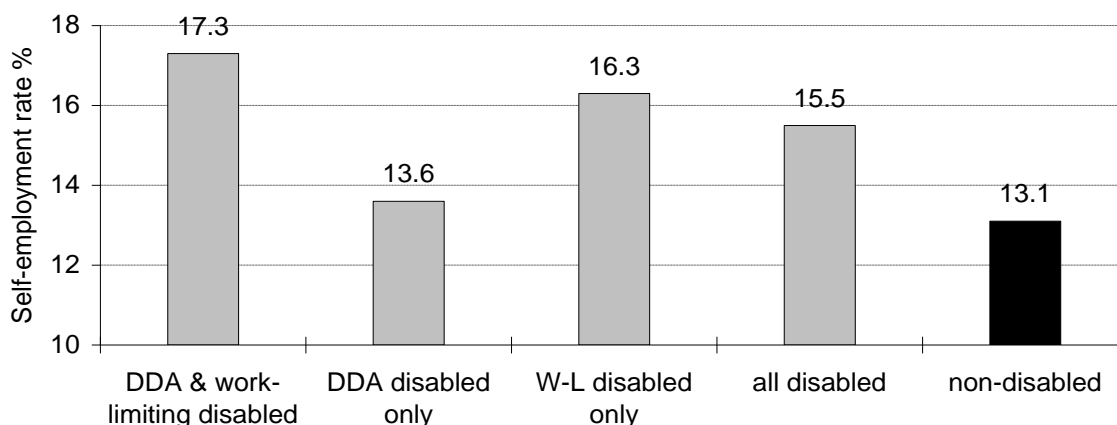
Base: employees and self-employed

Source: Labour Force Survey (April-June 2010), UK

### 4.3.2 Disabled people and self-employment

Looking at how the self-employment rate<sup>44</sup> varies by disability status (Figure 4.1), disabled people in work are more likely than non-disabled to be self-employed. This is consistent with previous UK and international evidence (Jones and Latreille (2006) and Pagán (2009)).

**Figure 4.1: Self-employment rates by disability status, 2010**



Source: Labour Force Survey (April-June 2010), UK

As with part-time work, we may ask how far this greater self-employment propensity is a positive factor (e.g. because self-employment allows people to adapt working environments to impairments), and how far it reflects a negative response to employer discrimination. The literature suggests that both factors may operate.

It is interesting to note that the DDA-only group records a significantly lower self-employment rate than either of the other two, while the highest rate (over 17%) is among those meeting both definitions. This suggests that more severely disabled people are most likely, if they enter the labour market, to end up in self-employment (whether because of the flexibilities it offers to them, or because it is harder for them to find employee-status work). In this context it is worth noting the conclusions of Boylan and Burchardt (2003) who report differences and similarities between the opportunities for disabled and non-disabled people to enter and sustain self-employment:

<sup>44</sup> The proportion of people in employment who are self-employed.

One similarity is the crucial role played by educational qualifications in determining the experience of, and financial rewards from, self-employment. Disabled people tend to have lower qualifications and hence are concentrated in lower-status occupations, generating lower earnings. One important difference is in the reasons disabled people cite for entering self-employment: while both disabled and non-disabled people appreciate the flexibility some forms of self-employment bring, disabled people are less likely, on balance, to cite 'pull' factors for entering self-employment – especially those with low educational qualifications. (Boylan and Burchardt 2003, p8).

### 4.3.3 Disabled people and temporary work

Another dimension of contractual arrangements highlighted by the LFS is temporary work. Given the other dimensions of labour market disadvantage faced by disabled people, it might also be expected that they are more likely to be found in unstable or insecure employment (either because it is harder for them to find permanent jobs, or because impairments make it difficult to commit to permanent employment: e.g. in the case of fluctuating conditions). Table 4.5 does not, however, support this: there is little difference between disabled and non-disabled people in their likelihood of being in temporary employment, or in their reasons for taking a temporary job.

**Table 4.5 Permanent and temporary work, and reasons for temporary working by disability status, 2010**

	All disabled	DDA- & work-limiting disabled	DDA-disabled only	work-limiting disabled only	not disabled
	%	%	%	%	%
Permanent	94.3	93.6	95.4	93.6	93.8
Not permanent in some way	5.7	6.4	4.8	6.4	6.2
<i>of which (reason for temporary job)</i>					
<i>contract includes training</i>	**	**	**	**	0.4
<i>contract is for a probationary period</i>	**	**	**	**	0.2
<i>could not find a permanent job</i>	2.4	2.7	1.7	3.3	2.3
<i>did not want a permanent job</i>	1.2	1.4	1.3	0.9	1.3
<i>some other reason</i>	1.7	2.0	1.5	1.6	1.9
Total (=100%)	3,242,307	1,213,255	1,393,205	635,847	2,0514,111

Note: \*\* = less than 10,000 in cell

Base: employees only

Source: Labour Force Survey (April-June 2010), UK

#### 4.4 Skills needs

As extensively discussed in section 1.7, disabled people (on average) exhibit a skills deficit compared with non-disabled people, which interacts with the other barriers they face to create a 'double disadvantage' in labour market and career terms. The literature does not suggest that disabled people (in any case a very heterogeneous group) have specific or different skills needs compared with others, but rather that, given the skills deficit, any strategy to improve disabled people's labour market position needs also to address the question of skills and qualifications. In this context, the relative lack of a skills emphasis in the current portfolio of employment policies targeted at disabled people is notable (see section 6.2).

Evidence from reviews of welfare-to-work measures or work preparation measures (see, for example, Bambra et al. (2005), Riddell (2002)) report that specific interventions supplying disabled people with training and/or work experience do help improve labour market outcomes, suggesting that the combination of low skills and lack of (recent work) experience is likely to have been a key barrier to entering work. Thus Bambra et al. (2005) find that schemes offering training and work-experience are more effective for people with disabilities and chronic illness than those, for example, offering employer incentives, although the evidence is patchy. It is particularly difficult to distinguish from the evidence whether it is training or work experience or both which make the difference in these interventions, although Riddell (2002) suggests that supported employment might be more effective than pre-vocational training (a point also supported by Taylor et al. 2004<sup>45</sup>).

It also needs to be borne in mind, moreover, that multiple causality is involved. On the one hand, long-term absence from the labour market may reinforce any skills deficit and contribute to skills obsolescence (disabled people are no different from other inactive or long-term unemployed people in this sense). On the other hand, as the work of Berthoud (2008) and others shows, low levels of skills and education in early life often precede or contribute to the onset of disability in later life, and the risk of becoming disabled in adult life is itself associated with educational disadvantage<sup>46</sup>. It is clear, therefore, that a policy focus on remedying the skills deficit of existing disabled people, while necessary is unlikely to be sufficient, and a broader approach to combat educational disadvantage (beyond the scope of this paper) is also important.

---

<sup>45</sup> Note that this is mainly applicable to people with mental health problems and further reinforces the point that people with different impairments may have different needs in this area.

<sup>46</sup> More recent analysis by the same author (Berthoud 2011) using General Household Surveys reinforces the picture that possession of low/no qualifications typically precedes disability and, in most, cases disabilities tend to develop after completing education.



## 5 The role of employers

Employers' role is crucial in increasing disabled people's employment rates. We have seen that despite 15 years of anti-discrimination legislation, disabled people remain persistently disadvantaged in access to employment (and, if they get into work, in earnings levels). We have seen, further, that although lower skills and some other personal characteristics help explain this disadvantage, they cannot explain it all, and econometric analysis of this suggests an 'unexplained residual', typically attributed to employer discrimination.

Turning to the DDA itself, we have seen that some research suggests that it has had no impact (or even a negative impact) on employment rates, and that its effect seems to be weakest in the crucial area of recruitment. While retention of disabled employees (e.g. those who become disabled during working life) is important, if significant progress is to be made in increasing disabled people's employment rates, it is clear, given the large numbers of disabled people of working age outside the labour market, that progress also needs to be made at the point of recruitment.

### 5.1 Evidence from employer surveys

There is much survey-based evidence on employer attitudes, policies and practices towards disabled people and, more recently, on the impact of the DDA on awareness and attitudes. Unfortunately, despite the many government-commissioned surveys on this topic since the early 1990s<sup>47</sup>, it remains difficult to track changes in employer attitudes and behaviours over time, because different survey designs inhibit valid comparisons. This is compounded because many employers are unclear about what counts as a 'disability', or have what might be regarded as a somewhat narrow, stereotypical view of disability; survey results are therefore sensitive to the form in which questions are asked, and whether respondents use their own perceptions of disability, or are prompted with a specific definition. Within the literature on employers' perceptions of disabled people and disabled employees it is striking that there is relatively little specific emphasis on skills issues, and when employers highlight concerns about the 'productivity' of disabled workers this typically relates to the perceived impact of individual impairments rather than skills per se. This does not suggest that employers are not concerned about skill levels in (potential) disabled employees, but rather that they consider this in a similar way to the skill levels of (potential) non-disabled employees.

---

<sup>47</sup> See, for example, Dewson et al. (2010), Simm et al. (2007), Kelly et al. (2005), Dewson et al (2005) Roberts et al (2004), Goldstone and Meager (2002), Stuart et al (2002), Meager et al (2001), Dench et al (1996), Honey et al (1993). Hasluck (2006) provides a useful summary of key findings from earlier surveys.

Despite the limitations of the survey evidence, some broad findings emerge about employers' attitudes and behaviours towards disabled people, and barriers (real or perceived) to the recruitment and retention of disabled people. These include:

- **Cost:** Many employers regard recruitment of a disabled person as a major risk (Roberts et al. 2004). While there is a common perception that employing disabled people involves greater 'cost', or is somehow more problematic than employing non-disabled people, many employers do not have reliable information on this, or find it hard to collect (Hasluck 2006, Meager and Goldstone 2002).
- **Impact of experience:** there is (Hasluck 2006) widespread perception among employers that disabled people are less productive or more costly to employ than non-disabled, and this perception affects recruitment and retention decisions in largely predictable ways. However, there is also evidence that employers with experience of employing disabled people see the extra costs of employing disabled people as smaller (or non-existent), and have more positive attitudes to employing disabled people, than do those without experience. It is unclear how far this reflects a 'learning effect' (having employed a disabled person, perceptions of cost are revised downwards), or a 'selection effect' (employers starting off with more positive attitudes are more likely to employ disabled people in the first place), but case-study evidence suggests that some learning does take place (Meager 2006).
- **Recruitment and retention:** employers have more positive attitudes towards retaining existing employees who become disabled than to hiring 'new' disabled employees, are more willing to make adjustments for the former than the latter, and will pay more for adjustments applying to the former than to the latter. Perceptions of cost and difficulty of making adjustments are lower with hindsight, than in anticipation.
- **Employer need for in-work support:** many employers, recruiting or considering recruiting disabled people have an unmet need for 'aftercare'. Thus, the evaluation of the New Deal for Disabled People<sup>48</sup> suggests a demand from employers for ongoing in-work support (after the point of recruitment) from various intermediary agencies to facilitate workplace integration of disabled recruits, help employers deal with transitional difficulties, and improve retention. This is relevant to the new Work Programme which places greater emphasis than previous schemes on achieving job 'sustainability', and payment to welfare-to-work providers will be linked to achieving sustained work placements (early indications are that this could be as long as two years). Achieving this is likely to require, in the case of disabled people coming from

---

<sup>48</sup> Dewson et al. (2005), Aston et al. (2003 and 2005).

long periods of economic activity, significant **post-placement support** for both the employer and the individual.

- **Size matters:** small employers are less likely to employ disabled people, less likely to have disability policies in place; and more likely to have concerns about the costs and difficulties of employing disabled people. On the other hand, some case-study evidence shows that small employers, particularly where the owner-proprietor has personal or family experience of disability, can be more flexible than larger organisations in overcoming barriers to employing disabled people.
- **Recent stagnation in employment awareness and practice:** new survey data (Dewson et al. 2010) show that although 75-80 per cent of employers are now generally aware of the DDA (even if not aware of all the specific duties), awareness has stopped increasing between 2006 and 2009. Similarly the share of employers with (known) disabled employees remained at around one third over this period. It is not yet clear whether recent changes such as the incorporation of the Disability Rights Commission into the Equality and Human Rights Commission, and the incorporation of the DDA provisions into the Equality Act 2010 have lowered the profile of disability discrimination in employer's eyes, but it is a possibility.

## 5.2 Employers and skills

While, as noted above, there is no evidence from employer surveys that they consider skills differently when recruiting a disabled person than they would in the case of a non-disabled person, it is worth noting some evidence from disabled people themselves that they need to be *more* skilled than a non-disabled person, to overcome employers' concerns and perceptions relating to the impact of impairments (this is mentioned for example in the research on disabled people's views on apprenticeships by Ecotec, 2009). Similarly, the work of Jones and Sloane (2010) highlights the impact of employer perceptions as a cause of skills mismatch (with disabled people accepting jobs *below* their skills level in response to employer discrimination: see also section 1.7.2 above).

Turning to the skill development of existing disabled employees, it is interesting to note that employers do not appear to invest less in the skills development of their disabled employees than in that of their non-disabled staff. Table 5.1 looks at job-related training of people in work, and there is no evidence that disabled people are less likely to receive it than non-disabled. Jones (2010) reports a similar finding<sup>49</sup> as "surprising given that here are several reasons to believe disabled employees may get less job-related training".

---

<sup>49</sup> Jones also finds differences in the type and duration of training received by disabled and non-disabled people. In contrast Fumagalli (2009) finds, from the Workforce Employment Relations Survey, that disability reduces the probability of being trained, but has no impact on its duration.

**Table 5.1 Job-related training by disability status, 2010**

	<b>All disabled</b>	<b>DDA- &amp; work-limiting disabled</b>	<b>DDA-disabled only</b>	<b>work-limiting disabled only</b>	<b>not disabled</b>	<b>total</b>
% receiving job-related training or education in last 3 months	27.0	24.5	29.1	27.5	26.6	26.7
Total (=100%)	3,797,057	1,453,745	1,5990,677	752,635	23,245,312	27,042,369

Source: Labour Force Survey (April-June 2010), UK

One such reason<sup>50</sup> is the normally positive relationship between qualification levels and the likelihood of receiving training at work<sup>51</sup>. We might, therefore, have expected disabled people, given their lower qualification levels, to receive less training than non-disabled people. To check this, Table 5.2 looks at how the likelihood of receiving job-related training varies by qualification level and disability status. Interestingly, it shows that while the overall shares of disabled and non-disabled people receiving training are similar (27%), this conceals differences by qualification level, and the gradient of training incidence by qualification is steeper for disabled than non-disabled people. Indeed disabled people with higher qualifications are *more* likely to receive training than their non-disabled counterparts, but the position is reversed among the lower-qualified. Non-disabled people qualified to level 4 and above are just over four times as likely to receive training as those with no qualifications; among disabled people, however, this ratio rises to nearly eight.

Thus, while there is no overall suggestion that employers under-invest in training disabled staff in general, there may be a particular issue of neglecting the skill needs of the least skilled or unskilled disabled employees.

<sup>50</sup> Another reason cited by Jones is the higher rate of leaving employment among disabled people (reducing the incentive for employers and employees to invest in training: see Fumagalli 2009).

<sup>51</sup> This is the so-called 'Matthew effect' (see Green 1993) whereby better-qualified people are more likely to receive training than less well-qualified people, even though the latter might need it more.

**Table 5.2 Job-related training by disability status and level of highest qualification held, 2010**

	% receiving job-related training or education in last 3 months	
	All disabled	Not disabled
NQF level 4 and above	39.3	34.7
NQF level 3	29.0	27.8
trade apprenticeship	16.5	17.5
NQF level 2	26.2	24.2
below NQF level 2	19.7	18.6
other qualifications	15.1	19.0
no qualification	5.2	8.4
All	27.0	26.6

*Source: Labour Force Survey (April-June 2010), UK*

## 6 The role of the system

In this chapter we consider the role played by two key dimensions of the public policy 'system' (focusing respectively on employment and skills) in contributing to the improvement (or not) of disabled people's labour market participation. Here, employment legislation is discussed at an EU or UK level, as appropriate; whereas, for active labour market policy which is by and large a reserved matter the discussion refers to GB. Employment policy in Northern Ireland is devolved; however, while the structures differ in regard to welfare to work policy and intervention is akin to the rest of the UK.

### 6.1 Employment policy for disabled people

The UK policy framework supporting disabled people's employment originated in the second world war (Thornton and Lunt 1997): the *Disabled Persons (Employment) Act 1944* created a system of registration for disabled people, established assessment and rehabilitation facilities, and placed an obligation on employers (not enforced in practice) to employ a quota of disabled employees. Until the mid-90s, UK policy was also dominated by a voluntarist emphasis on encouraging 'good practice' among employers.

In recent years, however, two important policy trends developed in parallel with different, and sometimes contradictory, implications for disabled people's employment. The first is the growth of the disabled people's movement and pressure for a civil rights policy approach based on the social model of disability. While a full-blown civil rights model has not been implemented, and there is some way to go in incorporating the social model of disability into all aspects of public policy, the implementation of anti-discrimination legislation in 1996 marked an important step in this direction, and a break with the voluntaristic approach. Since then, the legislation has been extended and the Disability Rights Commission (subsequently incorporated into the Equality and Human Rights Commission) established to promote disability equality and stimulate compliance with the DDA; this approach was further reinforced by EU legislation (from 2010 the DDA's provisions were incorporated into the Equality Act, also covering the other 'equality strands' subject to anti-discrimination legislation).

The second is the emergence of a 'welfare-to-work' approach to active labour market policy (ALMP). This has had major recent implications for policy towards disabled people's employment. In particular, as mainstream unemployment fell prior to the recent recession, policy attention increasingly turned to 'economically inactive' groups such as disabled people and lone parents.

As noted in Meager (2007), several key trends in ALMP in general, and policies towards disabled people in particular, are identifiable (it is striking that all these trends have intensified under the coalition government elected in 2010):

- Increasing emphasis on **supply side measures**, such that traditional demand-side interventions (job-creation programmes, recruitment subsidies for employers etc.) have virtually disappeared<sup>52</sup>.
- A focus on **'making work pay'** by reducing the unemployment trap faced by many disabled benefit recipients, for whom the wages available in low-level employment do not compare sufficiently favourably with benefit levels for them to contemplate the risk of labour market entry. Policy here has involved a complex mixture of reforms to benefit regulations (e.g. Permitted Work Rules: Dewson et al. 2005a) and the rolling-out of in-work benefits through the tax credits system. This process will be further extended under the new government through the Universal Credit (a single working-age benefit).
- An increased level of **'activation'** in policy implementation, with more compulsion and mandatory participation of workless groups in the various active labour market measures. Until recently most measures targeted at inactive disabled people retained a voluntary aspect, unlike those targeted at the unemployed. That the degree of compulsion has, however, increased over time and, even in cases where participation in a particular programme remains voluntary, it is increasingly common for it to be compulsory for the eligible group to participate in 'work-focused interviews', or 'work-related activities'. Similarly, criteria for receipt of disability benefits have been progressively tightened, and most recently, incapacity benefits are being progressively replaced with Employment and Support Allowance, under which the rate of benefit and the degree to which pressure is exerted on the individual to seek work depends on an assessment of their capability to work (see also section 3.3.1 above).
- A greater degree of **individualisation** in support packages offered to disabled people. This is a long-standing trend, not confined to measures for disabled people, and is associated with a major shift in the culture of the public employment service (Jobcentre Plus), and the emergence of the 'personal advisor' role providing intensive customised support, advice and guidance to the individual job-seeker. This trend is further developed through the new Work Programme, from 2011.

---

<sup>52</sup> The last remaining demand side measure targeted at disabled people (the Job Introduction Scheme: a small scale wage subsidy scheme dating back to 1997) is being incorporated into the new Work Choice programme for people with severe disabilities.

- Growing **involvement of the private and voluntary sectors** in the delivery of active measures for disabled people and other target groups. This has intensified in recent years, with non-public bodies having a significant role in most recent initiatives, and there is cross-party political consensus on extending this role (Work Programme delivery will be entirely through this mode). There is a long-standing debate regarding the impact which the associated funding regimes have on the behaviour of the intermediaries involved, and whether it encourages a tendency to ‘creaming’ and emphasis on the ‘easiest-to-place’ (e.g. disabled people with less severe impairments, or with physical rather than mental impairments).
- Increased emphasis on **early intervention**, to prevent people with short-term sickness absence from work becoming long-term recipients of incapacity-related benefits<sup>53</sup>.

Turning to the current policy portfolio emerging from the trends described above, it can be divided into several broad (and partly overlapping) categories:

**Mainstream active labour market measures:** these are employment or training programmes, such as the various ‘New Deals’ introduced by the Labour government, not specifically targeted at disabled people, but in which they could participate, often on different or advantageous terms. Following the introduction of the Work Programme in 2011, there will be only one such active labour market measure in the UK. Additionally, many more disabled people (migrated from incapacity benefits, or deemed ‘fit for work’ or capable of ‘work-related activity’) will participate in the Work Programme than in previous mainstream measures. Key uncertainties (see Tarr 2011) include:

- the capacity of mainstream advisors in Jobcentre Plus and their contractors to provide support to people with rather more complex needs than have previously participated in such programmes;
- the effectiveness, fairness, accuracy and consistency of the ‘work capability assessment process’<sup>54</sup> which determines which benefit and programme route individual disabled people will follow;
- the workings of the differential payments regime designed to ensure that the Work Programme contractors (who will operate a ‘black box’ model of provision), are incentivised to offer effective provision for participants with complex needs, and will not indulge in the ‘parking’ and ‘creaming’ which bedevilled previous outcome-related funding regimes in the welfare-to-work area.

---

<sup>53</sup> The greater policy emphasis on work being good for health, and the replacement of the ‘sick note’ with a ‘fit note’ are part of this trend, a full account of which is beyond the scope of this paper.

<sup>54</sup> The recent independent review of the WCA process (Harrington, 2010) raised major concerns about these issues, and it is not yet clear how fully its recommendations will be implemented.



**Employment support measures targeted at disabled people:** following the introduction of the Work Programme, most previous schemes for recipients of disability benefits (e.g. the *New Deal for Disabled People*, and *Pathways to Work*) will disappear, and potential disabled participants will, like other workless people, be directed to the Work Programme. However, people with more severe impairments (or more complex barriers to work) will continue to be offered separate support, for example through the Work Choice<sup>55</sup> programme introduced in 2010, which brings together three previous programmes (*WORKSTEP*<sup>56</sup>, *Work Preparation*<sup>57</sup>, and the *Job Introduction Scheme*). Disabled people are referred to such support through Jobcentre Plus's network of Disability Employment Advisers (DEAs) in local areas, who provide support, advice and information to disabled job-seekers, and the *WORKSTEP* evaluation (Purvis et al. 2006) highlights the crucial signposting and advice/guidance role of such Advisers in ensuring that disabled people are referred to the right kind of provision. A more recent evaluation (Ofsted, 2010), highlighted the importance of effective assessment processes linked to action plans for progression; the need for provision of coaching and training for individuals, directly linked to specific identified needs of local employers; and the need for greater emphasis on basic skills and 'skills for life' provision within the programme. The final element of the current portfolio of specialist employment programmes is the small<sup>58</sup> *Residential Training* programme for disabled adults with multiple disadvantages. A recent evaluation of *Residential Training* (Griffiths et al. 2007), suggested that the quality of teaching and courses on offer was high (although some qualifications were not particularly valued by employers); that the funding arrangements were structured more towards keeping people on course, than on securing employment outcomes; and that there was inadequate support with job-search and/or finding job placements. The programme was seen to be most successful for people with physical and sensory impairments or mild/moderate mental health conditions, and less successful for people with chronic or unstable mental health conditions, congenital sensory impairments or learning disabilities.

---

<sup>55</sup> Following the CSR, DWP has noted that Work Choice "is expected to support more disabled into employment each year than its predecessor government programmes" (See <http://www.dwp.gov.uk/adviser/updates/spending-review-2010/>)

<sup>56</sup> *WORKSTEP* (Purvis et al. 2006) was a development of the previous Supported Employment Programme, under an ongoing strategy to shift away from 'sheltered employment' towards encouraging, wherever possible, integrated employment in a mainstream environment. The programme, which could also include a wage subsidy, was delivered in partnership with local authority and voluntary sector organisations, and a publicly-subsidised company, Remploy Ltd (Remploy traditionally provided work for more severely disabled people in 'sheltered' factories and workshops. Over time the subsidy has been progressively shrunk, and the emphasis on 'sheltered' work reduced in favour of supporting disabled people into mainstream work environments where possible, and Remploy now employs fewer than 3,000 disabled employees in sheltered environments.)

<sup>57</sup> *Work Preparation* (Banks et al. 2002, Riddell 2002), previously *Employment Rehabilitation*, was an short individually-tailored programme aimed to help disabled people overcome obstacles to taking up or returning to work. It was delivered by contracted providers who followed an action plan established by a Disability Employment Adviser. For the most part, providers helped clients build confidence and strategies for work and provided some support/training in job-search skills.

<sup>58</sup> Currently around 500 participants.

**Employer-focused measures:** following the demise of the small *Job Introduction Scheme*, the main employer-focused policy measure *Access to Work (AtW)* funding extra practical support for disabled people in work (Thornton and Corden 2002). It covers people taking up a new job, as well as people in existing jobs<sup>59</sup> (as a job-retention measure), providing grants to employers and self-employed for the costs of special aids and workplace equipment, as well as adaptations to workplace premises and equipment. Payment for travel-to-work costs, payments for a support worker, or the provision of a communicator or interpreter can also be covered. Jobcentre Plus subsidises the full cost of the adaptations in cases where the disabled person is newly entering work; when the disabled person is already employed, the employer must also contribute. Although there has been no controlled impact study of AtW, surveys (Thornton et al. 2001) and qualitative evaluations (Thornton and Corden 2002, Dewson et al. 2009) suggest that the main benefit has been to support continued employment of disabled people already in work, and that the impact of the programme on the inflow into work of disabled people is likely to be small. There is some evidence of deadweight, although the scheme attracts highly positive views from individuals and employers, and it is clear that it often does make a difference to job retention. Disproportionately, beneficiaries are in professional occupations, and people with sensory impairments are significantly over-represented. It is worth noting, further, that evaluations have highlighted lack of awareness of the scheme among (and lack of promotion to) disabled people and employers. It seems likely, given restrictions on government advertising and promotion, that this will not be remedied in the near future.

## 6.2 Employment and skills policy

It is striking from the above account of employment policy for disabled people that, although some programmes (particularly the specialist schemes) include options of referral to training provision, there is no universal or explicit emphasis on training or skills assessment within the policy framework aimed at getting disabled people into work and/or keeping them there. This might be regarded as a possible weakness of the overall approach, given the evidence of disabled people's low skills acting as a barrier to improving their employment position. Arguably this is also a more general weakness of the approach to employment programmes (not just for disabled people) and, despite statements of principle, there seems to have been a pulling back (Tarr 2011) from the previous government's commitment to an 'Integrated Employment and Skills' (IES) approach, and no evidence of progress towards implementing the lessons from the IES Trials (Levelsey et al. 2009).

---

<sup>59</sup> Eligibility is also to be extended to include disabled people prior to applying for jobs.

As others, e.g. Evans (2007) have noted, the low qualification levels of disabled people amount to a 'double disadvantage', which has its origins in the education system: disabled people record higher levels of dropping out of education at age 16 than do non-disabled people, and at age 16 disabled young people are significantly more likely to be not in education, employment or training (NEET) than their non-disabled counterparts<sup>60</sup>. Similarly Jones (2010) finds that about 30 per cent of disabled 16-24 year olds are in full-time education compared to 40 per cent of the non-disabled group. As Evans 2007 notes:

The relatively low participation of young disabled people has a profoundly negative effect on their life chances. Not being in employment, education or training for six months or more between 16 and 18 is the single most powerful predictor of unemployment at age 21. This combination of factors suggests a causal link between disability and school drop out with an almost inevitable link to poor employment prospects. (Evans 2007, p14).

Expectations and aspirations are clearly part of this process: a significant proportion of young people report being discouraged from taking GCSEs as a result of their impairment (Disability Rights Commission, 2003); while by age 26 there is a clear divergence between the expectations and confidence of disabled and non-disabled young people, the former three times more likely than the latter to say that "Whatever I do has no real effect on what happens to me" (Burchardt 2005). Jones (2010) suggests:

The lower participation rate [in education] among disabled individuals may reflect a greater financial and psychological direct cost of education, due, for example, to their disability status affecting the ability to study and/or to access education. The benefit of education would also be lower for people with disabilities if they anticipate a shorter career (and thus period over which to earn at return on their investment) due to their disability, or if they anticipate employer discrimination. (Jones 2010, p. 35)<sup>61</sup>.

Looking beyond young people, disabled adults also report difficulties in accessing educational opportunities: thus the Life Opportunities Survey (ONS 2010) reports that 17 per cent of adults with impairments could not access learning opportunities as much as they would like to, compared with 9 per cent of adults without impairments. The adult skills system clearly under-provides for disabled people, as noted by the Prime Minister's Strategy Unit (2005):

Disabled people do not benefit as much as the general population from government-provided training – only 9.5% of learners in LSC-funded provision are disabled, although 20% of the working age population are disabled. (Prime Minister's Strategy Unit, 2005 p143)

---

<sup>60</sup> Data reported by the Office for Disability Issues shows a slight recent fall in the proportion of disabled 16-18 year olds who are NEET (over the period 2007-09), but that proportion remains, at 12.0%, twice as high as the share of NEETs among non-disabled young people. See: <http://odi.dwp.gov.uk/roadmap-to-disability-equality/indicators.php>

<sup>61</sup> It should be noted that some economists argue the opposite, namely that disability may reduce the opportunity cost of education (in terms of earnings foregone while studying) and this should increase the incentive to participate in education (see Famulari, 1992).

Recent (2009/10) data for government-funded Further Education and skills provision<sup>62</sup> suggest some improvement, although at 12.1 per cent disabled people remain under-represented, and the position varies between different provision types<sup>63</sup>. Marangozov et al. (2009) looked at the position of disabled people and the barriers they face in the apprenticeship system, noting in particular the under-representation of disabled people in advanced apprenticeships, and highlighting key barriers including a lack of advice and guidance about provision; a lack of specialist support; misperceptions of employers about the abilities of disabled people; and stereotypical views about the nature of apprenticeships. Similarly ECOTEC (2009) reported learners' view highlighting that some disabled people saw apprenticeships as a second class career option not valued by employers (and not helpful to disabled people who felt they needed as strong a CV as possible to combat employer prejudice); a concern that the general barriers they face to employment (including lack of flexibility in working arrangements etc.) might be replicated in apprenticeships; and a concern that workplace-based learning might be less suitable than a classroom environment with more structured personal support available (and some scepticism about whether employers and providers can offer such support).

The need for better individual advice and guidance (IAG) for disabled learners is emphasised in much research on training provision (as it is also in the research on employment programmes above). Thus disabled learners in ECOTEC (2009) highlighted concern about advice from Jobcentre Plus:

The focus group that contained potential apprentices with a learning difficulty and/or disability was particularly dismissive of the support received from Jobcentre Plus. Participants felt that the emphasis was not on continuing training in areas of interest, but on forcing the participants to take any job so that they could be removed from benefits. (Ecotec 2009, p10)

---

<sup>62</sup> see BIS; Quarterly Statistical First Release, 27 January 2011  
<http://www.thedataservice.org.uk/NR/rdonlyres/A04B9E58-DD37-42BA-91DB-8593C893D13F/0/SFRcommentaryFINALPublished.pdf>

<sup>63</sup> Specifically, the share of disabled learners is: 9.7 per cent (apprenticeships); FE learner responsive provision (15.5%); University for Industry (10.9%); Train to Gain (5.2%); and Adult Safeguarded Learning (11.2%).

## 7 Key policy issues

There is tentative evidence that the gap between disabled and non-disabled people's employment rates may have begun to narrow, and that the DDA may have helped disabled people in employment remain in work. Future changes in the occupational and skill structure, compounded by the impact of spending cuts may make it hard to continue this progress, however, and there is still a very long way to go.

Suggestions for policy priorities might include:

- Tougher enforcement of anti-discrimination legislation: especially the recruitment provisions; taking a recruitment claim should be made easier for disabled people.
- Wider promotion to employers and employees of the support provisions that do exist, particularly the well-regarded Access to Work programme, which should not be subject to restrictions on government advertising and marketing.
- Greater emphasis in government employment programmes (such as the Work Programme) on sustainable employment for disabled people. This may require significant post-placement in-work support for disabled employees and their employers: will the 'black box' funding model and differential pricing really be sufficient to ensure this?
- Given the evidence that employer attitudes and behaviour are positively influenced by experience of employing disabled people, government schemes and their providers should put particular emphasis on placing disabled people with employers (including SMEs) with less prior experience of disability, and providing post-placement support.
- Effective assessment, advice and guidance for disabled people who will increasingly be participating in 'mainstream' welfare-to-work provision: will the front line advisors acquire or be trained with the skills and expertise currently found among people such as Disability Employment Advisers?

A major push to raise the skills and qualifications levels of disabled people: might involve at a minimum:

- objectives to help increase dramatically the proportion of disabled people participating in all the main strands of government-funded further education and skills provision
- significant supporting investment in information, advice and guidance targeted and tailored for this group.
- implementation of an Integrated Employment and Skills approach (including initial skills assessments and appropriate referrals to training provision) for all disabled people participating in government employment programmes.

## Bibliography

- Acemoglu, D. and Angrist, J. (2001) 'Consequences of Employment Protection? The Case of the Americans with Disabilities Act', *The Journal of Political Economy*, 190(5), 915-57
- Aston, J., Atkinson, J., Evans, C., Davis, S. and O'Regan, S. (2003) *Employers and the New Deal for Disabled People: Qualitative Research: First Wave*, Department for Work and Pensions, Research Report, WAE145, March 2003.
- Aston, J., Willison, R., Davis, S. and Barkworth, R. (2005) *Employers and the New Deal for Disabled People: Qualitative Research: Second Wave*, Department for Work and Pensions, Research Report no. 231, Leeds: Corporate Document Services.
- Bambra, C., Whitehead, M. and Hamilton, V. (2005) 'Does 'welfare-to-work' work ? a systematic review of the effectiveness of the UK's welfare-to-work programmes for people with a disability or chronic illness.', *Social science medicine*, 60 (9). pp. 1905-18.
- Banks, P., Riddell, S. and Thornton, P. (2002) *Good Practice in Work Preparation: Lessons from Research*, Research & Development Report WAE135, Working Age Evaluation Division, Department for Work and Pensions: Sheffield
- Beatty, C. and Fothergill, S. (2005) 'The diversion from 'unemployment' to 'sickness' across British regions and districts', *Regional Studies*, 39(7), 837-854
- Beatty, C., Fothergill, S., Gore, T. and Powell, R. (2007) *The Real Level of Unemployment 2007*, (mimeo), Centre for Regional Economic and Social Research, Sheffield Hallam University. Available at <http://www.shu.ac.uk/assets/pdf/cresr-RealLevelUnemployment07.pdf>
- Beatty, C., Fothergill, S., Gore, T. and Powell, R. (2011) *Tackling Worklessness in Britain's Weaker Economies*, (mimeo), Centre for Regional Economic and Social Research, Sheffield Hallam University, revised January 2011. Available at: <http://www.shu.ac.uk/assets/pdf/cresr-tackle-worklessness-report-nov10.pdf>
- Bell, D. and Heitmueller, A. (2005) 'The Disability Discrimination Act in the UK: Helping or Hindering Employment Amongst the Disabled?', *IZA Discussion Paper 1476*, Institute for the Study of Labor (IZA), Bonn, January.
- Berthoud, R. (2008) 'Disability employment penalties in Britain', *Work, employment and society*, 22(1) 129-148

- Berthoud, R. (2011) *Trends in the Employment of Disabled People in Britain*, ISER Working Paper series, No 2011-03, January 2011, Institute for Social and Economic Research, University of Essex
- Blackaby, D., Clark, K., Drinkwater, S., Leslie, D., Murphy, P. and O'Leary, N. (1999) *Earnings and employment opportunities of disabled people*, Research Report No.133, London: Department for Education and Employment.
- Burchardt, T. (2005) *The education and employment of disabled young people*, York: Joseph Rowntree Foundation
- Boylan, A. and Burchardt, T. (2003) *Barriers to self-employment for disabled people*, Report to the Small Business Service, URN 03/588, Sheffield: The Small Business Service
- Dench, S., Meager, N. and Morris, S. (1996) *The recruitment and retention of people with disabilities*, Brighton, IES Report no. 301, Institute for Employment Studies.
- Dewson, S., Hill, D., Meager, N. and Willison, R. (2009) *Access to Work: Core Evaluation*, Department for Work and Pensions, DWP Research Report No. 619, Leeds: Corporate Document Services
- Dewson, S., Ritchie, H. and Meager, N. (2005) *New Deal for Disabled People: Survey of Employers*, Department for Work and Pensions, Research Report no. 301, Leeds: Corporate Document Services.
- Dewson, S., Davis, S. and Loukas, G. (2005a) *Final Outcomes from the Permitted Work Rules*, Department for Work and Pensions, Research Report no. 268, Leeds: Corporate Document Services.
- Dewson, S., Williams, C., Aston, J., Carta, E., Willison, R. and Martin, R. (2010) *Organisations' Responses to the DDA 2009*, Department for Work and Pensions, Research Report no. 685, Leeds: Corporate Document Services.
- Disability Rights Commission (2003) *Young Disabled People: A Survey of the Views and Experiences of Young Disabled People in Great Britain*, London: DRC
- Ecotec (2009) *Addressing Inequality in Apprenticeships: Learners' Views*, Coventry: The Learning and Skills Council
- Evans, S. (2007) *Disability, Skills and Work: Raising our ambitions*, London: the Social Market Foundation

- Famulari, M. (1992) 'The effects of a disability on labor market performance: the case of epilepsy', *Southern Economic Journal*, 58, 1072-1087.
- Fumagalli, L. (2009) *Disability, health and access to training*, Employment Relations Occasional Paper, November 2009, London: Department of Business, Innovation and Skills
- Goldstone, G. and Meager, N. (2002) *Barriers to Employment for Disabled People*, Department for Work and Pensions, Social Research Branch, In-house report no. 95, London, Department for Work and Pensions.
- Government Equalities Office (2009) *Monitoring update on the impact of the recession on various demographic groups, December 2009*, London: Government Equalities Office
- Green, F. (1993) 'The determinants of training of male and female employees in Britain', *Oxford Bulletin of Economics and Statistics*, 55(1), 103-122.
- Grewal, I., Joy, S., Swales, K., Woodfield, K. (2002) *Disabled for Life, attitudes towards and experiences of disability in Britain* Department for Work and Pensions, Research Report no. 173, Leeds: Corporate Document Services
- Griffiths, R., Durkin, S. and Mitchell, A. (2007) *Evaluation of Residential Training provision*, Department for Work and Pensions, Research Report no. 448, Leeds: Corporate Document Services
- Harrington, M. (2010) *An Independent Review of the Work Capability Assessment*, London: Department for Work and Pensions
- Hasluck (2006) 'The costs and benefits to employers of recruiting and retaining disabled workers', Ch 4 in Needels K and Schmitz R, *Economic and social costs and benefits to employers of retaining, recruiting and employing disabled people and/or people with health conditions or an injury: A review of the evidence*, Department for Work and Pensions, Research Report no. 400, Leeds: Corporate Document Services.
- HM Treasury (2010) *Spending Review 2010*, Cm 7942, London: HM Treasury (October 2010)
- Hogarth, T., Owen, D., Gambin, L., Hasluck, C., Lyonette, C. and Casey, B. (2009) *The equality impacts of the current recession*, EHRC Research Report 47, Manchester: Equality and Human Rights Commission



- Honey, S., Meager, N. and Williams, W. (1993) *Employers' attitudes towards the employment of people with disabilities*, Brighton: Institute of Manpower Studies.
- House of Commons (2010) *Support to incapacity benefits claimants through Pathways to Work*, House of Commons Committee of Public Accounts, First Report of Session 2010–11, HC403, London: The Stationery Office Limited
- Jones, M. (2009) 'The Employment Effect of the Disability Discrimination Act: Evidence from the Health Survey for England', *Labour*, 23(2), 349-369
- Jones, M. (2010) 'Disability, education and training', *Economic and Labour Market Review*, Vol 4, No 4 (April 2010), pp 32-37
- Jones, M. and Latreille, P. (2006) 'Disability and Self-Employment: Evidence from the UK LFS', *mimeo*, School of Business and Economics, University of Wales, Swansea. Available at <http://wpeg.group.shef.ac.uk/refereeing2006/papers20006/latreille2.pdf>
- Jones, M., Latreille, P. and Sloane, P. (2006) 'Disability, Gender and the British Labour Market', *Oxford Economic Papers*, 58(3), 407-449
- Jones, M. and Sloane, P. (2010) 'Disability and Skill Mismatch', *The Economic Record*, Vol 86, Special Issue, September 2010, 101-114
- Kelly, G., Lam, P., Thomas, A. and Turley, C. (2005) *Disability in the Workplace: Small Employers' Awareness and Attitudes to the DDA 1995 and the October 2004 Duties*, Department for Work and Pensions, Research Report no. 277, Leeds: Corporate Document Services.
- Kennedy, S. (2010) *June Budget and Spending Review 2010: DLA and ESA changes*, Standard Note: SN/SP/5749, House of Commons Library, Social Policy Section, <http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/snsp-05749.pdf>
- Kidd, M., Sloane, P. and Ferko, I. (2000) 'Disability and the labour market: an analysis of British males', *Journal of Health Economics*, 19, 961-81.
- Kirby, S., Barrell, R. and Whitworth, R. (2011) 'Prospects for the UK economy', *National Institute Economic Review*, No. 215, January 2011, F44-62
- Levesley, T., Sissons, P., Francis, R., Oakley, J., Johnson, C. and Hillage, J. (2009) *Qualitative Evaluation of Integrated Employment and Skills Trials: Implementation*

- Report*, Department for Work and Pensions, Research Report no. 618, Leeds: Corporate Document Services
- Marangozov, R., Bates, P., Martin, R., Oakley, J., Sigala, M. and Cox, A. (2009) *Research to Shape Critical Mass Pilots to Address Under-Representation in Apprenticeships*, Learning and Skills Council
- Meager, N., Bates, P., Eccles, J., Harper, H., McGeer, P., Tackey, N. and Willison, R. (2001) *Impact on small businesses of lowering the DDA Part II threshold*, London: Disability Rights Commission.
- Meager, N. (2006) 'Costs and benefits: making the most of limited evidence', Ch 4b in Needels K and Schmitz R, *Economic and social costs and benefits to employers of retaining, recruiting and employing disabled people and/or people with health conditions or an injury: A review of the evidence*, Department for Work and Pensions, Research Report no. 400, Leeds: Corporate Document Services.
- Meager, N. (2007) 'Recent developments in active labour market policies in the UK: the shifting focus from unemployment to inactivity', in de Koning, J (ed.), *The Evaluation of Active Labour Market Policies: Measures, Public-Private Partnership and Benchmarking*, Aldershot: Edward Elgar
- Meager, N. (2009) 'Note on the definition of disability used in the PSA8 target', Submission to the enquiry of the National Equality Panel. Available at: [http://www.equalities.gov.uk/pdf/disab\\_psa\\_target.pdf](http://www.equalities.gov.uk/pdf/disab_psa_target.pdf)
- Meager, N. and Hill, D. (2005) *The labour market participation and employment of disabled people*, Working Paper, WP1, Brighton: Institute for Employment Studies
- Meager, N. and Hurstfield, J. (2005) 'Legislating for equality: evaluating the Disability Discrimination Act 1995', in Roulstone A and Barnes C, *Working Futures? Disabled people, policy and social inclusion*, Bristol: the Policy Press.
- Office for National Statistics (2010) *Life Opportunities Survey: Interim results 2009/10*, Newport: Office for National Statistics
- Office for National Statistics (ONS) (2011) Labour Force Survey data 2005-2010 [accessed January 2011]
- Oliver, M. (1990) *The Politics of Disablement*, London: Macmillan
- Pagán, R. (2009) 'Self-employment among people with disabilities: evidence for Europe', *Disability and Society*, 24(2), 217-229

- Perkins, R. Farmer, P. and Litchfield, P. (2009) *Better Employment Support for People with a Mental Health Condition*, Cm 7742, London: Department for Work and Pensions
- Prime Minister's Strategy Unit (2005) *Improving the Life Chances of Disabled People*, London: The Cabinet Office
- Purvis, A., Lowey, J. and Dobbs, L. (2006) *WORKSTEP evaluation case studies: Exploring the design, delivery and performance of the WORKSTEP programme*, Department for Work and Pensions, DWP Research Report No. 348, Leeds: Corporate Document Services
- Riddell, S. (2002) *Work Preparation and Vocational Rehabilitation: A Literature Review*, Research & Development Report WAE136, Working Age Evaluation Division, Department for Work and Pensions: Sheffield
- Riddell, S., Edward, S., Weedon, E. and Ahlgren, L. (2010) *Disability, Skills and Employment: A review of recent statistics and literature on policy and initiatives*, Research Report 59, Manchester: Equality and Human Rights Commission
- Ridley, J., Hunter, S. and Infusion Co-operative (2005) *"Go for it!": Supporting People with Learning Disabilities and/or Autistic Spectrum Disorders in Employment*, Scottish Executive Social Research, Edinburgh: The Scottish Executive
- Roberts, S., Heaver, C., Hill, K., Rennison, J., Stafford, B., Howat, N., Kelly, G., Krishnan, S., Tapp, P. and Thomas, A. (2004) *Disability in the workplace: Employers' and service providers' responses to the Disability Discrimination Act in 2003 and preparation for 2004 changes*, Department for Work and Pensions, Research Report no. 202, Leeds: Corporate Document Services.
- Simm, C., Aston, J., Williams, C., Hill, D., Bellis, A. and Meager, N. (2007), *Organisations' Responses to the Disability Discrimination Act*, Department for Work and Pensions, Research Report no. 410, Leeds: Corporate Document Services.
- Simmonds, D. (2010) 'Spending Review: what does it mean for the Work Programme?', *Working Brief*, Issue 218, Nov 2010, pp3-5.
- Stafford, B. (2007) *New Deal for Disabled People: Third synthesis report – key findings from the evaluation*, Department for Work and Pensions, Research Report no. 430, Leeds: Corporate Document Services

- Stuart, N., Watson, A., Williams, J., Meager, N. and Lain, D. (2002) *How Employers and Service Providers are Responding to the Disability Discrimination Act 1995*, Social Research Branch, In-house report no. 96, London, Department for Work and Pensions
- Tarr, A. (2011) *Making the Work Programme work for people with health conditions*, London: Centre for Economic and Social Inclusion
- Taylor, B., McGilloway, S. and Donnelly, M. (2004) 'Preparing young adults with disability for employment', *Health and Social Care in the Community* 12 (2), 93–101
- Thomas, A. and Griffiths, R. (2010) *Disability Living Allowance and work: Exploratory research and evidence review*, Department for Work and Pensions, Research Report no. 648, Leeds: Corporate Document Services.
- Thornton, P. and Corden, A. (2002) *Evaluating the impact of Access to Work: a case-study approach*, Research & Development Report WAE138, Working Age Evaluation Division, Department for Work and Pensions: Sheffield
- Thornton, P., Hirst, M., Arksey, H. and Tremlett, N. (2001) *Users' Views of Access to Work*, *Employment Service Research Report*, ESR 72, Sheffield: the Employment Service
- Thornton, P. and Lunt, N. (1997) *Employment Policies for Disabled People in Eighteen Countries: A Review*, produced for the International Labour Office, and published by the Social Policy Research Unit, University of York.
- UK Commission for Employment and Skills (2010) *UK Employment and Skills Almanac 2009: Evidence report 12*, January 2010, [http://www.ukces.org.uk/upload/pdf/UKCES%20Skills%20Almanac\\_1.pdf](http://www.ukces.org.uk/upload/pdf/UKCES%20Skills%20Almanac_1.pdf)
- UK Commission for Employment and Skills (2010) *Skills for Jobs: Today and Tomorrow, The National Strategic Skills Audit for England 2010 – Volume 2: The Evidence Report*, <http://www.ukces.org.uk/evidence-reports/skills-for-jobs-today-and-tomorrow-the-national-strategic-skills-audit-for-england-2010-volume-2-the-evidence-report>
- Wilson, R., Homenidu, K. and Gambin, L. (2008) *Working Futures 2007-2017: Evidence Report 2*, UK Commission for Employment and Skills, <http://www.ukces.org.uk/upload/pdf/Working%20Futures%203%20FINAL%20090220.pdf>
- Wood, C. and Grant, E. (2010) *Destination Unknown*, London: Demos

The five briefing papers in the Equality and Skills in a Changing Economy series are:

Disability and Skills in a Changing Economy

Gender and Skills in a Changing Economy

Low Skills and Social Disadvantage in a Changing Economy

Older People and Skills in a Changing Economy

Spatial Inequality and Skills in a Changing Economy

As part of its series of Briefing Papers, the UK Commission for Employment and Skills presents five papers which provide analysis and commentary on equality and skills in a changing economy. The aim of these papers is to inform and enable connected thinking about equality of opportunity and the role of skills. Each of the five papers focuses on a different equality group or theme and can be accessed on the UK Commission's website [www.ukces.org.uk](http://www.ukces.org.uk)

Produced by Institute for Employment Studies for the UK Commission for Employment and Skills.

**UKCES**

3 Callflex Business Park  
Golden Smithies Lane  
Wath – Upon – Dearne  
South Yorkshire  
S63 7ER

**T** +44 (0)1709 774 800  
**F** +44 (0)1709 774 801

**UKCES**

28-30 Grosvenor Gardens  
London  
SW1W 0TT

**T** +44 (0)20 7881 8900  
**F** +44 (0)20 7881 8999

This document is available at [www.ukces.org.uk](http://www.ukces.org.uk) under 'publications'

© UKCES 2011