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**Briefing Note Response to House of Commons  
Work and Pensions Committee on the Disability Employment Gap<sup>1</sup>**

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**August 2021**

Building on evidence from our written and oral evidence to the inquiry<sup>2</sup>, Victoria Wass and Melanie Jones of disability@work respond to Chapter 1 of The Report of the House of Commons Work and Pensions Committee on the Disability Employment Gap (*The Report*) which was published on 30th July 2021. There is much to commend in *The Report* which recognises the importance of measurement, the re-instatement of a relative indicator, and the benefits of a basket of measures to better understand and track the impact of disability on employment. We are pleased to see recommendations extend national measurement beyond a focus on employment numbers to also consider quality of work, including the proposed targeting of the disability pay gap, and to dynamic patterns, particularly transitions in and out of work. We also support the recommendation to extend measurement to include employer reporting of disability prevalence. Here we focus on the contentious issue of whether the government's current commitment, to increase the number of disabled people in employment by 1 million, is sufficiently meaningful and ambitious.

There is deep disagreement between the Minister and the Department of Work and Pensions (DWP) on the one side and the contributing academics, the National Audit Office (NAO) and the Commission for Social Justice (CSJ) on the other regarding the choice of measure and target. The Minister acknowledges a range of measures with different strengths and weaknesses (Q203). Our response evaluates the measures and targets in terms of their strengths and weaknesses. On the basis that the Minister's preferred measure and target has important weaknesses, we strongly endorse the *The Report's* recommendation to use multiple measures.

The insights from the Inquiry and recommendations of The Committee are not new. We gave evidence to a similar inquiry published in 2017 which recommended a range of indicators to monitor disability labour market inequality in the UK<sup>3</sup>, so, the important question is whether The Committee's recommendations in 2021 feed into the *National Disability Strategy* (NDS) and translate into new policy and practices to 'building back better and fairer' for disabled people.

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<sup>1</sup> <https://committees.parliament.uk/work/751/disability-employment-gap/>

<sup>2</sup> Our written evidence is available at: <https://committees.parliament.uk/writtenevidence/16287/pdf/>. A recording of the oral evidence is available at: <https://parliamentlive.tv/event/index/of98d4fd-a05e-4bad-902a-d7a78388a61d>

<sup>3</sup> <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/56/56.pdf>

The Minister has outlined his ‘personal preference’ for an absolute measure expressed in terms of numbers of disabled people in employment while the academics, the NAO and the CSJ have a ‘scientific preference’ for a relative measure and preferably one which accounts for the impact of changes in disability reporting over time. The matter is of some importance because progress looks very different according to the measure used. Of course, progress is measured against what is being targeted for improvement. Is it equality of treatment and outcomes in the labour market between disabled and non-disabled people or is it the number of disabled people in employment who might otherwise be on disability benefits? The Minister admits to wearing two hats (Q210) “I am a DWP Minister for disability employment and benefits, but I am also responsible for the disability unit within the equality hub within the Cabinet Office.” The academic submissions to the inquiry prioritise progress on equality rather than absolute numbers in work and see overcoming inequalities as the driver of sustainable changes which will enhance the long-term employment prospects of disabled people in the UK. For the Minister, his first hat is bigger. His choice of target indicates priority to absolute number of disabled people in employment. But, even if this remains his priority, beyond DWP, the Government has international commitments to reducing disability disadvantage under the UN Convention on the Rights of Persons with Disabilities (2009) and the 2030 Agenda for Sustainable Development, which includes ‘leaving no-one behind’. Closer to home, the government has domestic commitments, overseen by the Cabinet Office, where ‘levelling up’ and ‘building back better and fairer’ express an equality agenda. Equality is a relative concept which is appropriately targeted and tracked with a relative indicator.

This response compares the key national measures and targets discussed in *The Report* in terms of their strengths and weaknesses as an indicator of reducing disability-related employment inequality. We start with a review of the statistics which inform these different measures.

## **Disability statistics**

Table 1 reports the disability statistics upon which three main employment indicators (number of disabled people in employment, the disability employment gap (DEG) and the proportion of working-age people who are prevented from working by disability (PWD)) are based. Figures are reported from the start date of each of the targets (2015 and 2017) and at the latest date available (2020). The statistics are author-calculated annual averages from the quarterly figures published by ONS from the LFS.

Starting with the proportion of people of working age who reported a disability, the disability prevalence rate, in column (i): this increased by 1.2 million between 2015-2020, from 17.3 per cent to 19.9 per cent (a 14.8 per cent increase). The number of non-disabled people fell by 600 thousand, a 1.7 per cent reduction (not reported in Table 1).

The employment rate increased by 13.9 per cent for disabled people (column iii) and by 2.4 per cent for non-disabled people (column ii).

The DEG (column iv) measures the difference between the employment rate for non-disabled and disabled people. It narrowed from 33.5 to 29.0 percentage points (4.5 percentage points) between 2015 and 2020.

The proportion of people prevented from working through disability (PWD), the product of the DEG and the prevalence rate is reported in column (v). It is the same in 2020 as in 2015.

In 2020, the number of disabled people in employment had increased by 1.06 million from 2015 (almost a third) and 0.68 million (18.8 per cent) from 2017. The number of non-disabled people in employment remained largely unchanged.

**Table 1: Vital statistics: measuring disability and employment, 2015-2020**

	Disability prevalence rate % (i)	Non-disabled employment rate % (ii)	Disabled employment rate % (iii)	DEG percentage point (iv)	PWD % (v)	Disabled people in employment (million) (vi)	Non-disabled people in employment (million) (vii)
<b>2015</b>	17.3	79.6	46.1	33.5	5.8	3.2	26.7
<b>2017</b>	17.8	80.8	49.7	31.1	5.6	3.6	27.1
<b>2020</b>	19.9	81.5	52.5	29.0	5.8	4.3	26.9
<b>% change 2015-2020</b>	14.8	2.4	13.9	4.52 pp	0	32.6	0.6

Source: [ONS Table Ao8](#)

Notes: Annual averages calculated from published quarterly statistics

Columns (iv) and (v) are author calculations

Statistics in columns (i) through (iv) for 2020 were withdrawn in May 2021 due to issues related to COVID19.

They were referred to by the Minister in his evidence to the committee. They are retained here but may be subject to revision.

## Targets, indicators and measures

The Conservative government set itself a target of halving the DEG in 2015. A time limit of 2020 was attached to this target by Justin Tomlinson, the Disability Minister, in June 2015.<sup>4</sup> We refer to this as Target 1. The target changed to an increase of one million in the number of disabled people in employment in the Conservative Party manifesto of 2017 with implementation, within a ten-year time frame, set out in the government's response to its consultation *Improving Lives*. We refer to this as Target 2. Target 1 was quietly replaced by Target 2 in 2017. It appears to have been partially rehabilitated in the *NDS 2021*.

*The Report* covers three disability employment indicators: an absolute measure of the number of people in work, a relative measure of disabled compared to non-disabled employment rates and a prevalence-adjusted relative measure. Two of these measures map directly onto targets: Target 1, narrowing the DEG, is a relative measure. Target 2, getting 1 million more disabled people into employment, is an absolute measure. Starting with Target 2, we outline some background and its strengths and weaknesses as an indicator of change in disability inequality. Target 1 is considered in the same way. Since the interpretation of both as a measure of progress in equality is confounded by changes in disability reporting, a third indicator,

<sup>4</sup> <https://www.gov.uk/government/news/first-disability-confident-city-sets-out-bold-employment-ambition>

suggested by us in our submissions to the inquiry<sup>5</sup>, and recommended for consideration by the government by *The Report*, is considered here.

### **1. Absolute measure: the number of disabled people in employment**

Target 2, set in 2017, uses an absolute measure. It is to increase by 1 million the number of disabled people in employment between 2017 and 2027. Progress in terms of Target 2 looks good. From Table 1, if the target had been set in 2015 it would have already been exceeded in 2020. From the three years from which the target was set in 2017, the increase has been nearly 0.7 million. This leaves a ‘yet to be filled target’ of 300,000 over the next seven years. This is the Minister’s ‘preferred target’ and its progress provides the government with ‘something to celebrate’.

The strengths of this target are that it is a straight-forward number which is easily understood, easily measured and regularly published. The Minister justifies his preference on the basis that a narrowing DEG is not necessarily evidence of more disabled people in work (his priority). An illustration (at Q203) reports a COVID-induced economic downturn characterised by a generalised fall in employment and a fall in the number of disabled people in employment. The DEG would narrow if the fall is disproportionately smaller for disabled people.

The absolute measure has important weaknesses as an indicator of change in disability inequality. It is distorted (or confounded) by changes in other factors which are not related to disability equality. In this case, an increase in the number of disabled people in employment is driven by an aggregate increase in employment and increase in the number of people reporting disability (either through a greater incidence of activity-limitation at a fixed threshold or a lower threshold for reporting disability). Specifically, as an indicator of progress on reducing disability employment inequality, the measure is distorted by (i) an increase in the working-age population (ii) an increase in the overall employment rate and (iii) an increase in the disability prevalence rate. For these reasons, the number of disabled people in employment can increase over the period without any improvement in average employment prospects for those reporting disability. This is obviously undesirable in an indicator of progress on disability-related employment inequality.

The confounders are not new to the Minister. His own department published a paper in 2019 which he refers to in Q204. The increase in the number of disabled people in employment between Q1 2014 and Q1 2019 was decomposed into its constituent drivers with 7 per cent attributed to increase in the working-age population, 28 per cent attributed to an increase in the employment rate and 38 per cent attributed to an increase in the disability prevalence rate. Only the remaining 28 per cent reflects a narrowing of the DEG.<sup>6</sup>

Importantly (and as highlighted in the paper), this 28 per cent (narrowing of the DEG) does not capture the interaction between disability prevalence and the DEG. This would be expected to narrow the DEG if the threshold level of activity-limitation for reporting disability reduced. In this case, the disability prevalence rates would increase faster among those in or close to

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<sup>6</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/875199/employment-of-disabled-people-2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875199/employment-of-disabled-people-2019.pdf) (see p. 12)

employment compared to those not in employment. Evidence to the Inquiry from the NAO indicates that this is exactly what happened.

Overtime the number of people who have responded yes, they are self-defining as disabled, has gone up year on year. What is happening is that it is only people who are in employment where the trend has happened. There has been no similar trend in people who are either unemployed or out of work. What you have seen is this gradual increase in employment. In fact, it is a pretty staggering number. NAO response to Q28. Report p. 13.

In the face of the confounding factors, the Minister's defence of his absolute measure in terms of its sensitivity to the economic cycle (in this case a COVID-induced downturn) and of meeting the wishes of the young disabled people he meets on his visits (both reported in Q203) is hardly credible. In the event that COVID causes a pro-longed downturn with a sustained fall in employment and employment rates for disabled and non-disabled people, it is inevitable that the Minister will (correctly) attribute failure to meet the target to factors outside the control of DWP. When young disabled people report that the single thing they would do as Minister as "I want to have the same work opportunities that my friends take for granted" (Q203), they are expressing a relative wish, not an absolute one.

**The Minister might have a personal (and political) preference for an absolute measure, but its confounding effects make it inappropriate as an indicator of progress of disabled people in the labour market.**

## **2. Relative measure: the Disability Employment Gap (DEG)**

Target 1 was set by the Government in 2015 and uses a relative measure. It was to halve the DEG by 2020. Meeting this target required a DEG of 16.8 percentage points. The DEG did narrow between 2015 and 2020 from 33.5 to 29.0 percentage points, an overall reduction of 4.5 points (around a quarter of the target).

The strengths of this measure are that it is based on employment rates rather than levels and so adjusts for changes in relevant population sizes. It captures the concept of inequality facing disabled people since the trend in their employment chances is tracked relative to those of non-disabled people. In doing so, it accounts for employment changes over the economic cycle. This measure comes with some scientific credibility with its origins as a key indicator of disability disadvantage in the labour market established in the Black Review (2008:20).<sup>7</sup> On the downside, it is a composite measure made up of two employment rates and is therefore a more complicated statistic. It is not currently published and must be calculated. With a focus on the gap, differences in trends in the employment rate of disabled and non-disabled people are hidden. As such, and as the Minister recognises, the DEG can narrow even when the absolute number of disabled people in employment falls.

As well as a conceptual advantage, this measure has important statistical advantages over the absolute measure in that the confounding effects of the size of the working-age population and the level of overall employment are removed. The third confounding effect is likely to be

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<sup>7</sup> Black C (2010) Health Work and Wellbeing: Baseline Indicators <http://www.mas.org.uk/uploads/artlib/health-and-wellbeing-baseline-indicators.pdf>

reduced rather than resolved. The DEG is based on employment rates which are calculated as a proportion of the relevant disabled or non-disabled working-age population and so account for any increase in disability prevalence at a fixed threshold of activity-limitation. However, if the severity of the activity-limitation threshold is reduced as part of the increase in the disability prevalence rate, such that ‘recent reporters’ are more likely to be in employment (NAO evidence above) or closer to employment than those who reported disability at the start of the period, the disability employment rate is raised without changing the employment prospects for the starting group. In this way, progress is overstated by the indicator.<sup>8</sup>

**The relative measure is preferred over the absolute measure. Conceptually, it fits with the purpose of an indicator of inequality. Statistically it resolves the confounding factors posed by changes in the working-age population, the overall level of employment and changes in the disability prevalence rate at a constant severity of activity-limitation. Outside of government, there is a consensus that the DEG is a better (though imperfect) measure than the number of disabled people in work as an indicator of the progress of disabled people in the labour market.**

### **3. Prevalence-adjusted relative measure: Proportion of people prevented from working by disability (PWD)**

The third measure, PWD, multiplies the prevalence of disability in the population by the DEG and records the total employment loss due to disability. Its value and its insights arise from additional control of the third confounding factor, the prevalence of disability. As shown in Table 1 over the recent period, the narrowing in the DEG has coincided with an increasing prevalence of disability.<sup>9</sup> Figure 1 compares trends in PWD with the traditional DEG from 1998. For the period 1998-2009, progress in terms of the narrowing DEG was mirrored in the PWD. For the period 2010 to 2020, progress in narrowing the DEG has continued but the PWD has remained unchanged.<sup>10</sup> This divergence in trends should prompt investigation of the drivers of the narrowing in the DEG and doubts as to the reality of progress in terms of disability-related employment inequality from government and disability organisations.

The strength of the PWD over the DEG is that it highlights the confounding effects of changes in disability prevalence and offers a method of adjustment (albeit imperfect).<sup>11</sup> While its disadvantage is that it is more complex and difficult to interpret than the DEG, it is easily calculated from ONS publications based on the UK LFS so there is no additional cost to publishing this additional measure. The recommendation of scrutiny of multiple measures in

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<sup>8</sup> The absolute and relative measures are compared in a disability@work Briefing Note at <https://www.disabilityatwork.co.uk/wp-content/uploads/2017/12/changetargetsvwmj.pdf>

<sup>9</sup> Baumberg et al 2015 show that where this coincidence in trends is absent, there is no narrowing of the DEG. Baumberg B, Jones M and Wass V (2015). Disability prevalence and disability-related employment gaps in the UK 1998-2012: Different trends in different surveys? *Social Science and Medicine*, 141, pp. 72-81. <https://www.sciencedirect.com/science/article/pii/S0277953615300289>

See also in disability@work Briefing Note at <https://www.disabilityatwork.co.uk/wp-content/uploads/2020/08/Briefing-Note-disability-measurement-.pdf>

<sup>10</sup> Separate trends in the DEG, disability prevalence rate and PWD are reported in disability@work Briefing Note at <https://www.disabilityatwork.co.uk/wp-content/uploads/2020/08/Briefing-Note-disability-measurement-.pdf>

<sup>11</sup> For example, a rise in severity of activity limitation with constant disability prevalence will reduce the employment number and rate and therefore widen the DEG and PWD without any underlying change in inequality.

The Report recognises each measure will have limitations and the importance of understanding and accounting for any divergence in trends between measures as a means of understanding and evaluating progress.

**Figure 1: Comparing the current DEG measure with PWD**

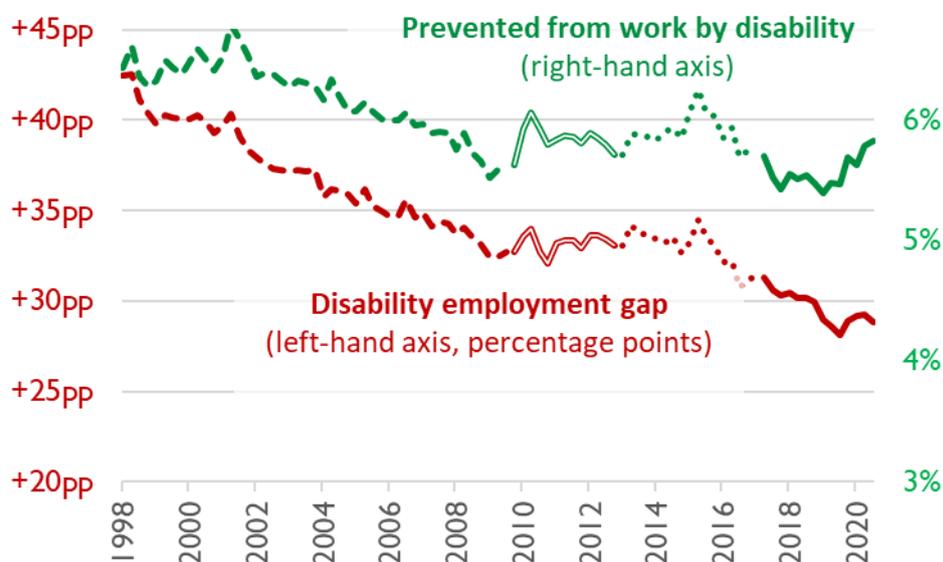


Figure uses ONS data, labour market statistics table Ao8. Different line styles show discontinuities in the LFS data; the figure is 'chained' so that the earlier series continues where the more recent series stops.

Source: Baumberg-Geiger B, Jones M, Bryan M, Wass (2021) submission [to Work and Pension Committee Inquiry into the Disability Employment Gap](#).

**The absence of progress on the PWD since 2010 is an important finding, important enough to justify reporting PWD alongside the DEG. Until the Minister is able to make simultaneous progress on the DEG and PWD, we should be concerned about concluding or celebrating progress. What is needed is more accurate reporting of progress with greater commitment to all three measures than is evident in the *National Disability Strategy*. We hope *The Report* will be a catalyst for this three-measure approach.**