

WRITTEN EVIDENCE FOR THE WORK AND PENSIONS COMMITTEE
PLAN FOR JOBS AND EMPLOYMENT SUPPORT

SUBMITTED BY DISABILITY@WORK

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We are four academic researchers who have a longstanding shared interest in disability inequality in the labour market and, as founders of Disability@Work, we seek to make this research readily available and accessible to policymakers.¹ We have particular expertise in relation to the quantitative analysis of disability-related gaps in labour market outcomes in the UK. This submission draws on our recent academic research relating to the impact of the financial crisis, the pandemic and homeworking on disabled people in the UK, as well as drawing on a long-standing body of evidence to outline key recommendations for labour market policy (as now encapsulated within the recently-launched Disability Employment Charter², of which Disability@Work is a founder member).

Executive Summary

Our submission addresses two main questions in response to the call for evidence.

1. *The impact of the pandemic on disability-related labour market inequality in the UK*
 - we present evidence from analysis of large-scale secondary data that shows the 2008-2009 financial crisis exacerbated labour market inequality for disabled employees. We show that disabled employees experienced a more adverse impact of the recession on workload, work organisation, wages and access to training relative to comparable non-disabled employees in similar jobs. Similar patterns may apply to future downturns, including the more recent COVID-19 recession.
 - our analysis of pre-pandemic economic and health risk factors suggests that disabled employees were more at risk during the pandemic. However, the early evidence relating to the pandemic suggests there has been no significant impact on established indicators of disability-related labour market inequality including the disability employment gap and disability pay gap. Disabled

¹ Further information, including more detailed information in relation to the evidence presented here, is available at: www.disabilityatwork.co.uk.

² www.disabilityemploymentcharter.org

employees were nevertheless disproportionately likely to be temporarily ‘away from work’, consistent with greater reliance on the government’s furlough scheme.

- the growth in working from home during the pandemic is unlikely to disproportionately benefit disabled people, given disabled people are less likely to work in the management/ professional roles that have seen particularly large increases in working from home, and working from home does not benefit disabled employees experience of work to any greater extent than that of non-disabled employees.
- disability indicators are central to ongoing measurement and understanding policy progress on reducing disability-related disadvantage in the labour market, including in employment. In addition to established measures, Disability@Work monitors the prevalence-adjusted disability employment gap. On this measure, which takes into account the rising prevalence of disability in the UK, we find that there has been no improvement in the gap since 2013.

2. *We provide policy recommendations for enhancing labour market equality for disabled people to support the Matt Warman MP review on how the government can best support a thriving labour market:*

- the Disability Employment Charter contains policy proposals that we believe, if implemented, will help address disability employment disadvantage, and close the disability employment gap, thereby helping engender a thriving labour market regarding the employment of disabled people. The Charter was founded by Disability Rights UK, Disability@Work, Leonard Cheshire, Scope, the DFN Charitable Foundation, the Shaw Trust Foundation, UNISON, and the University of Warwick, and outlines proposals for government action in nine key areas, including in relation to disability employment and pay gap reporting, reform of the government’s Access to Work and Disability Confident schemes, the leveraging of government procurement, and the advice and support provided to both disabled people and employers. We see greater engagement of, and action by, employers as key to this strategy, including in relation to measuring and monitoring disability inequality at the organisational level to promote proactive change within workplaces.

Introduction

Our submission is structured around two key areas. First, in response to *the impact of the pandemic on disadvantaged group in the labour market* we provide evidence on the impact of the pandemic, homeworking and the financial crisis on disabled people in the UK. Second, in response to *how the government can best support a thriving labour market* we highlight the proposals contained within the Disability Employment Charter, which are consistent with the aim of supporting a thriving labour market regarding the employment of disabled people.

1. The impact of the pandemic on disability-related labour market inequality in the UK

Disabled people represent nearly one in five of the UK working-age population. It is well-established that they face some of the most acute and enduring labour market disadvantage of all protected groups in the UK. Disability@Work research has demonstrated:

- the size and persistence of the disability employment gap (the percentage point difference in the employment rates between disabled and non-disabled people);³
- that the gap can largely be attributed to disability *per se* rather than differences in other personal characteristics such as age or educational attainment;⁴
- disability disadvantage exists among those in work, as disabled employees work fewer hours, earn less per hour and have a less positive experience of work than otherwise comparable non-disabled employees in similar jobs.⁵

*Evidence on the 2008-2009 financial crisis*⁶

We draw on evidence on disabled peoples' experience of the 2008-9 recession to consider what implications the pandemic may have had for disabled people's labour market outcomes. Our analysis of detailed information on employee's experience of the 2008-2009 recession introduced in the 2011 British Workplace Employment Relations Study finds:

- *disabled employees were more likely than non-disabled employees to report negative recession-induced changes to working conditions.* These differences were not simply a consequence of variation in personal, job and workplace characteristics between disabled and non-disabled employees (including differences in employment by occupation or industry). Relative to their non-disabled counterparts, *otherwise comparable disabled employees experienced a greater impact of the recession on workload, work organisation, wages, and access to training, suggesting the recession*

³ Baumberg, B., Jones, M. and Wass, V. (2015) Disability and disability-related employment gaps in the UK 1998-2012: different trends in different surveys? *Social Science & Medicine* 141, 72-81.

⁴ Jones, M. (2006) Is there employment discrimination against the disabled? *Economics Letters*, 92, p32-37.

⁵ Jones, M., Latreille, P. and Sloane, P. (2006). Disability, gender and the British labour market, *Oxford Economic Papers*, 58(3), 407-459. Jones, M. (2016). Disability and perceptions of work and management, *British Journal of Industrial Relations*, 54(1), 83-113. Hoque, K., Bacon, N., Jones, M. and Wass, V. (2017). Are high performance work practices enabling or disabling? Exploring the relationship between selected HPWPs and work-related disability. *Human Resource Management*, 57(2): 499-513.

⁶ Jones, M., Hoque, K., Wass, V. and Bacon, N. (2021). Inequality and the economic cycle: disabled employees' experience of work during the Great Recession in Britain, *British Journal of Industrial Relations*, 59(3): 788-815.

widened disability-related labour market inequality among those who remained in work.

- *workplace characteristics typically associated with greater equality* (including disability-related equality practices, working in the public sector, or being in workplaces with stronger fairness cultures) *did not moderate these relationships* to protect disabled employees.

We offer two possible explanations for the findings.

- consistent with theories suggesting there are greater opportunities for employer discrimination in downturns, there may be *inequality in the treatment of disabled employees when implementing workplace recession-induced change*, with disabled people being subject to changes to a greater extent than non-disabled people.
- even if the recession-induced changes to which disabled people are subject are no different from those of non-disabled people, *these changes might be experienced more acutely by disabled employees* (if workplace change is not supported by reasonable adjustments, for example).

In either case, our evidence suggests the 2008-2009 recession exacerbated in-work inequality for disabled employees in the UK. It is entirely plausible that similar dynamics will have emerged in the more recent COVID-19 recession.⁷

Evidence relating to the COVID-19 pandemic⁸

We have been among the first to explore the labour market experience of disabled people in the UK during the pandemic. Our analysis of large-scale survey data from the UK Labour Force Survey (LFS) considers pre-pandemic labour market health and economic risk factors as well as the immediate labour market impact of COVID-19 in 2020. In terms of risk factors measured in 2019, the overall picture is one of *consistently higher risk among disabled workers*. Relative to their non-disabled counterparts, otherwise comparable disabled workers were

- *more likely to work in the hardest-hit 'shutdown' sectors*, such as retail and accommodation and food,
- *have higher occupational COVID-19-related health risks* based on measures of working in proximity to others and with greater exposure to disease.

During the first year of the pandemic (2020) we found

- the disability employment and pay gap to remain largely unchanged, consistent with no immediate impact on disability-related inequality.
- but: a *disproportionate increase in being temporarily away from work among disabled people*, consistent with greater reliance on the government job retention 'furlough' scheme among disabled workers. This is true even after comparing disabled and non-disabled workers in similar occupations and industries. The higher probability of being way from work among disabled people might reflect personal

⁷ Early in the pandemic we used this evidence to predict the potential impact of the recession induced by COVID-19 (see Jones M., Hoque K., Wass V., and Bacon N. (2020) Disability and the economic cycle – implications for a COVID-19 recession <https://www.disabilityatwork.co.uk/wp-content/uploads/2020/04/disability@work-COVID-19-recession-briefing.pdf>).

⁸ Jones, M. (2022). COVID-19 and the labour market outcomes of disabled people in the UK, *Social Science and Medicine*, 292, 114637. (10.1016/j.socscimed.2021.114637).

choice, the requirements of shielding, as well as employer-initiated protection or discrimination.

- While the longer-term impact of this is perhaps too early to assess, there is a risk that, albeit likely temporary, *this disproportionate time away from the labour market will exacerbate disability-gaps in the UK labour market.*
- In terms of working from home during the pandemic, our analysis shows that while disabled workers (employees and self-employed) were more likely than non-disabled people to work from home pre-COVID-19, they were less likely to work in occupations with high potential for homeworking, potentially limiting the future benefit of an increase in homeworking.
- Our analysis of homeworking also confirms that disabled workers did not benefit disproportionately from homeworking during COVID-19, thus questioning the extent to which long-term more permanent increases in homeworking will reduce disability-related inequality in the UK. We expand further on this issue below.

Disabled people and working from home

Further to the above findings on working from home during the pandemic drawing on LFS data, we also conducted a detailed analysis of disabled employees (excluding the self-employed) and working from home using pre-pandemic data from the nationally representative 2011 Workplace Employment Relations Study.⁹

In particular, we explored (1) whether *disabled employees were more likely than otherwise comparable non-disabled employees to work from home* (which is what would be expected if working from home benefits disabled people's employment outcomes); (2) whether *disabled employees working from home had better experiences of work* than disabled employees not working from home; and (3) whether working from home benefited disabled employees *to a greater extent* than non-disabled people (thereby reducing disadvantage by engendering smaller disability gaps in the experience of work).

Evidence in support of these outcomes would suggest working from home has disproportionate benefits for disabled employees, and hence a growth in working from home would have potential to address disability employment disadvantage.

The analysis showed:

- disabled employees were *less (not more) likely to work from home than non-disabled employees prior to the pandemic*, with 12.8 per cent of disabled employees stating that in the last 12 months they had either worked from home or that the option to work from home was available to them, compared with 19.3 per cent of non-disabled employees.¹⁰

⁹ Hoque, K. and Bacon, N. (2022) Working from home and disabled people's employment outcomes. *British Journal of Industrial Relations*, 60(1): 32-56; see also: <https://www.disabilityatwork.co.uk/wp-content/uploads/2021/12/Disabled-people-and-working-from-home-Disability@Work-briefing-paper-002.pdf>

¹⁰ This analysis reporting disabled employees were less likely to work from home is based on data from the Workplace Employment Relations Study that includes only employees and excludes the self-employed. The analysis also combines working from home and the option to do so. Hence, it differs from the findings reported above based on the LFS that includes both self-employed and employed workers who mainly work from home (which finds disabled workers are more likely to work from home).

- this was explained by *disabled employees' concentration into occupations (non-managerial and low-paid roles) in which working from home is less widely available.*
- *working from home was associated with a more positive in-work experience for both disabled and non-disabled employees, specifically in relation to levels of job control, job-related mental health, job satisfaction, and organisational commitment (but not work-life balance).*
- however, working from home was not *disproportionately* beneficial for disabled employees' experience of work (it benefited both disabled and non-disabled employees equally). As such, *it did not narrow disability gaps in the experience of work.*

These findings are the opposite of what we would anticipate were working from home to have the potential to address relative disability disadvantage. Our analysis therefore *cautions strongly against reaching the conclusion that a growth in working from home in the post-pandemic era will have the potential to reduce disability disadvantage in the labour market.* Indeed, if this growth occurs in the occupations in which working from home has been typically widespread (managerial and professional roles), this will disproportionately *disadvantage* disabled people given they are less likely to be employed in these occupations than non-disabled people. Even if the growth in working from home occurs evenly across occupational groups, this will not reduce disability gaps in the experience of work, given it will not benefit non-disabled employees to a greater extent than disabled employees.

Tracking disability employment disadvantage 2013-2022

Disability@Work is committed to the ongoing monitoring of disability-related inequality in the labour market. Here we provide an overview of trends between 2013 and 2022 (covering the period of the pandemic).

- the first of two government indicators for, and commitments to, narrowing the disability employment gap was set in 2015. This was to halve the disability employment gap over the course of five years. The disability employment gap measures the percentage point difference in the employment rate between non-disabled and disabled people and has been tracked by the UK government from 2010 using data collected in the Labour Force Survey.
- this commitment was changed in 2017 to achieving one-million more disabled people in employment over ten years. The 'one-million' target is conceptually flawed as an indicator of disadvantage and ought to be dropped. First (in)equality is best indicated by a relative measure such as the disability employment gap, and secondly what drives the number of disabled people in employment is primarily the level of overall employment which is determined by the economic cycle and the number of people who report a disability. Neither is related to disability disadvantage. Both have increased since 2013, disability prevalence markedly so (from 17% to 22% of the working age population).¹¹
- set in the context of a 1.9 million increase in the number of people reporting disability, the 1.3 million increase in disabled people in employment looks less impressive.¹²

¹¹ The increase in reporting of mental health conditions has been particularly pronounced (see Jones, M. and Wass, V. (2013). Understanding changing disability-related employment gaps in Britain 1998-2011. *Work Employment and Society*, 27(6): 982-1003).

¹² See Wass, V. (2022) One million more disabled people are in employment. What is being celebrated?

- even the disability employment gap tends to overstate progress on closing disability employment disadvantage. When the prevalence of disabled people in the working-age population is increasing for social rather than medical reasons, the disability employment gap closes without any real impact on the employment chances of any given disabled person. As more people with less severe impairments, and lower support needs, report disability, employment rates for disabled people naturally increase.

The increase in the disability prevalence rate is, outside of war or a pandemic, most likely accounted for by changing legal definitions, which have become less prescriptive and restrictive, and a widening of the public’s awareness, cultural interpretation and social acceptance of disability. As a result of the ‘plasticity’ of the socio-legal definition, the composition of disabled people shifts towards those with less severe activity-limitation and greater proximity to employment. One important consequence of this is the confounding of trends in simple disability indicators used by the government.

Table 1 reports progress on the two indicators/commitments between 2013¹³ and 2020¹⁴. Also reported is the Disability@Work preferred indicator, which controls for the confounding effect of increasing disability prevalence. The number of disabled people in employment, targeted from 2017, is reported in column (i). The disability employment gap, targeted between 2015 and 2017, is reported in column (v). The final column (vii) reports the prevalence-adjusted DEG. It is a composite measure comprising the product of the disability prevalence rate (vi) and the DEG (v).¹⁵

Table 1. Disability and employment 2013-2020

	Number in employment (million)		Employment rate (%)				
	Disabled (i)	Non-disabled (ii)	Non-disabled (iii)	Disabled (iv)	DEG percentage point (v)	Disability rate % (vi)	Disability x DEG % (vii)
2013	2.9	26.0	77.4	43.7	33.7	16.6	5.6
2020	4.3	26.9	81.5	52.5	29.0	19.9	5.8
% change	<i>47.5</i>	<i>3.3</i>	<i>5.3</i>	<i>20.1</i>	<i>-13.9</i>	<i>20.2</i>	<i>3.5</i>

Source: ONS Table Ao8

Notes: Author-calculated annual averages from the quarterly figures published by ONS from the LFS. The choice of 2013 and 2020 are determined by the availability of consistent disability statistics. Disability-specific impacts of COVID-19 are not evident in employment data for 2020.

Progress looks very different according to the choice of indicator (bottom row of Table 1).

- *the number of disabled people in employment (column i) increased by almost 50 per cent. Between 2015 and 2020, this measure increased by 1.06 million, of which a 0.68 million increase was from 2017 to 2020.*

<https://www.disabilityatwork.co.uk/wp-content/uploads/2022/05/Disability@Work-briefing-on-1-million-target.pdf>

¹³ The date the Equality Act definition of disability was introduced in the LFS.

¹⁴ Pre-dates recorded impacts of the pandemic.

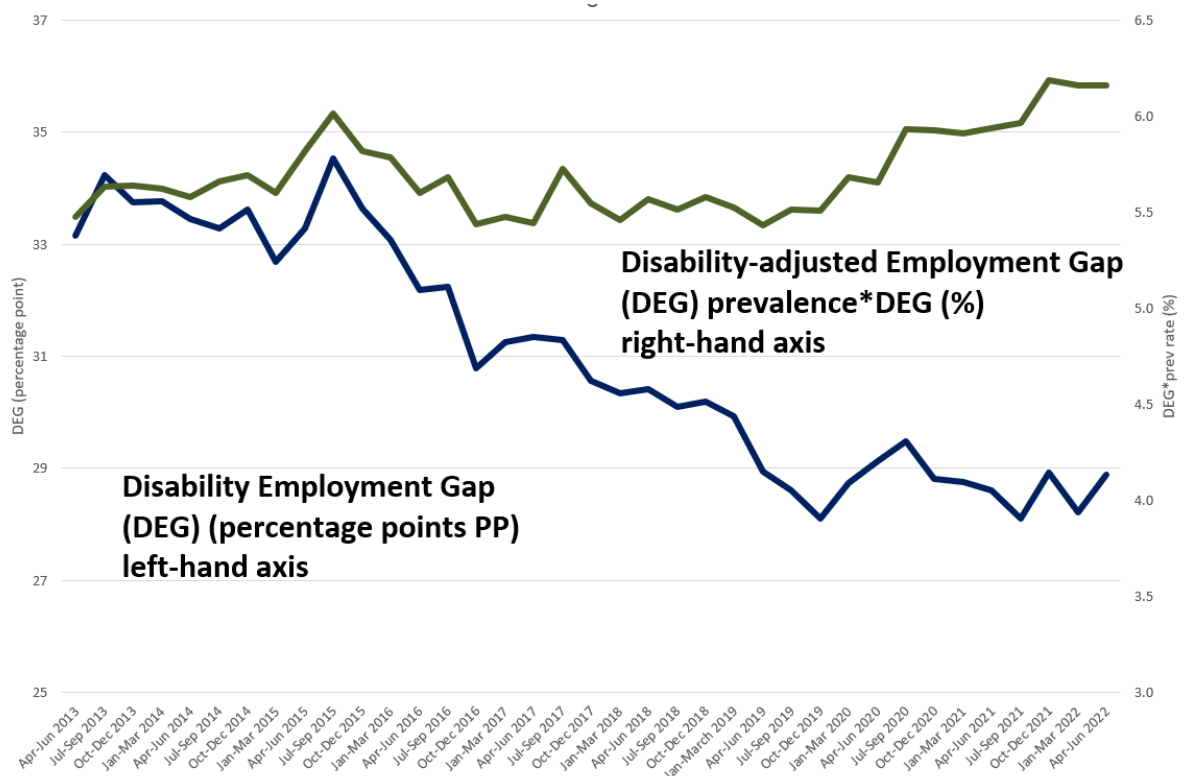
¹⁵ This is a measure developed by academics to explore the distorting effects of the expanding disability prevalence rate on the DEG (see Wass V and Jones M (2020) Measuring disability and interpreting trends in disability-related disadvantage

<https://www.disabilityatwork.co.uk/wp-content/uploads/2020/08/Briefing-Note-disability-measurement-.pdf>).

- the disability employment gap (column v) measures the difference between the employment rate for non-disabled (column iii) and disabled people (column iv) and narrowed from 33.7 to 29.0 percentage points. Here *performance is positive (4.7 percentage points) but falls short of the commitment to halve the disability employment gap*, which required a narrowing of 16.7 points.
- *the composite disability prevalence rate x disability employment gap measure (column vii), indicates no progress since 2013*. This is because the falling disability employment gap is matched by increasing disability prevalence, consistent with the latter arising due to socio-cultural expansion of the definition and being associated with a reduction in the average severity of activity-limitation.

The disability employment gap column (v), and the prevalence-adjusted disability employment gap column (vii), are tracked together in Figure 1 between 2013 and 2022 to explore the period of the pandemic.¹⁶

Figure 1. Disability employment disadvantage 2013-2021



- *the downward trend in the disability employment gap (blue line measured on the left hand axis) overstates progress on reducing disability employment disadvantage when the prevalence of disabled people in the working-age population is increasing for social rather than medical reasons.*

¹⁶ This graph is updated at every quarterly release of Table Ao8 Disability Employment at <https://www.disabilityatwork.co.uk/>

- when increasing prevalence is accounted for in the green line (measured on the right-hand axis), there has been *no improvement in the underlying disability employment disadvantage*.

The relationship between these two indicators changes in 2021. The disability employment gap stops falling and the prevalence-adjusted disability employment gap increases. This looks to be an early indication of the impact of the pandemic on disability prevalence. The pandemic represents a health shock which increases disability prevalence for functional rather than social reasons and so does not have the effect of narrowing the disability employment gap. Hence, what we see in the graph is that the narrowing in the disability employment gap stalls as the prevalence of disability increases, resulting in an increase in the prevalence-adjusted disability employment gap. *The aftershocks of the pandemic make real effort and investment on disability prevalence and disability employment disadvantage increasingly urgent.*

2. Policy recommendations for supporting a thriving labour market (in relation to the Matt Warman MP review)

Disability@Work are founder members of the Disability Employment Charter (www.disabilityemploymentcharter.org). As such, with regard to the Matt Warman MP review on how the government can best support a thriving labour market, we believe *the best way for the government to best support a thriving labour market regarding the employment of disabled people is to implement the proposals outlined within the Charter.*

The Disability Employment Charter was launched in October 2021 by Disability Rights UK, Disability@Work, Leonard Cheshire, Scope, the DFN Charitable Foundation, the Shaw Trust Foundation, UNISON, and the University of Warwick. It sets out the *actions the founder members believe the Government needs to implement in order to address disability employment disadvantage*. The charter's proposals are as follows:

1. Employment and pay gap reporting.

The government should require all employers with 250+ employees to publish data annually on: the number of disabled people they employ as a proportion of their workforce and their disability pay gap; and the percentage of disabled employees within each pay quartile.

2. Supporting disabled people into employment.

The government should: increase disabled people's access to employment programmes and apprenticeships; increase the scale, quality and awareness of supported employment programmes and supported internships; and increase the provision of tailored careers advice to disabled people.

3. Reform of Access to Work (AtW).

The government should: remove the AtW support cap; ensure application/renewal processes are efficient, personalised, and flexible; entitle disabled job-seekers to 'in principle' indicative awards; facilitate passporting of awards between organisations and from Disabled Student's Allowance to AtW; and increase awareness of AtW support.

4. Reform of Disability Confident.

The government should: require all employers at Disability Confident Levels 2 and 3 to meet minimum thresholds regarding the percentage of disabled people in their workforce; and

remove accreditation from employers that do not move up within 3 years from Level 1 to Levels 2 or 3.

5. Leveraging government procurement.

The government should: ensure award decisions for all public sector contracts take into account the percentage of disabled people in the workforce of tendering organisations; require government contractors to work towards a minimum threshold regarding the percentage of disabled people in their workforce; and take failure to achieve this threshold into account in future contract award decisions.

6. Workplace adjustments.

The government should: require employers to notify employees on decisions regarding reasonable adjustment requests within two weeks; make the option to work flexibly from day one the legal default for all jobs; introduce stronger rights to paid disability leave for assessment, rehabilitation and training; and fund an increase in Statutory Sick Pay to the European average.

7. Working with disabled people and their representatives.

The government should: require employers to consult and negotiate with disabled people and their representatives on disability equality matters; and provide trade union equality representatives and disability champions with statutory rights to time off to perform their role.

8. Advice and support.

The government should create a 'one stop shop' portal to provide information, advice and guidance to employers on recruiting and retaining disabled people, and to disabled people on their employment rights.

9. National progress on disability employment.

The government should take into account increasing disability prevalence in calculating the disability employment gap, and use the 'prevalence corrected' employment gap measure in monitoring national progress on disability employment.¹⁷

Several of these proposals are backed by Disability@Work's research, and the proposals dovetail with those from other leading bodies including the Centre for Social Justice Disability Commission.

The Charter has received widespread support, with *over 110 organisations having signed*, including all of the country's main disability charities (Mind, National Autistic Society, Mencap, Sense, RNIB and RNID), and a growing number of large corporate organisations such as McDonalds, Herbert Smith Freehills, PageGroup, CMS, Blenheim Chalcot, Schroders, Publicis Groupe, and the Post Office. The British Paralympic Association have also signed. *This demonstrates the widespread support for the charter's proposals across a range of key stakeholders.*

The charter has already received considerable high-level attention from ministers, with Chloe Smith MP, Work and Pensions secretary, referring to it in a speech in the Commons in December 2021 as a welcome initiative. Reflecting the Charter's growing visibility and influence, the interim update on the Disability Confident review from the DWP stated that the review aimed to take into consideration the recommendations of the Charter (alongside those of the Centre for Social Justice Disability Commission, and the Work and Pensions Select

¹⁷ The insights regarding this are illustrated in Table 1 and Figure 1 above.

Committee Disability Employment Gap report). The Charter has also received cross-party support. In a speech at a Parliamentary reception in June 2022, Vicky Foxcroft MP, shadow Minister for Disabled People, called on the government to implement the Charter in its entirety, and with immediate effect. It has also received support from within the SNP and the Liberal Democrats.

The Charter has already had some early successes, with the £18 million announced recently by the government for supported internships having been negotiated in part with the support of the Charter.

In short, we view the implementation of the Charter's proposals as critical in addressing the disadvantage disabled people encounter in the labour market, and therefore an important route by which the government can best support a thriving labour market.

We hope this information is helpful. Please do not hesitate to contact us if you require further information on our submission.

Further details of our research and policy briefs can be found at: www.disabilityatwork.co.uk

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