

Enabling work:

disabled people, employment
and the UK economy

Jenny Gulliford
April 2015

About Scope

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here. We provide support, information and advice to more than a quarter of a million disabled people and their families every year. Being able to choose where and how you live has an enormous impact on your quality of life, your sense of independence and your self-esteem.

Employment is an important aspect of living independently for many disabled people. Too many disabled people are not able to access the support they need to enter and stay in work. They experience barriers to entering fulfilling employment, and negative attitudes from their employers and co-workers.

Not every disabled person should be expected to work, and everyone's contribution to society should be recognised regardless of whether they are working or not. Work will only enable disabled people to live independently and achieve their goals if it pays a decent wage, any reasonable adjustments needs are put in place, and the work itself is of sufficient quality. But there is a vital economic case for doing more to support disabled people who can and want to work.

In this report

1. Executive summary	4
2. Landman Economics' findings	6
3. The significance of disabled people as an untapped labour source	10
4. Scope's recommendations	12
5. Conclusion	18
6. Annex	19

1. Executive summary

“We base our life on work. If you want to buy a house you need work. If you want to start a family you need work. If you want to go out with friends you need an income, you need work. We base our life on our work and we build our lives from it. When you're in work it's a stable environment and it gives you the stability. It gives you a meaning, a purpose, place to go, people to see. It's so much more than the actual physical work itself.” Matthew, 41

Being in work is about more than just a wage. It is about being independent, interacting with your peers, and being able to achieve your goals and aspirations. But for too many disabled people there are barriers to entering, staying in, and progressing in work. This is not only an issue for the individuals involved, but an issue for society at large.

Failure to address the barriers to work that disabled people face is a failure to recognise the contribution that disabled people make and could make to Britain's economy and society. Many disabled people are already in work. But many more could enter and stay in work with the right support.

Landman Economics have modelled the economic impact of a sustained increase in the rate of employment amongst disabled people between now and 2030. This report explores their findings as to what this impact might be and points to some of the actions which could enable such an increase.

The actions which can be taken are many and diverse. More important than any individual step is the recognition that the untapped potential of the disabled labour market is vast. Disabled people must be at the heart of future plans to develop Britain's workforce and grow our economy.

Landman Economics' key findings

Increase in GDP

The impact on the economy of a rise in the disability employment rate will be significant.

A rise of just five percentage points would lead to an increase in Gross Domestic Product (GDP) of £23 billion by 2030. This is equivalent to 0.9 percent of total predicted GDP in 2030.

A 10 percentage point rise in the employment rate for disabled people would result in a rise of £45 billion. This is equivalent to 1.7 percent of total predicted GDP in 2030.

Gains to the Exchequer

A five percentage point rise in the employment rate amongst disabled adults below pension age would mean that, by 2030, the Exchequer would gain £6 billion.

A 10 percentage point rise would result in a £12 billion gain to the Exchequer.

Relative and absolute poverty among disabled people

An increase in the disability employment rate would significantly reduce the rate of relative and absolute poverty among disabled people, with a five or 10 point rise in employment reducing absolute poverty by either two or three percentage points, and relative poverty by three or five points.

If the disability employment rate stays the same and there are no changes in how the benefits system works, wider societal changes mean by 2030 the incidence of relative poverty for disabled adults below pension age will rise from 19 percent to 30 percent, and absolute poverty will rise from 20 to 24 percent.

What do these numbers mean?

By 2030 a five percentage point rise is equivalent to half a million more disabled people in work.

A 10 point rise is equivalent to a million more disabled people in work.

Recommendation

- Disabled people must be considered in employment and economic growth strategies – they have the same talents and aspirations as everybody else, present enormous untapped potential – but face systematic barriers which require intervention in order to be overcome.

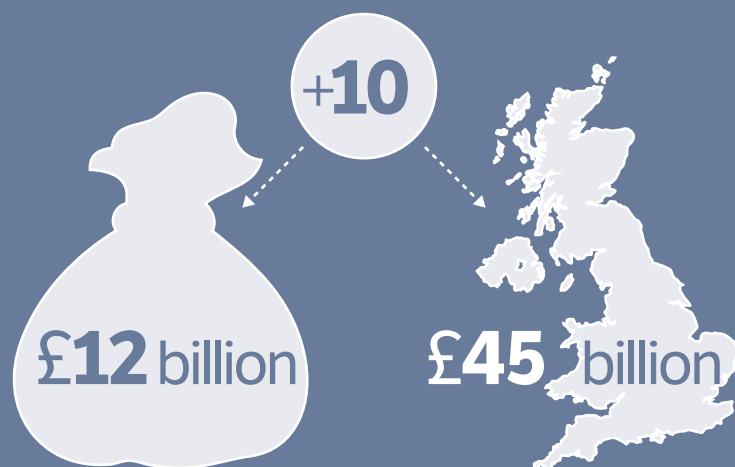
A **five percentage point rise** in the employment rate amongst disabled adults below pension age would mean that, by 2030:



The **Exchequer** would gain **£6 billion.**

An increase in **GDP** of **£23 billion.**

A **10 percentage point rise** in the employment rate amongst disabled adults below pension age would mean that, by 2030:



The **Exchequer** would gain **£12 billion.**

An increase in **GDP** of **£45 billion.**

2. Landman Economics' findings

Landman Economics explored the impact of an increase in the disability employment rate over a long period – up until 2030. This was in recognition of the fact that the benefits of an increase will be felt over the long term, and will require long term solutions.

By 2030 a rise in the number of disabled people in work of five percentage points is equivalent to 526,000 people. A rise of 10 points is equivalent to 1,058,000 more disabled people in work.

In order to quantify some of these benefits this report explores the impact a relatively small rise in the disability employment rate would have on:

- Gross Domestic Product (GDP)
- Gains to the Exchequer
- Absolute and relative poverty among disabled people

Measuring employment

These measures are used as proxies for the wider positive impact this increase would have on the economy, society in general, and disabled people.

Landman Economics used the Family Resources Survey 2011/12 (FRS) to model the economic impact of increasing disabled people's employment rate. The FRS captures more detail on income sources than any other UK household survey. It is considered the best source for looking at benefit and tax credit receipt by characteristics not captured on administrative sources, including disability.¹ The FRS therefore provides the best data for modelling changes to disabled people's incomes from earnings and social security spending, and the broader impact of these changes on the UK economy up to 2030.

Landman Economics' model uses the widest definition of disability available in the data set. This captures most, but not all, people who met the definition of disability in the Disability Discrimination Act. The FRS indicates that the employment rate for this group is 57.4 percent. Scope's analysis of disabled people's employment uses the latest version of the Labour Force Survey, which places the disability employment rate at 47.4 percent.² This is based on a different definition of disability – people who are considered to be disabled under the Equality Act 2010 and/or report a work-limiting disability. As a result, it produces a different employment rate than the FRS.

1 DWP (2014) Family Resources Survey 2012/13, pp.19-20 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325491/family-resources-survey-statistics-2012-2013.pdf

2 Labour Force Survey (March 2015), <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/march-2015/statistical-bulletin.html>

The Labour Force Survey is the more commonly used source to determine the total proportion of disabled people in employment. However, it was not possible to undertake the economic modelling in this report from that dataset without compromising accuracy in how income sources are assessed. Scope will continue to use the Labour Force Survey elsewhere in its work, but has refrained from doing so in this report so as to avoid confusion.

Increase in GDP

A sustained increase in the number of disabled people in work would have a positive impact that would be felt throughout the whole economy. More people in work means increased economic output as the amount of goods and services created within the UK grows.

A rise in the employment rate amongst disabled people of just five percentage points would lead to an increase in GDP of £23 billion by 2030. This is equivalent to 0.9 percent of total predicted GDP in 2030.

To put this in to perspective, the agriculture sector in 2012 had a Gross Value Added or GVA (the contribution to the economy of an individual producer, industry or sector in the United Kingdom to GDP) of £24 billion.³

A 10 percentage point rise in the employment rate for disabled people would result in a rise of £45 billion, only a little below the total GDP of Derbyshire and Nottinghamshire in 2011.⁴ This is equivalent to 1.7 percent of total predicted GDP in 2030.⁵

Analysis from the Organisation for Economic Cooperation and Development (OECD) and the Office for Budget Responsibility (OBR) indicates that the UK's economy is growing, with the fastest rate of growth in the G7 this year.⁶ But if this growth is to be sustained it will be important that the UK utilises all the resources available to it – including the skills and talents of disabled people.

3 Scope analysis of the United Kingdom National Accounts, The Blue Book, (2014). <http://www.ons.gov.uk/ons/rel/naa1-rd/united-kingdom-national-accounts/the-blue-book--2014-edition/rft-table-2-1d--summary-supply-and-use-tables--2012.xls>

4 Eurostat (2014): Scope analysis Regional gross domestic product by NUTS 2 regions 2014. <http://ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tgs00003&language=en>

5 Landman Economics base their modelling of GDP in 2030 on OBR economic assumptions, which are cautious.

6 OECD (2015): Economic Survey of the United Kingdom. <http://www.oecd.org/unitedkingdom/economic-survey-united-kingdom.htm> ; Office for Budget Responsibility (2014) . Economic and fiscal outlook – December 2014 <http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2014/>

Gains for the Exchequer

One of the quickest and most tangible effects of even a small sustained increase in the employment rate amongst disabled people will be an increase in revenue to the Exchequer. This is as a result of higher tax receipts as more people earn in work, and lower spending on social security, as the number of people claiming out of work benefit falls.

A five percentage point rise in the employment rate amongst disabled adults below pension age would mean that, by 2030, the Exchequer would gain £6 billion.

A 10 percentage point rise would result in a £12 billion gain to the Exchequer by 2030.

Impact on poverty

If the disability employment rate stays the same and there are no changes in how the benefits system works, wider societal changes mean by 2030 the incidence of relative poverty for disabled adults below pension age will rise from 19 percent to 30 percent, and absolute poverty will rise from 20 to 24 percent.

A five percentage point rise in the employment rate would result in a fall in absolute poverty from 24 to 21 percent, and relative poverty would fall from 30 percent to 27 percent.

A 10 percentage point rise in the employment rate for disabled people in absolute poverty among disabled adults would fall from 24 percent to 21 percent, and relative poverty would fall from 30 percent to 25 percent.

Disabled people and their families are already more likely to be living in poverty than non-disabled people. 19 percent of people in families with at least one disabled family member live in relative income poverty, compared to 15 percent of families with no disabled family members.⁷ Being in work and earning a decent wage remains one of the best routes out of poverty for most people. However the relationship between employment and poverty is complex, with work being no guarantee that an individual will be able to move out of poverty. In-work poverty is a particular issue for disabled people, who face on average £550 a month of disability related extra costs.⁸

7 Family Resources Survey 2011/12 <https://www.gov.uk/government/statistics/family-resources-survey-201112>

8 Scope (2014): Priced Out: Ending the financial penalty of disability by 2020.

Overall, if no action is taken, and the employment rate amongst disabled people does not improve, there will be a significant rise in the poverty rate among disabled people.

Key findings

526,000 more disabled people in work by 2030 would generate £6 billion to the Exchequer and a GDP increase of £23 billion.

1,058,000 more disabled people in work would generate £12 billion to the Exchequer and a GDP increase of £46 billion.

3. The significance of disabled people as an untapped labour source

Over the course of the 2010–2015 Parliament there has been increasing political consensus that the UK should be aspiring towards a form of full employment.⁹ Unless more is done to support disabled people to find and sustain meaningful employment, this ambition is unlikely to be achieved.

The significant economic and social gains of a rise in the disability employment rate should be understood as more than just a ‘add on’ to wider employment and growth strategies. Enabling more disabled people to enter and stay in work will be a vital response to larger changes in the labour market. The UK’s working age population is getting older. Unless offset, this will have negative consequences for the UK economy as retiring workers are not replaced. The OECD argues that increasing employment rates amongst disabled people will be a key response to offsetting the negative impact of an ageing population on the size of the available labour force.¹⁰

Analysis from organisations such as the OECD and the OBR indicates that growth is returning to the UK’s economy.¹¹ But historically, periods of economic growth have not had the same positive impact on disabled peoples’ employment rates as on non-disabled people. It is time to start looking at the structural inequalities that prevent many disabled people from being active in the labour market.

Disabled people who are willing and able to work are a sizable proportion of the population, with the same potential skills and abilities as everyone else. But many disabled people face specific barriers which need to be addressed. In the next section, we consider how these barriers can be overcome.

9 See George Osborne: ‘That’s why today I’m making a new commitment – a commitment to fight for full employment in Britain’ <http://www.bbc.co.uk/news/uk-26814423>. See also Liam Byrne’s speech, 17 May 2013, The Road Back to Full Employment – <http://archive.labour.org.uk/the-road-back-to-full-employment--speech-by-liam-byrne>

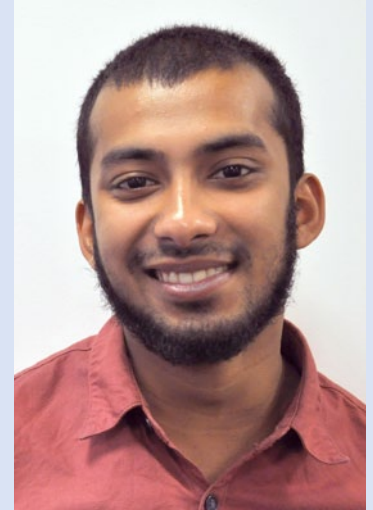
10 OECD (2010): *Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries*, http://www.oecd-ilibrary.org/social-issues-migration-health/sickness-disability-and-work-breaking-the-barriers_9789264088856-en

11 OECD (2015): *Economic Survey of the United Kingdom*. <http://www.oecd.org/unitedkingdom/economic-survey-united-kingdom.htm> ; Office for Budget Responsibility (2014): *Economic and fiscal outlook – December 2014* <http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2014/>

Case Study: Azar

‘I know what I want to be’

Failure to address the barriers to employment that many disabled people face means that the UK’s economy misses out on the creativity and skills of talented people. Azar is 20 years old and recently participated in Scope’s pre-employment programme for young disabled people.



“I have cerebral palsy, but you can’t really see it at first. That’s because I’ve been covering it so well – my whole life I’ve been covering up. The more time you spend with me, the more you figure it out.

Because of my disability, people are like ‘he can’t do this’, ‘he can’t do that’, and it hurts in a way, but sometimes you’ve got to just take it on the chin.

I knew I wanted to work in business, so after I left college I was looking for a job. I just wanted experience to put on my CV, even just working in a supermarket. I remember a lot of times in my interviews I didn’t want to say that I had a disability, but they would pick up on it because of the way I speak, the way I walk.

Because of Scope’s [pre-employment] course, and the professional mentor I worked with, I’m more confident of just being me without people judging me. You can’t be worried about what other people think.

If anything you’ve got an advantage, because you can say: ‘I’m at the same place as these people, but I’ve also got a disability’. It just shows you have an extra strong character. Now I describe my disability as more of a strength than as a weakness.

My dream job is to become a foreign exchange trader. I want to trade in the financial markets. I took an online training course – they gave me a scholarship and now I can go on the course for free.

I’ve just started a business management course at university. I got an access scholarship with help from Scope. I’m also working a part time job, and I’m starting a business with my uncle. I know what I want to be, and I know I can get my dream job.”

4. Scope's recommendations

Tackling structural inequalities

There are two forms of unemployment: cyclical and structural. Cyclical unemployment is the result of demand for labour, and therefore fluctuates in line with the health of the economy. Structural unemployment is the result of wider factors in society, such as negative employer attitudes towards a certain demographic group or regional differences in job availability. Low rates of employment amongst disabled people is a form of structural unemployment – caused by the barriers to work that disabled people face rather than the state of the economy.

As a result, the disability employment rate is not positively affected by a return to economic growth in the same way the non-disabled employment rate is.

Structural inequalities in the labour market cause the gap between disabled people and non-disabled people's employment rates. Removing these inequalities will not be simple, and will require the combined effort of a number of different actors. It may take some time for these changes to be felt. But making them will create a society in which many more disabled people are able to enter, stay in and progress in work.

These changes need to be underpinned by the understanding that increasing the disability employment rate requires recognition that this issue is integral to the UK's continued economic success, and to the goal of full employment.

There are four areas which need to be addressed:

- Employer attitudes
- Improving job retention – government interventions
- Personalised employment support
- Disability, localism and growth

Case Study: Emily

“You have got so much stacked against you, if you’re a young disabled person looking for a job.”

Emily supports 16–24 year-old disabled people in East London to find work through Scope’s employment courses. Emily has Non Epileptic Seizures, and draws on her own experiences to support the young people.



“I get really passionate about what I do, I think because I’m disabled myself, and because I’m from a very working class background.

I’m a massive geek about my job, I really love it. Because I love seeing employers changing their attitudes, and how they’re blown away by their experience.

You have got so much stacked against you, if you’re a young disabled person looking for a job, and I think it’s so important that we’re doing all we can as an organisation to help those young people who are disabled, find the ways to do what they want to do. Because if we’re aiming for equality for all, no more no less, then for me a point of equality is that a young disabled person is allowed to pursue their dreams in terms of their career, and that we don’t just match them to whatever menial job we have.

I was speaking to someone about the fact that in the boroughs I work in, there are offerings around youth unemployment and there are employment strategies and things like that but there’s no lead on disability and employment.

The barriers facing our young people are so complex and obviously it changes from young person to young person.

One barrier is perceptions – unfortunately, so [the young person will] maybe get to the interview stage and they’ll have cerebral palsy and their speech is a bit slurred, so it’s going to go to the guy who doesn’t have that. Or they don’t even get through to that interview stage because there are unfortunately still employers who still think ‘well why would I take the disabled person over somebody who’s going to be no bother?’

I do a lot of work with employers, just sort of calming their fears about what disability is. Even when they say ‘yeah we’ll take somebody on a placement’, they panic. And they’re like ‘we don’t have a ramp’ and I’m like ‘it’s OK, he’s got schizophrenia, it’s fine, he doesn’t need a ramp’. And so seeing that is just a huge thing.”

Employer attitudes

Employer attitudes affect every aspect of work and employment for disabled people. From the application, to the job itself, to the opportunity to progress within the organisation, it is vital that employers appreciate the impact that their attitudes and actions have on enabling disabled people to enter and stay in work.

Making workplaces accessible is not just about making physical changes to buildings. Only 3.1 percent of unemployed disabled people describe problems with building or facilities as a barrier to entering work. This is compared to 40 percent who say that the option of modified hours (such as flexible or part time working) would be an important factor in enabling them to enter and stay in work.¹²

Many employers are already doing a good job, making their workplaces flexible and accessible and getting the best out of their staff. But negative attitudes among employers are still a significant barrier to work for many disabled people. Amongst those who had looked for work in the previous five years, 15 percent of disabled people thought they had been discriminated against when they had been refused or turned down for a job, compared to seven percent of non-disabled people.¹³

Negative attitudes are fuelled by lack of information, understanding and confidence in dealing with disability. There are a few relatively straightforward steps which employers can take to make a significant difference:

Recommendations

- Find out about good practice around disability in employment from organisations such as the Chartered Institute of Professional Development, or from government guidance.
- Stay abreast of government schemes which are there to help, such as Access to Work.
- Embed flexible working practices – flexible working is one of the most commonly requested forms of reasonable adjustment made by disabled people, and can be relatively easy and inexpensive to implement.
- Talk openly and honestly with disabled employees about what adjustments and support they need to perform at their best. Disabled people are the experts in their own condition.

¹² Scope analysis of Office for National Statistics, Life Opportunities Survey: Wave 2, 2010-2012

¹³ Home Office, 2010, Citizenship Survey, via Equality and Human Rights Commission, 2013, Barriers to employment and unfair treatment at work: a quantitative analysis of disabled people's experiences, Research report 88 http://www.equalityhumanrights.com/sites/default/files/documents/barriers_and_unfair_treatment_final.pdf

Improve job retention – government interventions

Reducing the number of people unnecessarily leaving the labour market is an important part of increasing the employment rate amongst disabled people. Employer attitudes are hugely significant in enabling disabled employees to stay and progress in work. However, there are also important steps government can take to begin to address poor retention rates amongst disabled people and thereby improve the disability employment rate.

Recommendations

- Expand Access to Work, to ensure that more disabled people receive the support they need to stay in work.
- Remove the proposed cap on awards through Access to Work of more than £40,800.
- Introduce legislation which mandates the option of part-time leave for disabled people adjusting to changes in or fluctuations to their condition. Ensuring that individuals avoid long term, full time sickness absence and maintain their connection to the workplace is crucial in keeping them in employment.¹⁴
- Introduce specialist in-work support targeted at supporting disabled people who are at risk of leaving the workforce prematurely.

Personalised employment support

Disabled people face systematic and structural barriers to entering work. Many disabled people need specialist employment support to overcome these barriers.

Current specialised employment support programmes, such as Work Choice and pilots such as the Personalisation Pathfinders remain small, affecting only a small proportion of all disabled people looking for work. National attempts to create larger tailored employment programmes have not yet led to personalised, specialist support being put in place. The most illustrative example of a national scheme which is ineffective in supporting disabled people into work is the Work Programme, where the majority of support available is generalist and provided by a single organisation, with low onward referral to specialist sub-contractors.¹⁵ Whilst examples of good practice

14 Dame Carol Black & David Frost CBE (2011): Health at work – an independent review of sickness absence. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181060/health-at-work.pdf

15 Department for Work and Pensions (2014): Work Programme Evaluation; Operation of the Commissioning model, finance and programme delivery. Research report No 893

within the Work Programme exist, overall job outcome rates for Employment and Support Allowance (ESA) claimants remain low – only 9.5 percent for new ESA customers, and 3.4 percent for other ESA/IB customers.¹⁶

Employment support services need to recognise all the unique barriers to entering sustainable, good quality work that disabled people might face, as well as their desired outcomes.

Recommendations

- Replace the Work Capability Assessment (WCA) with a Distance from Work Assessment, focused on identifying an individual's barriers to work and referring to appropriate support.
- Increase the number of Disability Employment Advisers, ensuring that all disabled job seekers have access to specialist advice and support.
- Move all disabled job seekers out of the Work Programme and into specialist support.
- Pilot personal budgets for employment support.

Disability, localism and growth

Over the last few years local areas have been given greater control and say over their growth and employment strategies. For example, the development of City and Growth Deals, the introduction of Local Enterprise Partnerships (LEPs) replacing the Regional Development Agencies,¹⁷ and the Greater Manchester devolution deal.¹⁸ The main focus of this activity has been job creation, improving regional labour markets and growing local economies. There is a drive to expand and innovate within current and emerging industries, and grow small and medium sized enterprises in order to improve local labour markets.

16 Work Programme statistical summary: data to 31 December 2014 <https://www.gov.uk/government/statistics/work-programme-statistical-summary-data-to-31-december-2014>

17 Matthew Ward (2014): Local Enterprise Partnerships – Commons Library Standard Note. <http://www.parliament.uk/business/publications/research/briefing-papers/SN05651/local-enterprise-partnerships>

18 (2014) Greater Manchester Agreement: Devolution to the GMCA & transition to a directly elected mayor. <http://www.parliament.uk/business/publications/research/briefing-papers/SN05651/local-enterprise-partnerships>

Many local areas are starting to think about how they can do more to use new powers and funding streams to improve employment outcomes for disabled people, usually in smaller, specialist schemes. The decision to devolve control of the European Social Fund (part of the European Structural and Investment Funds) to LEPs has been an example of this.¹⁹ But few are thinking about the disabled labour force from the start, and there is a tendency to view disabled people as an ‘add on’ tacked on at the end of wider plans. This is a missed opportunity, which ignores the important role disabled people can and must play in the economic recovery.

Recommendations

- Put increasing the rate of employment amongst disabled people at the heart of future employment and growth strategies
- Use existing initiatives within devolution and localism plans to improve employment rates amongst disabled people.

¹⁹ For more information on the European Social Fund: <https://www.gov.uk/government/publications/european-social-fund-2014-to-2020-plans>

5. Conclusion

The evidence from Landman Economics demonstrates the significant impact that a five or ten percentage point increase in the disability employment rate would have on economic growth in the UK.

As the Government elected in 2015 puts together its plans for economic growth, and aim for full employment, they must actively work to ensure that the disability employment rate increases. If they do not they will not achieve the goal of full employment.

Putting in place the right changes and support will create an environment where more disabled people are able to enter, stay in and progress in work. Scope's recommendations for growing the disability employment rate are wide-ranging. What underpins them is the recognition that the needs and aspirations of disabled people must be specifically considered in future employment and growth strategies. Future governments should recognise disabled people as actors within and contributors to the UK economy and commit to a steady increase in the disability employment rate within the lifetime of each Parliament.

6. Annex

Britain in 2030 – alternative scenarios for disabled people's employment

	Central case	+5 percentage points	+10 percentage points
Employment rate			
Disabled adults below pension age	57%	62%	67%
Adults below pension age	76%	78%	79%
In employment			
Disabled adults below pension age	6,067,000	6,593,000	7,125,000
Adults below pension age	30,726,000	31,253,000	31,784,000
Weekly earnings – disabled adult			
10th percentile	£117	£125	£132
25th percentile	£248	£267	£291
Median	£455	£412	£393
75th percentile	£772	£727	£685
90th percentile	£1,181	£1,127	£1,096
Mean	£603	£583	£567
Net household income – containing a disabled adult below pension age			
10th percentile	£188	£198	£214
25th percentile	£314	£329	£345
Median	£538	£556	£574
75th percentile	£902	£915	£930
90th percentile	£1,372	£1,375	£1,381
Mean	£715	£727	£740
Relative poverty (BHC)			
Adult PIP recipients	45%	42%	37%
Disabled adults below pension age	30%	28%	26%
Adults below pension age	19%	18%	18%

Absolute poverty (BHC)			
Adult PIP recipients	33%	32%	28%
Disabled adults below pension age	24%	22%	20%
Adults below pension age	14%	14%	13%
Relative poverty, after disability costs (BHC)			
Adult PIP recipients	66%	48%	44%
Disabled adults below pension age	32%	29%	27%
Benefit caseload – disabled adults			
Universal credit	3,975,000	3,788,000	3,574,000
Personal Independence Payment	711,000	711,000	711,000
Change to GDP	–	+£23 billion	+£45 billion
Fiscal impact			
Tax receipts	£479 billion	£482 billion	£485 billion
Social security	£242 billion	£239 billion	£236 billion
Combined effect	–	+ £6 billion	+ £12 billion

Methodology

The projections are based on the Family Resources Survey 2011/12, using a micro-simulation household-level model developed by Landman Economics and the Institute for Public Policy Research.

The measure of disability is that used in the FRS (people who report a long term, limiting health condition or disability). Landman Economics assume this will remain a stable proxy for the underlying incidence of disability in the population over time.

The incidence of absolute and relative poverty is reported using the Before Housing Costs measure. Absolute poverty is a measure of the percentage of people living in households with incomes below 60 percent of median net household income in 2010/11, adjusting for the size of the household. Relative poverty is a measure of the percentage below 60 percent of the contemporary median income.

Measuring employment

Landman Economics used the Family Resources Survey 2011/12 to model the economic impact of increasing disabled people's employment rate. The FRS captures more detail on income sources than any other UK household survey. It is considered the best source for looking at benefit and tax credit receipt by characteristics not captured on administrative sources, including disability.²⁰ The FRS therefore provides the best data for modelling changes to disabled people's incomes from earnings and social security spending, and the broader impact of these changes on the UK economy up to 2030.

Landman Economics' model uses the widest definition of disability available in the data set. This captures most, but not all, people who met the definition of disability in the Disability Discrimination Act. The Family Resources Survey indicates that the employment rate for this group is 57.4 percent. Scope's analysis of disabled people's employment uses the latest version of the Labour Force Survey, which places the disability employment rate at 47.4 percent.²¹ This is based on a different definition of disability – people who are considered to be disabled under the Equality Act 2010 and/or report a work-limiting disability. As a result, it produces a different employment rate than the Family Resources Survey. The Labour Force Survey is the more commonly used source to determine the total proportion of disabled people in employment. However, it was not possible to undertake the economic modelling in this report from that dataset without compromising accuracy in how income sources are assessed. Scope will continue to use the Labour Force Survey elsewhere in its work, but has refrained from doing so in this report so as to avoid confusion.

20 DWP (2014) Family Resources Survey 2012/13, pp.19-20 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325491/family-resources-survey-statistics-2012-2013.pdf

21 Labour Force Survey (March 2015), <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/march-2015/statistical-bulletin.html>

Modelling 2030

All legislated policies are assumed to be implemented by 2030, but policies proposed by political parties for adoption after April 2015 are excluded.

The 2030 data is modelled by adjusting for projected demographic change; changing participation in the labour market by age and sex (reflecting long-term trends); and structural changes within the labour market (reflecting long-term trends). The latter covers occupational structure; incidence of part-time work and self-employment; and earnings inequality. Landman Economics do not directly model changing patterns of disability or employment participation by disabled people (changes are an effect of variations to other parameters). Methodologies taking account of these factors explicitly might produce a different central case projection for the employment rate for disabled adults in 2030 – however this has no implications for the variations around the central case. Following these adjustments they apply OBR projections for growth in earnings and increase benefit payments in line with announced indexation policies. Landman Economics also calibrate their projection for overall employment to match the OBR's 2030 projection (the discrepancy is small and this enables the model to adopt other OBR economic projections).

Pension age

The pension age rises from 65 for men and 62.5 for women in 2015 to 67 for men and women in 2030. This is an important factor in the results for disabled adults, since a significant proportion are in their 60s. It explains why the employment rate for disabled adults below pension age rises less quickly than for all adults, which in turn has consequences for household incomes and poverty.

Scope exists to make this country a place where disabled people have the same opportunities as everyone else. Until then, we'll be here.

We'll provide support, information and advice through our services when disabled people and their families need us. And we'll raise awareness of the issues that matter. We'll keep influencing change across society until this country is great for everyone.

For more information please contact:

Jenny Gulliford

jenny.gulliford@scope.org.uk

020 7619 7339

 **@scope**

scope.org.uk