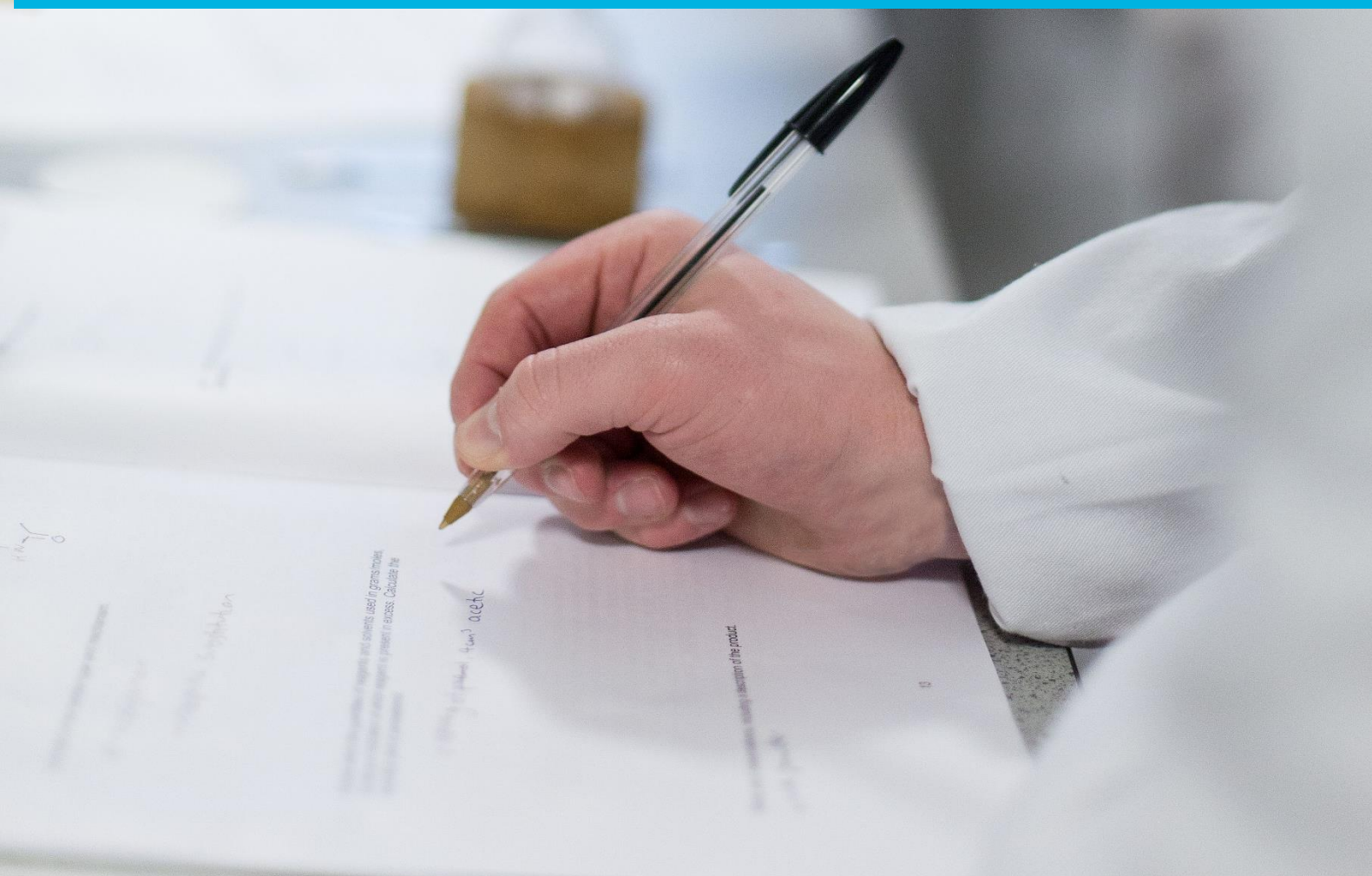


Maximising potential:

A review of labour market outcomes for people with disabilities in Northern Ireland



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BOX1: DEFINING DISABILITY

Disability Discrimination Act 1995 (DDA)

The DDA introduced new laws and measures aimed at ending discrimination faced by disabled people. The definition of disabled under these laws was “*a physical or mental impairment which has a substantial and long-term adverse effect on a person’s ability to carry out day-to-day activities*”. **The DDA is the legislation which applies in Northern Ireland (NI) today.**

Equality Act 2010

The Equality Act 2010 defined disability as a “*physical or mental impairment that has a substantial and long-term adverse effect on your ability to carry out normal day-to-day activities*” continues the protection from the DDA and extends and improves protection against disability discrimination (e.g. protection in areas beyond the employment field, protection for indirect discrimination, protection for discrimination on association, extends protection for disability related harassment, introduced a duty to make reasonable adjustments for a disabled person, protection that limits the enquiries a recruiting employer can make about a person’s disability and health etc.). The Equality Act 2010 is the legislation which applies in Great Britain (GB).

The GSS Harmonised Standard

The GSS Harmonised Standards focus on a ‘core’ definition of people whose condition currently limits their activity. In summary the core definition covers people who report: (current) physical or mental health condition(s) or illnesses lasting or expected to last 12 months or more; and the condition(s) or illness(es) reduce their ability to carry out day-to-day activities.

Disability and the Labour Force Survey (LFS)

The LFS is the main source of data for people with disabilities used within this research. The definition of disability used in the LFS varies over time based on legislative changes and revisions. From Q2 1998 until Q1 2013 the DDA definition of disability was used in the LFS. For the purposes of this research “disabled” over the period Q2 1998 to Q2 2013 refers to those classified as DDA disabled only plus DDA disabled and work limiting disabled.

In Q2 2013 the Equality Act 2010 definition was introduced to the LFS for GB. However, as the DDA still remained legislation in NI, the LFS moved to using the GSS Harmonised Standard definition of disability for NI. This ensures consistence and comparability with the rest of the United Kingdom. **This paper refers to the Equality Act definition for GB and the GSS harmonised Standard definition for NI.**

Further, in Q1 2010 the LFS questionnaire introduced a short introduction to the disability module stating “*I should now like to ask you a few questions about your health. These questions will help us estimate the amount of people in the country currently have health problems*”. Any increase caused by this change is thought to result in a more complete measure of actual disability, although earlier estimates can still be considered a ‘best estimate’ and should give a robust picture of changes over time. However, this does create a discontinuity in the data between Q4 2009 and Q1 2010 across which a direct estimate should not be made.

Disability and the labour market

NORTHERN IRELAND HEADLINE INDICATORS

Disabled population
243K

Disability prevalence rate
21%

Disabled employment rate
36%

Disabled employment rate gap
44
percentage points

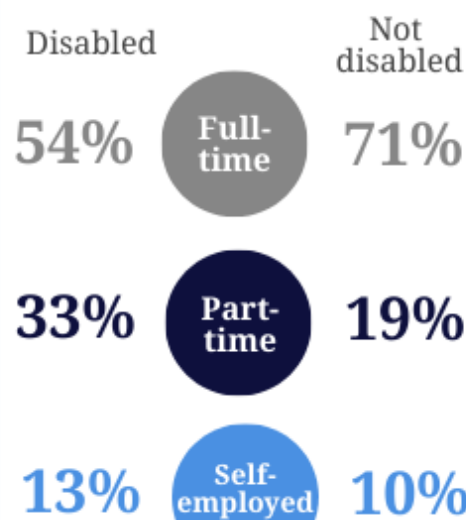
DISABLED NQF PROFILE



NOT DISABLED NQF PROFILE



WORKING PATTERNS



70%
out of work disabled people
previously worked

23%
economically inactive disabled people
would like to work now

28%
out of work disabled people
intend on future working

Non-employed disabled persons are 2.5 times more likely to be in poverty than employed disabled persons
38% households in relative poverty include a disabled person

If NI were to match the current UK disabled employment rate...

29k

additional employment

31pp

employment rate gap

£1.3bn

GVA contribution

£400m

exchequer savings

Executive summary

The New Decade New Approach (NDNA) deal, published in 2020, set out the priorities for the restored Northern Ireland (NI) Executive. The NDNA deal stated that the NI Programme for Government (PfG) could be underpinned by a number of key supporting strategies, including a disability strategy. The strategy is due for publication later this year.

The commitment to this strategy highlights that political parties, Government, civil society and employers have all bought into the ambition of addressing, amongst other things, the entrenched disadvantage faced by disabled people in the labour market. This will require a **multi-agency approach** to tackle the wide range of labour market barriers faced by disabled people, summarised in Figure 1.

Figure 1: Barriers to the labour market facing disabled persons



Tackling barriers to improve outcomes for disabled people has become an economic necessity amid labour shortages, a challenging demographic outlook and a higher proportion of the population expected to develop long-term health conditions over the coming decade. In NI, over one-fifth of the population aged 16-64 are disabled¹. This is almost a quarter of a million people, representing significant potential to boost NI's labour supply.

Just over one in three disabled people in NI work, compared to over half of disabled people in the United Kingdom (UK). Amongst UK regions, **NI has not only the lowest disability employment rate, it also has the largest employment gap between disabled and non-disabled persons.** Unfortunately, over the past two decades progress on reducing the disability employment gap has been, and remains, glacially slow despite numerous government interventions in recent decades.

¹ The primary data source for labour market statistics used in this report is the Labour Force Survey, which uses self-reported data.

NI's disabled population comprises a higher incidence of more limiting conditions and a lower qualifications profile. This structural composition helps explain why NI's disability employment rate gap is wider than the average UK region, and why the NI disability employment rate is below the UK average. However, **after controlling for these factors there is still evidence of a disability employment penalty in the NI labour market.**

The data relating to qualifications is particularly striking. Fewer disabled people achieve tertiary qualifications, with less than one-third (28%) of the 16-64 population having achieved a highest qualification NQF level 4+², compared to almost half (49%) the non-disabled population. However, the employment rate of disabled persons with a tertiary level qualification is below the employment rate of the lowest qualified non-disabled persons. This suggests **constrained labour market opportunities for disabled people, even with high levels of qualifications.**

Disabled people are more likely to work part-time, and thus fewer hours on average. One third of disabled people in employment work part-time in NI, compared to under one-fifth in the UK. **Disabled people in employment (13%) are more likely than non-disabled people (10%) to be self-employed.** This is likely to be attributable to both push factors (e.g. employer inflexibility) and pull factors (e.g. the ability to choose duties, hours and location). Together these factors contribute to disabled people representing a smaller proportion of overall labour inputs than in the UK, with disabled people accounting for 8% of total hours worked in NI compared to 12% in the UK.

The types of jobs disabled people are employed in are more likely to be associated with lower pay and lower growth prospects (e.g. caring, leisure and service occupations, sales and customer service occupations and elementary occupations) and underrepresented in high wage and high growth job types (e.g. professional, associate professional and technical occupations). **Empowering disabled people to enter a more diverse range of occupations is an important challenge to overcome subdued employment prospects in occupations where they have been more likely to work in the past.**

Although the disability employment rate is low, **around seven in ten out of work disabled people have previously been in employment.** Top prior employment occupations include construction, retail, hospitality, social care and logistics. At the time of writing these areas of the economy have all expressed concern regarding labour shortages. This highlights two important points. Firstly, many of the out of work disabled population have skills and experience in areas of the economy currently facing recruitment difficulties, illustrating the important contribution a reactivation of dormant labour can have in the local economy. Secondly, with such a high proportion of people with disabilities who are currently not in employment having previously been in employment, it highlights the importance of preventing workers becoming permanently detached from their employer following a period of sickness.

Just over one in three disabled people are currently working, but many more want to. **Of disabled people who are currently economically inactive, almost one in four would like a job.** This is double the proportion of non-disabled economically inactive,

² NQF level 4+ qualifications include HND's, HNC's, foundation degrees, undergraduate and postgraduate degrees.

where only one in ten want a job. Over the longer term over one in four out of work disabled people intend to work again at some point, compared to almost three-quarters of non-disabled people. Therefore, there is only a small difference between the proportion of disabled people willing to participate in the labour market over the long and short term. This implies a majority of the group could move into employment with only a short-time lag, if suitable opportunities were available and any labour market barriers could be overcome.

A recent survey³ highlighted that two-thirds of local businesses were currently trying to recruit, and that over nine-tenths were currently experiencing recruitment difficulties. Set alongside limited growth in the working age population over the coming decade the challenge of getting, and keeping, more disabled people in work is no longer simply “the right thing to do”. With an expectation of a more limited supply of migrants within the UK’s post Brexit mobility arrangements, **increasing participation amongst disabled people is an essential component of bridging the gap in the supply of labour.**

Differences in occupation, qualifications and working hours contribute to lower earnings for disabled people, which are one-fifth lower than the earnings of non-disabled workers. On an income basis the difference in household income is more stark. **Over one in five (23%) disabled people live in relative poverty, and almost two-fifths (38%) of people living in households experiencing poverty in NI include a person living with a disability.**

These inequalities are longstanding and entrenched. This is illustrated by a failure to reduce the number of people claiming income replacement sickness and disability benefits. This has remained virtually unchanged over the past two decades despite numerous reforms to the welfare system over this time period. Despite NI’s strong labour market performance over much of the past decade, NI still has a considerably higher proportion of the population reliant on income from out of work income replacement interventions, relative to the UK. Unfortunately, the welfare reforms over recent decades have ultimately failed in their aim to have this type of benefit orientate towards becoming an “active” benefit. **The costs of this failure to individuals, families, communities and the economy are significant.**

NI has been amongst the top regional performers on well-being measures on a total population basis. However, while non-disabled people report the highest scores across a range of well-being metrics amongst UK regions, the scores reported by disabled persons are amongst the lowest. This results in **NI having the largest well-being gaps between disabled people and non-disabled people in the UK.** It is not a coincidence that these gaps exist given the work and education deficits that feature among disabled people, alongside the disadvantage, exclusion and hardship that families including a disabled individual face, given their higher probability of experiencing poverty.

Being in work remains one of the best routes out of poverty for most people. This is illustrated by the fact that **a disabled individual living in a workless household is**

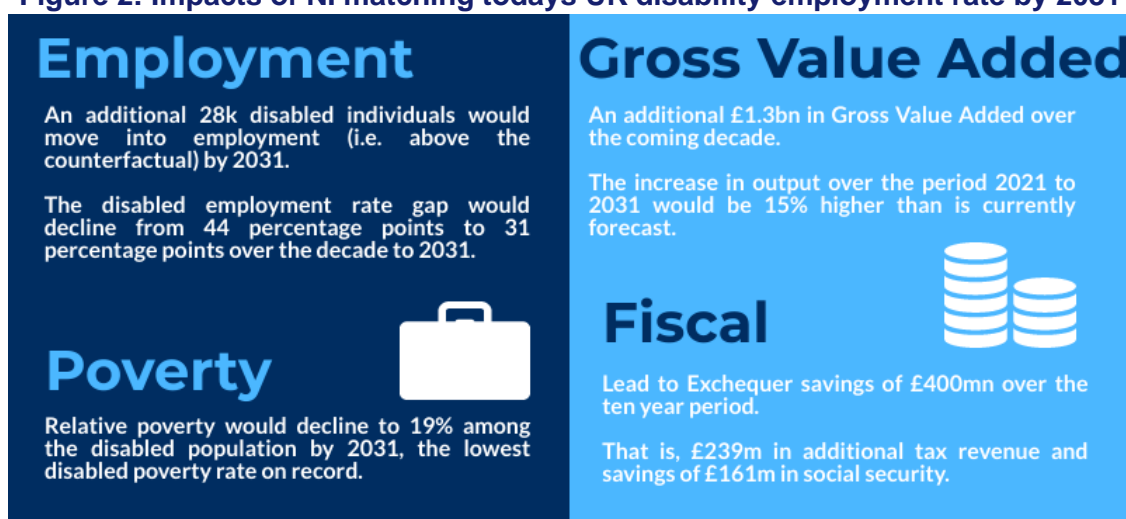
³ NI Chamber & BDO NI (2022) Quarterly economic survey, Q1 2022. Available via: <https://www.northernirelandchamber.com/wp-content/uploads/2022/04/QES-Report-Q1-2022.pdf>

almost two and a half times more likely to experience poverty than a disabled person living in a household where at least one adult is working.

At a UK level, in 2015 the Government set a target to halve the disability employment gap by 2020. The target was missed by a wide margin⁴, and a similar goal in NI would represent an unrealistic target. The proportion of NI's disabled population with more limiting conditions is higher, qualifications are lower and the structure of employment and growth prospects in the NI economy differ to that of the UK. Simply mirroring a UK target would fail to consider the factors unique to NI.

In the view of the authors **an ambition to match today's UK disability employment rate by 2031 would represent an ambitious, transformative and achievable target.** In practice this would mean increasing NI's disability employment rate from 36% in 2021 to 53% by 2031. The impacts of achieving this goal are summarised in the figure below, highlighting both the change over 2021-31 and relative to a 2031 counterfactual⁵, which assumes no change in policy provision for disabled people.

Figure 2: Impacts of NI matching today's UK disability employment rate by 2031



Reducing the disability employment gap is too difficult to sit within the remit of a single Department and cannot be solved by a single policy intervention. Ensuring a meaningful change requires a guarantee that disabled people receive appropriate support through their education journey and achieve the highest qualifications possible. It continues with disabled people being able to progress their desired careers, and employers having the appropriate training, workplace adjustments and flexible working practices to support disabled employees. It requires a barrier-free physical and human infrastructure, and a strong support network which avoids employees becoming detached following a period of absence. **Failure to address the barriers to work that disabled people face is a failure to recognise the contribution that disabled people make and represents a huge opportunity cost to NI's economy and society.**

⁴ Achieving this target would have required a decrease in the disability employment rate gap of 17 percentage points. Over the 2015-20 time period the gap narrowed by only 4 percentage points.

⁵ With increasing disability prevalence, including a higher proportion of less limiting conditions, it is expected that the disability employment rate will increase slightly in the absence of policy reform. The scenario compares the benefits by 2031 of achieving the target compared to the expected outcomes without new policy interventions or reform.

Disability and the labour market

1. Introduction

Disability is a multifaceted concept encompassing a range of conditions that can impact an individual's quality of life. Disabled individuals often face barriers when accessing essential services. For example transport, health care, housing, accessing and retaining opportunities in education and employment.

In Northern Ireland (NI) **243k working age (16-64) individuals report a disability**, as defined by the Equality Act 2010⁶. That is **over one-fifth (21%) of the population**, matching the average rate across the United Kingdom (UK).

This paper will focus on the labour market outcomes for disabled individuals in NI, compared to non-disabled individuals and their UK counterparts. The labour market outcomes of disabled individuals have consistently lagged that of the non-disabled population over time. **The employment rate gap (i.e., the gap between disabled and non-disabled employment rates) was 44 percentage points in Q4 2021** and has remained stubbornly static over the last two decades.

The large gap in employment rates between disabled and non-disabled people not only represents **a significant loss of economic potential**, but importantly limits a large proportion of the population from fully participating in society and maximising their quality of life.

These trends have continued despite legislative measures designed to eliminate disability discrimination upon entry to the workforce and within the workplace. Over the past thirty years the UK has had two major acts passed in the form of the Disability Discrimination Act 1995 (DDA) and Equality Act 2010, alongside numerous initiatives aimed at reforming the welfare system. The lack of progress in narrowing the employment rate gap highlights the **sustained labour market exclusion** experienced by disabled persons. Therefore, it is important to develop, and track, baseline indicators relating to the labour market outcomes for people with disabilities.

It is the aim of this paper to provide an overview of key metrics relating to disabled persons' outcomes in the labour market, the barriers faced by disabled persons in entering the labour market and highlight the potential economic benefits that would be realised from narrowing the disability employment rate gap.

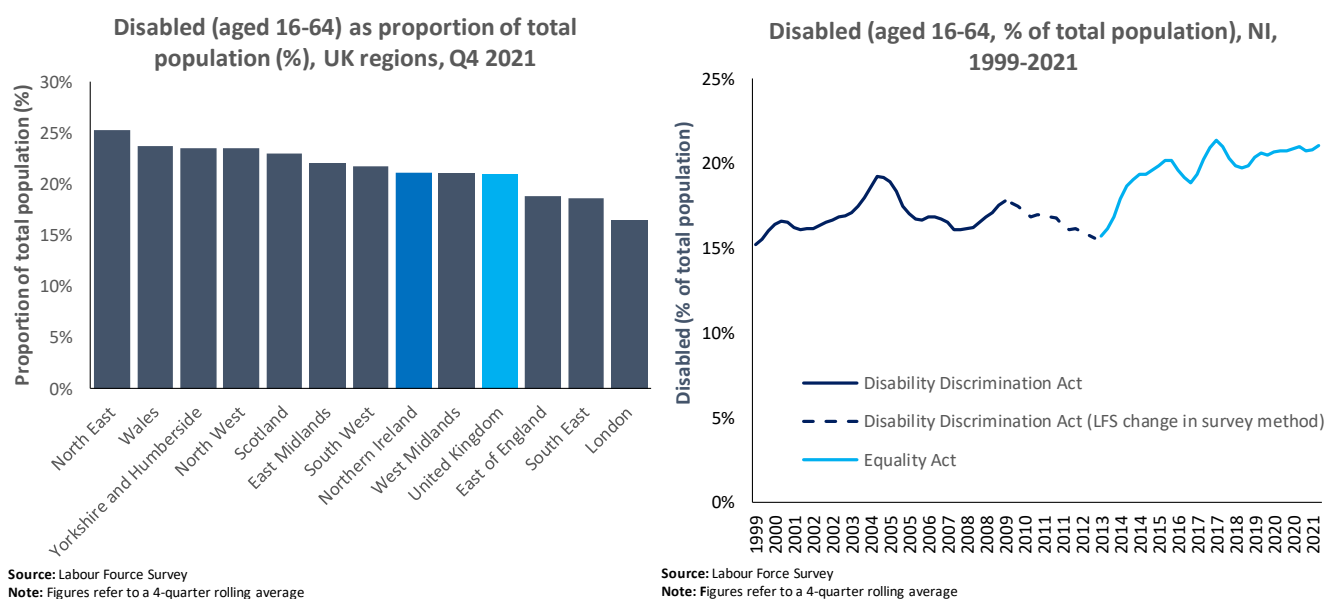
This paper will review the following for disabled persons: prevalence in the population; headline labour market outcomes; working patterns; those not in employment; poverty; additional factors; scenario analysis; and discussion.

⁶ Unless otherwise stated this paper will define disability as the Equality Act 2010 definition; "a physical or mental impairment which has a substantial and long-term adverse effect on a person's ability to carry out day-to-day activities" and refer to those aged 16 to 64. Please see Box 1 for full definition of Equality Act Disabled 2010.

2. Prevalence in the population

In NI 243k working age (16-64) individuals are disabled. This equates to over one-fifth (21%) of the population, commensurate with the UK average and the fifth lowest prevalence amongst UK regions. The prevalence of disability within the population has been increasing over time, reflecting a range of influences including the expansion of the definition of disability, improvements in diagnostic health care, medical treatment advancements and an older age population.

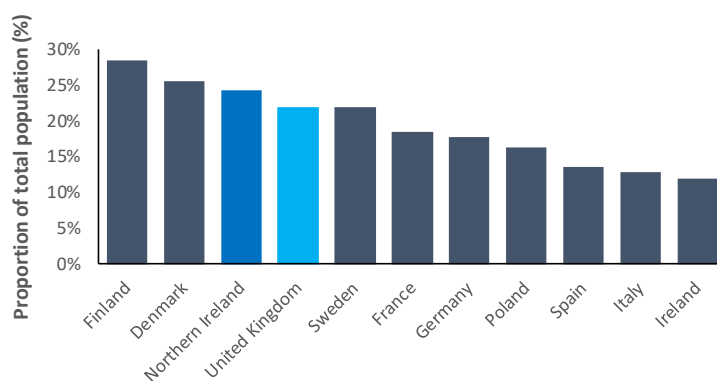
Figure 2.1 Disabled individuals, NI, 1999-2021 and disabled as a proportion of the total population (%), UK regions, Q4 2021



International comparisons highlight that disability prevalence in NI is above that of major European countries (e.g. France, Germany, Spain, Italy) but below Nordic countries (e.g. Finland, Denmark), where prevalence is almost 30% of the adult population. It should be noted, the definition of disability for comparative purposes in Figure 2.2 is based on the global activity limitation definition⁷.

⁷ EU-SILC defines disability using the global activity limitation, defined as "limitation in activities people usually do because of health problems for at least the past six months". This differs from the Equality Act 2010 definition of disability but is considered an adequate proxy for disability. Data for Northern Ireland is an estimate

Figure 2.2: Disabled individuals as a proportion of total population (%), 16-64, selected European countries, 2018



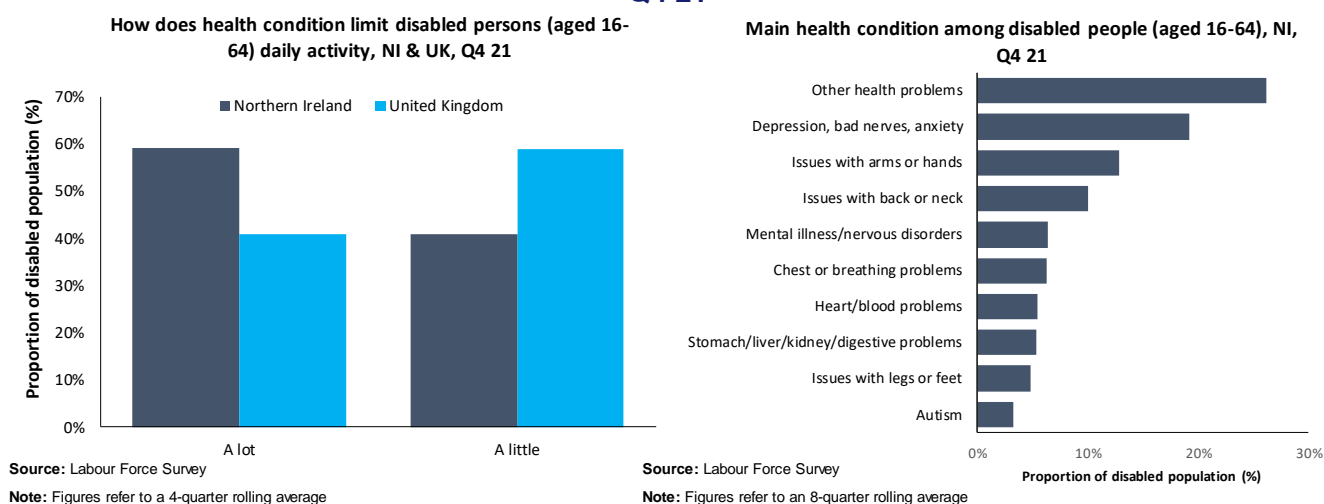
Source: EU-SILC (2018)

Note: Data for Northern Ireland is an approximation.

A disabled persons' ability to take part in society (e.g. gain employment, access health care, attend social activities) can depend upon their reported health condition and the impact it has on their daily activities. **In NI almost three-fifths (59%) of disabled people report their condition limits daily activity 'a lot', compared to only two-fifths (41%) in the UK.** This disparity contributes to differences in labour market participation, as a more limiting health condition is associated with lower economic activity rates.

Across the working age population over half (53%) of disabled people in NI reported a mental health condition⁸ or a musculoskeletal issue as their main health condition, marginally above the UK rate (51%).

Figure 2.3: Severity of limitations caused by main health condition among disabled, NI & UK, Q4 21 and main health condition among disabled (% of disabled population), NI, Q4 21



Source: Labour Force Survey
Note: Figures refer to a 4-quarter rolling average

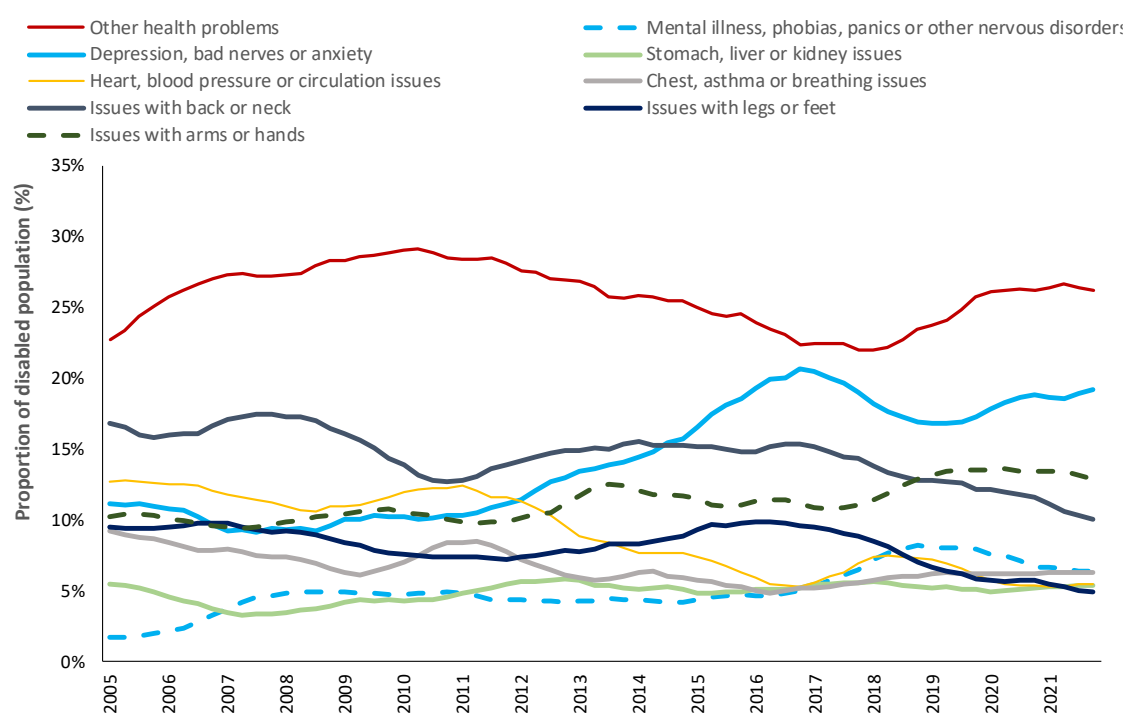
Source: Labour Force Survey
Note: Figures refer to an 8-quarter rolling average

In NI almost one in five (19%) disabled persons report specifically suffering from depression, bad nerves or anxiety, increasing from 10% a decade earlier. This is mirrored at the UK average level where depression, bad nerves or anxiety increased

⁸ For the remainder of the report mental health conditions refers to mental illness, phobias panics or other nervous disorders, as well as depression, bad nerves or anxiety.

from 7% of people with disabilities in 2011 to 18% in 2021. The increase may be linked to increased awareness leading to improved societal attitudes towards mental health, and generally better diagnosis. However, some stigma still remains with mental health conditions and as the figure is self-reported the prevalence is likely to be higher. Indeed, the rising prevalence of depression, bad nerves or anxiety will require additional funding due to the specialist support services required. This funding challenge is also highlighted in the recently published Mental Health Strategy⁹, noting that delivery of the strategy is “*dependent upon the provision of significant additional funding*”.

Figure 2.4: Main health condition among disabled population (aged 16-64), NI, 2005-2021



Source: Labour Force Survey

Note: LFS figures refer to a 8-quarter rolling average

A study by Northern Ireland Statistics and Research Agency (NISRA) found that the proportion of people in employment in receipt of prescription drugs relating to anxiety or depression in 2010-2012 was nearly three times the proportion who self-reported an emotional, psychological or mental health condition in the 2011 Census¹⁰. More recently, in 2019 the standardised prescription rate for mood and anxiety medication in NI was 22%. The rate was higher in urban areas, with one in four of the population in Belfast and Derry City & Strabane having been prescribed this type of medication¹¹.

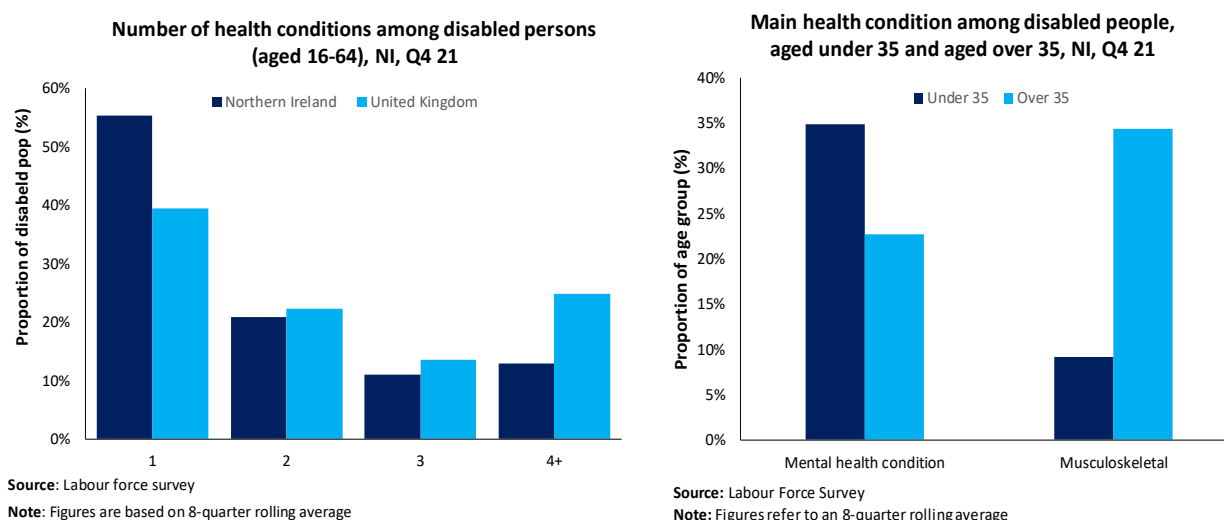
⁹ Department of Health (2022) Mental Health Strategy 2021-31. Available via: <https://www.health-ni.gov.uk/publications/mental-health-strategy-2021-2031>

¹⁰ Ijpelaar, J. Barry, R. et al (2021) Mental health status of the Northern Ireland population in employment: occupations and industries. Available via: <https://tinyurl.com/bdepz9sn>

¹¹ The standardised mood and anxiety prescription rate is available via: <https://www.nisra.gov.uk/>.

The type of health condition suffered varies across age groups. Mental health conditions¹² account for 35% of disabled individuals under 35, compared to just 23% of disabled individuals over 35. Contrastingly, musculoskeletal issues account for 9% of the under 35 disabled population, compared to 34% of the over 35 population.

Figure 2.5: Number of health conditions among disabled population (% of disabled population), NI & UK, Q4 21 and grouped main health condition among disabled, over 35 and under 35, NI, Q4 21



The number of health conditions experienced by disabled people also varies between NI and UK. For example, in the UK 61% of disabled people suffer with more than one health condition, compared to 45% in NI. It is striking that one-quarter (25%) of disabled people in the UK experience four or more health conditions.

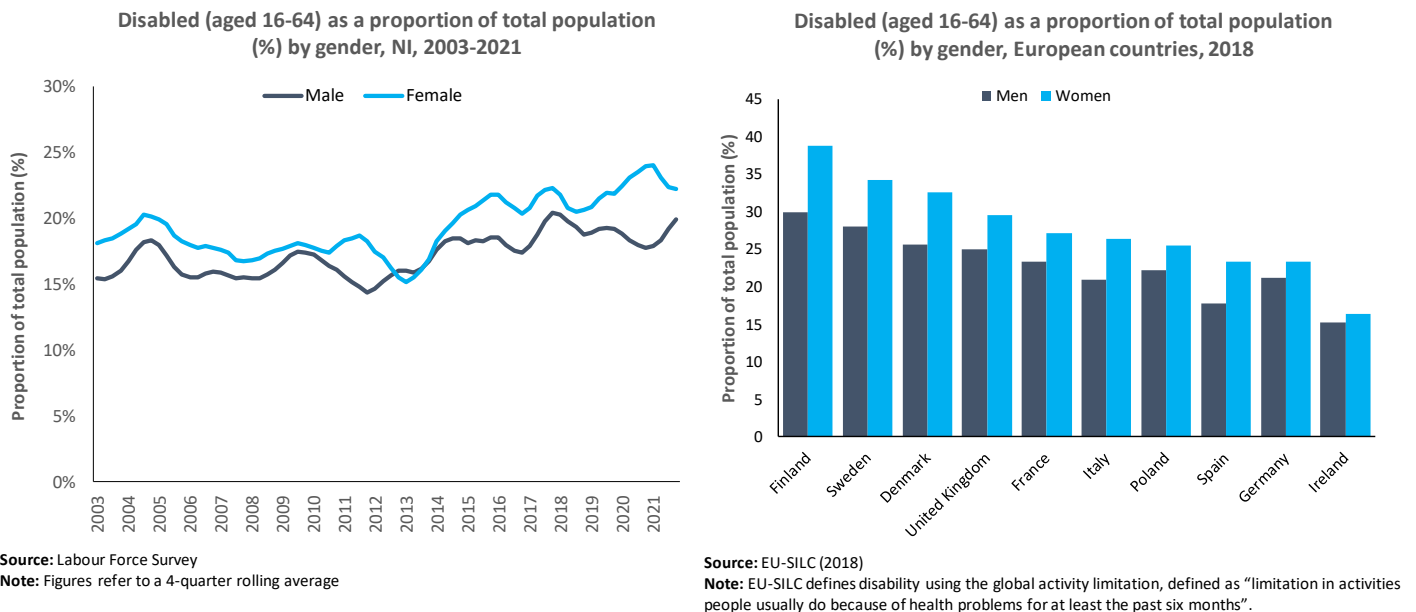
Gender

The prevalence of disability differs by gender where females typically record a higher incidence of disability relative to males. **In NI 22% of females report a disability, compared to 20% of males.** Disability prevalence amongst females has been consistently higher over much of the last two decades. This trend is observed across the UK and at an international level, often linked to women being more likely to report non-fatal but debilitating health conditions (e.g. arthritis, depression) relative to men¹³.

¹² Mental health conditions refers to mental illness, phobias panics or other nervous disorders, as well as depression, bad nerves or anxiety.

¹³ Schmitz, A. and Lazarevič, P., (2020). The gender health gap in Europe's ageing societies: universal findings across countries and age groups?. *European Journal of Ageing*, 17(4), p.509.

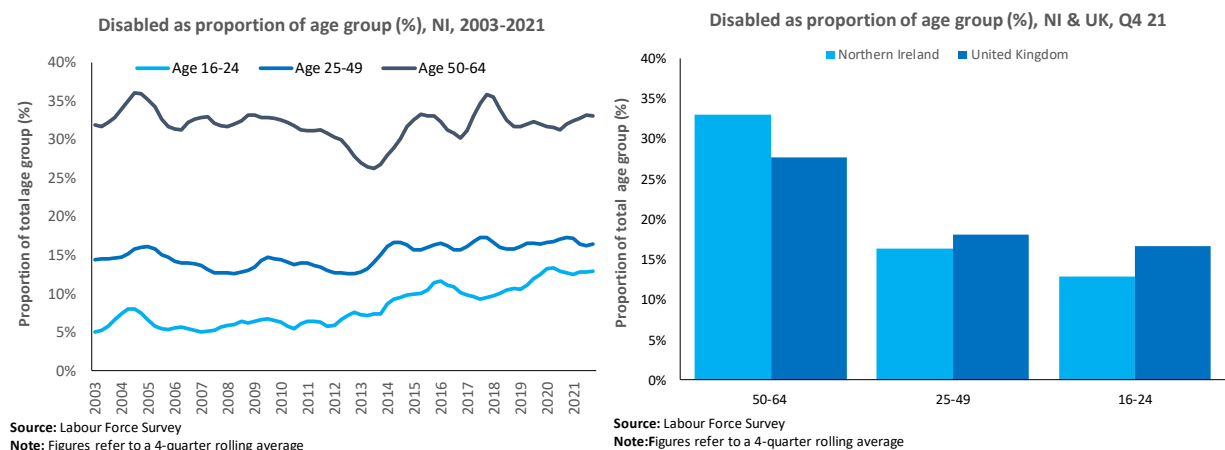
Figure 2.6: Disabled (aged 16-64) as a proportion of total population (%) by gender, NI, 2003-2021 and selected European countries, 2018



Age band

It is widely recognised disability prevalence increases with age as health conditions both accumulate over time and are more likely to occur in older age. **Amongst the 50-64 population one in three (33%) report a disability in NI**, the highest incidence across all UK regions and considerably higher than the UK average (28%). However, **NI reports a lower incidence of disability relative to the UK average in both the 16-24 population and the 25-49 age group.**

Figure 2.7: Disabled as a proportion of age group (%), NI, 2003-2021 and NI & UK, Q4 21



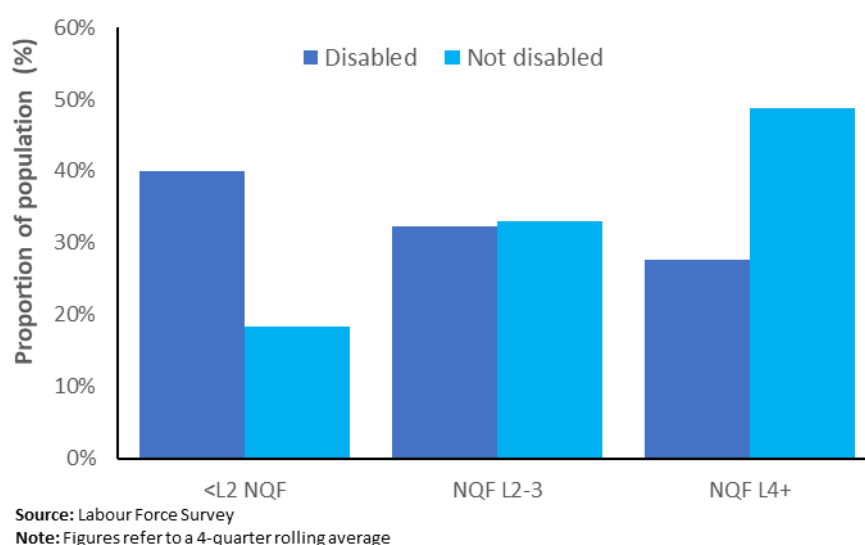
Looking forward as people live longer, it can be expected that the proportion of the population living with a disability will increase. For example, **in 2020 23% of the population were over 60, this is forecast to increase to 28% in 2030 and 31% by**

2040¹⁴. As individuals with disabilities face barriers to equal participation in society, older age disabled persons are among the most adversely affected as such barriers are often compounded by age. Articulating longer-term policy and programmes to ensure participation in society is inclusive of, and accessible to, the increasing number of older people with disabilities is pressingly important.

Qualification level

The highest qualification level of people with disabilities is substantially lower than that of the non-disabled population. **In NI two-fifths (40%) of disabled persons have a highest qualification below NQF level 2¹⁵, compared to less than one-fifth (18%) of the non-disabled population.**

Figure 2.8: Qualification level (NQF) by disability status (aged 16-64), NI, Q4 21



At the top of the qualification spectrum, **28% of disabled people have a highest qualification level NQF level 4+¹⁶ compared to almost half (49%) the non-disabled population.** Lower levels of qualifications among disabled people as a whole may be expected, particularly at the higher end of the qualification's spectrum, as some groups may be unable to attain such qualifications. Indeed in 2019, MenCap estimated 25k adults (aged 18-64) had a learning disability in NI, equating to around one in ten (11%) disabled people. However, the gaps between attainment of disabled and non-disabled adults remain substantial, compounding their barriers to labour force participation in an increasingly qualifications driven labour market¹⁷.

Qualification levels differ by main health condition faced by disabled individuals. For example, 45% of disabled individuals with depression, bad nerves or anxiety have a highest level of qualification at NQF level 2 or below. To put this in context, disabled

¹⁴ Population projections taken from NISRA National Population Projections <https://www.nisra.gov.uk/statistics/population/national-population-projections>

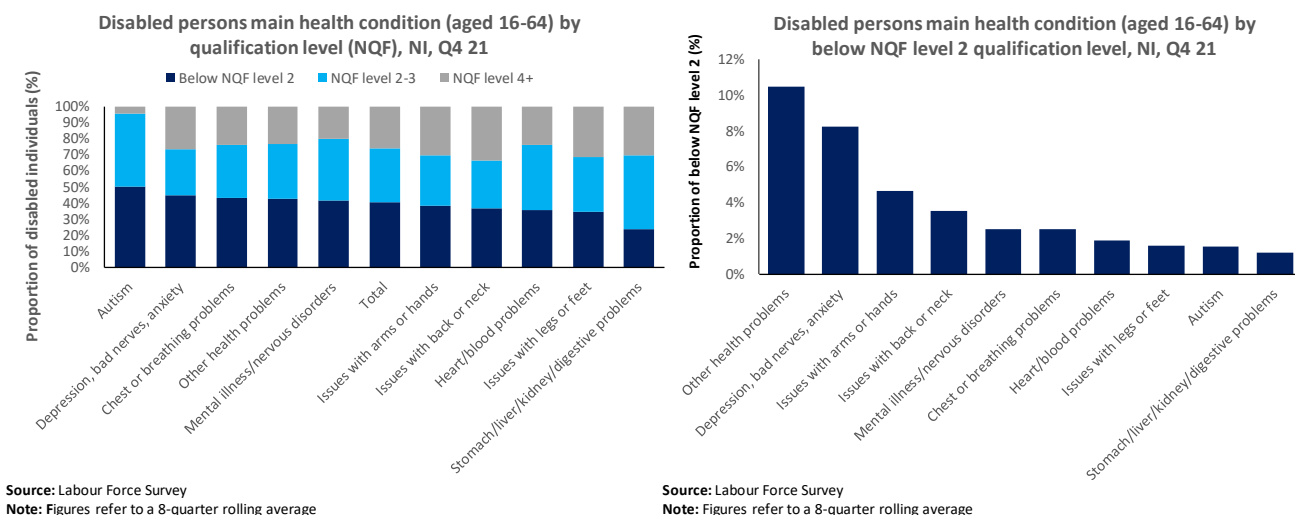
¹⁵ An NQF level 2 qualification is equal to 5 GCSE's including English and Maths

¹⁶ NQF level 4+ qualifications include HND's, HNC's, foundation degrees, undergraduate and postgraduate degrees.

¹⁷ UUEPC (2022) 'Northern Ireland Skills Barometer 2021: Overview Report' https://www.ulster.ac.uk/data/assets/pdf_file/0010/1112986/Skills-Barometer-Summary-Report-2021_FINAL_SENT.pdf

persons suffering from depression bad nerves or anxiety account for 4% of the total population, yet account for 8% of those with qualifications below NQF level 2.

Figure 2.9: Qualification level (NQF) among disabled by main health condition, NI, Q4 21 and disabled by main health condition as a proportion of below NQF level 2 qualifiers, Q4 21



At the top end of the qualification spectrum one in three (34%) disabled persons where their main health condition relates to problems with their back or neck are qualified to NQF level 4 or above, compared to only one in five (20%) of those with mental illness or nervous disorders. These trends highlight on average lower levels of qualifications for those with mental health conditions.

Training and adult learning

Encouraging lifelong learning has formed part of the latest NI Skills Strategy¹⁸. It emphasises the point that *“making a difference in the skills of our working age population will not be achieved unless real opportunities are afforded to individuals to upskill / reskill throughout their working lives”*. Indeed, lifelong learning can support an individual’s resilience and reduce their vulnerability in periods of economic downturn or external shocks, by improving their employability.

Engaging in lifelong learning brings benefits both personally (e.g. social inclusion, active citizenship), professionally (e.g. employability) and economically (e.g. competitiveness)¹⁹. However, NI has continually lagged its UK counterparts in relation to participation in lifelong learning, as measured by those enrolled in an education course²⁰ or involved in job related training²¹.

The gap between the proportion of disabled persons and non-disabled enrolled on an education course has been declining in recent years. For example, in 2017 4% of disabled people were enrolled on an education course, compared to 14% in the

¹⁸ Department for the Economy (2022) ‘Skills Strategy for Northern Ireland: Skills for a 10x Economy’ <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Skills-Strategy-for-Northern-Ireland-Skills-for-a-10x-economy.pdf>

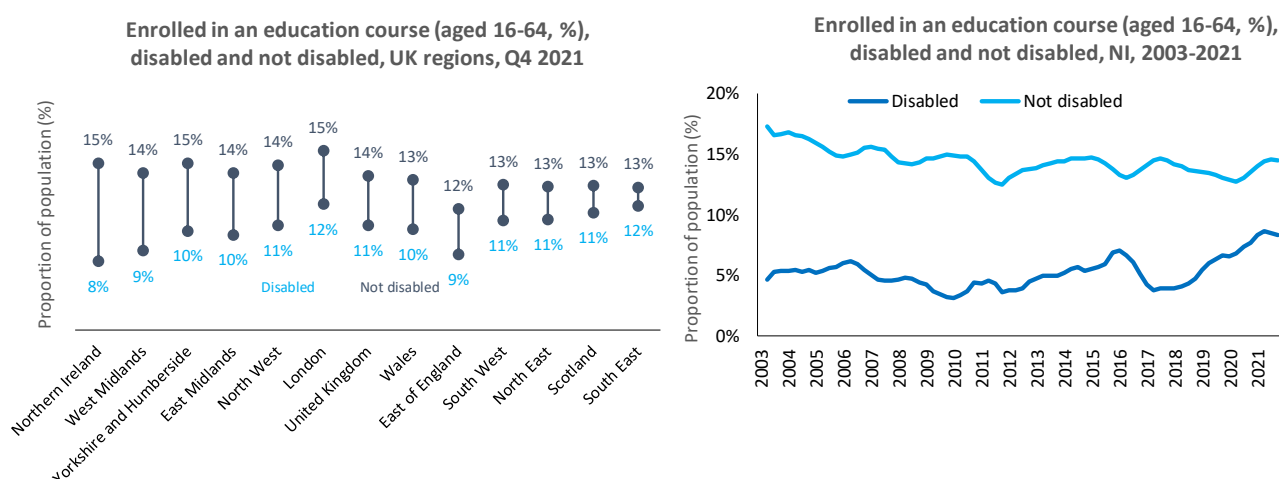
¹⁹ Ates, H. and Alsai, K., (2012). *The importance of lifelong learning has been increasing. Procedia-Social and Behavioural Sciences*, 46, pp.4092-4096.

²⁰ Enrolled in a full-time or part-time education course excluding leisure classes.

²¹ Job related training refers to individuals involved in on-the-job training, training away from the job or pre-employment training in the last thirteen weeks.

non-disabled population, a difference of 10 percentage points. In the most recent data this difference has declined to 6 percentage points. However, despite this decline **NI still has the largest difference between disabled and non-disabled persons enrolled on an education course**, significantly above the UK average gap (3 percentage points).

Figure 2.10: Enrolled in an education course (% of population) by disability status (aged 16-64), UK regions, Q4 2021



Source: Labour Force Survey

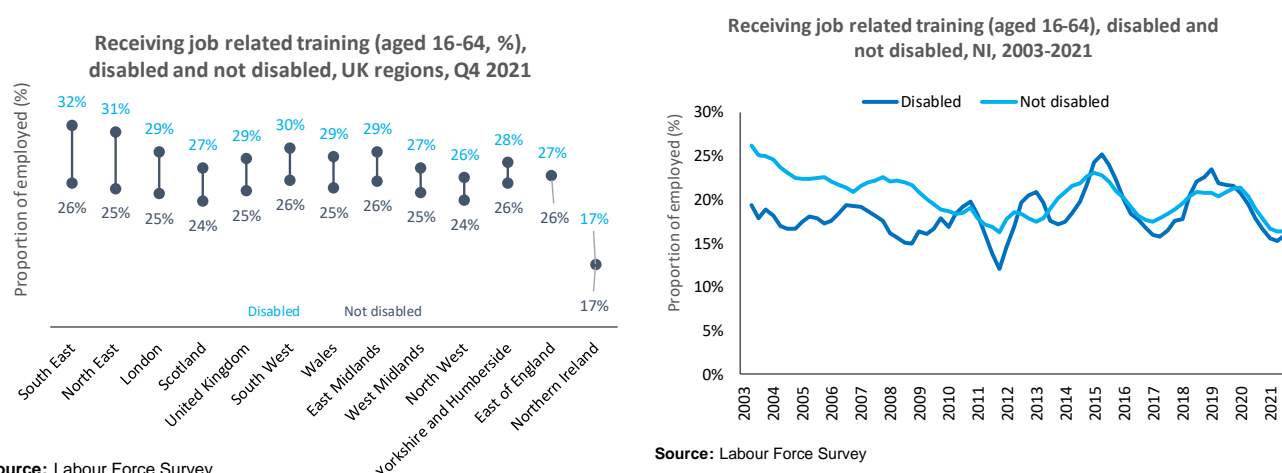
Note: Figures refer to a 4-quarter rolling average

Source: Labour Force Survey

Note: Figures refer to a 4-quarter rolling average

With regard to job-related training, 17% of workers in NI have received this within the past 3 months, which is the lowest across all UK regions and significantly below the UK average 22%. NI represents the only UK region where participation in job related training is the same across both disabled and non-disabled individuals and has mirrored a similar pattern for much of the last decade.

Figure 2.11: Receiving job related training by disability status, UK regions, Q4 21 and receiving job related training by disability status, NI, 2003-2021



Source: Labour Force Survey

Note: Figures refer to a 4-quarter rolling average

Source: Labour Force Survey

Note: Figures refer to a 4-quarter rolling average

During periods of lockdown the pandemic presented an opportunity for many people to upskill and reskill, particularly through online courses. The annual Adult Participation

in Learning Survey²² found that over 22 million people in the UK took part in 'lockdown learning' equating to around 43% of the population. However, the increase in uptake was not reflected evenly throughout the population with some groups much less likely to participate in adult learning relative to others. For example, those who left school at the earliest opportunity, those from lower socio-economic backgrounds and those out of work were least likely to participate in lockdown learning. **As people with disabilities are more likely to be part of these groups than non-disabled individuals, they are less likely to have used lockdown to gain new skills.**

A lower rate of participation in lifelong learning across NI and particularly people with disabilities may hamper potential labour market opportunities (e.g. new jobs, promotion) making them more vulnerable to labour market shocks, arguably reflected in the labour market experiences of disabled persons during the recent Covid-19 pandemic.

Chapter 2 - Summary

- The prevalence of disability is expected to continue to increase over time as diagnostic healthcare improves, general disability awareness increases and the population ages.
- In NI a significantly higher proportion of people with disabilities report their disability impacts their daily activity 'a lot', relative to the UK average, which has implications on labour market participation.
- The prevalence of mental health conditions has almost doubled among disabled people in the last decade and is particularly concentrated among the under 35 population.
- A higher prevalence of disability in NI is driven by higher rates amongst females and older age individuals (aged 50-64).
- Qualification levels (NQF) are relatively low among disabled people where two-fifths have a highest qualification below level 2, compared to less than one-fifth of the non-disabled.
- NI has the lowest participation rate in lifelong learning among disabled people, as measured by both those involved in job related training and those enrolled on an education course.

²² Aldridge et al., (2020) 'Learning through lockdown: Findings from the 2020 Adult Participation in Learning Survey' <https://learningandwork.org.uk/resources/research-and-reports/learning-through-lockdown/>

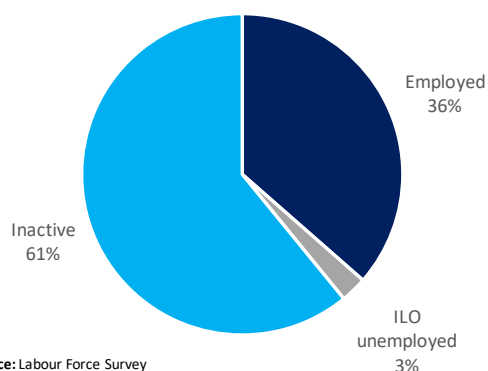
3. Headline labour market outcomes

The labour market outcomes of disabled individuals have consistently lagged that of the non-disabled population over time. Despite the introduction of legislation intended to eliminate disability discrimination, disabled individuals continue to face challenges in realising equal opportunities in the labour market.

In NI a disabled person is over three and a half times more likely to be economically inactive, relative to a non-disabled person. Whereas a non-disabled individual is more than twice as likely to be in employment than a disabled person. The disability employment rate in NI at 36% is the lowest of any UK region and compares to an employment rate of 80% for the non-disabled population.

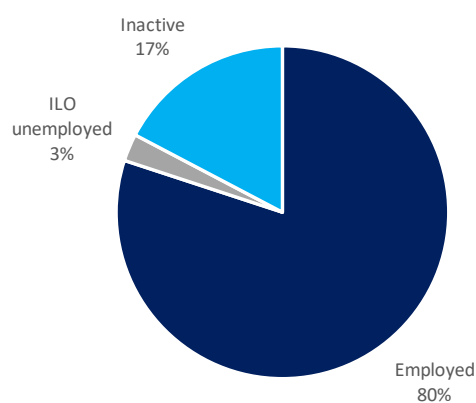
Figure 3.1: Economic activity (% of total population) by disability status, NI, Q4 2021

Economic activity status of disabled population
(aged 16-64), NI, Q4 21



Source: Labour Force Survey
Note: Figures refer to a 4-quarter rolling average

Economic activity status of not disabled
population (aged 16-64), NI, Q4 21



Source: Labour Force Survey
Note: Figures refer to a 4-quarter rolling average

Low employment rates have long been a feature of the labour market for those with disabilities. Although disability employment rates have been increasing for much of the last two-decades, from 24% in 1999 to 36% in 2021, **the disability employment rate gap has fallen only marginally.**

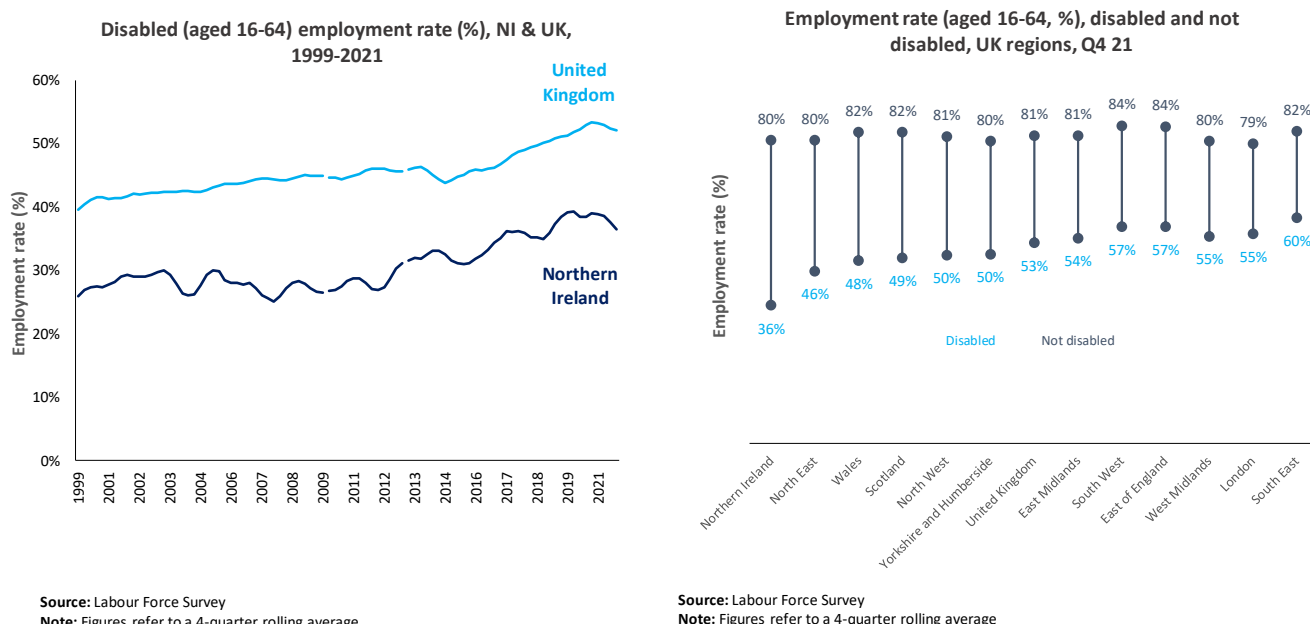
Through the pandemic disabled persons have faced disproportionate impacts on their employment prospects, well-being and social participation. A higher likelihood of working in sectors “shut down” by the pandemic²³ and a higher likelihood of being classed ‘clinically vulnerable’ meant higher proportions of disabled were furloughed. A report by the Leonard Cheshire Foundation²⁴ found 58% of disabled adults in NI reported their work was impacted by the pandemic either through reduced hours, loss of income or are no longer employed. A further study by the Learning and Work Institute²⁵ reported that disabled persons in the UK were almost twice as likely to move out of employment during 2020, relative to non-disabled persons.

²³ Roberts, J. et. al (2021) “What has been the impact of the coronavirus pandemic on disabled peoples’ employment rates?” <https://committees.parliament.uk/writtenevidence/19219/pdf/>

²⁴ Leonard Cheshire Foundation (2021) ‘Still locked out’ <https://www.leonardcheshire.org/sites/default/files/2021-11/Still-Locked-Out.pdf>

²⁵ Learning and Work Institute (2021) ‘Disability to employment: from pandemic to recovery’ <https://learningandwork.org.uk/resources/research-and-reports/disability-employment-from-pandemic-to-recovery/>

Figure 3.2: Employment rate (%) by disability status, NI and UK, 1999-2021 and UK regions, Q4 21

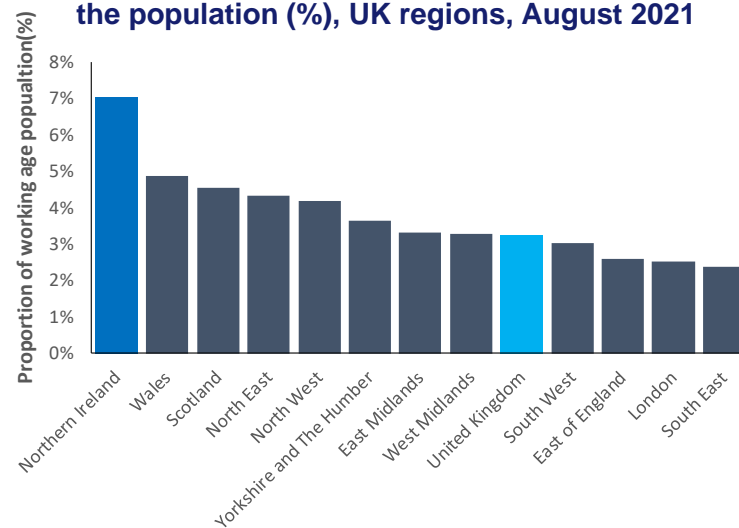


The employment differential between disabled and non-disabled people is amplified in NI relative to other UK regions, recording **the largest disability employment rate gap (44 percentage points), significantly above the UK gap (29 percentage points)**. This employment rate gap represents a significant proportion of underutilised labour, meaning the economy is not achieving its productive capacity.

Failures to achieve better employment outcomes for disabled people in the NI labour market relative to the UK contribute to a range of personal and societal issues including increased risk of poverty, financial difficulty, loss of human capital, social exclusion and a much **higher dependence on income replacement benefits related to illness and disability**. For example, 7% of the working age population in NI are Employment and Support Allowance (ESA) claimants²⁶. This is the highest proportion of claimants of any UK region and is considerably higher than the UK average of 3%.

²⁶ Note that the shift to Universal Credit means some people receiving out of work benefits for health reasons will not appear in Employment and Support Allowance statistics.

Figure 3.3: Employment Support Allowance claimants (aged 16-65) as a proportion of the population (%), UK regions, August 2021



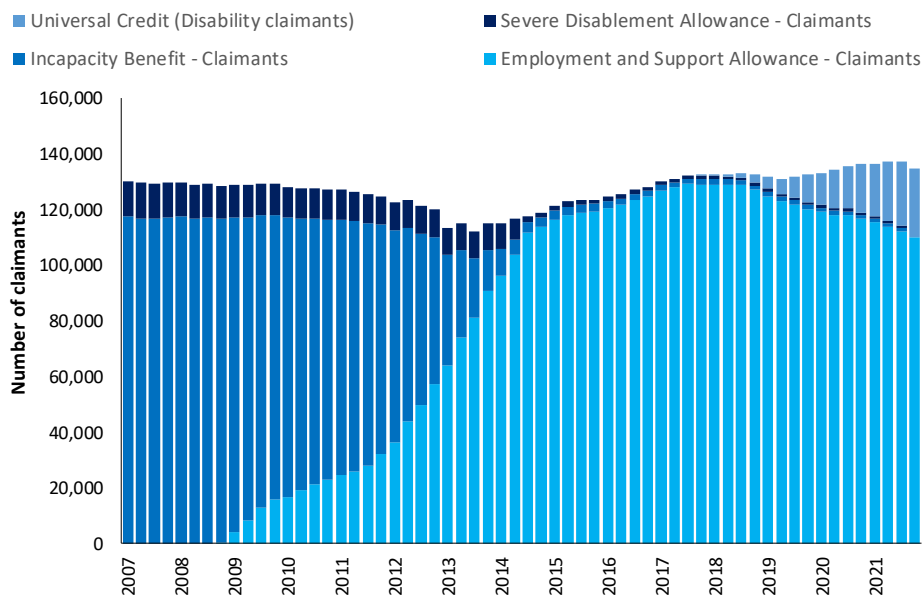
Source: Stat-xplore, DfC

Note: Government benefit statistics provided are for those aged 16-65

Note: Changes to UK State Pension Age has meant that, after December 2018, claimants are now reaching State Pension Age beyond their 65th birthday. Therefore, data here is presented on a 16-65 basis.

The number of people claiming income replacement benefits related to illness and disability has remained largely static over the past 25 years, despite several changes to the welfare system. This generates a large fiscal cost, which, as a function of a high sickness and disability caseload, has remained relatively large over a period of decades.

Figure 3.4: Income replacement disability related benefits claimants (aged 16-65), NI, 2007-2021



Source: DfC, UUEPC analysis

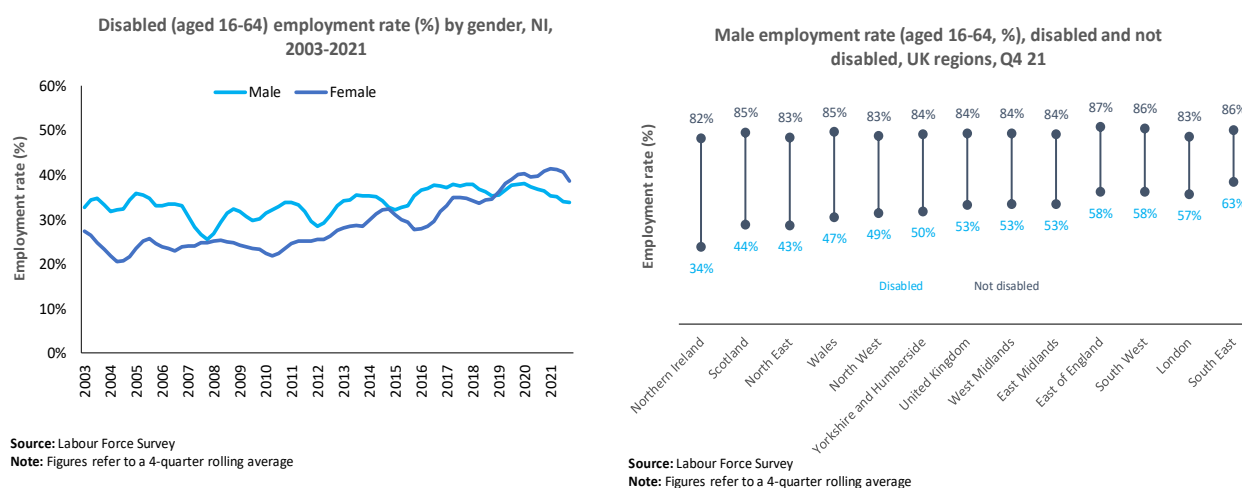
Note: Data for the number of people who are on Universal Credit, who would previously have been eligible for ESA are not available. This chart uses a proxy based on those in the 'no worksearch requirements' group. Although this group includes many non-disabled people such as carers and those with children under 1, UUEPC's analysis has estimated the number of non-disabled people and excluded them from the total. With no published data to identify those who would previously have been eligible for ESA, the Universal Credit component of this analysis should be considered as a rough estimate.

In 2020 expenditure on ESA was recorded at £850m in NI, which underestimates total expenditure on sickness and disability benefits as many such claimants will be on Universal Credit (UC) and older legacy incapacity benefits. If a higher disability employment rate were achieved, the potential benefit savings along with additional tax receipts would generate significant fiscal benefits. This will be discussed further in Chapter 8.

Gender

Disabled females record a higher employment rate (39%), relative to males (34%). The higher employment rate among disabled females is a recent phenomenon. Prior to 2019 the disabled female employment rate persistently lagged their male counterparts. The recent trend runs counter to data for the non-disabled population, where the female employment rate (78%) is 4 percentage points below the male employment rate (82%).

Figure 3.5: Disabled (aged 16-64) employment rate (%) by gender, NI, 2003-2021 and male employment rate (%) by disability status, UK regions, Q4 21



The relatively low employment rate among disabled males leads to a high disabled male employment rate gap of 48 percentage points. Amongst disabled males two-thirds (66%) are out of work, compared to only 18% of non-disabled males.

An important point is that a majority of disabled persons out of work have been in employment at some point (70%). Research by Bullough and Rogers²⁷ found that of disabled people who become disabled whilst they are in employment, only one-third are still in employment two years later. Therefore, identifying occupations in which these individuals have previously worked may strengthen an understanding of the types of roles and experiences of the cohort.

²⁷ Bullough, S. & Rogers, C. (2014) *Better living, higher standards: improving the lives of disabled people by 2020*. Available via: <https://siilo.tips/downloadFile/better-living-higher-standards-improving-the-lives-of-disabled-people-by-2020>

Table 3.1: Top 10 occupations in last job (SOC, 3-digit) among disabled people (aged 16-64) by gender, NI, 2015-2020

Top 10 occupations (male)	Proportion of disabled males (%)	Top 10 occupations (female)	Proportion of disabled females (%)
Construction and building trades	8.8%	Sales assistants and retail cashiers	13.4%
Road transport drivers	5.8%	Caring personal services	12.6%
Building finishing trades	5.4%	Other elementary services occupations	8.6%
Elementary cleaning occupations	4.5%	Elementary cleaning occupations	7.6%
Sales assistants and retail cashiers	3.9%	Childcare and related personal services	4.9%
Elementary storage occupations	3.0%	Administrative occupations: Finance	4.1%
Elementary process plant occupations	2.9%	Teaching and educational professionals	4.1%
Caring personal services	2.9%	Secretarial and related occupations	3.3%
Elementary security occupations	2.8%	Customer service occupations	3.1%
Process operatives	2.8%	Nursing and midwifery professionals	2.4%

Source: Labour Force Survey

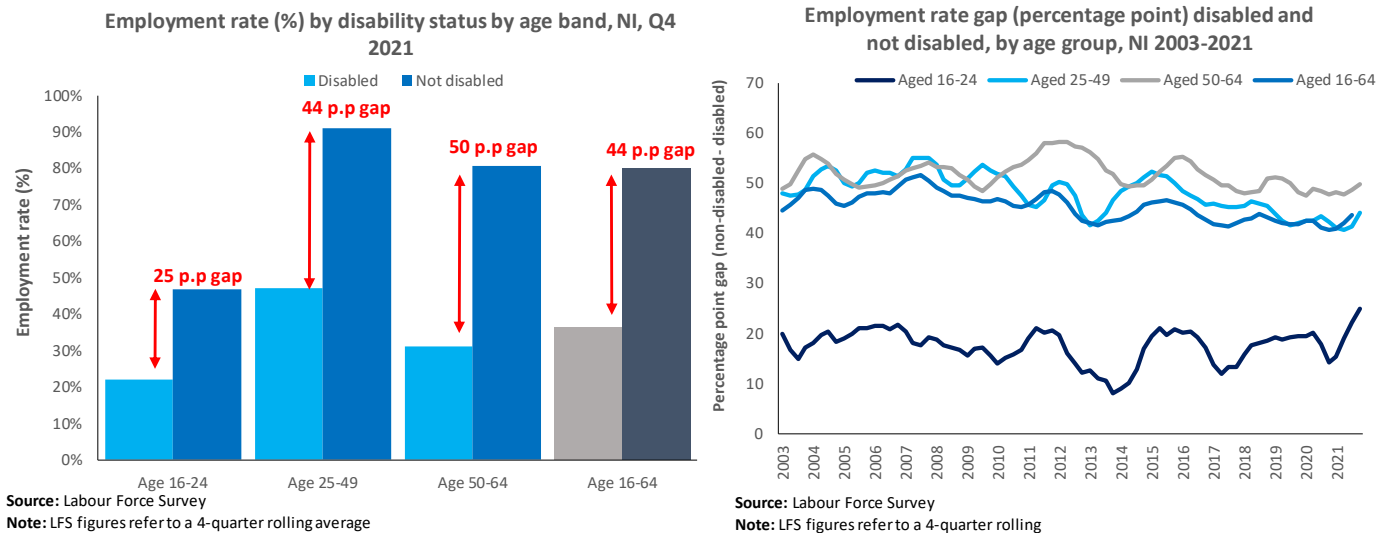
Note: Figures are based on 5 year average

For males, the most common previous occupation among the inactive was construction and building trades (8.8%) and third was building and finishing trades (5.4%). This is likely to be linked to the 2008 recession when the construction sector suffered large numbers of job losses. Females are more likely to have prior employment working as sales assistants and retail cashiers (13.4%) with a high proportion also recorded in caring personal services (12.6%).

Age band

The employment rate for disabled persons follows a similar trend to the non-disabled population in that it is lowest among the young population (22% employment rate for those aged 16-24) and highest among the prime age population (47% for those aged 25-49). However, **the employment rate gap between disabled and non-disabled persons increases with age.**

Figure 3.6: Employment rate (%) by age group and disability status, NI, Q4 21 and disability employment rate gap by age group, NI, 2003-2021



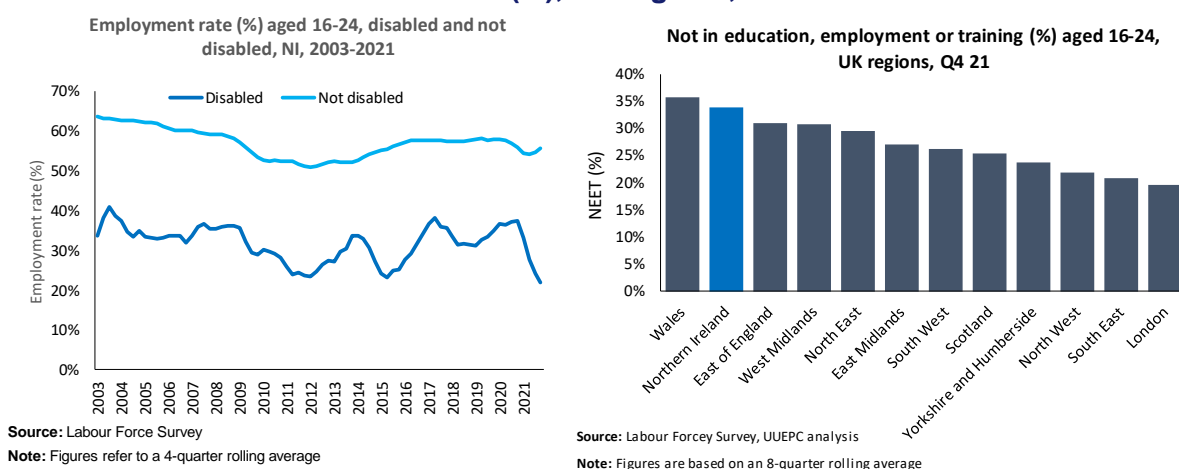
In NI the disability employment gap is 25 percentage points for those aged 16-24, increasing to 44 for those aged 25-49 and 50 for those aged 50-64. It is likely that

disabled people among older age cohorts suffer more severe health conditions and/or multiple health conditions, making labour market participation more challenging. Therefore, **as the population is expected to age over the coming decades it is imperative employers find ways to both attract and retain older workers.**

For young disabled persons (aged 16-24) over one in three (34%) are not in education training or employment (NEET), compared to only 7% of non-disabled persons. **That is, a young disabled person is almost five times more likely to be NEET than a non-disabled person.** The NEET rate for disabled people in NI is among the highest across all UK regions. This creates a large gap between disabled and non-disabled persons at an early age putting them at higher risk of suffering long term disadvantages (e.g. reduced employment potential, lower earnings prospects, repeated unemployment).

The pandemic had a disproportionate impact on disabled young persons' labour market experiences, recording the largest fall in employment rates relative to other age groups. Indeed, the disability employment rate for those aged 16-24 fell as low as 22% in the final quarter of 2021, the lowest employment rate recorded across the series. A Leonard and Cheshire survey²⁸ found almost nine in ten (89%) disabled 18–24 year-olds reported their employment has been impacted by the pandemic either through reduced hours, loss of income or no longer in employment.

Figure 3.7: Employment rate aged 16-24 by disability status, NI, 2003-2021 and NEET rate (%), UK regions, Q4 21



It is well documented that youth unemployment leads to long-term labour market scarring impacts²⁹ (e.g. reduced earnings potential, future unemployment) and negative implications on mental well-being³⁰ highlighting the importance of interventions for this group. In evaluations of employability interventions disabled participants have achieved better outcomes on programmes which included tailored

²⁸ Leonard Cheshire Foundation (2021) 'Still locked out' <https://www.leonardcheshire.org/sites/default/files/2021-11/Still-Locked-Out.pdf>

²⁹ Bell, D.N. and Blanchflower, D.G., 2011. Young people and the Great Recession. *Oxford Review of Economic Policy*, 27(2), pp.241-267.

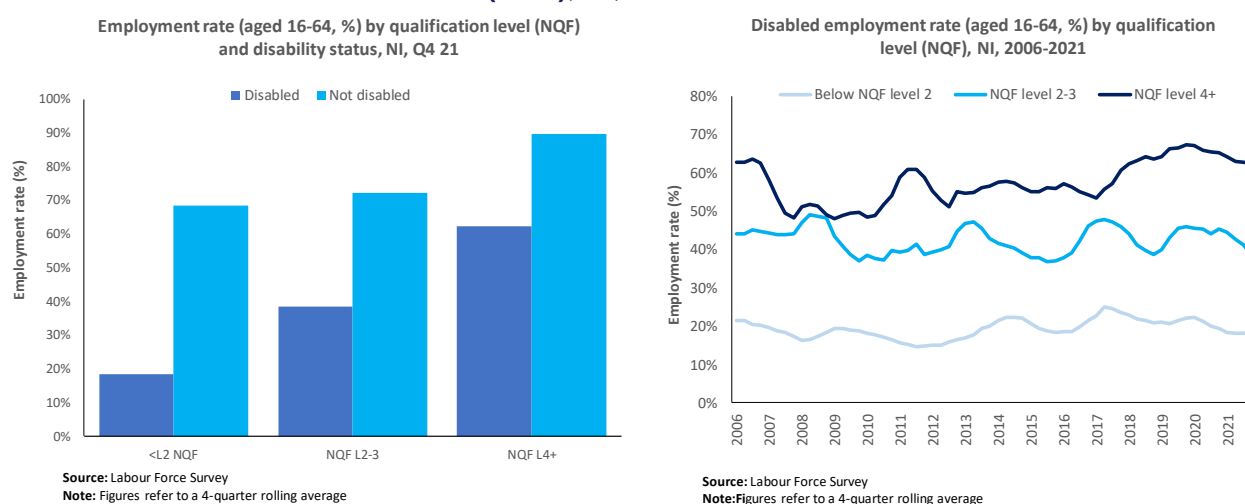
³⁰ Strandh, M., Winefield, A., Nilsson, K., and Hammarström, A. (2014). "Unemployment and mental health scarring during the life course", *European Journal of Public Health*, vol. 24(3), pp. 440–445.

support³¹. Although several employability and skills initiatives were rolled out during the pandemic, the programmes did not include an element that is tailored towards the needs of disabled youth. Therefore, it is possible that a proportion of disabled youth facing specific skills challenges have fallen through the system of support over the pandemic.

Qualification level

The labour market outcomes for disabled individuals are lower across all qualification levels relative to non-disabled persons, and are particularly poor at the bottom end of the qualification spectrum. For example, in NI **less than one in five (18%) disabled persons with a highest level of qualification below NQF level 2 are employed, compared to over two-thirds (68%) of the non-disabled population**. For those at the higher end of the skills spectrum (NQF level 4+) the employment rate is 62% compared to a non-disabled employment rate of 90%.

Figure 3.8: Employment rate (%) by highest qualification level (NQF) and disability status, NI, Q4 21 and disability employment rate (%) by highest qualification level (NQF), NI, 2006-2021



The employment rate of disabled persons with a tertiary level qualification is below the employment rate of the lowest qualified non-disabled persons. Large employment rate gaps exist between disabled people and non-disabled people even after controlling for qualifications. This suggests constrained labour market opportunities for disabled people, even with high levels of qualifications.

Therefore, although lower levels of qualifications among disabled people act as a barrier to labour force participation, and policy should support disabled individuals to move along the qualification spectrum, **increasing qualification levels in isolation will not be enough to close the employment rate gap.**

Health condition

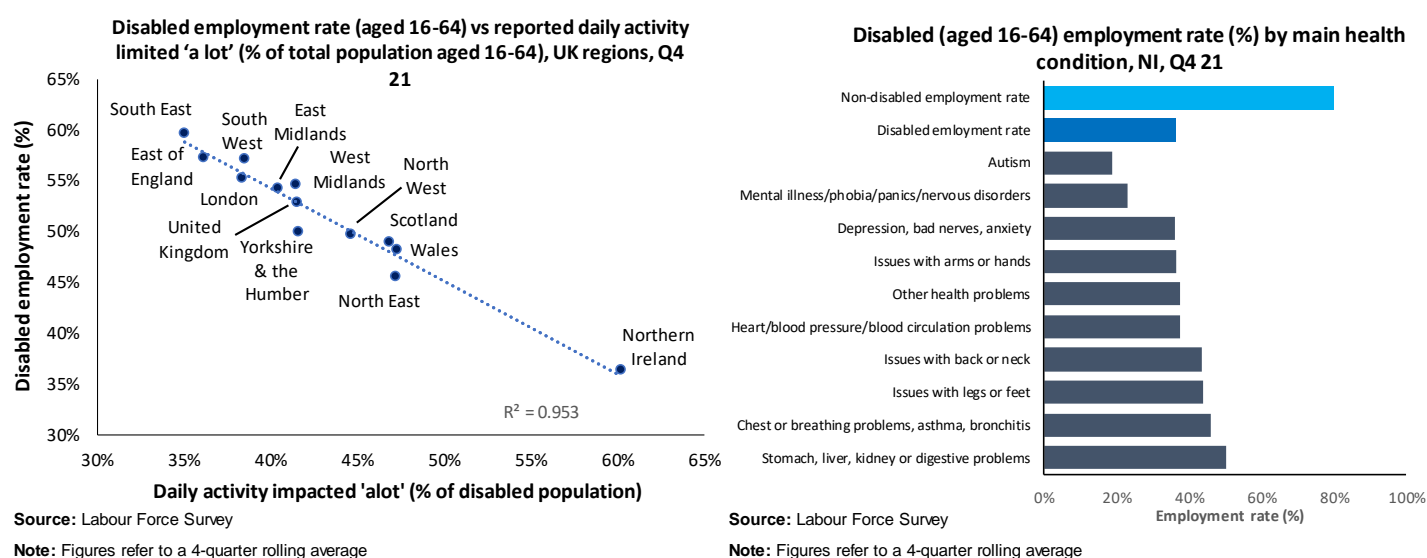
The characteristics of a person's health condition (e.g. type, severity, number) have varying impacts on the ease at which they can participate in the labour market. **Only**

³¹ Field, F. (2019) The Future of employment support for the disabled. In Opportunity For All, Learning and Work Institute and the Shaw Trust Policy Institute.

one-fifth (19%) of those reporting their health condition impacts their daily activity 'a lot' are in employment, compared to over three-fifths (61%) of those who report daily activity is impacted 'a little'. This creates a challenge in NI as **three-fifths (59%) of people with disabilities report their daily activity is limited 'a lot'**, which is much higher than the UK average (41%) and the highest across all UK regions.

A higher proportion of people with more limiting conditions explains part of NI's relatively large disability employment rate gap, but it is only one of many factors. For example, **if NI had the same daily activity limitation structure as the UK it would increase the disability employment rate from 36% to 44%**. In other words, having a disabled population structure weighted more heavily towards people with more limiting disabilities only explains approximately 8 percentage points of NI's disability employment rate gap.

Figure 3.9: Disability employment rate (%) vs severity of health condition (% of population), UK regions, Q4 21 and disability employment rate (%) by main health condition, NI, Q4 21



The potential for employment varies by the type of health condition faced by a disabled person. For example, those suffering from a mental health condition³² have some of the lowest disability employment rates. This is particularly concerning as **those with a mental health condition account for over one-quarter (27%) of total disabled individuals, and have accounted for over three-quarters (76%) of growth in the number of people with disabilities in the last decade.**

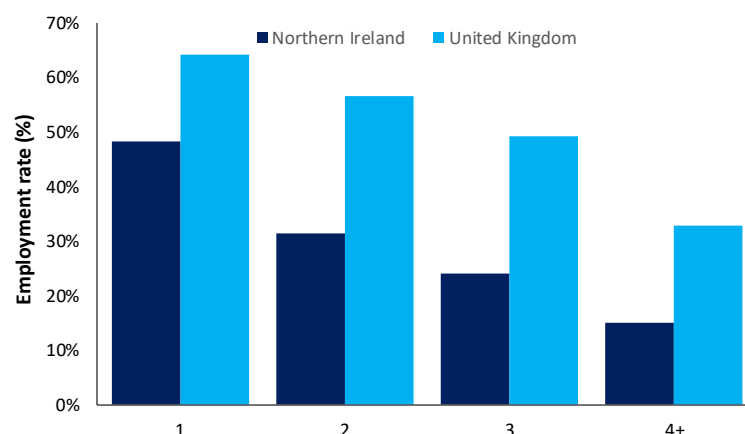
An improved understanding of the workplace needs of those with different mental health conditions should therefore form a key part of future policy development to unlock underutilised labour and improve social participation among the group.

³² Defined as mental illness, phobia, panics or nervous disorders or depression, bad nerves or anxiety.

The number of health conditions a person has also impacts their labour market potential. For example, **the employment rate for disabled persons with one health condition is 48%, compared to just 15% for those with 4+ health conditions.**

In general, the employment rates of persons with multiple health conditions are much lower in NI, relative to the UK. For example, in NI disabled individuals with three health conditions have an employment rate of 24%, compared to 49% in the UK.

Figure 3.10: Disabled (aged 16-64) employment rate (%) by number of health conditions, NI and UK, Q4 21



Source: Labour force survey

Note: Figures are based on 8-quarter rolling average

It is evident the **severity of limitations caused by the health condition, type of health condition and volume of health conditions experienced have significant implications on labour market outcomes of disabled people.** This is likely to be compounded by other factors such as relatively lower qualification levels and availability of suitable employment. **The barriers faced by disabled individuals are therefore multifaceted** and in order to inform effective policy development the profile and needs of different groups within the disabled population must be clearly outlined.

Closing the gaps

The overview of headline labour market outcomes for disabled people has highlighted disability employment rate gaps across a range of characteristics. It is important to understand the impact narrowing or closing these gaps across different groups would have on the overall disability employment rate.

Table 3.2 details, across a range of characteristics, the NI disability employment rate gap with the UK, the additional employment required to close the gap within the category, the new total disability employment rate if the gap were to be closed within the category and the associated percentage point impact on the total disability employment rate. It is important to note, that matching the UK disability employment rate for all categories does not guarantee closing the headline disability employment rate gap between NI and the UK due to differences in the structure of the disabled population.

Table 3.2: Disabled employment rate scenario across different groups, employment rate impacts, NI, 2021

Group		Disabled employment rate gap with UK	Change required to meet UK employment rate	Revised total disabled employment rate (%)	Impact on overall disabled employment rate (p.p)
Gender	Male	-19%	21,140	45%	8.7
	Female	-15%	18,760	44%	7.7
Age group	Age 16-24	-17%	4,370	38%	1.8
	Age 25-49	-16%	15,190	43%	6.3
	Age 50-64	-16%	18,840	44%	7.8
Qualification level	Below NQF level 2	-15%	15,130	43%	6.2
	NQF level 2-3	-15%	12,540	42%	5.2
	NQF level 4+	-9%	6,760	39%	2.8
Daily activity	Daily activity limited 'a lot'	-8%	12,140	41%	5.0
	Daily activity limited 'a little'	-9%	9,010	40%	3.7
Health condition	Problems or disabilities connected with arms or hands	-22%	7,580	40%	3.1
	Problems or disability connected with legs or feet	-13%	1,880	37%	0.8
	Problems or disability connected with back or neck	-14%	4,040	38%	1.7
	Chest or breathing problems, asthma, bronchitis	-15%	2,700	38%	1.1
	Heart, blood pressure or blood circulation problems	-19%	2,810	38%	1.2
	Stomach, liver, kidney or digestive problems	-17%	2,560	38%	1.1
	Depression, bad nerves, anxiety	-18%	9,750	40%	4.0
	Mental illness/phobia/panics or other nervous disorders	-9%	1,580	37%	0.6
	Other health problems	-13%	9,810	40%	4.0
	Musculoskeletal or mental health condition	-16%	24,150	45%	8.4

Source: UUEPC analysis

Closing the disability employment rate gap across different groups has a varying impact on the overall disabled employment rate:

- **Gender** - An increase in the male disability employment rate to match the male UK rate would move 21.1k males into employment and increase the overall disability employment rate by 9 percentage points to 45%. As disabled females have a relatively higher rate of employment, matching the UK female disability employment rate would increase the overall disability employment rate by 8 percentage points, adding an additional 18.8k females to the workforce.
- **Age** - Different age groups also experience different employment rate gaps. For example, if the disability employment rate of those aged 50-64 reached the current UK rate, it would move 18.8k people into employment and increase the overall disability employment rate by 8 percentage points to 44%. Whereas if the young persons employment rate was brought in line with current UK, it would move 4.4k people into employment, increasing the overall disability employment rate to by 2 percentage points to 38%.
- **Qualifications** - If those with lowest qualifications (below NQF level 2) employment rate increased to match the UK this would mean an extra 15.2k disabled people moving into employment increasing total disability employment in NI to 43% (an increase of 6 percentage points). For individuals with NQF level 4 and above the employment rate gap is smaller but still significant. If NI were to close this gap, there would be 6.8k more disabled individuals in employment increasing the total disability employment rate by 3 percentage points.
- **Activity limitation** – If the employment rate of those who have their daily activity limited 'a little' increased to match that of the UK this would bring an additional 9.0k individuals in employment. For those whose daily activity is limited 'a lot', closing the

employment rate gap with the UK would increase the disability employment rate by 5 percentage points, adding 12.1k individuals into employment.

- **Health condition** - The group that would make the largest contribution to closing the disability employment rate gap are those with musculoskeletal or mental health conditions. The current rate of employment among these groups is 37%, compared to 51% in the UK. If the disability employment rate among this group was to reach the UK average, it would move 24.2k disabled individuals into work, increasing the overall disability employment rate by 8 percentage points to a rate of 45%.

The above analysis highlights that targeting one group in isolation will not close the employment rate gap with the UK. Rather, **strategy must target a range of key groups within the disabled population.**

Chapter 3 - Summary

- A disabled person is almost three and a half times more likely to be economically inactive than a non-disabled person. The gap in employment rates between disabled and non-disabled is the highest across all UK regions and has remained stubbornly high, despite improvements in the overall employment rate.
- The employment rate gap is relatively higher for disabled males, older aged persons and individuals with lower levels of qualification.
- A failure to achieve higher disability employment rates has led to a relatively higher dependence on income replacement benefits in NI where 7% of the population claim ESA compared to 3% in the UK.
- Throughout the pandemic disabled persons have been disproportionately impacted in terms of employment, social participation and well-being as they were more likely to be working in 'shut down' sectors and more likely to be termed 'clinically vulnerable'.
- The pandemic has had significant impacts on the labour market experiences of disabled young people, seeing their employment rate drop to the lowest on record.
- Employment rates vary across different health conditions experienced by disabled persons, with mental health conditions reporting some of the lowest employment rates among people with disabilities. This is particularly concerning as those with mental health conditions have accounted for over three-quarters of the increase in disabled persons over the last decade.
- Employment rates for those with multiple health conditions are significantly lower in NI, relative to the UK average. For example, 24% of disabled persons with three health conditions are employed in NI, compared to almost half (49%) in the UK.
- Closing the disability employment rate gap (to match the UK gap) would have different impacts across different groups. However, targeting one group in isolation will not close the overall employment rate gap with the UK.

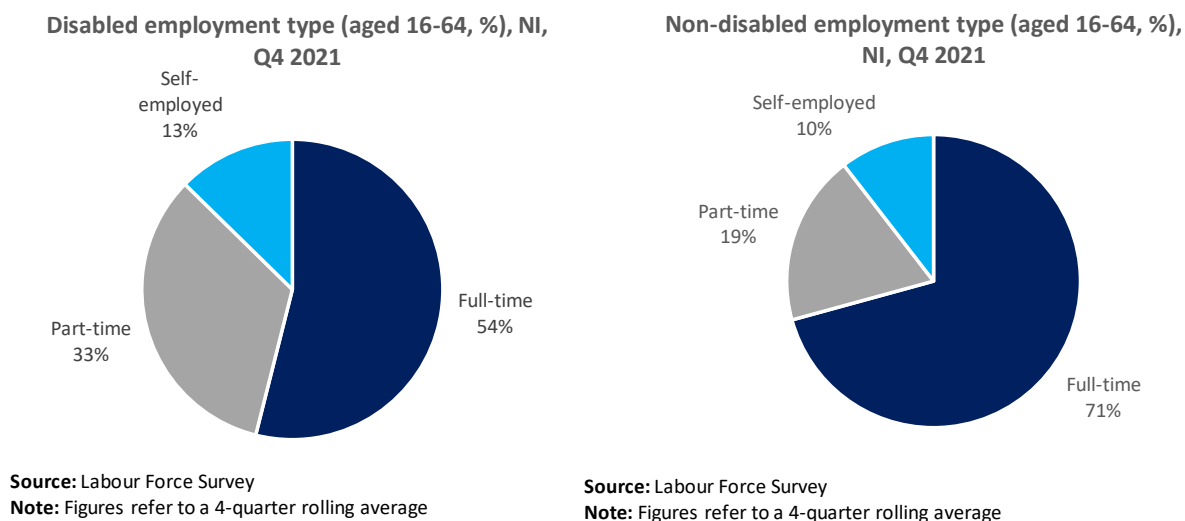
4. Working patterns

Employment type

Disabled people are more likely to be working in part-time employment, relative to their non-disabled counterparts. That is, **one-third (33%) of the employed disabled population in NI are in a part-time job**, compared to 19% of the employed non-disabled population. This represents the highest rate of part-time employment across all UK regions, and considerably higher than the UK average (27%). It is likely a reflection of the higher proportion of more limiting conditions relative to the UK, which may constrain an individual's ability to work longer hours.

Part-time and flexible jobs play an important role in the labour market for disabled people. Evidence from existing employment support programmes (e.g. The Work Programme) suggests that part-time and/or temporary jobs are highly effective in providing stepping stones into work for disadvantaged people³³.

Figure 4.1 Employment type by disability status, NI, Q4 21



Just over half (54%) of working disabled people are in full-time employment, compared to 71% of non-disabled persons. That is the lowest incidence of full-time employment among people with disabilities across all UK regions, and below the UK average (60%).

Employed disabled people (13%) are more likely than employed non-disabled people (10%) to be self-employed. This is likely to be attributable to both push factors (e.g. employer inflexibility) and pull factors (e.g. the ability to choose duties, hours and location)³⁴.

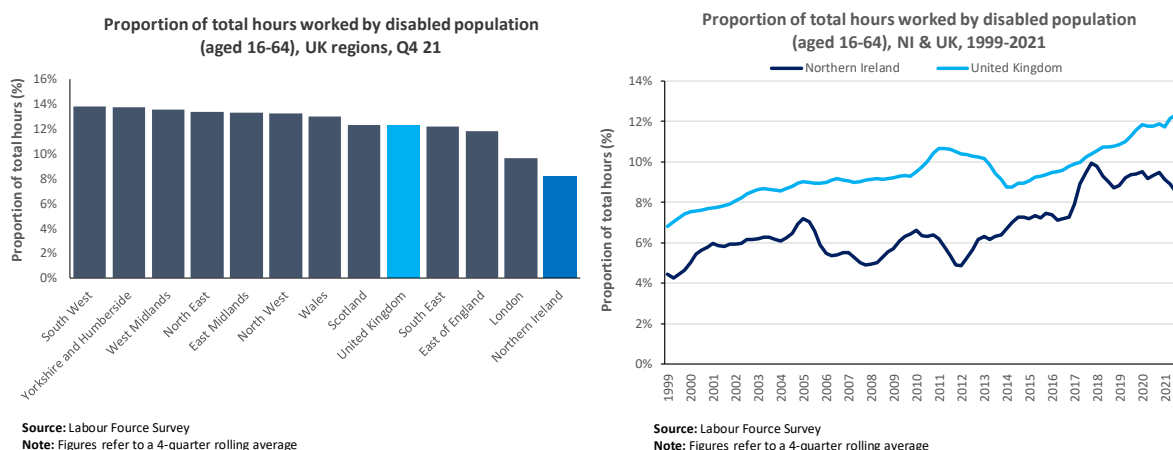
³³ Oakley, M. (2016) Striving for better: Welfare and a labour market that work for disabled people. Available via: <https://www.smf.co.uk/wp-content/uploads/2016/10/Social-Market-Foundation-SMF-Striving-for-Better-Disability-employment-gap-October-2016.pdf>

³⁴ Melanie K. Jones & Paul L. Latreille (2011) Disability and self-employment: evidence for the UK, Applied Economics, 43:27, 4161-4178.

Hours worked

Disabled persons on average account for 8% of total hours worked in NI but represent 11% of the total workforce, aligned to the higher volume of part-time workers. This is the lowest proportion of total hours worked among UK regions. On average, a disabled person in NI works 26 hours per week, compared to 28 hours per week at the UK average.

Figure 4.2: Proportion of total hours worked among disabled people, UK regions, Q4 21 and NI and UK, 1999-2021

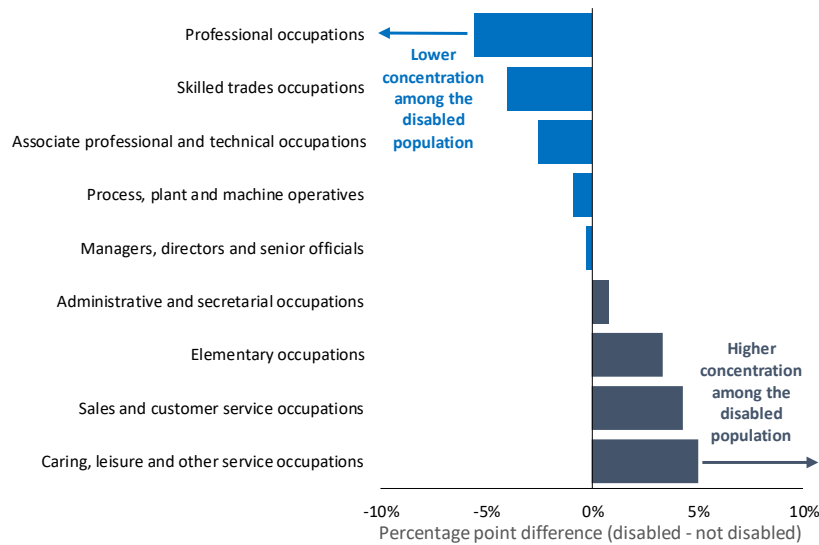


The proportion of total hours worked by disabled people has declined significantly since the onset of the pandemic, from 10% at the beginning of 2020 to 8% by the end of 2021. This is in sharp contrast to the UK, which did not record declines of a similar magnitude, and quickly recovered to above pre-pandemic levels.

Occupation mix

Disabled people in employment are more likely to be employed in lower skilled occupations, partially linked to the lower qualification levels among people with disabilities. The occupational mix indicates a **higher concentration of disabled workers in caring leisure and other service occupations (5 percentage points above the non-disabled population), sales and customer service occupations (4 percentage points) and elementary service occupations (3 percentage points).**

Figure 4.3: Occupation (SOC, 1-digit) concentration by disability status (aged 16-64), NI, Q4 21



Occupations where disabled individuals have a higher concentration have been experiencing a decline in recent years. For example, in the last five years total employment in elementary occupations declined by 18% and sales and customer service occupations declined by 16%. A lower number of job opportunities in these sectors will make finding work for disabled people more difficult. Therefore, **a key challenge is to ensure disabled people can access opportunities across all occupations, specifically fast-growing occupations.** A paper by Sayce³⁵ noted that employment programmes that lack choice can be a factor in contributing towards occupational segmentation for disabled people. The best employment programmes support a full range of options in the labour market³⁶.

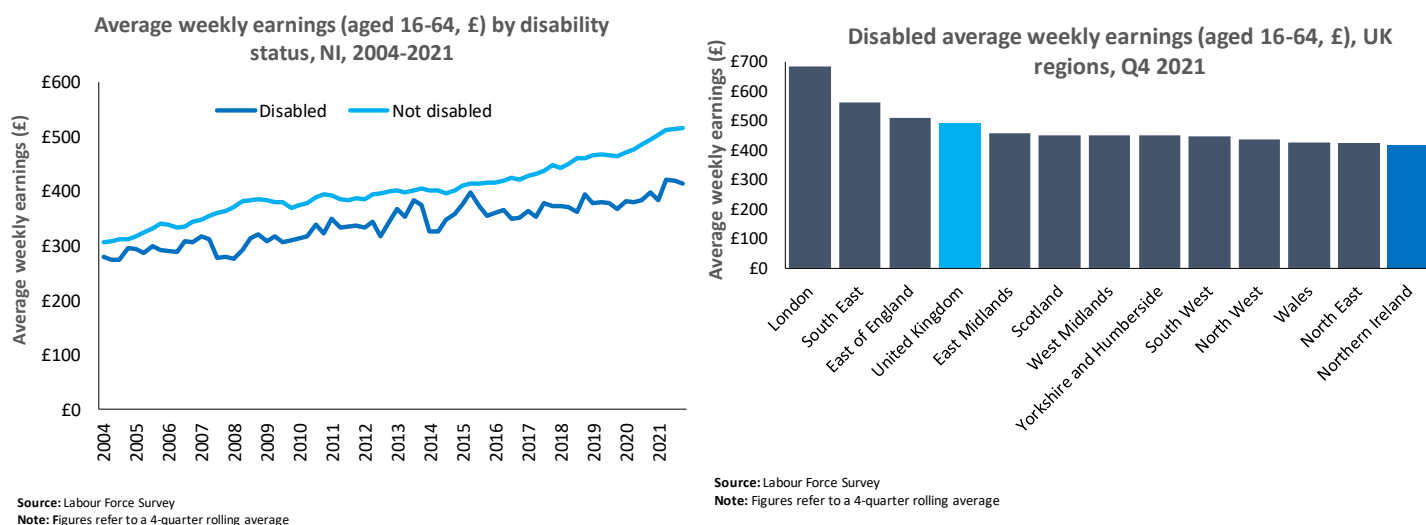
Average earnings

The average weekly earnings of disabled individuals are significantly below the non-disabled population. **In NI a disabled individual earns on average £414 per week , compared to a non-disabled rate of £517.** That is, a disabled person on average earns 80% of a non-disabled persons earnings, matching the UK average wage gap.

³⁵ Sayce, L. (2018) Switching Focus: Whose responsibility is it to improve disabled people's employment and pay.

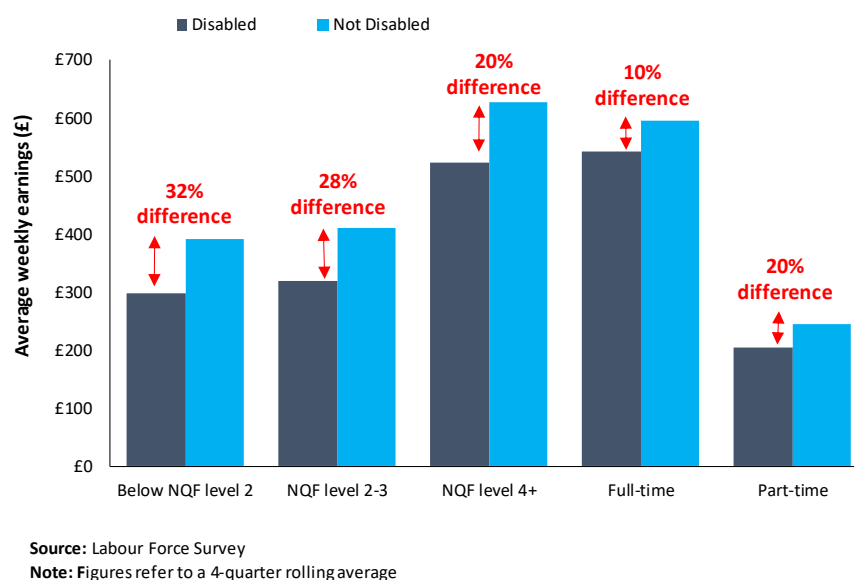
³⁶ Rinaldi, M., Perkins, R, Hardistry, J, Glynn, E. and Souze, T. (2006) Not just stacking shelves. A life in the day.

Figure 4.4: Average weekly earnings (£) by disability status, NI, 2004-2021 and disabled weekly earnings (£), UK regions, Q4 21



This is in part explained by the higher proportion of part-time hours worked among people with disabilities. However, controlling for employment type highlights that part-time disabled workers earn 20% less per week than part-time non-disabled workers, and full-time disabled workers earn 10% less per week than full-time non-disabled workers.

Figure 4.5: Average weekly earnings (aged 16-64, £) by disability status, NI, Q4 21



A similar trend is visible across qualification levels wherein disabled persons with highest qualification NQF level 4+³⁷ earn on average 20% less than non-disabled with the same level of qualification. A larger earnings gap exists at lower qualification levels highlighting the potential for – often unconscious – bias by employers.

³⁷ NQF level 4+ qualifications include HND's, HNC's, foundation degree's, undergraduate and postgraduate degrees.

Chapter 4 - Summary

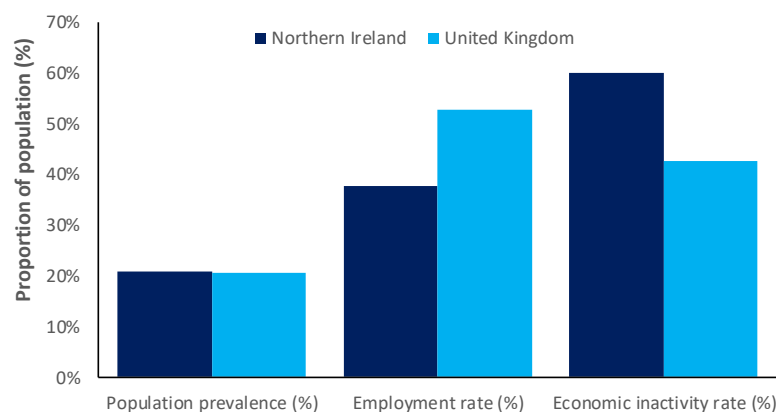
- Disabled people in employment are more likely to be employed part-time or self-employed, relative to non-disabled workers.
- Total hours worked by disabled persons has been significantly impacted by the pandemic, regressing to its 2017 value by the end of 2021. This has not been the experience in the UK average where after an initial dip the total disabled hours worked quickly recovered.
- There is a higher concentration of disabled workers occupations with a relatively low skills profile, low wages and relatively weak growth prospects.
- A disabled person earns 80% of a non-disabled persons earnings. Whilst this is somewhat influenced by lower average hours worked, after controlling for working patterns there is evidence of a disability earnings penalty.

5. Not in employment

Economic inactivity

Detachment from the labour market can be apparent in many forms. For example, the unemployed, temporary or permanent sickness, those looking after family/home, students in full-time education etc. Overall, **disabled people are more likely to be detached from the labour market through a significantly higher economic inactivity rate (61%),** compared to the non-disabled population (17%).

Figure 5.1: Economic activity status among disabled (aged 16-64), NI & UK, Q4 2021



Source: Labour Force Survey

Note: Figures refer to a 4-quarter rolling average

The rate of economic inactivity among disabled people in NI is 22 percentage points above the UK average (43%). This differential has adverse implications for income and quality of life. For example, 31%³⁸ of people in the bottom income quintile in NI are economically inactive. Employment can bring social, psychological and economic benefits through reducing social isolation, nurturing a fuller participation in society, moving individuals out of poverty and increasing income. Many of these benefits are thought to be most acutely felt by marginalised groups such as people with disabilities³⁹.

Never worked

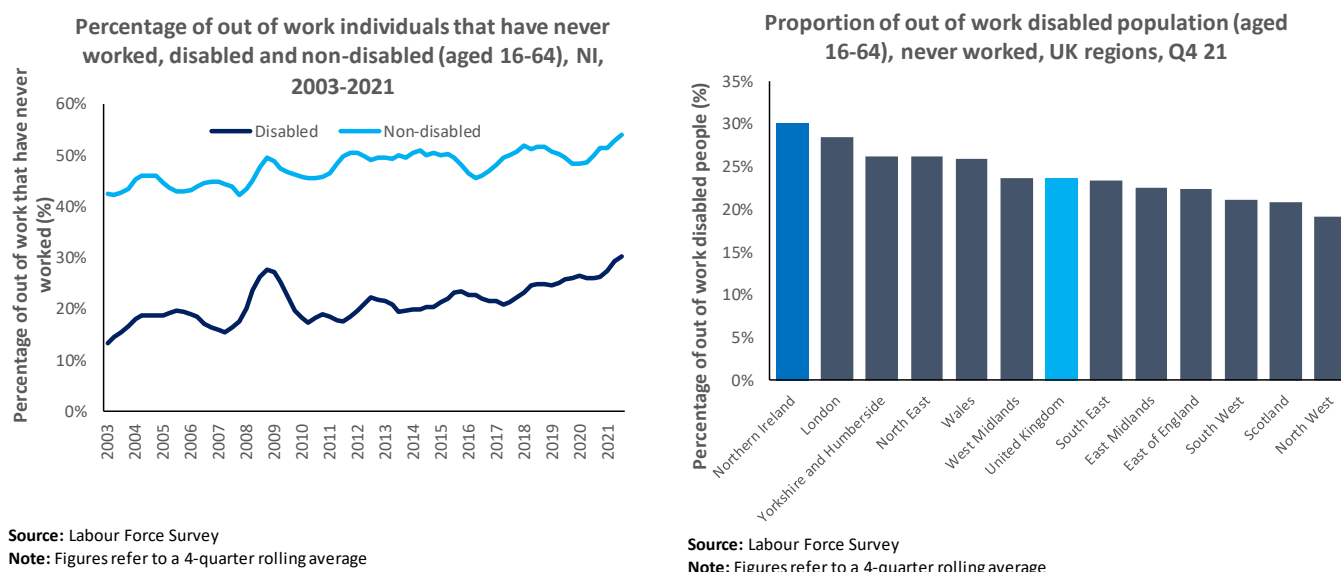
As the length of time detached from the labour market increases, it becomes more difficult to secure employment⁴⁰. Among the out of work disabled population, **three in ten (30%) report they have never worked**, a figure that spiked during the financial crash of 2008 and has shown signs of increasing since the onset of the pandemic. This suggests that disabled new entrants to the labour market, typically youth, are squeezed during periods of economic downturn.

³⁸ Figure based on 'after housing costs' from the Family Resource Survey 2019/20

³⁹ Lisa Schur (2002) 'The Difference a Job Makes: The Effects of Employment among People with Disabilities', Journal of Economic Issues, 36:2, 339-347, DOI: 10.1080/00213624.2002.11506476

⁴⁰ Pilossoph, L. & Jarosh, G. (2016) The longer you're unemployed, the less likely you are to find a job. Why? World Economic Forum Agenda series.

Figure 5.2: Individuals who have never worked (aged 16-64) by disability status, NI, 2003-2021 and UK regions, Q4 21



Evidence suggests there are long-term ‘natural’ trends pushing up the age at which people get their first job (e.g. increased years in full-time education, fewer students working whilst in education), contributing to higher numbers of people who have ‘never worked’. However, research by the Resolution Foundation⁴¹ found that in the UK there is an increasing incidence of prime age (25-49) men with long-term health problems reporting they have ‘never worked’. In part, this is associated with a **growing number of young men reporting health problems and disabilities (particularly mental health problems) in their 20s and 30s.**

A relatively higher rate of ‘never worked’, specifically among an already marginalised group such as disabled people, can have detrimental impacts on future working prospects. This highlights the important impact programmes such as work placements or education programmes with close ties to industry can have to avoid young people becoming detached from the labour market during economic downturns and recoveries.

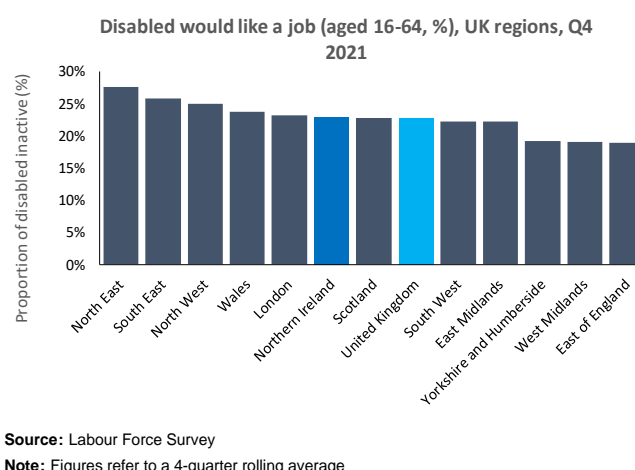
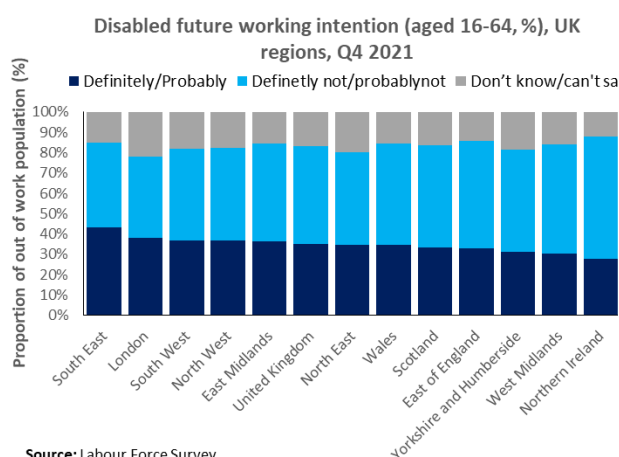
Future working intention

Future working intentions among disabled people are in stark contrast from the non-disabled population. For example, **in NI over three-fifths (60%) of the out of work disabled population stated that they will ‘definitely not’ or ‘probably not’ work in the future.** This is the highest rate across all UK regions and significantly above the UK average (48%). In comparison, just over one-fifth (22%) of non-disabled persons indicated that they would ‘definitely not’ or ‘probably not’ work again. In other words, **disabled persons are almost three times less likely to believe they will work in the future** than their non-disabled counterparts.

⁴¹ Gardiner (2020) ‘Never Ever: Exploring the increase in people who have never had a paid job’ <https://www.resolutionfoundation.org/app/uploads/2020/01/Never-ever.pdf>

Negative attitudes towards future working among disabled people could be influenced by a range of factors: poor experience of previous work⁴²; not believing suitable opportunities are available; not being fit to work; caring responsibilities, or difficulties matching the skills of disabled people to available vacancies. In any case, the low aspirations for future work among people with disabilities highlights the scale of the challenge in transitioning out of work disabled individuals towards the labour market.

Figure 5.3: Future working intentions among disabled people (aged 16-64) and disabled inactive would like a job (aged 16-64), UK region, Q4 21



Over one-quarter (28%) of disabled persons report they would ‘definitely/probably’ work in the future, much lower than that reported among the non-disabled population (74%). A similar indicator focussed on ‘current’ status highlights that 23% of economically inactive disabled ‘would like’ a job (but are not currently seeking or are not available to start within two weeks and therefore do not fall into the ILO unemployed definition), much higher than the non-disabled rate (11%).

Therefore, it is evident over the longer term (i.e. future working intentions) people with disabilities are less optimistic about future their employment prospects than the non-disabled population. However, **in the short-term (i.e. would currently like a job) disabled people are much more likely to report they would like a job**. The higher probability of being classified as economically inactive in practice leads to a larger proportion of disabled people on income replacement sickness and disability benefits.

Most disabled people receiving an income replacement benefit will be claiming ESA or UC. Following a work capability assessment, a disabled individual on ESA will most likely be placed in the ‘Support Group’, wherein there is no obligation to participate in ‘work-related’ activity⁴³. Similarly, for those on UC, following an assessment a disabled individual is likely to be placed within a “no work search” group. This leaves many disabled individuals falling through the gap of support on such passive welfare schemes. The voluntary and community sector often fills the void by providing employability support for those disabled people assigned to the ‘Support Group’.

⁴² Around one third of disabled workers reported being treated unfairly at work because of their disability, health ailment or impairment according to a TUC report ‘Disabled workers experiences during the pandemic’ <https://www.tuc.org.uk/sites/default/files/2021-06/Outline%20Report%20-%20Covid-19%20and%20Disabled%20Workers.pdf>

⁴³ Excluding those currently undergoing assessment and the unknown/credits only grouping, less than 5% of ESA claimants proceed to the ‘Work Related Activity Group’. The remainder will be placed in the ‘Support Group’.

However, whilst the option to voluntarily participate on job search and skills development programmes is available for these individuals the take-up rate is very low.

Indeed, research by DWP⁴⁴ noted generally low awareness among ESA and UC equivalent claimants of the support on offer. For many of the areas whereby claimants outlined they would be interested in receiving assistance (e.g. preparation for work activities and wider issues such as housing), they had limited knowledge of the support available to them. Importantly, there is a wealth of evidence⁴⁵ to suggest the odds of gaining employment are much higher for those engaged in job search interventions, relative to those who do not.

The same research by DWP also noted that there *‘may be a window of opportunity for offering support before being out of work becomes entrenched’*. Claimants in the ‘support group’ of ESA and UC’s equivalent who were under 50 were more likely to see paid work as possible in the future, and those who had been on benefits for less than three years were most likely to express interest in multiple strands of support (job search, skill development, social support etc.).

However, claimants raised concerns that utilising such support would express an interest in moving towards work and thus trigger a reassessment of their work capability. Similar concerns were communicated regarding the ease of a return to benefits if a future period of sickness occurred during a spell in employment. Therefore, there are elements of institutional design within the welfare system which encourage attitudes and behaviours that contribute to the ‘stickiness’ of income replacement sickness benefits, which are characterised by extremely low exit rates.

It is important to ensure appropriate signposting of support within an environment whereby disabled claimants are confident to avail of support interventions, without fear of losing access to their benefits before they are ready for work.

⁴⁴ IFF research (2020) The work aspirations and support needs of claimants in the ESA support group and Universal Credit equivalent. Research on behalf of the DWP.

⁴⁵ Liu, S. et al (2014) Effectiveness of job search interventions: a meta-analytic review. Psychological bulletin, 140(4), 1009.

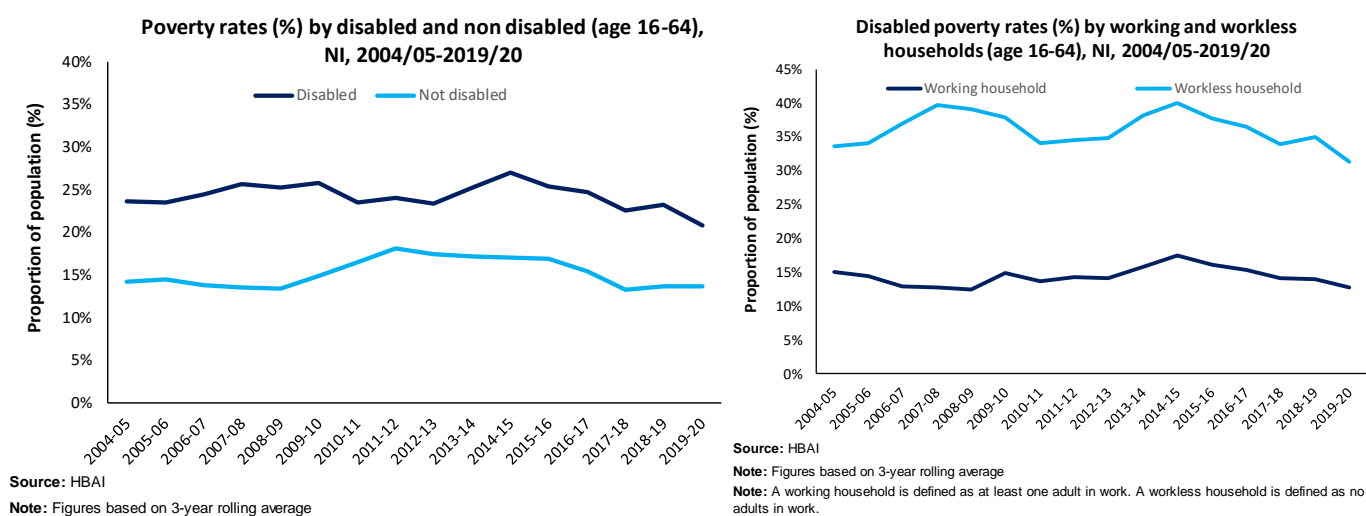
Chapter 5 - Summary

- The rate of economic inactivity among disabled people in NI is 22 percentage points higher than the UK, which has implications on poverty levels and quality of life among the population.
- The proportion of disabled people reporting they have 'never worked' is higher in NI (30%), compared to the UK (24%). This has increased during the recent pandemic, mirroring the recorded decline in employment rates for disabled youth.
- Future working intentions are three times lower among disabled people, relative to non-disabled. However, in the short term (i.e. current status) disabled persons are much more likely to report they would like a job relative to the non-disabled.
- Disabled individuals are less likely to be on income replacement benefits that require participation on job search and skills development programmes, hampering their employment potential.

6. Poverty

Disabled individuals are more likely to face poverty than their non-disabled counterparts. According to the 2019/20⁴⁶ Households Below Average Income (HBAI) survey 14% of individuals living in households where no one was disabled were in relative poverty⁴⁷ (before housing costs), compared to 21% where someone was disabled. Reducing NI's overall poverty rate further will require reductions in the disabled poverty rate, as the group represent a significant proportion of those at risk of poverty. Indeed, **almost two-fifths (38%) of people living in households experiencing relative poverty in NI include a person living with a disability.**

Figure 6.1 Relative poverty rate (before housing costs) by disability status and disabled poverty rates by households working status, NI, 2004/05-2019/20



The incidence of poverty is higher for those who are out of work. **In NI 31% of individuals in workless households where someone is disabled experienced relative poverty.** With such high rates of worklessness among people with disabilities, a narrowing of the employment rate gap would make a substantial contribution to reducing poverty rates.

Being in work remains one of the best routes out of poverty for most people. This is illustrated by the fact that a disabled individual living in a workless household is 2.4 times more likely to experience poverty than a disabled individual living in a household where at least one adult is working. However, being in work does not eliminate chances of poverty. Among disabled people over **one in ten (13%) live in a working household⁴⁸ but experience poverty.**

In addition, **being disabled often comes with increased costs** (e.g. home adaptations, transport costs to medical appointments, accessing specialist transport equipment, private therapies). According to SCOPE's 'The Disability Price Tag 2019'⁴⁹

⁴⁶ Figures in this section are based on a 3-year rolling average as advised by the data provider.

⁴⁷ An individual is considered to be in relative poverty if they are living in a household with an equivalised income below 60% of UK median income in the year in question.

⁴⁸ Defined as at least one adult in work.

⁴⁹ SCOPE (2019) 'The Disability Price Tag 2019; Technical Report' <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag/>

paper working age disabled adults in employment in the UK can face additional costs of £500 per month, that is 33%⁵⁰ of an average working disabled persons earnings in NI. This increases for those out of work to £695 additional costs per month, a concerning figure when 68% of disabled people are either unemployed or economically inactive. This suggests, in practice, **disabled persons poverty rates are likely to be higher than those reported in official statistics once additional costs due to disability are accounted for**. That is, even at the same level of income, a disabled person is likely to have a lower standard of living⁵¹ relative to a non-disabled person. The UK Poverty 2022⁵² report from the Joseph Rowntree Foundation (JRF) calculated that after excluding disability benefits (i.e. those designed to cover the costs associated with being disabled) from total income the poverty rate for disabled people increases by five percentage points in the UK.

The 2019/20⁵³ JRF UK Poverty Report noted that any experience of poverty increases the risk of remaining 'locked' in future poverty. However, it outlines factors which increase an individual's chance of moving out of poverty (e.g. full-time work, workers increasing hours, good jobs with progression opportunities).

Experiencing poverty impacts a household's ability to save income, leaving them less protected against rising costs or unexpected expenses. That is, **households with at least one disabled adult report lower levels of savings relative to other types of households**. For example, according to the Family Resource Survey three-fifths (60%) of households with at least one disabled adult report savings of less than £1.5k, compared to almost half (49%) of households with two adults (with children). Worryingly almost half (47%) of households with a disabled individual report they have no savings, this is second only to single parent households (73%).

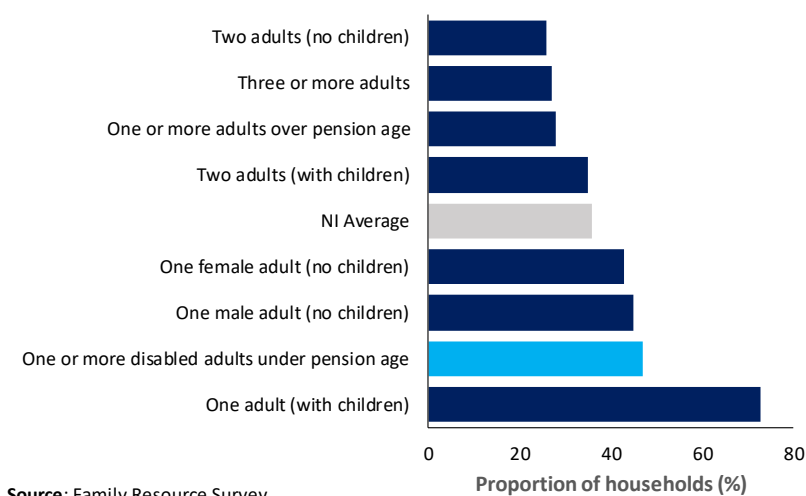
⁵⁰ This is calculated by converting the £500 monthly additional cost average to a weekly average of £125 and dividing that by the average weekly wage for a disabled person in 2019 (£376 according to the Labour Force Survey).

⁵¹ Considering the extra costs likely under report the incidence of poverty and hardship amongst people with disabilities, a material deprivation measure for disabled people may be a more appropriate measure. However, at the time of writing material deprivation indicators are only published for children and pensioners.

⁵² Joseph Rowntree Foundation (2022) 'UK Poverty 2022: The essential guide to understanding poverty in the UK' <https://www.jrf.org.uk/report/uk-poverty-2022>

⁵³ Joseph Rowntree Foundation (2020) 'UK Poverty Report 2019/20: The leading independent report' <https://www.jrf.org.uk/report/uk-poverty-2019-20>

Figure 6.2: Proportion of households reporting 'no savings' by household composition, NI, 2019/20



If a household lacks financial resilience it may fall behind on bills and increase the likelihood of debt, as well as have significant implications on the mental well-being of household members⁵⁴ causing additional stressors. A report commissioned by The Trussell Trust⁵⁵ found **in the UK over six in ten (62%) working age individuals referred to a food bank at the beginning of 2020 were disabled**. In addition, two-fifths (41%) of disabled people referred to a foodbank were indebted to the DWP. Further research by the JRF⁵⁶ defines an individual as living in 'destitute' if they are unable to "*buy the absolute essentials needed to eat, stay warm and dry, and keep clean*". The research reported that over half (54%) of the population in destitution were either sick or disabled.

Lower levels of work, higher levels of poverty and lack of savings among people with disabilities is increasingly concerning as the cost of living continues to rise. In June 2022 UK Consumer Price Inflation (CPI) increased by 9.4%, reaching a 30-year high, driven by increased food and fuel costs. The Bank of England's central forecast for CPI inflation indicates that inflation will be as high as 13% during 2022⁵⁷. Many disabled people have relatively higher energy needs. For example, they may require electricity powered medical equipment to support their daily mobility (e.g. stair lifts, electric wheelchairs, hoists, moveable beds etc.) or indeed support their life (e.g. ventilators, feeding tubes, oxygen etc.). In the absence of savings to support them during periods of price hikes and unexpected costs, disabled people will disproportionately rely on an uplift in their income, either through wage increases for those in work and/or benefit uplift for those receiving income replacement.

⁵⁴ Joseph Rowntree Foundation (2022) 'UK Poverty 2022: The essential guide to understanding poverty in the UK' <https://www.jrf.org.uk/report/uk-poverty-2022>

⁵⁵ Bramley, G., et. al (2021) 'State of Hunger: Building the evidence on poverty, destitution and food insecurity in the UK' <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>

⁵⁶ For further detail on how the JRF define destitute see 'Destitution in the UK 2020' <https://www.jrf.org.uk/report/destitution-uk-2020>

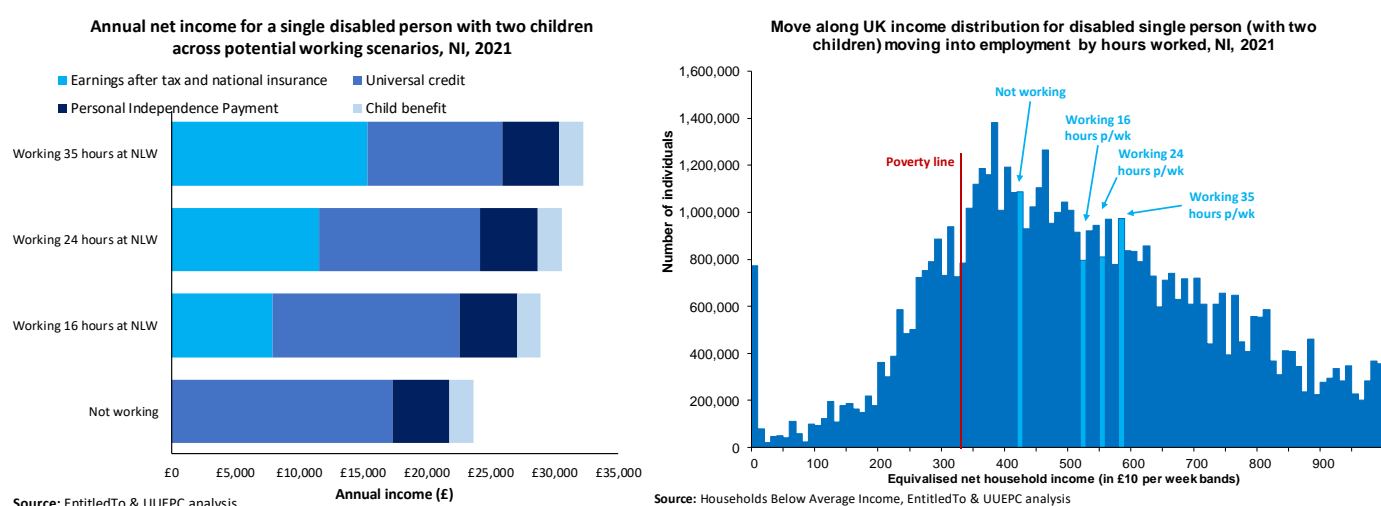
⁵⁷ Bank of England (2022) Monetary Policy Report – May 22. Available via: <https://www.bankofengland.co.uk/monetary-policy-report/2022/august-2022> [Last accessed: 12th August 2022].

Raising income through employment

Employment is a key route out of poverty for individuals⁵⁸. The incentive to work is influenced by the difference between the income received through benefits and the potential earnings from employment. That is, a decision to work or not work often depends on the marginal gain from working i.e. the additional income above that is earned via benefits when not working, compared to the perceived value of labour time.

For example, an out of work single disabled person with two children on average has an income of £23.7k per annum from UC, Personal Independence Payment (PIP) and child benefit⁵⁹. If they moved into employment (earning the National Minimum Wage) their income would increase to: £29.0k working 16 hours per week; £30.6k working 24 hours per week; or £32.3k working 35 hours per week. Once income is equivalised using the OECD equivalence scale, the potential for earned income to **move households to a significantly higher point on the income distribution is clear** and significantly reduces the risk of falling below the poverty line.

Figure 6.3: Annual net income potential for a single disabled person with two children across employment scenarios, NI, 2021 & associated move along UK income distribution, 2021⁶⁰



The additional income earned through employment varies based on household composition and employment status within the household, illustrated in Tables 6.1 and 6.2⁶¹.

⁵⁸ Joseph Rowntree Foundation (2022) 'Poverty in Northern Ireland' <https://www.jrf.org.uk/report/poverty-northern-ireland-2022>

⁵⁹ This scenario assumes the individual is: privately renting a home at a rate of £681 per month; paying £600 in rates per annum; receiving standard PIP daily living and mobility; and paying childcare at a rate aligned to working hours.

⁶⁰ The income data in these two charts will not directly match. The left hand side chart uses actual earnings, whereas the right hand side chart uses data which has been equivalised using the OECD equivalence scale.

⁶¹ A full breakdown of income potential for disabled persons has been estimated across different household compositions outlined in Annex A.

Table 6.1: Annual net income potential for single disabled person family units across employment scenarios, NI, 2021




Family type		Not working	Working 16 hours	Working 24 hours	Working 35 hours
Single person (no children)		£14.2k	£19.5K	£21.1K	£22.8K
Single person with two children		£23.7k	£29.0k	£30.6k	£32.3k

Table 6.2: Annual net income potential for coupled disabled person family units across employment scenarios, NI, 2021

Couple with two children	Non-disabled individual works	Disabled individual			
		Not working	Working 16 hours	Working 24 hours	Working 35 hours
	35 hours per week	£19.2k	£22.8k	£24.4k	£26.1k
	24 hours per week	£21.3k	£24.9k	£26.5k	£28.2k
	16 hours per week	£23.3k	£26.9k	£28.6k	£30.2k
	Not working	£26.0k	£31.3k	£32.9k	£34.6k

A disabled single person household can boost household income by over one-third working just 16 hours per week. Similarly, a disabled lone parent with two children and a couple with one disabled adult and two children can all boost household income by over one-fifth if one household member works 16 hours per week⁶².

Across each household composition a transition into employment, even working a relatively small number of hours, would significantly increase the income of disabled persons. The associated upward mobility on the income distribution moves disabled households into higher income deciles and significantly reduce the risk of falling into poverty.

⁶² The proportionate gains for a single disabled person are larger due to a lower benefit amount being awarded when not working relative to households containing dependent children.

Chapter 6 - Summary

- Disabled individuals are more likely to be living in relative poverty (21%), compared to non-disabled persons (14%), increasing further for disabled persons who are out of work (31%).
- Improving employment rates among disabled people would contribute to lower poverty rates. However, being in work does not eliminate the chances of poverty as among people with disabilities over one in ten working households experience poverty.
- Almost half (47%) of households with one or more disabled person under pension age report they have no savings, making them less protected against unexpected costs and the current cost of living crisis.
- Disability often comes with increased costs (e.g. home adaptations, transport costs to medical appointments, accessing specialist transport equipment, private therapies). Therefore disabled persons poverty rates are likely to be higher than those reported in official statistics once additional costs due to disability are accounted for.
- Raising employment is a key route out of poverty for disabled individuals through increased income. The incentive to work depends on the marginal gain from employment. Disabled people across all household types can make significant movements up the income distribution, even if only working part-time hours.

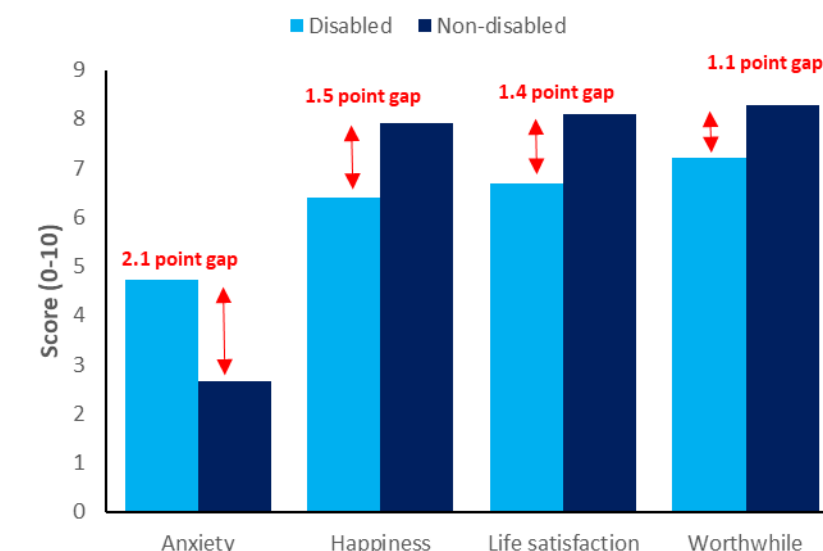
7. Additional factors

Well-being

An individual's well-being is aligned to participation in society and economic prosperity⁶³. It is therefore an important marker in understanding individuals social and economic outcomes. The Annual Population Survey (APS) records subjective well-being of disabled and non-disabled persons across UK regions.

The survey reported there is a notable gap between disabled people and non-disabled people across all recorded well-being measures in NI, with the largest gap being in the levels of anxiety. **On average a disabled person reports a higher anxiety score (4.7) than a non-disabled person (2.7). This represents the highest recorded anxiety amongst disabled persons across UK regions.** A higher anxiety score negatively impacts employability, highlighted by the relatively low employment rates recorded for persons with depression and anxiety.

Figure 7.1 Well-being measures (aged 16+) by disability status, NI, July 2019 - June 2020



Source: Office of National Statistics (ONS)

Happiness scores for the non-disabled population in NI are the highest amongst UK regions (7.9). In contrast, **it is amongst the lowest in the non-disabled population (6.4)**. This creates a large gap between disabled people and non-disabled people, which is the largest of any UK region. Further, average life satisfaction among people with disabilities is significantly below the non-disabled population, 6.1 and 8.7 respectively.

Well-being indicators are influenced by a range of social and economic circumstances (e.g. active participation in social activities, community involvement, poverty,

⁶³ Huppert (2009) Psychological Well-being: Evidence Regarding its Causes and Consequences. <https://iaap-journals.onlinelibrary.wiley.com/doi/full/10.1111/j.1758-0854.2009.01008.x>

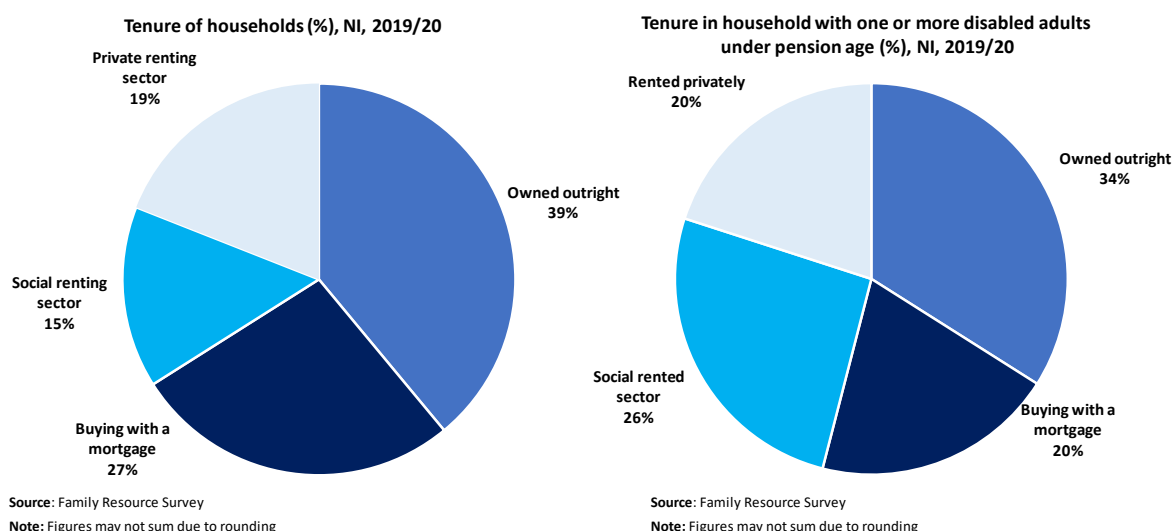
discrimination, unemployment)⁶⁴. Indeed, employers are increasingly incorporating and promoting health and well-being programmes within the workplace. The Chartered Institute of Personnel and Development Health and Wellbeing at Work survey⁶⁵ reported over half (51%) of employers take a strategic approach to employee well-being, an increase from 40% in 2018. However, less than two-fifths (39%) of those organisations report they include specific provision for chronic health conditions or disabilities to a large extent or to a moderate extent, and 28% report no specific provisions at all.

Tenure

The suitability of accommodation for disabled individuals has implications across a range of areas including: independence, need for social care; mental health; well-being; and employment potential⁶⁶. A study from Habinteg and Papworth Trust⁶⁷ found **people with inaccessible housing are four times more likely to be out of work**, relative to those where their needs are met or who are disabled but do not require accessible housing.

Disabled individuals are more likely to rely on social housing than non-disabled individuals. **In NI 26% of households with one or more disabled individuals reside in socially rented accommodation**, compared to only 15% of total households. A higher reliance on social housing is typically associated with lower costs and increased willingness of landlords to make adaptations to accommodations, relative to the private rented sector. However, social housing is associated with long waiting lists on availability.

Figure 7.2: Housing tenure by disabled and total population (under pension age), NI, 2019/20



⁶⁴ Huppert (2009) Psychological Well-being: Evidence Regarding its Causes and Consequences. <https://iaap-journals.onlinelibrary.wiley.com/doi/full/10.1111/j.1758-0854.2009.01008.x>

⁶⁵ CIPD (2021) Health and well-being at work. Available via: https://www.cipd.co.uk/Images/health-wellbeing-work-report-2021_tcm18-93541.pdf. [Last accessed: 15th May 2022].

⁶⁶ Equality and Human Rights Commission (2018) 'Housing and Disabled People: Britain's Hidden Crisis' <https://www.equalityhumanrights.com/sites/default/files/housing-and-disabled-people-britains-hidden-crisis-main-report.pdf>

⁶⁷ Habinteg and Papworth Trust (2016) 'The Hidden Housing Market: A new perspective on the market case for accessible homes' <https://www.habinteg.org.uk/download.cfm?doc=docm93ijm4n1527>

The suitability of housing differs based on the accommodation type. The Habinteg and Papworth Trust research found that one in three disabled persons living in private rented accommodation report living in unsuitable accommodation. This compares to one in five living in social housing and one in seven among those who own their own homes.

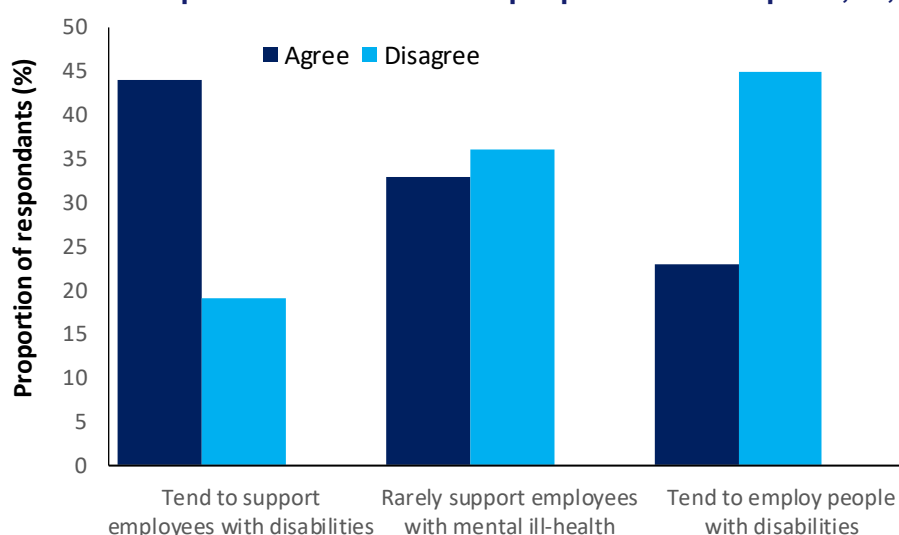
The outcomes arising from a higher proportion of private rented tenants living in unsuitable accommodation are illustrated in poverty statistics. Approximately 28% of people living in households with a disabled person in the private rented sector are in relative poverty, compared to 23% of people in social housing and 13% of owner occupiers. Ensuring disabled people have access to appropriate housing would benefit not only disabled individuals themselves, but wider society through reduced dependence on social and informal care, increased chances of employment and thus financial independence.

Attitudes faced by those with a disability

To better understand the experiences of disabled people seeking to participate within society it is important to recognise one of the many obstacles they often face is attitudes of the general public.

Public perceptions of disabled individuals' workplace experiences are captured by the Equality Commission NI through a range of surveys. In the latest Public Opinions Survey⁶⁸ 44% of respondents did not believe organisations tended 'to hire disabled people', significantly higher than the 24% reported in 2018/19.

Figure 7.3: Public opinions about disabled people in the workplace, NI, 2020



Source: Equality Commission NI, Ipsos MORI

In terms of workplace support, 45% of the public believed workplaces “tend to support employees with disabilities”. However, for those living with a disability only 29% felt workplaces tended to support employees with disabilities. The perceptions of support are particularly stark for those with a mental health illness where 40% of the public

⁶⁸ Equality Commission Northern Ireland (2021) ‘Public Opinion Survey on Equality in Northern Ireland’ <https://www.equalityni.org/Delivering-Equality/Addressing-inequality/Social-attitudes-good-relations/Research-investigations/Public-opinion-survey>

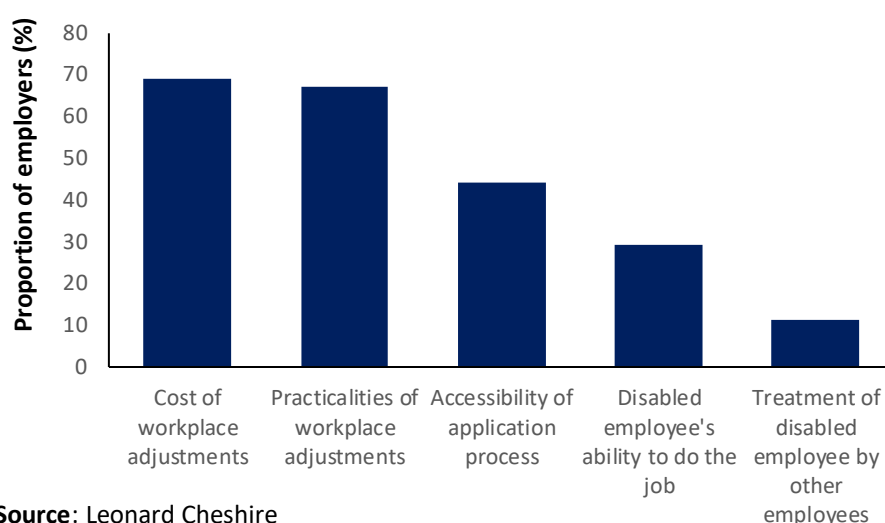
believed workplaces “rarely support employees with mental ill-health”. The perceived lack of support for those with mental health ailments could pose a contributing factor to the low of employment rates among this group.

In a separate study by Wildgoose in 2019⁶⁹, over half of UK employees felt disability inclusion was the top aspect of diversity their company could improve on. This highlights the **increasing expectation amongst the workforce that firms make efforts to become more inclusive, and the rising importance of communicating actions by publishing diversity and inclusion strategies.**

Employer attitudes on disabled recruitment

Employers’ perceptions of hiring disabled individuals often act as a substantial barrier to labour market participation. A Leonard Cheshire Report 2021⁷⁰ found a **“significant minority” (19%) of employers were less likely to hire a disabled person.** The main barriers to hiring a disabled person from an employer’s perspective were: cost of making adjustments to the workplace (69%); practicalities of making workplace adjustments (67%); and accessibility of the application process (44%). Whilst these barriers have long been reported in employer surveys as some of the key concerns, they often differ from the actual requirements of disabled persons and/or are remis of available support for employers provided by the Government.

Figure 7.4: Employers’ perceived barriers to hiring disabled employees, UK, 2020



Source: Leonard Cheshire

For example, the Access to Work (NI) scheme provides a grant to fund practical support for those with disabilities in the workplace (e.g. adaption to premises and equipment, special aids to suit particular work needs, extra costs from travelling) that would remove or reduce the cost for employers. Indeed, a survey from Business Disability Form⁷¹ found the most common workplace adjustments were ergonomic equipment e.g. supportive chairs, IT equipment (45% of adjustments), flexible or adjusted working hours (44%) and working from home (39%). Adjustments to the built

⁶⁹ Wildgoose (2019) Equality, Diversity and Inclusivity in the Workplace Survey. Available via: <https://wearewildgoose.com/uk/news/diversity-and-inclusivity-in-the-workplace-survey/> [Last accessed: 16th May 2022].

⁷⁰ Lenoard and Cheshire (2021) ‘Still locked out’ <https://www.leonardcheshire.org/sites/default/files/2021-11/Still-Locked-Out.pdf>

⁷¹ Business Disability Forum (2020) ‘The Great Big Workplace Adjustments Survey’: Exploring the experience and outcomes of workplace adjustments in 2019-20’ <https://dh1b0dk701o2c.cloudfront.net/prod/uploads/2020/06/The-Great-Big-Workplace-Adjustments-Survey-main-report.pdf>

environment accounted for only 6% of current adjustments. A cost benefit analysis by RNIB estimated that the benefits of the scheme outweigh the costs by a factor of three to one⁷².

The level of awareness of workplace support available among disabled people and employers could be improved to enhance disabled people's employment chances. A survey by Leonard Cheshire⁷³ found **only around three-fifths (58%) of employers stated they were aware of the Access to Work scheme**. In addition, less than one-quarter (23%) of disabled people currently in work or had previously worked reported they had received support through the Access to Work initiative.

In general there is a lack of awareness of employment rights amongst the population. For disabled people, **less than half (49%) of disabled people are aware of their employment rights**⁷⁴. This is important as rights include employer duty to make reasonable adjustments. These can range from provision of equipment (e.g. an ergonomic chair), changing working hours, recording disability related absence separate from sickness absence or providing a support worker.

Whilst many employers have made positive change to incorporating accessibility and flexibility in the workplace it is important all employers make effort to access correct information and develop understanding on attracting, hiring and retaining disabled persons.

Sickness absence

In the UK the number of days lost through sickness absence^{75,76} taken by disabled individuals in work is five times that of non-disabled. This includes days taken for reasons of musculoskeletal problems; mental health conditions; minor illnesses; disability status; and other.

⁷² Melville, D. Stevens, C. & Vaid, L. (2015) Access to Work Cost Benefit Analysis, A report for RNIB, Centre for Economic and Social Inclusion.

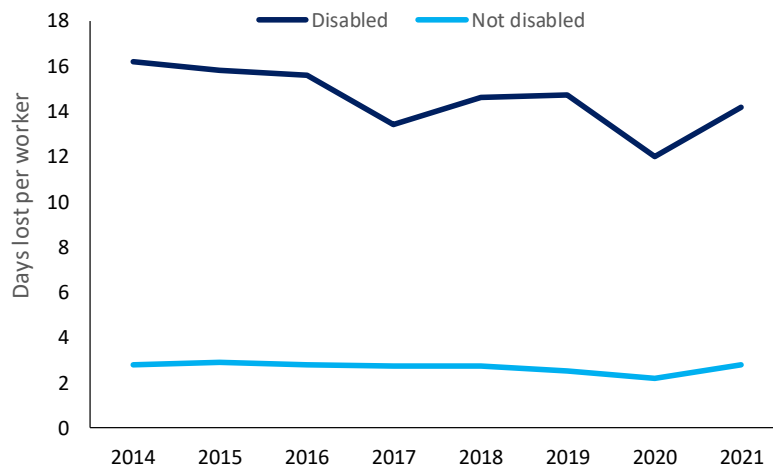
⁷³ Leonard and Cheshire (2019) 'Reimagining the workplace: disability and inclusive employment' <https://www.leonardcheshire.org/sites/default/files/2020-02/reimagining-the-workplace-disability-inclusive-employment.pdf>

⁷⁴ Papworth Trust (2018) Compendium of facts about disability.

⁷⁵ Sample size does not allow data to be analysed at the Northern Ireland level.

⁷⁶ One day is defined as 7 hours and 30 minutes. The average number of days lost to sickness per worker is calculated by dividing the total number of days lost to sickness by the total number of people aged 16 and over in employment.

Figure 7.5: Days lost per worker by disability status, UK, 2014-2021



Source: Labour Force Survey, ONS

Note: Quarterly datasets were used to generate annual averages.

It is the case that people with disabilities may require relatively more time out of work due to fluctuations in their health condition or to attend medical appointments, which may act as a disincentive for employers during recruitment. Indeed, in considering recruiting a disabled person one in five (19%) UK employers reported they would be concerned a disabled person would be out of work more than a non-disabled person⁷⁷.

Although not a legal obligation for employers, it is good practice to manage absences associated with an individual's disability status separately to other sickness related absence. This has been increasingly done through the development of Disability Leave Policy within businesses which enables employers to establish conditions for disabled individuals requiring leave associated with their disability.

In any case, the Access to Work (NI) scheme to support disabled persons within the workplace outlines employers should identify and implement reasonable adjustments that may reduce length of absence, support a return to work or accommodate absences.

Sickness pay

The level of sick pay cover in the UK has come under scrutiny since the onset of the pandemic. Although many employees will have set sick pay arrangements with their employer as part of their contract, others rely on Statutory Sick Pay (SSP) - the minimum amount employers are required to pay during employee sickness absence. However, there **are eligibility requirements for SSP**: an individual must be sick for four days in a row; average earnings in the previous eight weeks must have been at least £123 per week; and the worker must be an employee i.e., self-employed are not included.

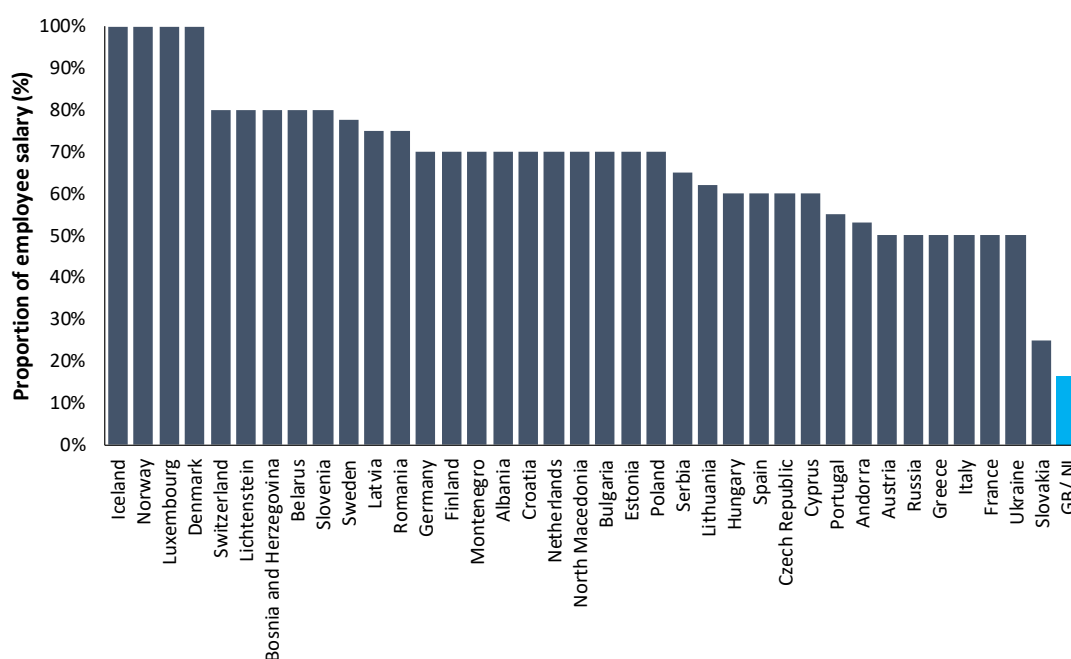
This leaves particular groups at higher risk of not receiving sickness payment when out of work. Of concern, disabled persons are more likely to fall into the low earner category and/or the self-employed category putting them at higher risk. Although self-

⁷⁷ Leonard and Cheshire (2019) 'Reimagining the workplace: disability and inclusive employment' <https://www.leonardcheshire.org/sites/default/files/2020-02/reimagining-the-workplace-disability-inclusive-employment.pdf>
https://eprints.whiterose.ac.uk/158809/1/22_03_20_TTRV-2019-0059.R2_full.pdf

employed persons are eligible for ESA there are also conditions⁷⁸ potential claimants must meet, and entitlement rates are likely to be lower than SSP⁷⁹. It is estimated that almost one in ten (9.0%) disabled employees in NI earned below the threshold for SSP and therefore would not have been eligible to receive SSP, compared to 5.6% of those who are not disabled. The **higher likelihood among disabled people of being ineligible for sickness pay** creates a significant risk for those wishing to move into employment acting as a potential disincentive to work.

For those that are eligible, the SSP is paid at a rate of £96 per week which equates to 19% of the average weekly wage in NI. Given an individual only becomes eligible for SSP on their fourth day of sickness in a row an individual working a stereotypical full-time working week (i.e. Monday to Friday) would only receive £39 in their first week of claiming SSP (i.e. for the fourth and fifth days of sickness only). That would amount to a total of £328 for first four weeks of claiming SSP. This level of mandatory sickness pay is among the lowest across European countries.

Figure 7.6: Minimum mandatory sick pay (% of employee salary), European countries, 2021



Source: The Compensation Experts, UK figure based on UUEPC analysis

The lack of generosity associated with mandatory sick pay in the UK is highlighted in the responses from a BritainThinks and Trade Union Congress⁸⁰ survey where around two-fifths of individuals without a disability felt they would go into debt or not pay bills if they had to rely on SSP for two weeks, increasing to just over three fifths for those with a severe disability.

⁷⁸To be eligible for ESA as self-employed an individual must be below state pension age, have a disability or health condition that affects how much they can work and paid enough National Insurance in the last two to three years.

⁷⁹ An individual receives the 'assessment rate' for 13 weeks whilst their claim is being processed, which amounts to £61.50 per week for those aged under 25 or £77.00 for those aged over 25. After assessment an individual is placed on either the 'work related activity group' at £77.00 per week or the support group (i.e. not eligible for work at all) at £117.00.

⁸⁰ Trade Union Congress (2020) 'Sick Pay and Debt' <https://www.tuc.org.uk/research-analysis/reports/sick-pay-and-debt>

Labour mobility

Accessibility of transport has hampered disabled individuals' ability to participate in society. Indeed, disabled people represent only 5% of the driving population. A recent report⁸¹ by Motability found **one in five disabled people are unable to travel as there are no appropriate transport options available to them**. For those who do travel, two-thirds are likely to experience difficulties, which can constrain labour market participation. Indeed, one quarter of disabled people reported difficulties with public transport their key barrier to employment and one in ten report it as a key barrier to education.

In NI the public transport system is operated by Translink whom have made efforts to improve accessibility throughout main bus and train stations, but according to their Accessibility Guide⁸² it is the case that smaller stations are not staffed and do not contain the full breadth of accessibility features. If a disabled person is travelling via such a station, they are advised to give Translink 24-hours' notice, making it difficult for disabled individuals to travel at short notice. These travel limitations can create complex barriers to participation in the labour market, and make it difficult for disabled people to work in jobs with a non-regular shift patten or work on a flexible hours basis.

Chapter 7 - Summary

- There is a notable gap in the well-being of disabled and non-disabled persons. A person with a disability is on average likely to report a higher anxiety score, lower happiness score and lower life satisfaction scores.
- The suitability of accommodation for disabled persons impacts social care needs, well-being and employment potential. Individuals with inaccessible housing are four times more likely to be out of work, relative to those where their needs are met or who are disabled but do not require accessible housing.
- Public and employer perceptions of disabled persons in the workplace has implications on their employment prospects. A Leonard Cheshire Report found two in ten (19%) employers were less likely to hire a disabled person and many employers were unaware of the workplace support available for disabled persons.
- A higher prevalence of sickness absence from the workplace disabled people is a concern for employers in considering recruiting a disabled person. In addition, the lack of generosity in SSP relative to other European countries may act as a disincentive for moving out of work disabled into employment.
- Labour mobility creates barriers to labour market and societal participation for disabled individuals. A report by Motability found one quarter of disabled people reported difficulties with public transport as their key barrier to employment and one in five disabled people were unable to travel as there are no appropriate transport options available to them.

⁸¹ Motability (2022) 'The transport accessibility gap: The opportunity of transport for disabled people' https://www.motability.org.uk/media/iwaidhxx/motability_transport-accessibility-gap-report_march-2022_final.pdf

⁸²Translink Accessibility Guide: <https://www.translink.co.uk/usingtranslink/accessibility/accessibilityguide>

8. Scenario analysis

Closing the gap

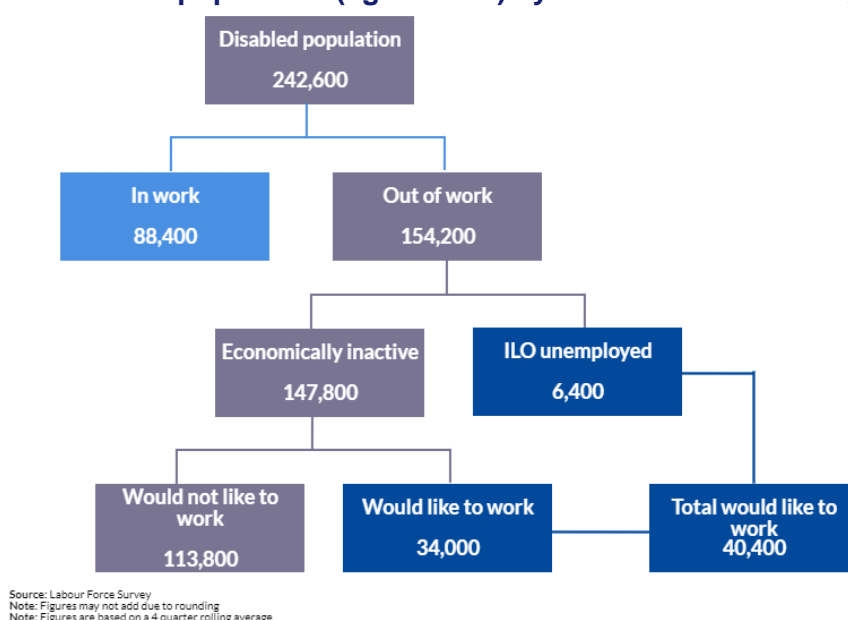
The psychological benefits to the individual of being ‘in work’ have been discussed throughout the report. The improved social cohesion by ensuring everyone can fully participate in society cannot be understated. The UK National Disability Strategy⁸³ recognises the need to improve disabled peoples’ everyday lives including commitments to ‘removing barriers to participating fully in public life and wider society’ and ‘making the world of work more inclusive and accessible’.

The NI Executive is in the process of developing a broad Disability Strategy and more tailored Disability Employment Strategy to address the specific needs of disabled individuals in NI. As part of the strategy, it will be important to ensure a long-term commitment to increase employment rates among people with disabilities, backed by supporting interventions.

The economic benefits associated with moving disabled individuals into employment includes not only increased income for disabled people and a reduced risk of poverty, but also a significant contribution to Gross Value Added (GVA) alongside fiscal benefits.

It is important that any targets set to improve employment among disabled people be both ambitious and achievable. Although there are a range of reasons that may preclude a disabled person from working, more than one in four (26%⁸⁴) disabled people who are currently out of work would like to work in NI.

Figure 8.1: Disabled population (aged 16-64) by labour market status, NI, Q4 21



If a target was set to secure employment for all disabled people who ‘want to work’ over the coming decade (i.e. a close proxy for full employment) it would increase the

⁸³ HM Government (2021) ‘National Disability Strategy’ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1006098/National-Disability-Strategy_web-accessible-pdf.pdf

⁸⁴ This figure refers to the ILO unemployed population plus the economically inactive that report they ‘would like’ to work.

disability employment rate from a current rate of 36% to 60% by 2031⁸⁵. Achieving this would result in a marginally higher rate of employment among disabled people, than if the target was to replicate the UK Government's disability ambition (i.e. to halve the disability employment gap⁸⁶ - which would lead to a 58% employment rate). The UK Government however dropped their commitment to halve the disability employment gap between the 2015 and 2017 manifestos, in response to slow progress towards the ambition. This suggests both target scenarios above could be too ambitious to be achievable within a ten-year time horizon.

It has been widely cited throughout this report the NI disability employment rate has consistently underperformed, relative to the UK average. A long-term commitment could be for the NI disability employment rate (36%) to match the current UK disability employment rate (53%) over the next decade. In the view of the authors this target would fulfil both the ambitious and achievable criterion⁸⁷.

If this target were to be achieved, disabled employment would increase by a total of 52k over the 2021-2031 period. In the absence of any policy intervention disabled employment is projected to increase by 23k aligned to expected higher disability prevalence, demographic projections and labour market trends (i.e. a counterfactual scenario). Therefore, achieving the target would result in disabled employment being 28k⁸⁸ higher in 2031, relative to the counterfactual scenario⁸⁹.

⁸⁵ Underlying assumptions for 2031 are slightly different from the current structure depicted in Figure 8.1. By 2031 the disabled population is larger reflecting long-term trends, and the proportion who 'want to work' is assumed to be higher reflecting a long-term increase in the proportion of disabled people who intend to work.

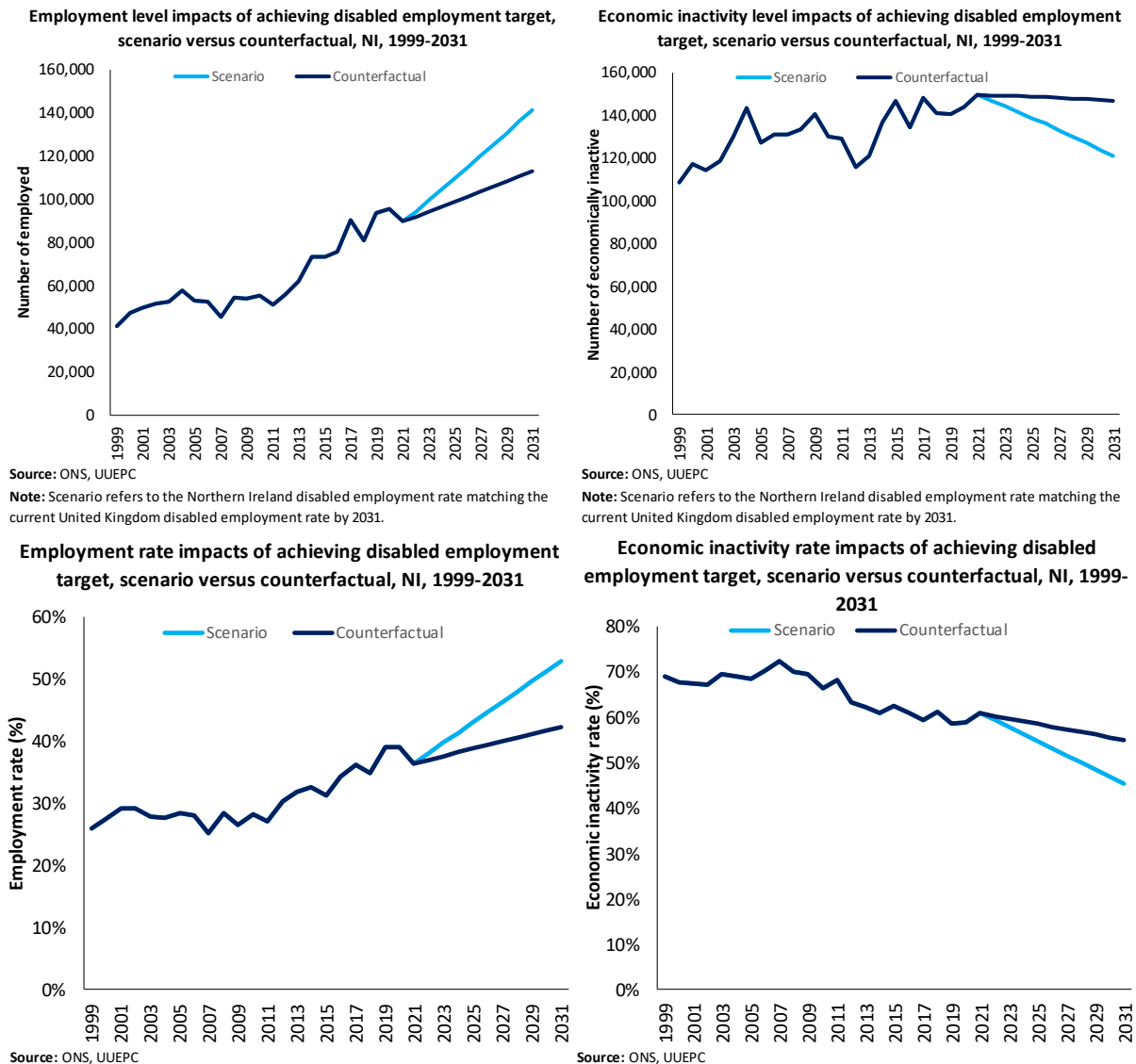
⁸⁶ Conservative Party (2015) Conservative Party manifesto, p.19. Available via: <https://manifesto.deryn.co.uk/wp-content/uploads/2021/04/ConservativeManifesto2015-1.pdf>

⁸⁷ For a full description of the potential scenario's explored please refer to Annex B.

⁸⁸ This is the difference between the scenario outlined and the counterfactual. In the counterfactual it is assumed by 2031: disability prevalence will increase to 23%; the disabled economic inactivity rate will reduce to 55%; and the disabled unemployment rate will remain at 7%.

⁸⁹ Please note that figures quoted in this paragraph do not sum due to rounding.

Figure 8.2: Disability employment rate scenario, employment and economic inactivity level and rate impacts, NI, 1999-2031



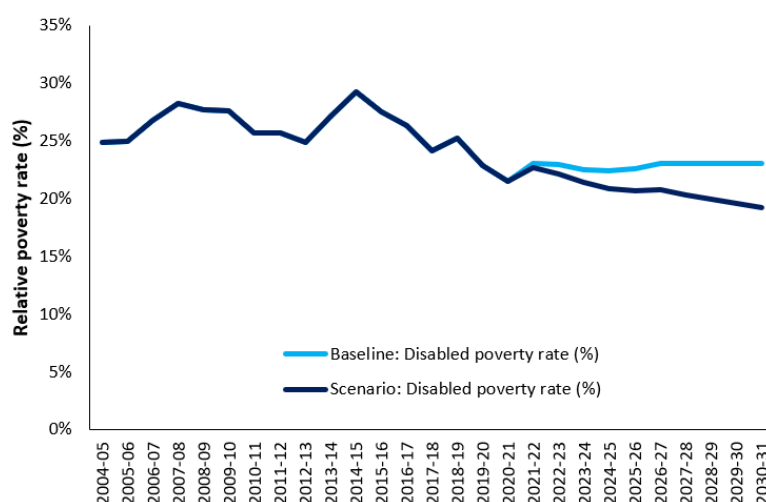
Overall, achieving the target of NI matching today's UK disability employment rate by 2031 would have the effect of:

- Increasing the disability employment rate from 36% in 2021 to 53% in 2031 (11 percentage points above the 2031 counterfactual);
- Decreasing the economic inactivity rate from 61% in 2021 to 45% in 2031 (10 percentage points below the 2031 counterfactual); and
- Narrowing the disability employment rate gap from 44 percentage points in 2021 to 31 percentage points in 2031 (11 percentage points lower than the 2031 counterfactual).

The positive impact of working, by moving people up the income scale is one of the major tools for tackling poverty. If NI were to match the current UK disability employment rate by 2031 it would reduce the relative poverty rate (before housing costs) for disabled people from 23% in 2020/21 to 19% by 2030/31. Although this may seem to be a relatively small change, a fall in the rate to 19% is in fact transformational,

representing a fall in the number of disabled individuals in poverty by 17%. Achieving the target employment rate would result in the lowest disabled poverty rate on record and correct the expected increase in poverty expected in 2021/22 resulting from the cost of living crisis.

Figure 8.3: Relative poverty impacts (before housing costs) of achieving disabled employment target, scenario versus counterfactual, NI, 2004/05-2030/31



Source: HBAI, UUEPC

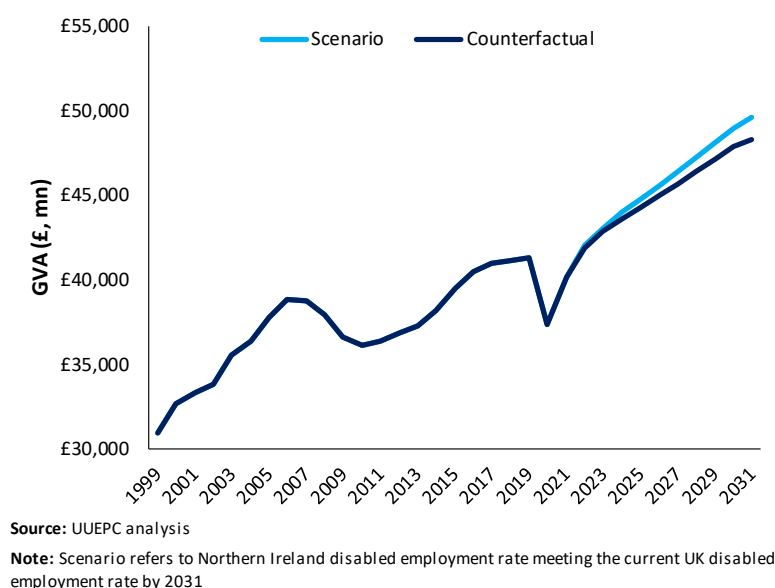
Note: Figures based on a 3 year rolling average

Economic and Fiscal benefits

To have such a low disability employment rate relative to other parts of the UK, whilst also maintaining the widest disability employment rate gap across UK regions represents a failure of policy over a period of decades. These failures have come with an opportunity cost, where the local economy has been missing out on disabled people's contribution. The cost of this failure to individuals, families, communities, the economy and the Exchequer are significant.

If NI matched the current UK disability employment rate by 2031 over the next ten years this would add an additional £1.3bn GVA to the NI economy. In other words, achieving the disability employment rate target would result NI's GVA growth being 15% higher than currently forecast under the counterfactual scenario.

Figure 8.4: GVA impacts (2021 prices) of achieving disabled employment target, scenario versus counterfactual, NI, 1999-2031⁹⁰



Achieving the target employment rate would generate significant Exchequer benefits accruing to £400m by 2031⁹¹. This is comprised of a £239m in additional tax receipts and £161m in social security savings⁹². To place the scale of this impact in context, this level of Exchequer benefit is roughly equivalent to around three-fifths of what NI raises annually in Corporation Tax receipts.

Given the potentially significant contribution that can be made to NI's economy by boosting the disability employment rate, set against a background of labour shortages and a challenging demographic outlook, disabled people must feature as a key component of employment and economic growth strategies at all levels of Government. For the local economy to realise the untapped potential of disabled workers, the removal of labour market barriers for this group must become an integral component of workforce planning.

⁹⁰ Official statistics for disabled productivity are not currently published. To calculate GVA impacts it is assumed that the productivity differential between disabled and non-disabled workers is equal to the recorded differential in wages.

⁹¹ To estimate the Exchequer benefits associated with the scenario a distributional analysis was undertaken using income bands. The in-work benefit entitlement was calculated based on an individual at the mid-point within each income band. The number of workers within each income band was calculated based on an analysis of the LFS.

⁹² In our analysis the scenario had a limited impact on the overall benefit caseload. A high proportion of disabled workers earning from employment are in the lower income tax brackets and are eligible for in-work support through Universal Credit.

Chapter 8 - Summary

- There are psychological, social and economic benefits to the individual of being 'in work'. Disability strategy to combat higher proportions of people with disabilities not in employment should identify clear measurable targets that are ambitious but achievable to track progress and ensure accountability.
- A long-term target for NI to achieve the current UK disability employment rate over the coming decade would bring an additional 28k (i.e. above the counterfactual) disabled persons into employment by 2031.
- Achieving the target would increase the disability employment rate in NI from 36% to 53%, reduce the economic inactivity rate from 61% to 45% and reduce the disability employment rate gap from 44 percentage points to 31 percentage points.
- The relative poverty rate (before housing costs) would decline to 19% among disabled people, representing the lowest rate on record.
- In terms of economic benefits, if NI were to match the current disability employment rate this would add an additional £1.3bn in GVA to the NI economy, generating Exchequer benefits of £400m.

9. Discussion

This paper has provided an overview of key metrics relating to disabled individuals' experiences in the labour market, identified many of the barriers faced by disabled individuals seeking to access employment and highlighted the potential economic benefits that would be realised from narrowing the disability employment rate gap.

Whilst it is not the aim of the paper to make specific policy recommendations, policy remarks can be drawn from the findings.

Change will only be driven with cross departmental support

The obstacles faced by disabled individuals in their labour market experiences are multifaceted, encompassing education and skills, healthcare, transport, welfare and housing, among others. Therefore, **the issues are too challenging to be solved by a single Government department**. Rather, to secure and sustain an increase in the proportion of disabled people in employment initiatives across Government departments are required. These initiatives could incorporate the skills and expertise of the voluntary and community sector who have worked closely with disabled people for many years across a range of programmes designed to support and sustain employment among people with disabilities. The Comprehensive Employment Strategy for People with Disabilities⁹³ in Ireland provides an example of best practice which recognises the cross departmental challenges, having been agreed by seven Government departments outlining commitments to actions and timeframes.

Investment in education will afford more opportunity

Disabled individuals are more likely to be in occupations associated with low skills and thus lower pay, relative to their non-disabled counterparts. This is partly explained by a long-term trend of lower levels of qualifications among people with disabilities. **A higher attainment level would open a broader range of labour market opportunities and contribute towards higher rates of employment**. Research⁹⁴ estimating wage returns to investment in education found the rate of returns to education higher among persons with disabilities.

Disabled individuals could potentially be supported to address skills shortages in the labour market such as the relatively low supply of mid-level skills⁹⁵. Whilst the apprenticeship model has been expanding to respond to such shortages, a further step could be to introduce flexible apprenticeships (e.g. part-time, longer completion allowances) to support the needs of disabled persons. The benefits of this could be twofold in improving attainment and employment among people with disabilities as well as helping firms to source labour for hard to fill vacancies.

However, higher levels of attainment alone are not enough, **even when qualification levels are accounted for disabled people are often not awarded the same job opportunities as their non-disabled counterparts**. For example, the employment

⁹³ Government of Ireland (2015) Comprehensive Employment Strategy for People with Disabilities. Available via: <https://www.gov.ie/en/publication/83c2a8-the-comprehensive-employment-strategy-for-people-with-disabilities/>

⁹⁴ Lamichhane, K. and Sawada, Y., (2013). Disability and returns to education in a developing country. Economics of Education Review, 37, pp.85-94.

⁹⁵ UUEPC (2022) Northern Ireland Skills Barometer. Available via: <https://www.economy-ni.gov.uk/publications/northern-ireland-skills-barometer-2021-update>

rate of disabled persons with a tertiary level qualification is below the employment rate of the lowest qualified non-disabled persons.

A collaborative approach between education institutions, employment services (e.g. careers advice, job search skills, soft skills) and employers (e.g. work experience opportunities, part-time jobs) to develop **tailored and ongoing support** for those with disabilities could significantly enhance disabled peoples employment prospects. For example, the GradEmployNI⁹⁶ programme delivered by Leonard Cheshire and Ulster University works with employers and graduates with a disability to provide a paid placement, professional development and mentoring.

Changing employer recruitment behaviours

Employers have reported attitudinal changes towards employing disabled people in recent years, but it has not yet translated to widespread behavioural change. The focus of labour market initiatives for disabled people has been on the supply side, highlighting the benefits of employment to incentivise disabled individuals into work. A similar level of behavioural incentives have not been used to incentivise employers to change their employment practices.

There are a range of factors that influence an employer's recruitment decisions, specifically in the case of disabled persons. For example, a disabled person has on average more sickness absence than a non-disabled person, typically aligned to higher leave requirements associated with their disability. This can create disruption for businesses and thus act as a disincentive for employers to hire disabled people. **A Disability Leave Policy**, whilst not currently a legal requirement for businesses, acts as an area of good practice to ensure disability related absence is recorded separately to sickness absence. This means disabled persons can take time off work without worrying about the implications for their sickness record, promotional opportunities, employer references etc. A fund to enable employers to pay for temporary cover during extended periods of absence for those with disabilities could help to change employer behaviour and ensure disabled workers with fluctuating conditions are not disadvantaged.

Getting supported employment right

Supported employment programmes have been found to be effective in assisting disabled people to gain and retain employment. Specifically, it is those supported employment programmes that provide personalised support (e.g. job coaches or employment advisors), incorporate a long-term structured course of action, sustain links with employers and are part of a coherent national approach which prove most successful⁹⁷. Whilst these should be considered, the conditions for success mean intensive resourcing (e.g. specialised professionals) and therefore are typically aimed at small specific groups rather than representing a large scale solution.

⁹⁶ Further information on GradEmployNI can be found via the following link: <https://www.leonardcheshire.org/our-impact/our-uk-work/northern-ireland/grademployni>

⁹⁷ DWP (2013) 'What works for whom in helping disabled people into work?' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/266512/wp120.pdf

Incorporating social value

In June 2022 the Department of Finance introduced new criteria to the Scoring Social Value policy for public procurement. The policy mandates that public procurement contracts above a certain threshold⁹⁸ incorporate 10% of the total award to social value. This represents potential to support disabled persons in gaining and retaining employment opportunities. For example, this could range from increasing opportunities for upskilling, reskilling, training or employment for underrepresented groups such as those with a disability across public contracts, or it could be through incorporating flexible recruitment and working practices to support the needs of disabled persons seeking employment. **A range of methods could be utilised to support disabled persons across the labour market via social value.**

Statutory Sick Pay is low potentially acting as a disincentive

The minimum amount of sick pay employers are required to pay during employee sickness absence is among the least generous in Europe. In addition, eligibility requirements put particular groups, such as disabled people, at higher risk of exclusion. Indeed, according to a survey from BritainThinks and Trade Union Congress around three-fifths of individuals with a severe disability felt they would go into debt or not pay bills if they had to rely on SSP for two weeks. As disabled workers are more likely to require time out of work due to health reasons, the lack of generosity of SSP should not act as a disincentive to labour market participation. Rather, reforms to financially safeguard workers during periods of absence should be considered.

Making employers accountable

Employers collect information on their employees for a range of reasons (e.g., planning for labour shortages, identifying skills gaps, promoting image through diversity and inclusion figures etc.). Indeed, **diversity and inclusion within firms has become increasingly important to employees.** A survey from Hays found nearly three quarters of UK professionals stated that an organisation's diversity and inclusion policies are important to them when considering a new role⁹⁹. Such reporting has been found to improve staff morale, productivity, recruitment and retention¹⁰⁰. In 2018 the UK Government launched a voluntary framework¹⁰¹ to encourage and support businesses to report on the disability, mental health and well-being of their staff. However, a recent CIPD survey of senior Human Resources professionals found just over one-fifth of organisations were aware of the framework¹⁰².

The Government scheme **Disability Confident** has also encouraged employers to make strides towards becoming and showcasing themselves as more inclusive. The scheme works towards encouraging employers *“to take action to improve how they recruit, retain and develop disabled people”*. Employers can progress through three

⁹⁸ This 10% minimum will apply to contracts for services and works above the threshold where the Procurement Regulations apply (i.e. services contracts valued above £138,760 (including VAT), and construction contracts valued above £5,336,937 (including VAT).

⁹⁹ Hays (2020) Equality, diversity and inclusion in 2020 and beyond: A spotlight on flexible working. Available via: www.tinyurl.com/27uvpiun

¹⁰⁰ Sayce (2018) Switching focus: Whose responsibility to improve disabled people's employment and pay? Available via: <https://www.lse.ac.uk/International-Inequalities/Assets/Documents/Report-JRF/switchingfocus-full.pdf>

¹⁰¹ Department for Work and Pensions and the Department of Health and Social Care (2018) Voluntary reporting on disability, mental health and wellbeing. Available via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/758000/voluntary-reporting-on-disability-mental-health-and-wellbeing.pdf

¹⁰² CIPD (2021) Health and wellbeing at work. Available via: https://www.cipd.co.uk/Images/health-wellbeing-work-report-2021_tcm18-93541.pdf

levels of achievement¹⁰³ and then subsequently display themselves as ‘Disability Confident’. The scheme includes a range of actions employers must take in order to achieve each level, which has the potential to significantly support disabled persons’ experiences in the workplace if widely adopted by employers. However, in NI there are currently only 52 employers classified as ‘Disability Confident’ with the vast majority (48) on Level 1, four on Level 2 and no employers on Level 3.¹⁰⁴

Employee health and well-being matters for business

At a broad level promoting and investing in employee health and well-being within businesses is increasingly forming a key part of business strategy. It has been associated with improved employee well-being¹⁰⁵, decreased absenteeism¹⁰⁶, productivity improvements¹⁰⁷ and an improved ability to attract and retain high calibre staff¹⁰⁸. These benefits are in addition to the associated wider economic benefits (e.g. reduction in health care costs¹⁰⁹).

The pandemic advanced many organisations concern for employee’s personal well-being, which should be maintained post-pandemic. Any strategies to promote and support employee well-being should include tailored provisions for those groups most in need, such as disabled people, to improve retention within the workplace.

An analysis of UK ESA data¹¹⁰ highlighted that over half of new claims are from people who have recently been in work or are moving off SSP. This emphasises the importance of the role of the employer, and the health and well-being used to support existing employees who develop a long-term health condition or disability.

Supporting self-employed disabled persons

Disabled individuals in work are more likely to be self-employed than non-disabled workers, influenced by a range of factors (e.g., inflexible employers, ability to choose working hours, working location and duties). Although self-employed disabled face many of the same challenges of non-disabled self-employed, the issues are often intensified for those with disabilities. A report for the DWP¹¹¹ highlighted there are distinct challenges faced by disabled individuals including: managing a workload with a fluctuating condition; accessing transport; accessing disability tailored advice and support; and fewer solutions available to them when faced with finance and income difficulties. The findings outlined ‘ideal’ types of support for disabled individuals facing self-employment challenges including peer mentoring from someone with a

¹⁰³ (1) Disability Confident Committed, (2) Disability Confident Employer and (3) Disability Confident Leader

¹⁰⁴ Department for Work and Pensions Disability Confident: list of employers that have signed up (2022) <https://www.gov.uk/government/publications/disability-confident-employers-that-have-signed-up>

¹⁰⁵ Brunton, G., Dickson, K., Khatwa, M., Caird, J., Oliver, S., Hinds, K., & Thomas, J. (2016) Developing evidence-informed, employer-led workplace health. London: EPPI-Centre, Social Science Research Unit, UCL Institute of Education, UCL.

¹⁰⁶ Baicker K, Cutler D, Song Z. Workplace wellness programs can generate savings. *Health Aff Proj Hope*. 2010;29:304–11.

¹⁰⁷ Goetzel RZ, Fabius R, Fabius D, Roemer EC, Thornton N, Kelly RK, Pelletier KR. The Stock Performance of C. Everett Koop Award Winners Compared With the Standard & Poor's 500 Index. *J Occup Environ Med*. 2016 Jan;58(1):9-15.

¹⁰⁸ American Psychological Association (2022) Work and Wellbeing Survey 2021. Available via: <https://www.apa.org/pubs/reports/work-well-being/compounding-pressure-2021>

¹⁰⁹ Guo X, Coberley C, Pope JE, Wells A. The Value of a Well-Being Improvement Strategy: Longitudinal Success across Subjective and Objective Measures Observed in a Firm Adopting a Consumer-Driven Health Plan. *J Occup Environ Med*. 2015 Oct;57(10):1055-62.

¹¹⁰ Oakley, M. (2016) Striving for better: Welfare and a labour market that work for disabled people. Available via: <https://www.smf.co.uk/wp-content/uploads/2016/10/Social-Market-Foundation-SMF-Striving-for-Better-Disability-employment-gap-October-2016.pdf>

¹¹¹ Adams, L., et al. (2019). Understanding self-employment for people with disabilities and health conditions. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/798348/understanding-self-employment-for-people-with-disabilities-and-health-conditions.pdf

lived disability: centralised information tailored for disabled persons; flexible ad hoc support; and improved access to finance.

Temporary absence should not translate to permanent detachment

Disabled individuals are more likely to require absence from work, relative to non-disabled individuals due to their health conditions. The ONS reported being disabled is one of strongest negative associations to people's chances of returning to work¹¹² indicating a higher risk of labour market detachment. **Interventions to retain workers often come too late**¹¹³, occurring after people have dropped out of the labour market when their chances of re-entering employment will have reduced considerably.

A faster response speed from employers engaging disabled people with return to work schemes (e.g. discuss timeframes, identify areas for upskilling, outline employment needs) early in their absence would help ensure temporary absence does not lead to permanent labour market detachment. Clearer and stronger rights to keep your job following a period of absence could also make a positive contribution. For example, a right of return with employers obliged to keep jobs open for a defined period from the start of sickness.

Return to work support for those with previous working experience

Many out of work disabled individuals have previous working experience but were unable to remain attached to the labour market. A relatively high proportion **have prior experience in sectors and occupations which are currently reporting recruitment difficulties**. This presents an opportunity to align previous working experience with current vacancies, simultaneously increasing disabled employment and contributing towards alleviating skills shortages.

Flexible working could support higher employment

Disability advocates have long called for more flexible working approaches (e.g. remote working, flexitime, term-time working, career breaks, hybrid working etc.) to both attract and retain disabled individuals in the labour market. Flexible working not only supports work-life balance but is associated with higher levels of job satisfaction and reduced absenteeism, allowing employees to better manage their disability or long-term health condition. Over the longer-term increased labour market participation of women and older workers has helped drive a more flexible labour market. Whilst in recent times **the pandemic has accelerated flexible working across the labour market, particularly remote and hybrid working**. As flexible working trends continue to form part of the current labour market and will increasingly form part of the future world of work, advertising roles as flexible would promote a more inclusive labour market. However, it is important disabled individuals are equipped with the **digital skills sets required to take on new remote/hybrid working opportunities**. The disability sector could benefit from collaborating with organisations campaigning for flexible working, and career progression opportunities for those in non-standard employment.

¹¹² ONS (2021) 'Which groups find it harder to return to find a job following a period out of work?' <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/articles/whichgroupsfindithardesttofindajobfollowingaperiodoutofwork/2021-03-30>

¹¹³ OECD (2015) Fit mind, fit job: From evidence to practice in mental health and work. Available via: <https://www.oecd.org/els/fit-mind-fit-job-9789264228283-en.htm>

Public transport must be accessible

Disabled individuals represent a very small minority of the driving population, often leaving them reliant upon public transport. **Public transport infrastructure does not always meet the needs of disabled passengers**, in some instances requiring 24 hours' notice to the transport provider before travel. These obstacles provide significant barriers to labour force participation for many disabled persons that are unable to rely on an accessible commute, specifically those on shift work. With an ageing population Japan recognised these challenges and introduced its barrier free law, requiring transport operators to install barrier free facilities to enhance accessibility to public transport for disabled and elderly persons. More recently, Japan launched its Universal Design Action Plan, to further improve infrastructures like railway stations, other forms of public transportation and building design for those with accessibility issues.

Higher participation on job search initiatives for disabled people

The vast majority of out of work disabled individuals are economically inactive, rather than ILO unemployed. Following assessment, **the economically inactive are typically placed on benefit groups where entitlement does not require participation on job search and skills development programmes**. Although voluntary participation on such programmes is possible, the uptake remains extremely low.

Disabled people face additional challenges when applying for jobs. These include barriers relating to their condition, physical barriers such as transport, human capital related barriers such as low qualifications and overcoming employer attitudes towards recruiting disabled people. The scale of the challenge is highlighted by the fact that disabled people have to apply for 60% more jobs than non-disabled people before they are successful¹¹⁴. These additional challenges highlight the need for support when engaged in job search and application activity. Indeed, the odds of gaining employment are much higher for those engaged in supported job search interventions, relative to those who do not. Therefore, it is important to encourage and incentivise those who report a willingness to work to participate in such initiatives.

The experience of the welfare state is an important determinant of participation in support initiatives. **A fear of being pressured into initiatives that may adversely impact a person's health or their access to benefits contributes to the relatively low numbers who utilise the available support**, and thus the numbers who move from welfare into work. As such a small minority of benefit recipients access the available skills and employability support. In practice this has resulted in ESA arguably being no more of an 'active benefit' than incapacity benefit, which it replaced¹¹⁵. Further, once benefits have been secured the fear of another 'work capability' reassessment reduces the incentive to access employment support. The independent review of the Work Capability Assessment suggested that *"determining benefit eligibility and supporting employment outcomes may not be compatible objectives"*¹¹⁶.

¹¹⁴ Papworth Trust (2018) Compendium of facts about disability.

¹¹⁵ Oakley (2016) Closing the gap. Creating a framework for tackling the disability employment gap in the UK. <https://www.smf.co.uk/wp-content/uploads/2016/03/Social-Market-Foundation-Matthew-Oakley-Closing-the-disability-employment-gap-FINAL-110316-nsp.pdf>

¹¹⁶ Litchfield, P. (2014) An independent Review of the Work Capability Assessment. Available via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/380027/wca-fifth-independent-review.pdf

This is ultimately suggesting that **the assessment of eligibility for the benefit should be divorced from an individual's ability to move towards employment**, ensuring that they have an incentive to engage in the support available regardless of the level of benefit received. The negative experiences of disabled people during the assessment phase contributes towards the overall 'stickyness' of the benefit, characterised by **very low off-flow rates**¹¹⁷. The prospect of having to potentially go through the assessment process again creates a disincentive to move into employment, reforms such as **a right of return following a spell in employment** may help alleviate fears and encourage more people to begin a journey towards employment.

Increasing prevalence of mental health requires matched funding

The incidence of mental health conditions among people with disabilities is increasing but has not been met with a similar increase in funding. In NI, 5.5% of the overall health budget is spent on mental health services, representing the lowest allocation amongst UK regions¹¹⁸. NI's Mental Health Champion Professor Siobhan O'Neill recently highlighted that on a per capita basis funding for mental health services in NI was 31% below England¹¹⁹.

Considering NI has a marginally higher prevalence of mental health than the UK, that self-reported figures are likely to underreport, and the growth in prevalence over the past decade it is difficult to justify any funding gap. With prevalence expected to continue to grow, funding appears insufficient to meet future demand.

Funding gaps as European Structural and Investment funds end

Following the vote to leave the European Union (EU) the European Structural and Investment (ESI) funds¹²⁰ (i.e. EU "structural funds") are due to end in March 2023. They will be replaced by the UK Shared Prosperity Fund (SPF). The European Social Fund (ESF), which formed part of the ESI, **focused on delivering employment and skills programmes and worked directly with disabled people to support transitions to employment.**

The new UK SPF has been criticised by devolved administrations¹²¹ raising concerns of funding gaps, as the new fund would take too long to reach previous levels of EU funding. In England SPF funding for initiatives related to employment and skills is not expected to begin until 2024/25, which has heightened concerns of a cliff edge in funding amongst delivery organisations. In NI the fund will be managed differently to the rest of the UK, with the Department for Levelling Up, Housing and Communities (DLUHC) distributing the fund centrally based on a single investment plan for the country.

¹¹⁷ Magill and McPeake (2016) An anatomy of economic inactivity in Northern Ireland: Working Paper. University of Ulster Economic Policy Centre. Available via: https://www.ulster.ac.uk/data/assets/pdf_file/0005/526046/UUEPC-Inactivity-Discussion-Paper-Final-Report1.pdf

¹¹⁸ UK Parliament (2019) 'Health funding in Northern Ireland Contents' <https://publications.parliament.uk/pa/cm201919/cmselect/cmniaf/300/30008.htm#footnote-146>

¹¹⁹ McDaid, D. and Park, A. (2022) The economic case for investing in the prevention of mental health conditions in the UK <https://www.mentalhealth.org.uk/sites/default/files/MHF%20Investing%20in%20Prevention%20Report.pdf>

¹²⁰ The ESI funds refer to European Social Fund, European Regional Development Fund, European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund.

¹²¹ Brien, P. (2022) 'UK Shared Prosperity Fund: Design and Development' <https://researchbriefings.files.parliament.uk/documents/CBP-9493/CBP-9493.pdf>

However, the investment plan has not yet been published, contributing to a lack of clarity on how the SPF funding will replace existing ESF funding. The current ESF budget in NI is £168m delivered across 66 projects¹²², with funding due to expire next year. A recent analysis by Department of Finance officials¹²³ highlighted that ESF and European Regional Development funding are facing a shortfall of £68m over three years relative to the funding that would have been received under previous arrangements. As those with disabilities represent a key target group for ESF employability and skills interventions, it is integral funding for such support programmes is maintained.

Open to new ideas

Research carried out on behalf of DWP¹²⁴ to inform strategy to boost disabled employment concluded that there is *“an overall lack of robust international evidence to determine ‘what works for whom’ to help disabled people into, and remain in, work”*. Similarly, an evaluation from the National Audit Office¹²⁵ into Government progress in reducing disadvantages faced by disabled persons transitioning to and remaining within the workforce concluded that despite many decades of support programmes *“it is disappointing that it is not further ahead in knowing what works”*. Therefore, pilot programmes trying new innovative solutions in supporting and retaining disabled persons in the workplace could be trialled to identify what interventions can produce effective solutions. There exists an opportunity to be a policy leader, rather than a follower of best practice from elsewhere.

Final remarks

Improving the labour market experiences for those living with disabilities cannot be achieved in isolation by one Government Department or through one policy intervention. Serious change will require a commitment to improve educational attainment, educate employers on disability legislation and appropriate workplace adjustments, expand accessibility provisions on public transport platforms, develop suitable housing, enhance disability awareness, and better support those who require periods of time out of the labour market.

It is therefore the case that all appropriate Government Departments must work alongside employers, those living with disabilities, the community and voluntary sector and any other associated stakeholders to transition a shared vision on improving the lives of people with disabilities into a strategy outlining commitment on actions and timeframes.

¹²² For more information please see <https://www.economy-ni.gov.uk/topics/european-funding/european-social-fund>

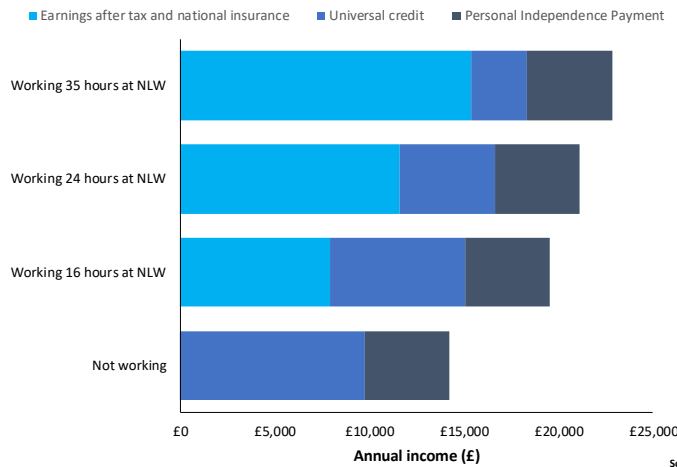
¹²³ For more information please see deposited paper: http://www.niassembly.gov.uk/globalassets/documents/raise/deposited-papers/2022/dp1753.pdf?utm_source=nia1.me&utm_medium=urlshortener

¹²⁴ DWP (2013) ‘What works for whom in helping disabled people into work?’ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/266512/wp120.pdf

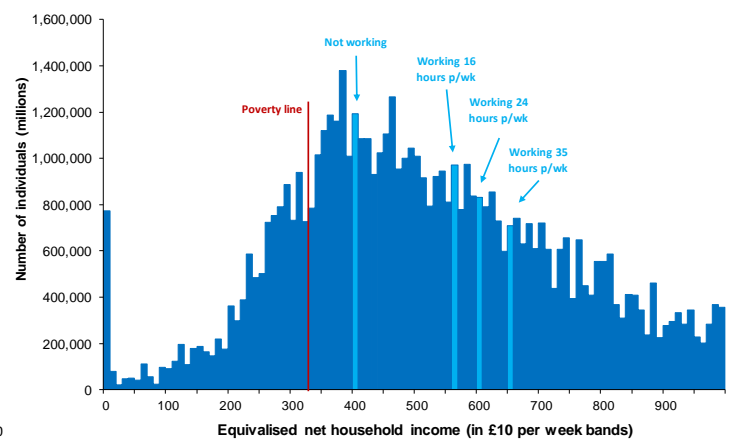
¹²⁵ National Audit Office (2019) ‘Supporting disabled people into work’ <https://www.nao.org.uk/wp-content/uploads/2019/03/Supporting-disabled-people-to-work.pdf>

10. Annex A

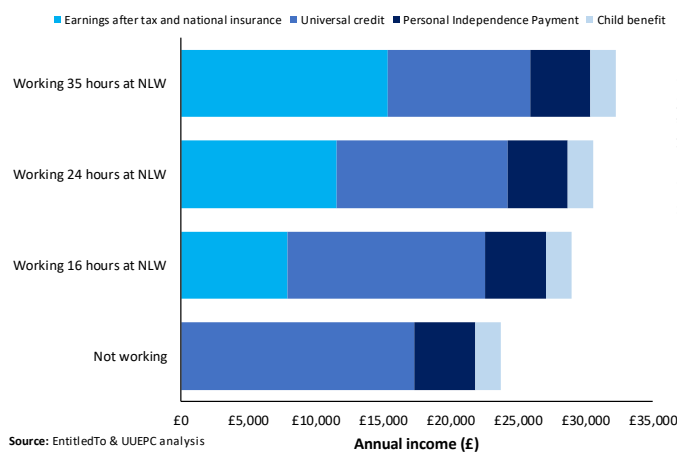
Annual net income for a single disabled person with no children across potential working scenarios, NI, 2021



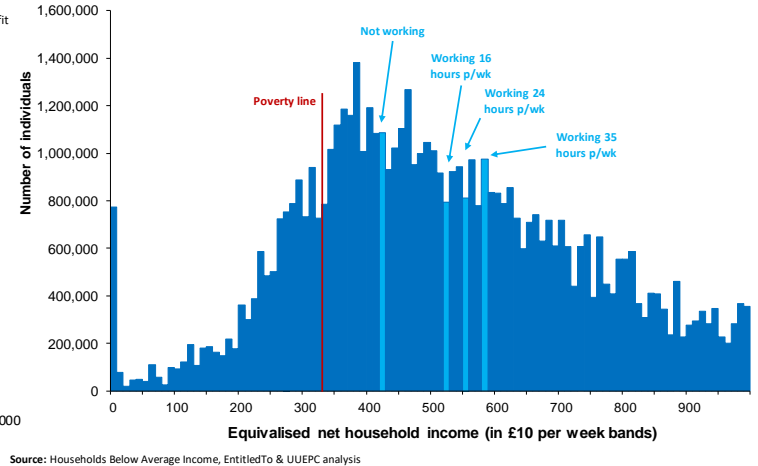
Move along income distribution for disabled single person moving into employment by potential working hours, UK, 2021



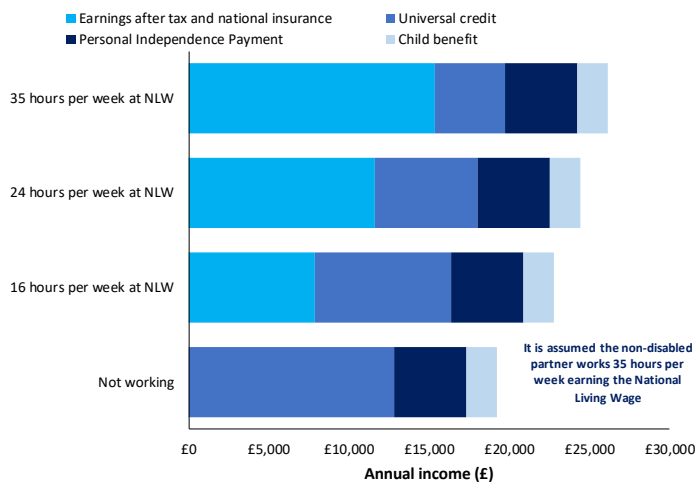
Annual net income for a single disabled person with two children across potential working scenarios, NI, 2021



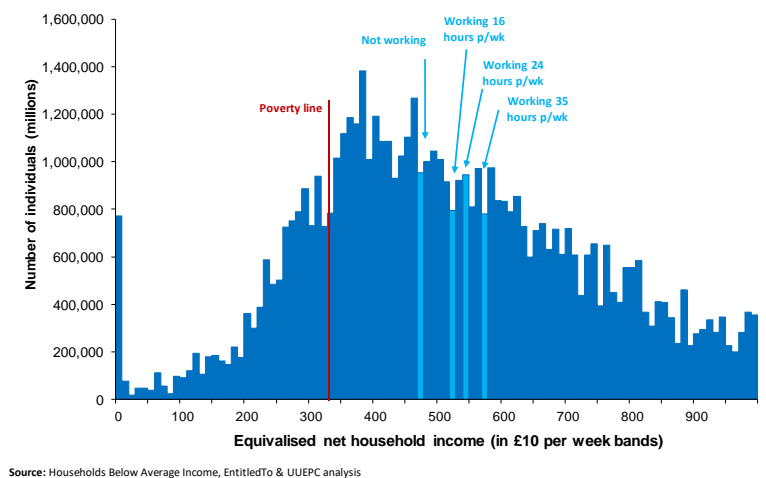
Move along UK income distribution for disabled single person (with two children) moving into employment by hours worked, NI, 2021



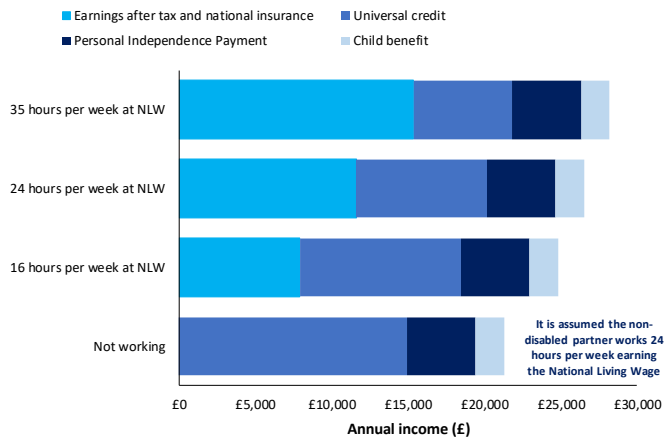
Annual net income for a couple (including one disabled) with two children across working scenarios for disabled person, NI, 2021



Move along income distribution for disabled person in couple (with two children) moving into employment by hours worked (partner working 35 hours), UK, 2021

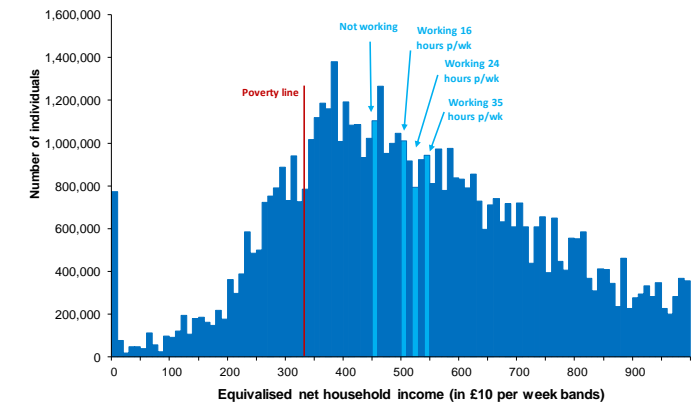


Annual net income for a couple (including one disabled) with two children across working scenarios for disabled person, NI, 2021



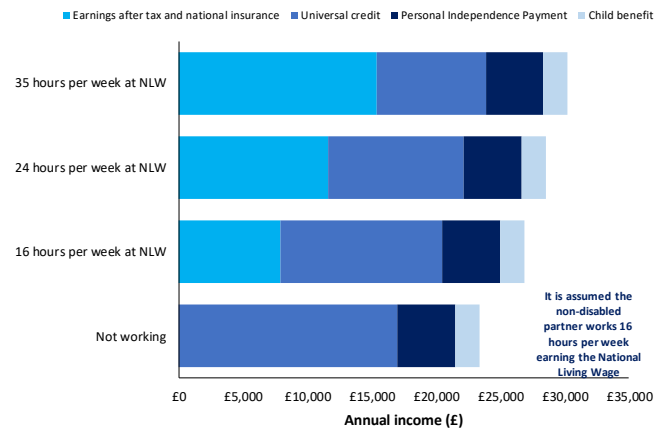
Source: EntitledTo & UUEPC analysis

Move along income distribution for disabled person in couple (with two children) moving into employment by hours worked (partner working 24 hours), UK, 2021



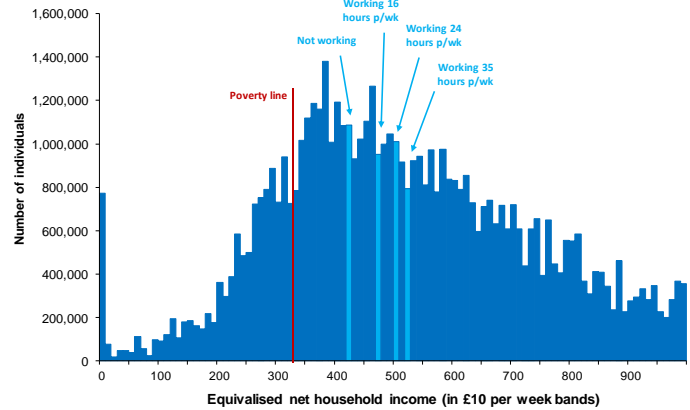
Source: Households Below Average Income, EntitledTo & UUEPC analysis

Annual net income for a couple (including one disabled) with two children across working scenarios for disabled person, NI, 2021



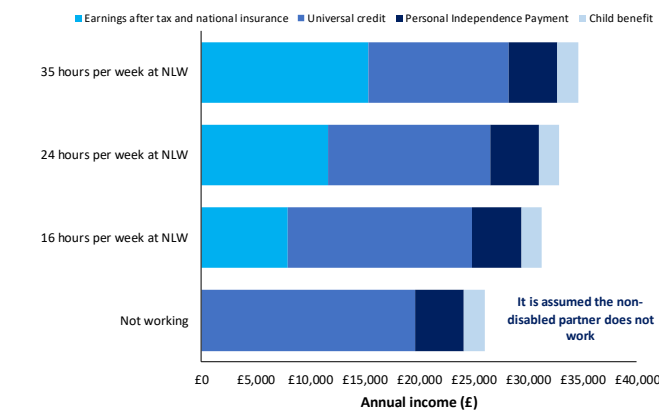
Source: EntitledTo & UUEPC analysis

Move along income distribution for disabled person in couple (with two children) moving into employment by hours worked (partner working 16 hours), UK, 2021



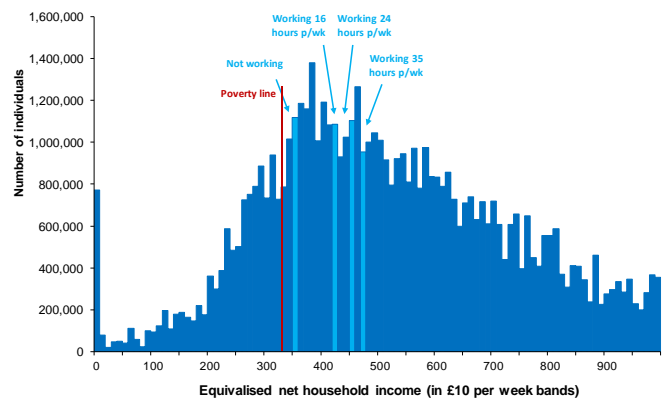
Source: Households Below Average Income, EntitledTo & UUEPC analysis

Annual net income for a couple (including one disabled) with two children across working scenarios for disabled person, NI, 2021



Source: EntitledTo & UUEPC analysis

Move along income distribution for disabled person in couple (with two children) moving into employment by hours worked (partner not working), UK, 2021



Source: Households Below Average Income, EntitledTo & UUEPC analysis

11. Annex B

A number of different scenarios increasing the disability employment rate over the coming decade are outlined in Table B.

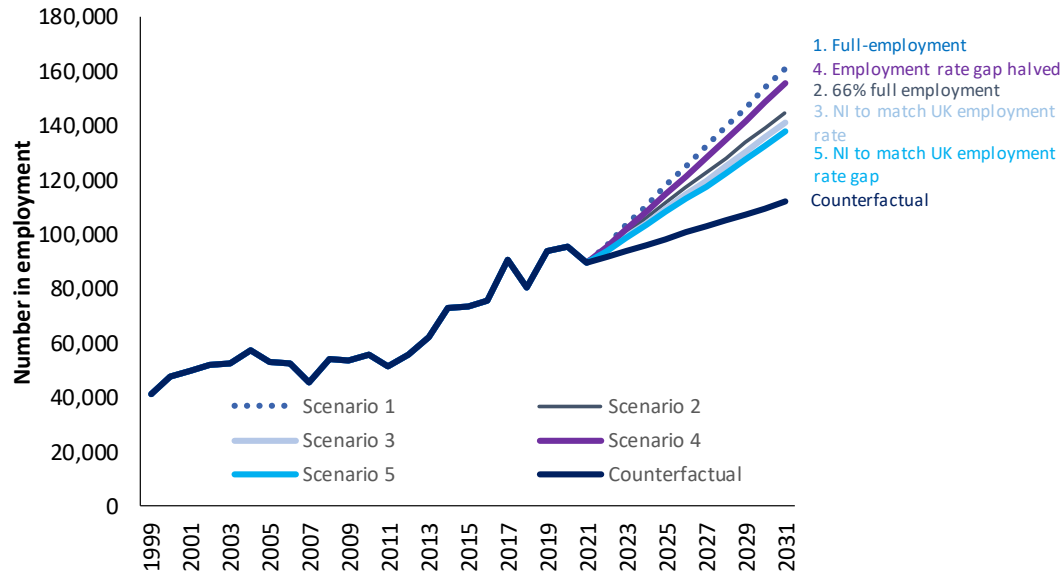
Table B: Disability employment rate scenarios

Scenario	Target
Scenario 1: Full Employment	A full employment scenario where all disabled individuals who want a job (i.e. the ILO unemployed plus economically inactive that would like to work) have a job.
Scenario 2: Close to full-employment	A close to full employment scenario wherein two-thirds of all disabled individuals who want a job (i.e. the ILO unemployed plus economically inactive that would like to work) have a job.
Scenario 3: NI to meet current UK disability employment rate	The NI disability employment rate matches the current (2021) UK disability employment rate by 2031
Scenario 4: Halve disability employment rate gap	The NI disability employment rate gap (i.e. the difference between the disabled and non-disabled rate) is halved by 2031
Scenario 5: NI to meet UK disability employment rate gap	The NI disability employment rate gap (i.e. the difference between the disabled and non-disabled rate) to meet the current (2021) gap experienced in the UK, by 2031.

It is assumed throughout each scenario and the counterfactual that disability prevalence increases to 23% by 2031, from a current prevalence of 21%. For the purposes of Scenario 1 and Scenario 2 it is assumed the economically inactive who want to work increases to 28% by 2031, from a current rate of 23%. This aligns to future working intentions among disabled people, where 28% report they would probably or definitely work in the future.

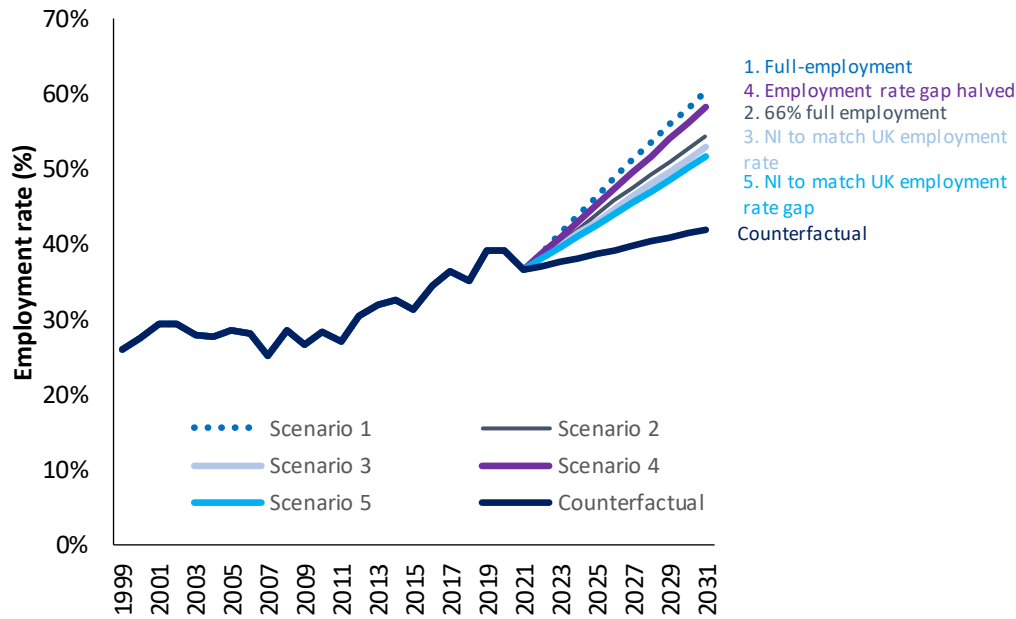
The most ambitious scenario is 'Scenario1: Full-employment' where 49k additional individuals (i.e. above the counterfactual) would be moved out of worklessness and into employment. 'Scenario 4: Halve the disability employment rate gap' is also highly ambitious wherein achievement of this target would see an additional 44k disabled people in employment. The least ambitious scenario is 'Scenario 5: NI to meet the current UK disability employment rate gap' where an additional 26k disabled individuals would be moved into employment.

Figure B.1: Disability employment rate scenarios, impact on employment levels, NI, 1999-2031



Source: ONS, UUEPC

Figure B.2: Disability employment rate scenarios, impact on employment rate, NI, 1999-2031



Source: ONS, UUEPC

About UUEPC

UUEPC is an independent research centre focused on producing evidence-based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy. The UUEPC's work is relevant to Government, business and the wider public with the aim of engaging those who may previously have been disengaged from economic debate.

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