

# **Disability employment and pay gaps 2018**

## **Social model of disability**

The TUC has adopted the social model of disability.

The social model of disability focuses on the ways in which society is organised, and the social and institutional barriers which restrict disabled people's opportunities. The social model sees the person first and argues that the barriers they face, in combination with their impairments, are what disables them. Barriers can make it impossible or very difficult to access jobs, buildings or services, but the biggest barrier of all is the problem of people's attitude to disability. Removing the barriers is the best way to include millions of disabled people in our society.

## Introduction

This report looks primarily at the disability pay gap, the difference between the average hourly pay of disabled and non-disabled people, using the Equality Act (EA)<sup>1</sup> definition. We also consider the disability employment gap, which is the difference between the employment rates of Equality Act (EA) disabled and non-disabled people.<sup>2</sup>

Disability remains a significant barrier to gaining and staying within employment. But this report shows that disabled people face double discrimination. They are less likely to have a paid job but even when they do, disabled people earn substantially less than their non-disabled peers.

## The UK has a persistent disability employment gap which is currently over 30 percentage points

The disability employment gap<sup>3</sup> is one of the major indicators of the various employment inequalities disabled people face.

The UK has a persistent disability employment gap which has been slow to close. A look at the past four years does show some improvement, with an increase of 595,786 EA disabled people aged 16-64 being employed.

However, a comparison with the employment rate of non-disabled people shows there is still much more work to be done to achieve more equal levels of employment. In Q2 2017 there were 3,492,400 disabled people in employment. This means that 49.2 per cent of disabled people between the age of 16 and 64 are in employment. In the same quarter the employment rate for non-disabled people was 80.6 per cent, giving a disability employment gap of 31.4 percentage points.

## People with different impairments experience different levels of access to the jobs market

Although the total percentage of EA disabled people employed is 49.2 per cent, this is not uniform across groups of disabled people with different impairments.

The Labour Force Survey (LFS)<sup>4</sup> shows that disabled people with some impairment types have far lower levels of employment; this includes people with learning difficulties (14.8 per

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<sup>1</sup> Under the Equality Act 2010 you are disabled if you have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on your ability to do normal daily activities.

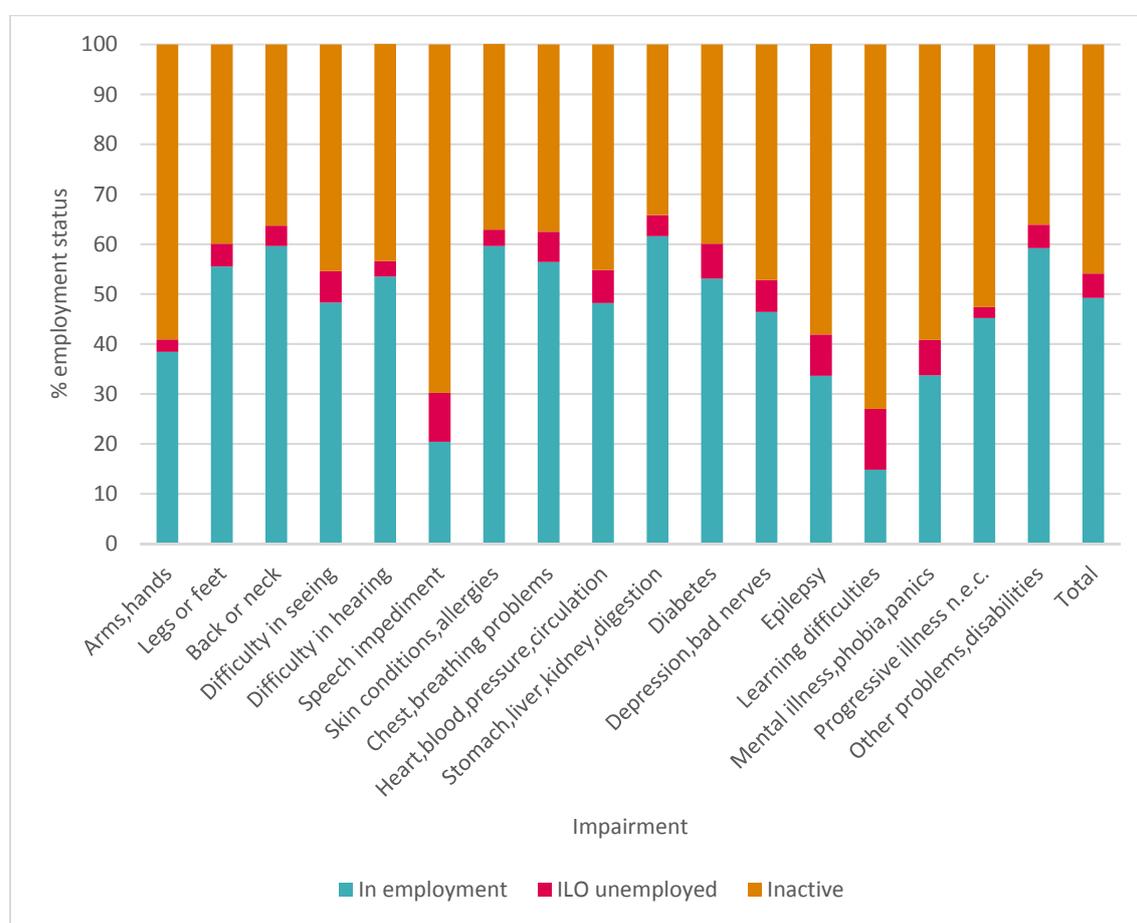
<sup>2</sup> This report builds on TUC research published in 2015 'Disability and employment: a social model study of the employment experiences of disabled people in Britain, with a focus on mental illness,' a 2016 TUC analysis on disability and employment and our 2017 report 'Mental health and employment.'

<sup>3</sup> The difference between the employment rates of Equality Act (EA) disabled and non-disabled people is called the disability employment gap.

<sup>4</sup> The Labour Force Survey (LFS) is a study of the employment circumstances of the UK population carried out by the Office for National Statistics (ONS). It is the largest household study in the UK and provides the official measures of employment and unemployment.

cent), speech impediments (20.4 per cent), epilepsy (33.6 per cent), mental illness, phobias or panics (33.7 per cent), arms, hands (38.4 per cent) progressive illness e.g. cancer, MS, HIV (45.2 per cent), depression, bad nerves (46.4 per cent), heart, blood pressure, circulation (48.2 per cent) and difficulty seeing (48.3 per cent).<sup>5</sup> Individuals with these impairments face greater barriers to accessing the job market and their employment inequalities are more substantial. Far more needs to be done to ensure that the barriers to employment faced by disabled people with these impairments are addressed.

**Chart 1: Employment rates of disabled people by type of impairment, Labour Force Survey, Q2 2017**



<sup>5</sup> While some disabled people are reported as economically inactive rather than unemployed this does not necessary mean they would not like to work. Many economically inactive people may not meet the strict ready to work and job search criteria which are a requirement to be classified as unemployed under the ILO definition, but nevertheless would prefer to be in work if they could find employment.

## Disabled people earn less than non-disabled people

The disability pay gap<sup>6</sup> is another of the major employment inequalities disabled people face.

Analysis of the LFS shows that the pay gap between Q3 2016 and Q2 2017 was 15 per cent.<sup>7</sup> This means that on average an EA disabled worker earns £1.50 less an hour than a non-disabled counterpart. This is equivalent to £2,730 less a year based on someone working a 35-hour week, which represents:

- 10.9 months average household food expenditure (£58 per week<sup>8</sup>)
- 8.7 months fuel and power average household expenditure (£72.60 per week<sup>9</sup>)
- 7.9 months average household transportation expenditure (£79.70 per week<sup>10</sup>)

Our analysis also looks at the gap across the past four years (changes in the definition of disabled used in the LFS means there is a discontinuity in the data before 2013/14). It shows that the current gap is the largest on comparable record.<sup>11</sup> The current pay gap is 1.8 percentage points higher than Q3 2013-Q2 2014 when the gap was 13.2 per cent. (See Chart 2 Disability pay gap, 4-quarter average, Q3 2013-Q2 2014 – Q3 2016-Q2 2017.)

## The pay gap has many causes, but one of them is part-time work

Analysis of the LFS<sup>12</sup> highlights that a higher proportion of disabled people than non-disabled people work part-time. 36.3 per cent of disabled respondents work part-time while only 23.4 per cent of non-disabled people do so.

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<sup>6</sup> The disability pay gap is the difference between the average hourly pay of disabled and non-disabled people.

<sup>7</sup> 15% is the average difference between gross hourly pay reported by disabled respondents compared to non-disabled respondents across the four quarters from Q3 2016 to Q2 2017. The data used in this analysis is taken from Q3 2013 when the LFS adopted the EA definition of disabilities to Q2 2017, the most recent quarter for which data is available.

<sup>8</sup> Family spending in the UK: financial year ending 2017, note that this is a conservative estimate as expenditure in these areas may be higher for disabled people  
<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2017>

<sup>9</sup> Family spending in the UK: financial year ending 2017, note that this is a conservative estimate as expenditure in these areas may be higher for disabled people  
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<sup>11</sup> The data used in this analysis is taken from Q3 2013 when the LFS adopted the EA definition of disabilities to Q2 2017, the most recent quarter for which data is available.

<sup>12</sup> Q2 2017

On average, part-time jobs, especially in the private sector, are paid less per hour than full-time jobs. Improving access to better paid-part time work will be key to tackling the disability pay gap.

**Chart 2: Disability pay gap, four-quarter average, Q3 2013-Q2 2014 to Q3 2016-Q2 2017**



**Chart 3: Percentage of part-time workers by disability, Q2 2017**

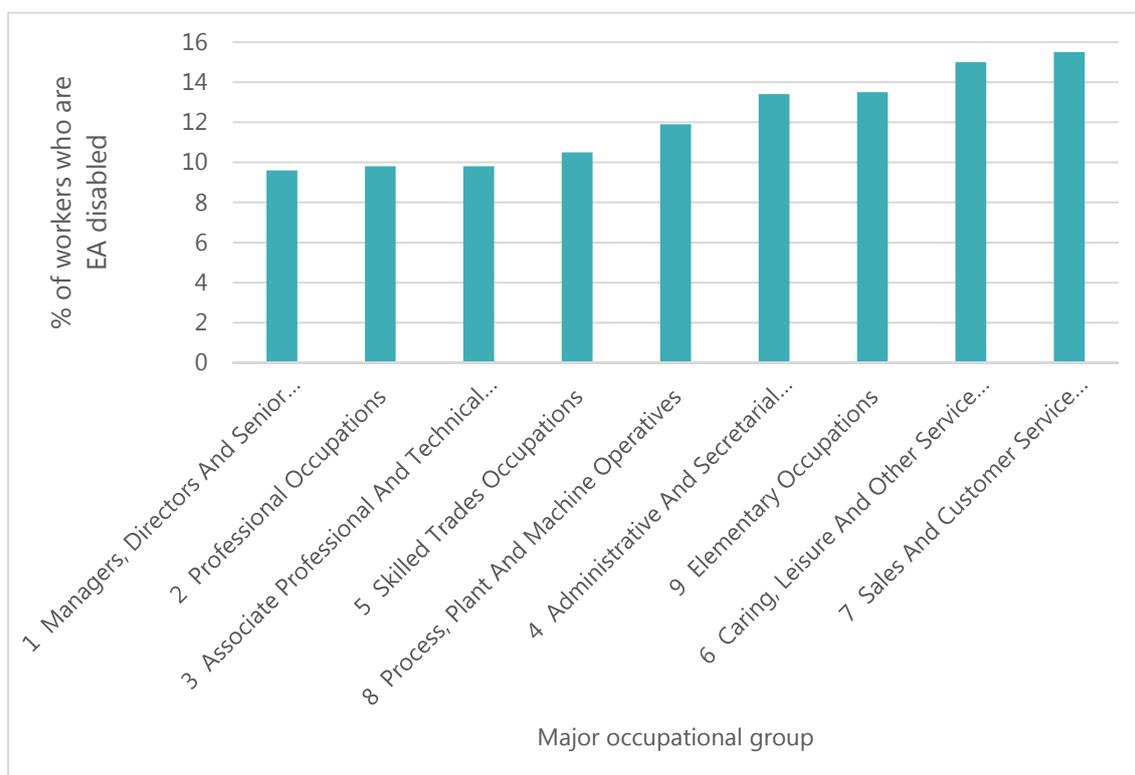


**Disabled workers are more likely than non-disabled workers to be employed in a lower paid occupation.**

Disabled people are over represented within certain occupational groups. The LFS shows that a higher proportion of employees who are working as process, plant and machine operatives; in administrative and secretarial occupations; in elementary occupations; in caring, leisure and other service occupations and in sales and customer service occupations are disabled. Workers who are managers, directors, senior officials, in professional occupations and associate professional and technical occupations are less likely to be disabled.

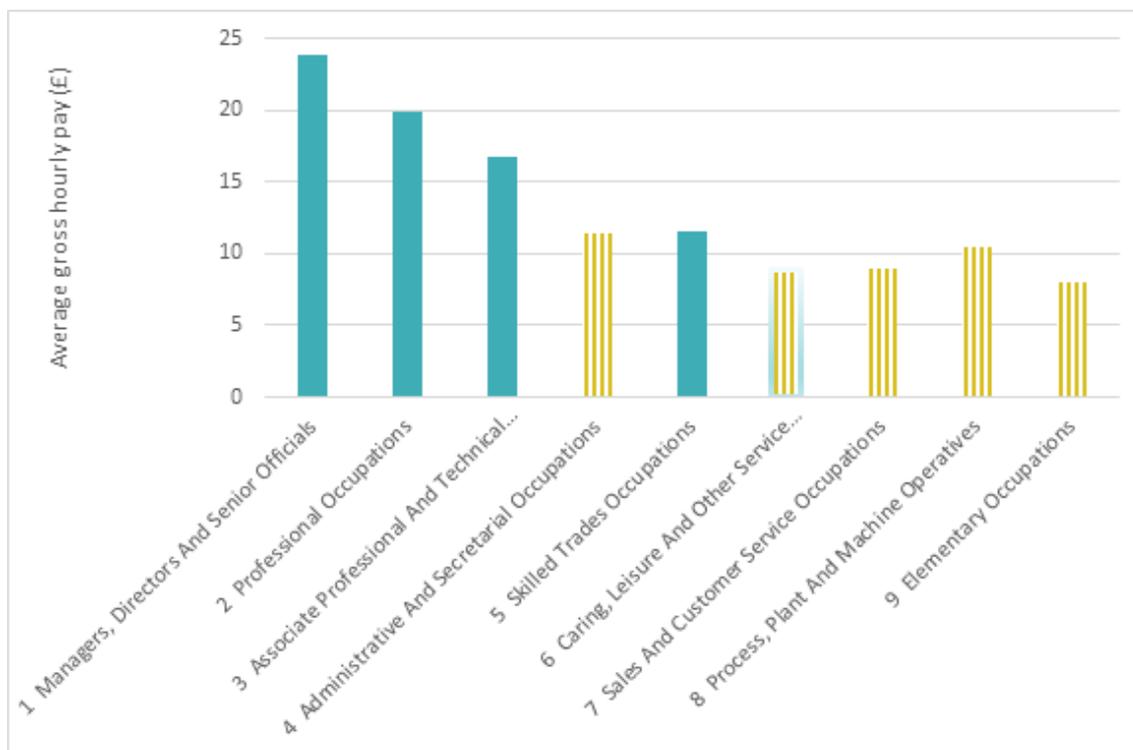
The over-representation within these occupational groups shows that EA disabled workers are being denied access to the full breadth of the job market - restricting their opportunities and life chances and depriving the economy of their skills.

**Chart 4: Percentage of workers with and without disabilities by major occupation groups**



On average, gross hourly pay in these occupational groups is far lower than occupational groups 1, 2, and 3 where disabled people are underrepresented. The following chart shows occupations where disabled people are more likely to work in stripes.

**Chart 5: Average gross hourly pay by major occupation groups, all employees, Q2 2017**



Such occupational segregation is a key driver of the disability pay gap.

**The pay gap can be linked to lower educational attainment, but this does not alone explain the gap**

It is often argued that the disability pay gap is a result of educational attainment differences between disabled and non-disabled people.

Historic analysis highlights that people who are disabled from a young age are more likely to have lower levels of qualifications than non-disabled people, and those who acquire a disability later in life have, on average, lower levels of education than younger cohorts<sup>13</sup>.

The difference in educational attainment between disabled people and non-disabled people is well documented and more must be done to enable disabled children and adults to achieve their potential.

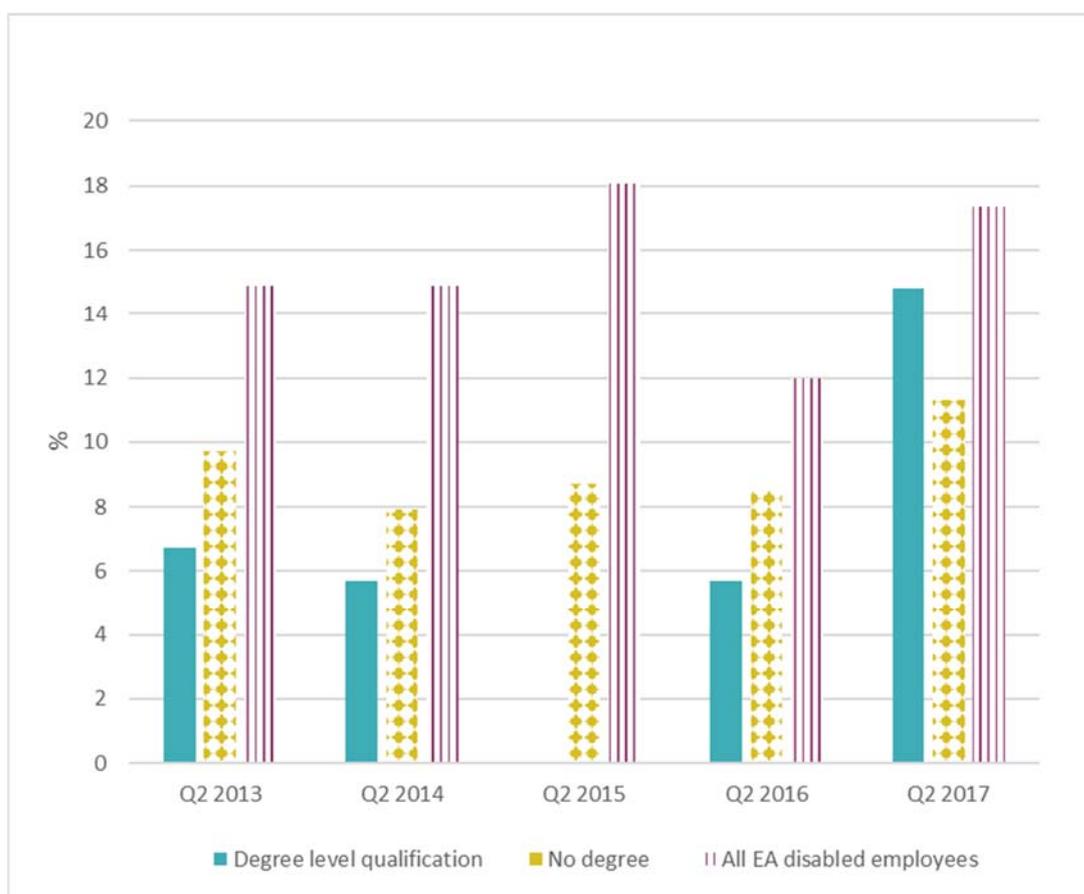
However, our analysis of the LFS suggests that even when disabled people are equally qualified as their non-disabled peers, they still face pay discrimination. Comparing gross hourly pay by degree level qualification shows that even when disabled people have a

<sup>13</sup> Being disabled in Britain: A journey less equal – Equality Human Rights Commission 2017  
<https://www.equalityhumanrights.com/sites/default/files/being-disabled-in-britain.pdf>

degree level qualification they earn less than their non-disabled degree level qualified counterparts. Similarly pay gaps between disabled people and non-disabled people without degrees are lower than for the whole population but still persistent. Discrimination against disabled people is both holding back educational achievement and progress once in work.

In Q2 of 2017 the difference, on average, meant that disabled workers with degrees earned £2.50 an hour less than non-disabled degree holders.

**Chart 6: Disability pay gap by level of education, Q2 2017**



**Disabled women face the largest pay gap, which is even larger than the gender pay gap faced by non-disabled women**

A comparison of the average hourly earnings of disabled men, disabled women and non-disabled women compared to the average hourly earnings of non-disabled men shows all three groups are substantially worse off. However, disabled women face the largest pay gap, when compared to non-disabled men. The pay gap for disabled women is four percentage points higher than the pay gap for women overall (with both groups compared to non-disabled men).

**Table 1: Average gross hourly earnings compared to non-disabled men, Q2 2017**

	Average hourly pay	Monetary Gap	Percentage Gap
Non-disabled man	£15.40	-	-
EA disabled man	£13.60	£1.80	13.2 per cent
Non-disabled woman	£12.70	£2.70	17.5 per cent
EA disabled woman	£12	£3.40	22.1 per cent

## Conclusions

Disabled people have significantly lower employment rates than non-disabled people, and for some disabled people employment rates are as low as 20 per cent. But while there has been much recent discussion of the imperative of supporting more disabled people into work, there has been less focus on the pay disabled people get once they have a job.

Our analysis shows that the disability pay gap is another of the major employment inequalities disabled people face. On average, disabled people earn 15 per cent less a year than non-disabled workers, equivalent to £1.50 less for every hour they work.

The disability pay gap has multiple causes. A significant driver is disabled people's higher chance of being in part-time work, where hourly pay rates are often lower. Disabled people are also more likely to be employed in lower-paid occupations. Policy therefore needs to do far more to support more disabled people into better paid roles, and to increase the availability of well-paid, good quality part-time jobs.

Educational achievement is another driver of pay gaps and enabling disabled people to achieve better educational outcomes is essential. However, even when disabled people achieve comparable educational outcomes with non-disabled peers, disabled people still earn less. Discrimination against disabled people is holding back both educational achievement and progress once in work.

Finally, disabled women face the most significant pay gaps of all, higher than those faced by disabled men and non-disabled women. Wider measures to close the gender pay gap are needed for disabled women as well as their non-disabled peers.

## Policy Recommendations

Government and employers must take steps to ensure that disabled people who want to work are able to do so, and to address the pay gap for disabled workers. Below we set out key policy recommendations for change.

The government should consult on the introduction of a statutory requirement for employers to report on their disability pay gaps and employment rates, which must be accompanied by targeted action plans identifying the steps employers will take to address any identified gaps, including ensuring employees with hidden disabilities feel able to disclose their disability. These action plans must be produced in consultation with recognised trade unions.

The government must publish statistical information on the scale of the disability pay gap to increase awareness of the gap. This information should be for full-time and part-time workers, broken down by gender, region and occupational groups.

The statutory right to request flexible working should be extended to become a day one right for all jobs.

The government must ensure Access to Work is funded appropriately so all eligible people can access their full entitlement. In addition, they must remove the cap on how much can be claimed which currently prevents many deaf people and those with high-level needs from accessing appropriate support.

Cuts to disabled people's financial support (Employment and Support Allowance (ESA) and Personal Independence Payment (PIP)) should be stopped and reversed. These cuts make it harder for disabled people to survive and even harder to move towards accessing work.<sup>14</sup>

Employers should consult with disabled staff and their trade unions on the best way to remove barriers and address the disability employment and pay gaps, in keeping with the notion that disabled people themselves should be able to determine the solutions to the issues they face. Employers should also consult and work closely with recognised trade unions.

Employers must do more to meet their Equality Act obligations to put in place reasonable adjustments for disabled workers. This can involve removing physical barriers to employment and/or providing extra support for a disabled worker.

Employers should record time off because of a disability separately from non-disability sick leave. This would recognise the fact that some disabled people may have different and higher forms of sickness absence.

Employers should advertise more jobs on a flexible and/or part-time basis regardless of seniority/grade/level.

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<sup>14</sup> A comprehensive list of TUC policy recommendations relating to disabled people's benefits and employment programmes is contained in our earlier report, Disability and employment: a social model study of the employment experiences of disabled people in Great Britain, with a focus on mental illness <https://www.tuc.org.uk/sites/default/files/DisabilityandEmploymentReport.pdf>.