

TUC seminar 23 January 2012

A positive agenda for disability and employment

Five biases in thinking about disability and employment

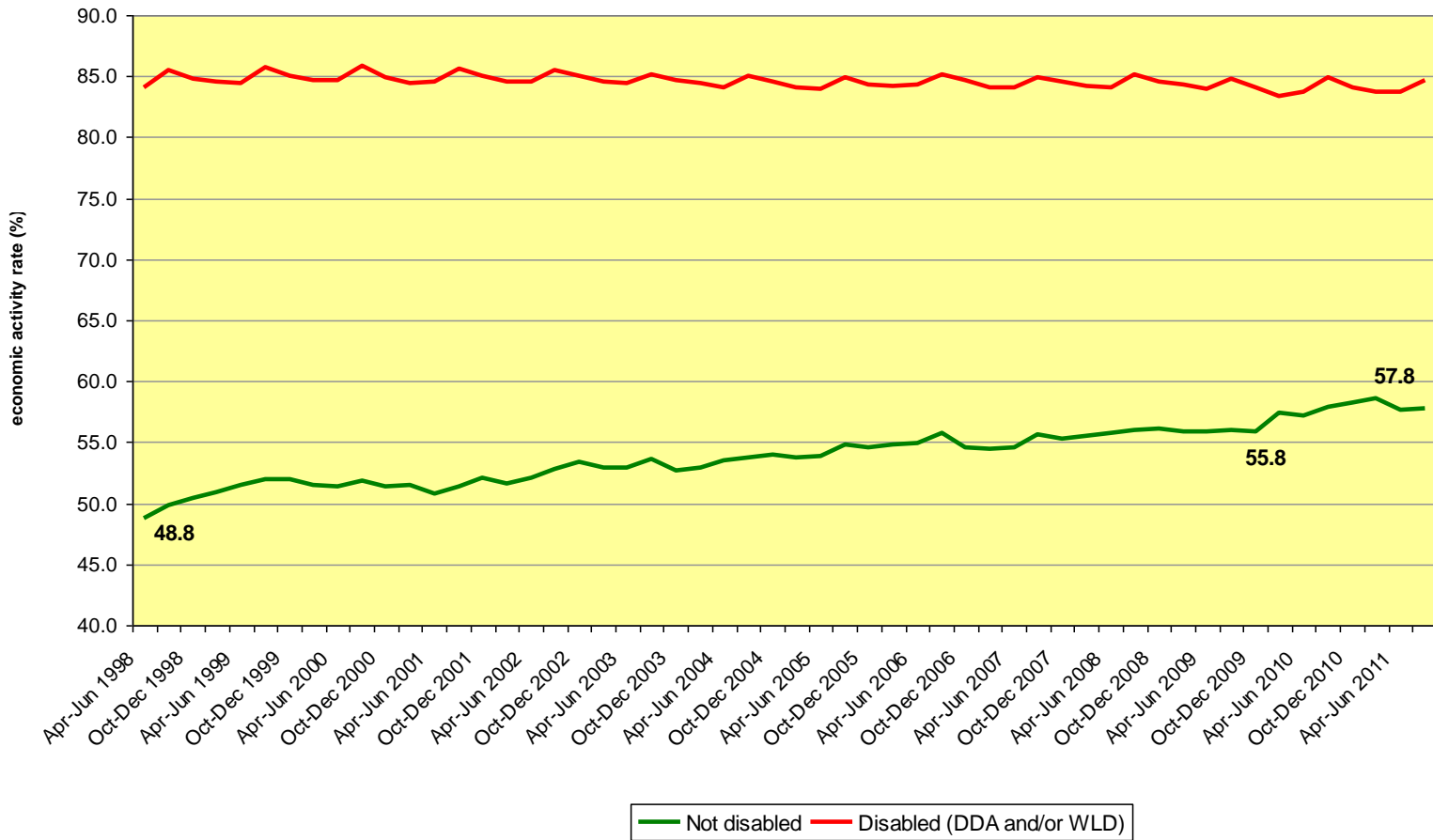
- Stasis: ignoring changes in outcomes over recent years
- Homogeneity: ignoring diversity of situations, impairments, time of onset, duration
- Dependency: assuming benefit system is main explanation for outcomes: employment and benefit receipt are not the same issue
- Scale: demanding and expecting step-changes rather than incremental impacts from reforms ('a million off IB')
- Insularity: ignoring international comparative evidence

Stasis bias

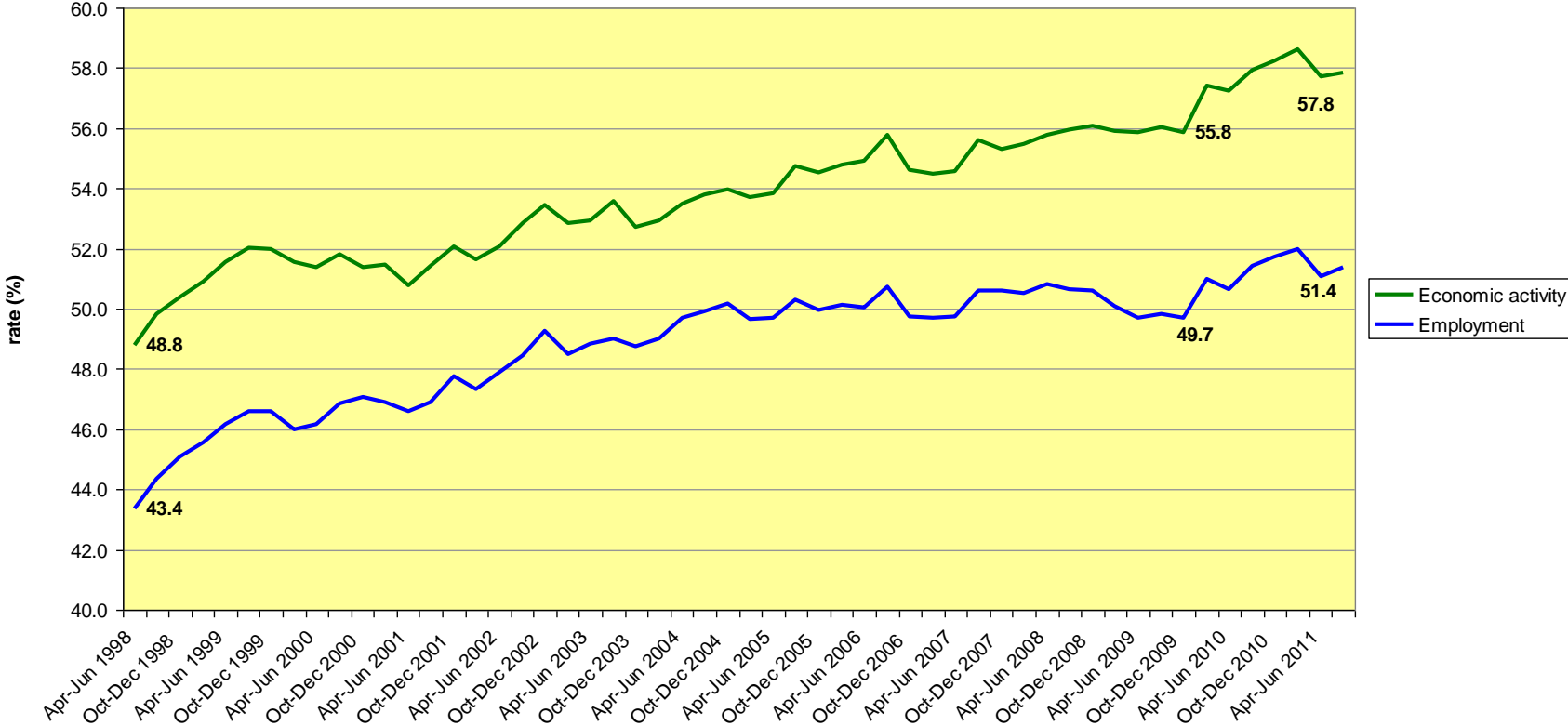
- Economic activity stable for non-disabled since 1998, but gradual rise for disabled people 49%-56% 1998-2009
- Similar rise in employment for disabled people, but unemployment rate rose even before recession



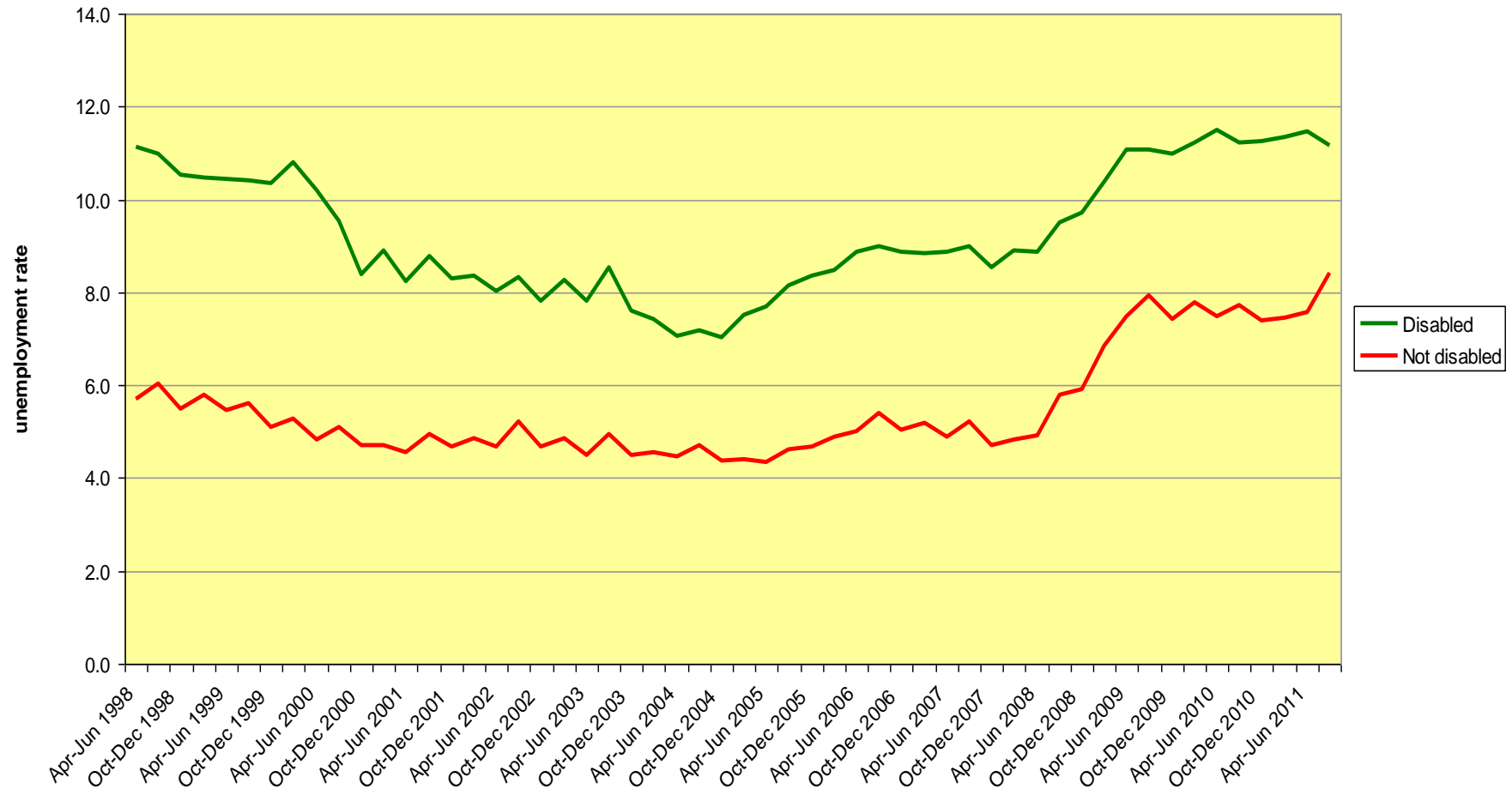
Economic activity by disability status 1998-2011



Economic activity and employment of disabled people 1998-2011

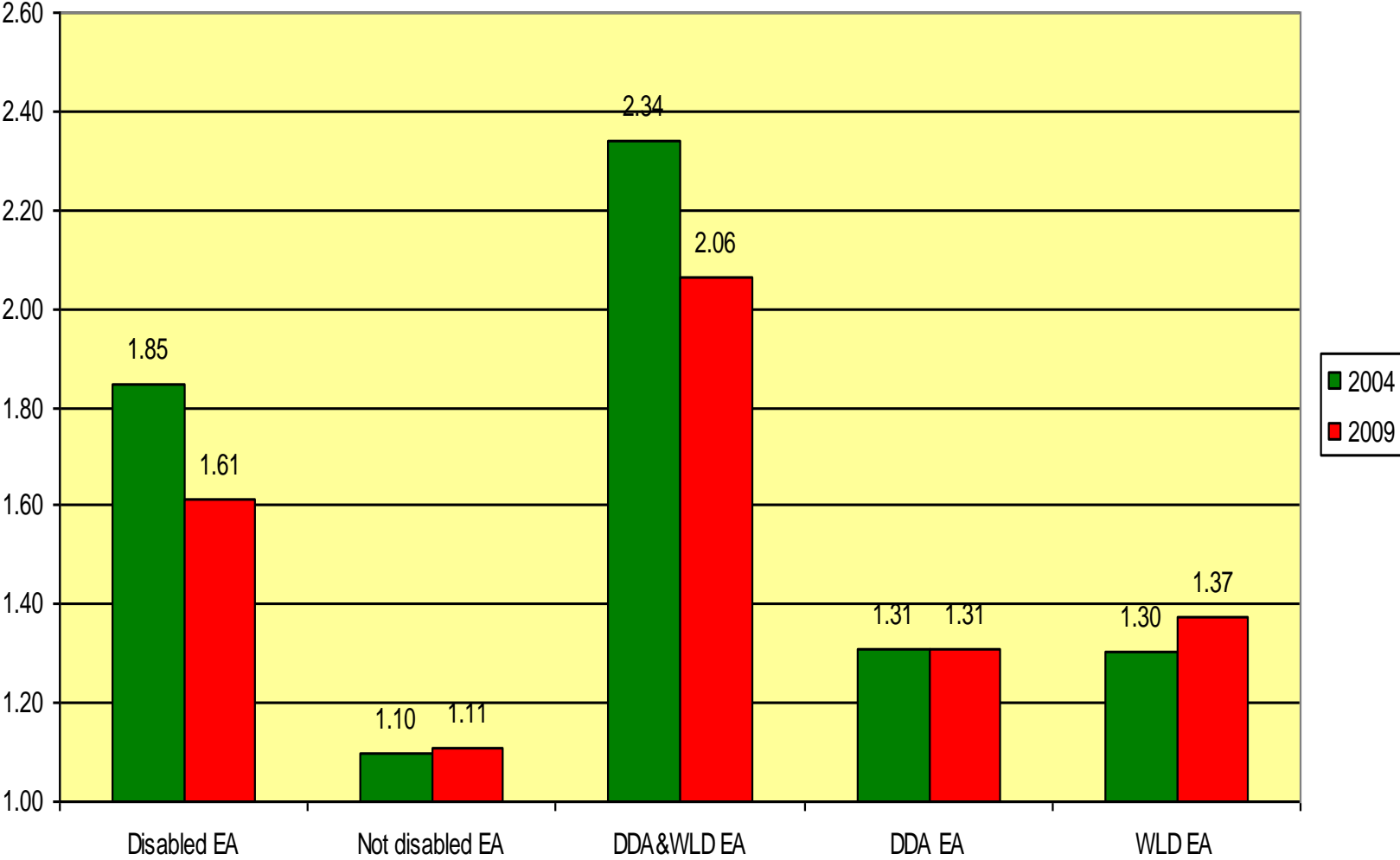


Unemployment by disability status 1998-2011



- There are huge differences in labour market outcomes between areas for disabled people, more so than for non-disabled
- However there has been a marked trend towards convergence between areas over the last decade, both in economic activity and benefit receipt
- This has mostly been due to rises in activity in those areas which have tended to have lower rates (North, Wales, Scotland): but also to some extent falls in activity in areas which tended to have higher rates (South East)

Economic activity rates by disability: ratio of highest/lowest LEP in 2004 and 2009

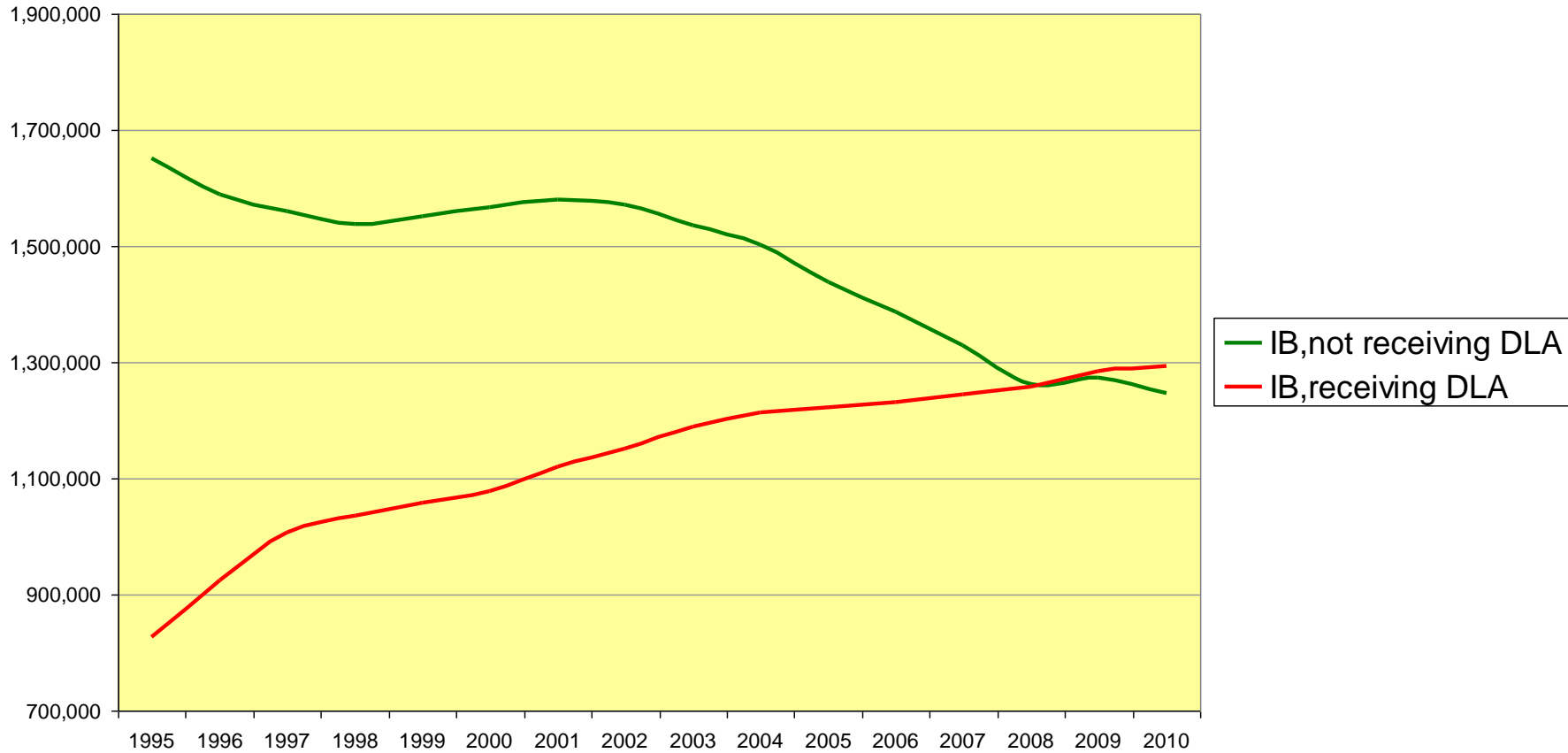


- So significant changes in employment and activity and weakening of geographical disparities
- But: variation by area remains marked for those who are both DDA and 'work-limiting' disabled

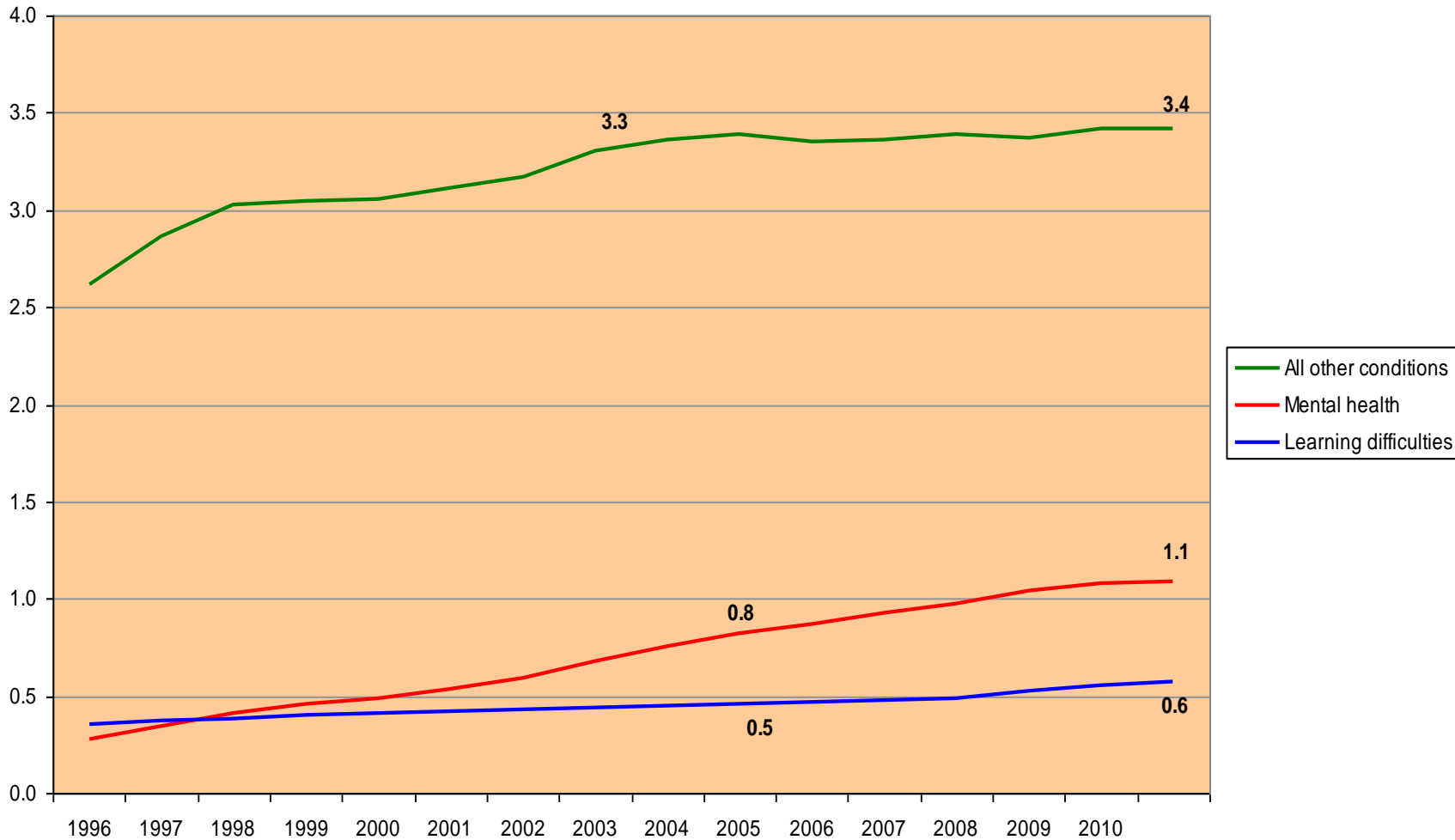
Homogeneity bias

- with rising activity and falling benefit receipt, average disadvantage experienced by those not working will tend to be higher
- Data on DLA and IB/ESA receipt over time illustrates this with respect to severity of impairment
- Majority of IB/ESA claimants now also on DLA, great majority of long-term IB/ESA
- Mental health is main source of increase in DLA receipt since 2002

Incapacity benefit caseload by DLA receipt 1995-2010



Rates of receipt of DLA for working age by main disabling condition 1995-2010



Dependency bias

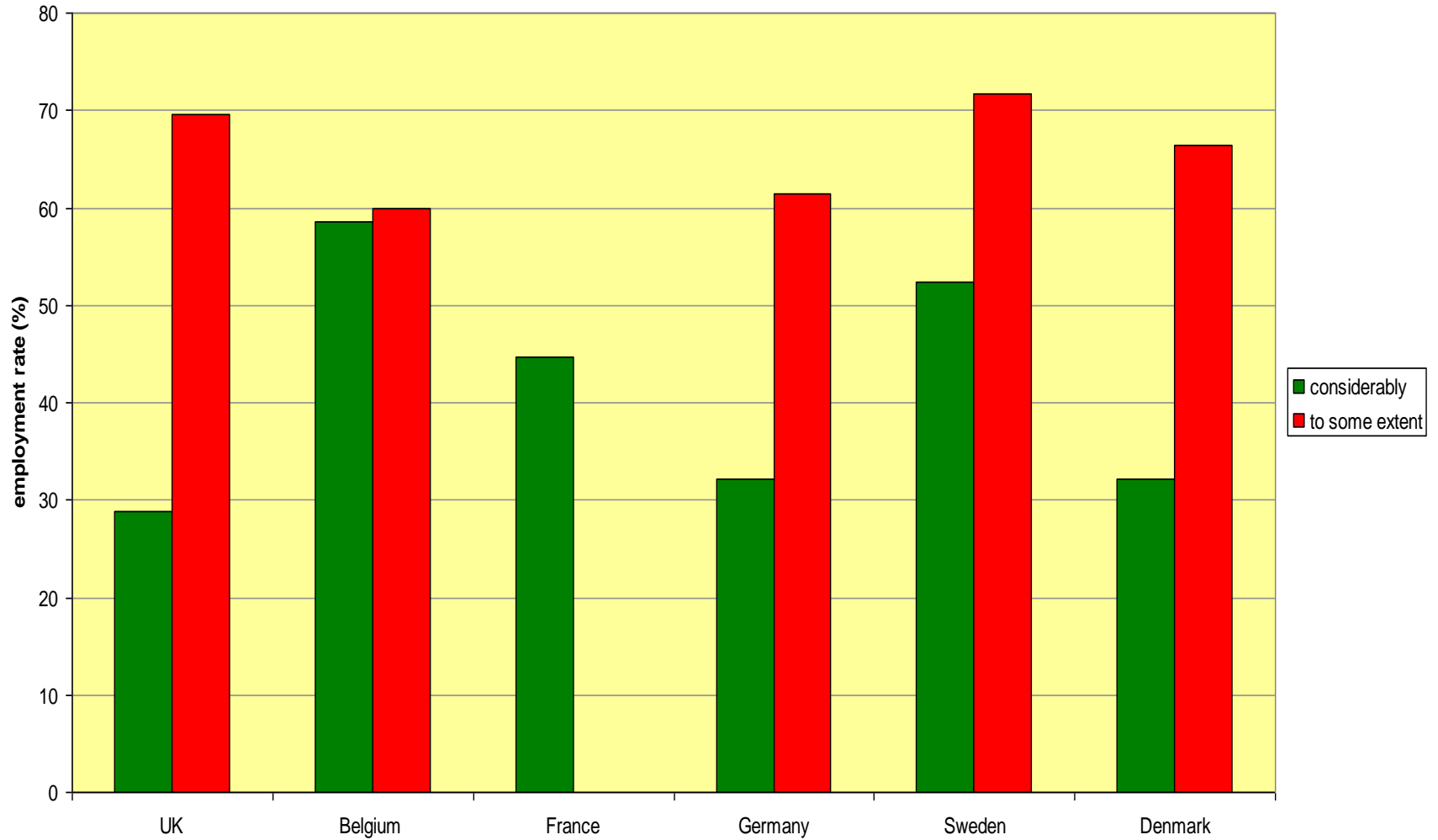
- significant improvements in disability employment outcomes *without* big-ticket disability benefit reforms
- Why? General labour market conditions; tax credits/minimum wage; possibly change in skills profile? long term impact of DDA?

Scale bias

- Conditionality & support: Impact of Pathways to Work and ESA mainly in first six months: but long-term claims are the big driver for total benefit caseload – so some positive effect mainly for physical impairment, but nothing like ‘a million off IB’
- Eligibility: ‘making disability benefits more difficult to claim seems ...to induce more people to enter the labour market, but the effect is very small’ (European Commission *Men and women with disabilities... 2007*)

- **Insularity bias**
- UK employment for disabled people is not exceptionally low when comparing with similar (wealthy) economies
- but for those with more severe work-limiting restrictions UK is weak compared to some other countries
- and for those with lower qualifications and more severe restrictions, UK performs *very* badly

Age standardized employment rate for working age by degree of restriction 2002



Employment rates for working age people with low qualifications who are 'considerably restricted'

