

Disability and poverty

Why disability must be at the centre of
poverty reduction

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Executive summary

Reducing poverty among disabled people has to be at the heart of any attempts to reduce poverty overall in the United Kingdom (UK). This is because, first, disabled people have higher poverty rates than the rest of the population – poverty rates that are understated by the official statistics. Second, disabled people make up 28% of people in poverty, and a further 20% of people in poverty live in a household with a disabled person. In other words, almost half of people in poverty in the UK are in a household with a disabled person or are disabled themselves.

Both reducing costs and increasing resources must be part of a strategy to reduce poverty for disabled people. Evidence from this report suggests the particular role of housing costs, with high poverty rates for disabled renters. Disabled people also face multiple disadvantages in the labour market, such as lower levels of qualifications, but also higher rates of low pay than non-disabled people even with the same qualifications. Public policy must also consider how best to involve disabled people in guiding the decisions that affect them.

How high are poverty levels for disabled people?

In this report, poverty rates are calculated based on incomes excluding the benefits some disabled people receive to help meet their additional costs.

Thirty-one per cent of people in a family with a disabled person are in poverty after housing costs, compared with 18% of people in a family with no disabled people. The former poverty rate has increased in the past two years.

The poverty rate for disabled people varies according to circumstance. Disabled young adults (16- to 24-year-olds) have a particularly high poverty rate of 44%. Meanwhile, two-thirds (66%) of single disabled people living alone are in poverty. As noted above, disabled renters also have high poverty rates: over 60% in the social sector and 56% in the private sector.

A quarter of working-age disabled people are in 'deep' poverty (that is, they have an income below 50% of the median income), compared with 13% of non-disabled working-age people.

Eighteen per cent of working-age disabled people are severely materially deprived (lacking basic items on the basis of cost), three times as high as the proportion of non-disabled working-age people.

How many people living in poverty are disabled?

Of the people living in poverty, 28% are themselves disabled, equivalent to 3.9 million people. This group is made up of 2.6 million disabled working-age adults, 940,000 disabled pensioners and 310,000 disabled children. A further 20% of 2.7 million people living in poverty are not themselves disabled but live in a household with a disabled person.

Drivers of poverty for disabled people

Disabled people are more likely than non-disabled people to be disadvantaged in multiple aspects of life: these are problems in of themselves and also contributing factors to poverty.

Employment

Forty-six per cent of working-age disabled people are in employment, compared with 80% of non-disabled people. While it is unreasonable to expect disabled people to be employed at the same rate as non-disabled people, many say that they want to work and levels of unemployment are also higher among those actively seeking jobs.

Employment rates for disabled people vary considerably between regions of the UK – to a much greater extent than the rates for non-disabled people. In Northern Ireland, 32% of disabled people are in work, while in the South West of England, 57% are in work.

Skills

There is a considerable 'skills gap' between disabled and non-disabled people when measured by qualifications. Only 15% of disabled people have a degree, compared with around 30% of non-disabled people. This is not purely due to the older age profile of disabled people: for example, 15% of 25- to 29-year-old disabled people have no qualifications, compared with 6% of non-disabled people in the same age range.

Low pay

Low pay rates for disabled people are higher than those for non-disabled people, at 34% compared with 27%. This is the case at every level of qualification. For example, a disabled person with a degree is more likely to be low paid than a non-disabled person with a degree.

Costs

Disabled people face higher costs than non-disabled people, such as the cost of equipment to manage a condition. This means that the same level of income secures a lower standard of living than it would for a non-disabled person. There is evidence

that 'extra costs' benefits such as Disability Living Allowance (DLA) and Personal Independence Payment (PIP) do not cover these extra costs sufficiently: in the bottom fifth of the income distribution, disabled people are more likely to be materially deprived, whether they receive extra costs benefits or not.

Social security system

The social security system plays an important role in supporting those unable to work, whether temporarily or over a longer time period, as well as mitigating some of the extra costs of disability. It has been the focus of policy reform for a number of years, with a redistribution of support within the disabled population and a greater degree of conditionality. The former has produced winners and losers, whereas the latter saw a spike in the sanctioning of disabled people, which has now abated.

Approaches to reduce poverty among disabled people

Increasing resources

One approach to reducing poverty among disabled people must be to maximise the resources available to them. This is partly about employment, such as the government's ambition to halve the disability employment rate gap. Understanding any lessons in policy or practice between the regions of the UK in terms of their divergent employment rates for disabled people is one component of this. Others have argued that the focus in employment must be job retention rather than re-entry to work.

Increasing resources is also partly about the social security system. This should ideally ensure that disabled people unable to work are comfortably above the poverty line, after some accounting for extra costs. While the rate of benefit sanctioning has fallen, the stress of conditionality in the system remains, which may be inappropriate for many disabled people. The question of how disabled people in their roles as volunteers and carers could be better rewarded in the social security system should also be examined.

Reducing costs

Another approach must be to reduce costs. Higher costs are a driver of poverty among disabled people. High rates of material deprivation among disabled people suggest a failing of the social security system in mitigating these costs.

The role of high housing costs in driving poverty for disabled people should be investigated, particularly for both private and social renters.

1. Introduction

The formation of a new government brings new opportunities to reshape policy. In her first statement as Prime Minister, Theresa May suggested that tackling poverty and inequalities will be at the heart of her administration's domestic policy. If the new government is serious about reducing poverty and improving life chances, then disabled people must be at the heart of its agenda. This report provides evidence of the reasons why: disabled people face high poverty rates, which are higher than those suggested by the official statistics, and make up a large proportion of those in poverty.

Disabled people are at a higher risk of poverty than many in the UK, for two main reasons:

- impairments, health conditions and social responses to these conditions often prevent disabled people from working and thus deprive them of income
- disability often brings with it a series of higher and additional costs that further reduce income.

This means that disability can both increase the number of people who are in poverty, and increase the depth of poverty for those already experiencing it. A recent report has also found disability to be associated with experiencing destitution.¹ Meanwhile, other analysis has found that disabled people are more likely to be in persistent poverty.² This report investigates these factors, as well as the economic status of disabled people, the role of housing and family, and the changing social security system.

If we are interested in reducing poverty, then we must be interested in disability as well. One of the most important findings of this report is that almost half of people in poverty in the UK are either themselves disabled or living in a household with a disabled person. Attempts to reduce poverty must include the voices of disabled people and their families, and particular regard given to their circumstances.

Context on disabled people in the UK

On the basis of the Family Resources Survey, there are just over 12 million disabled people in the UK. This figure is made up of 6.6 million working-age disabled people, 4.7 million disabled pensioners and 740,000 disabled children. One of the limitations

¹ Fitzpatrick, S., Bramley, G., Sosenko, L., Blenkinsopp, J., Johnsen, S., Littlewood, M., Netto, G. and Watts, B. (2016) *Destitution in the UK*, York: Joseph Rowntree Foundation.

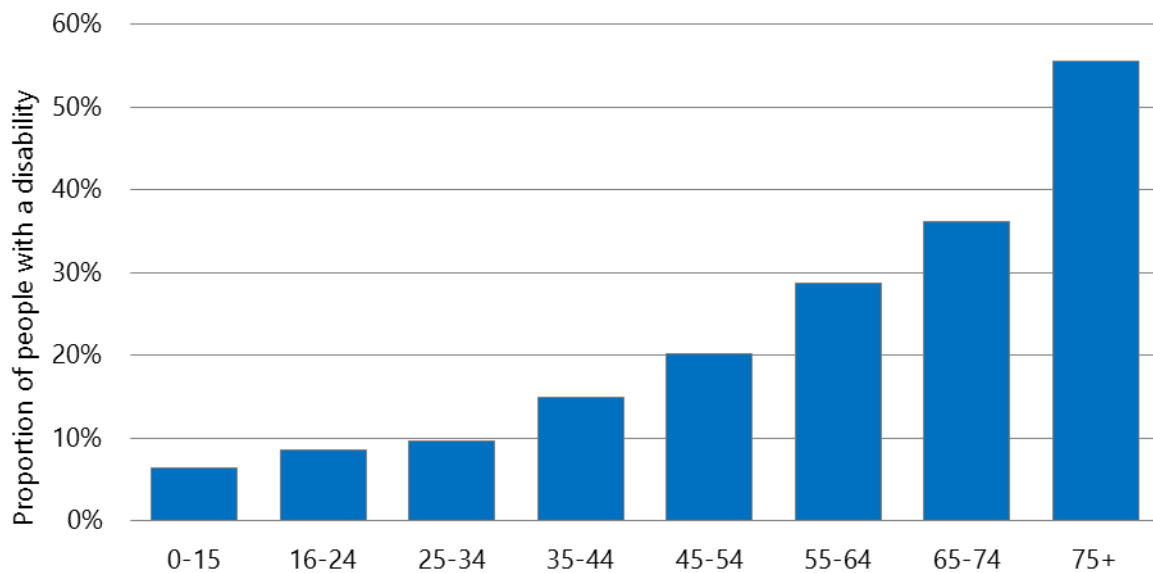
² Department for Work and Pensions (2014) *Low-income dynamics*, London: Department for Work and Pensions.

faced by this report is that sample sizes in the Family Resources Survey are not large enough to examine ethnicity, disability and poverty.

Disability and age

Figure 1 shows the proportion in each age group who are disabled. Disability prevalence increases with each age group, from 6% of those aged up to 15, to 9% of 16- to 24-year-olds. At the other end of the age spectrum, 36% of those aged between 65 and 74 are disabled, rising sharply to over half (56%) of people aged 75 and above. The types of impairments that people have are examined in more detail in Appendix 1.

Figure 1: Disability prevalence rates by age



Note: Disability definition used: Equality Act.

Source: Family Resources Survey, Department for Work and Pensions (DWP)

2. Trends in and levels of disability poverty

Introduction

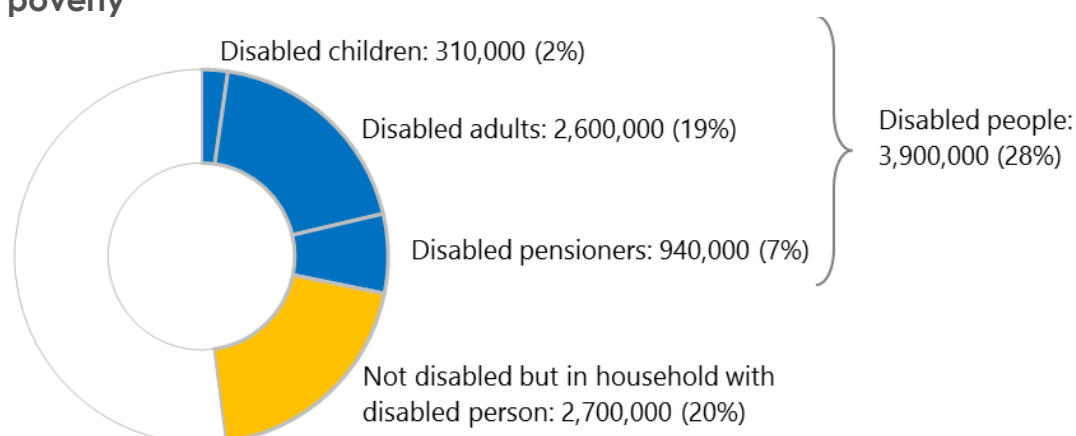
This section of the report looks at the headline figures on the numbers of disabled people in poverty, how the numbers have changed over time and how this compares to non-disabled people. The measure of poverty used in this section is having a household income below 60% of the median after housing costs and adjusted for family size.

This analysis discounts the income received from disability costs benefits – such as Disability Living Allowance (DLA) or the Personal Independence Payment (PIP) – as these are benefits designed to meet the costs associated with disability, such as higher heating bills or aids and appliances. Taking income from these benefits into account would have the effect of lowering the poverty rate for disabled people, and is discussed in more detail in Appendix 2.

How many people in poverty are disabled?

Over a quarter (28%) of people in poverty are disabled: 2.6 million working-age adults, 940,000 pensioners and 310,000 children (see Figure 2). In addition, 20% of people in poverty are not disabled but live with someone who is. Together, then, almost half (48%) of people in poverty are in a household where someone is disabled. This highlights the centrality of disability to poverty: no strategy to reduce the number of people on low incomes should be formulated without reference to disabled people.

Figure 2: Disabled people in poverty as a proportion of all people in poverty



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

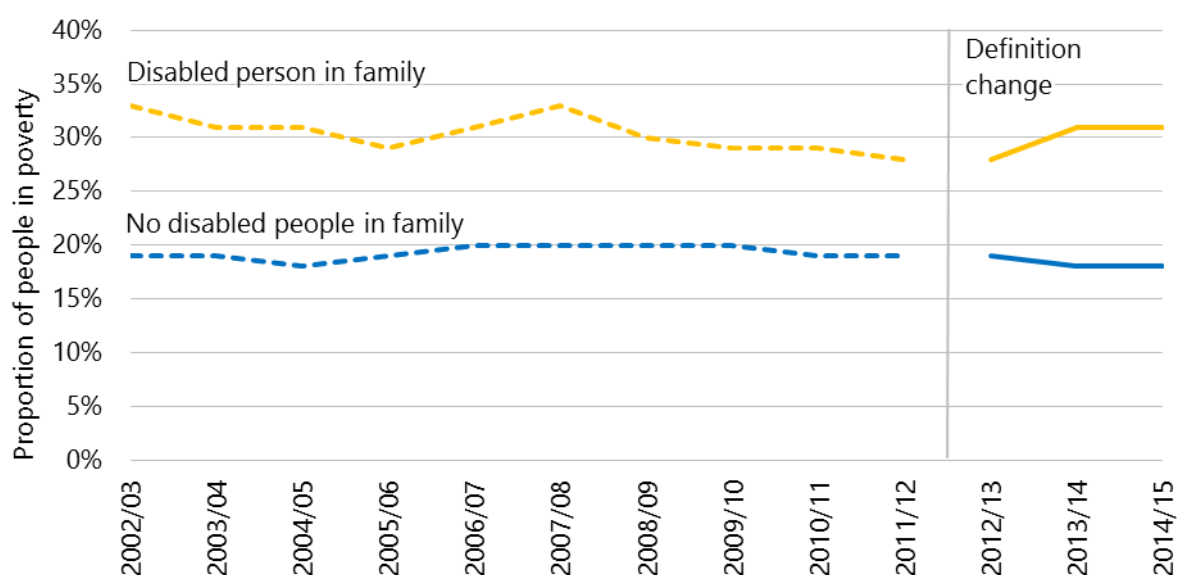
How has poverty for disabled people changed over time?

The poverty rate for people in a family with a disabled person is 31%, compared to 18% for a household without. Since the early 2000s, the poverty rate for people in a household with a disabled member has been consistently higher than the poverty rate for those in other households. In 2012-13, the first year of the new definition, the gap in poverty rates was nine percentage points. In 2014-15, it has grown to 13 percentage points.

In the early 2000s, the poverty rate for households containing a disabled person fell from 31% in 2003/04 to 29% in 2005/06 and subsequently fluctuated. In 2012/13, the Family Resources Survey adopted an alternative definition of disability so comparisons before and after that point should be made with caution (see Appendix 3). Nonetheless, in 2013/14, the poverty rate for households containing a disabled person saw a statistically significant increase of three percentage points while the poverty rate for those in other households fell by a percentage point.

The trends shown have been adjusted for disability benefits. If we looked at income before making this adjustment, the disability gap would be smaller but the observed trends over time would not change.

Figure 3: Poverty rate for disabled and non-disabled people over time



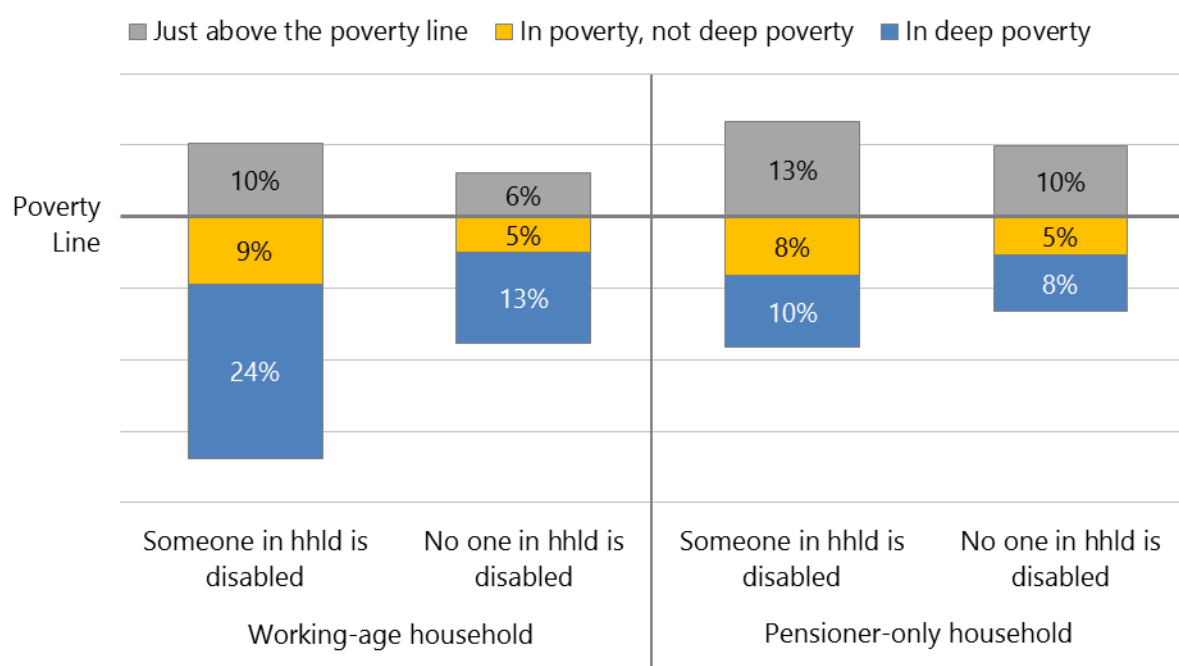
Note: Disability definition used: Disability Discrimination Act up to 2012/13, then Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Depth of poverty for disabled people

Disabled people are more likely to experience poverty than the population overall. The poverty they experience also tends to be ‘deeper’, as shown in Figure 4.

Figure 4: Proportion of people near or below the poverty threshold by disability and depth of poverty



Note: Disability definition used: Equality Act.

Source: Households Below Average Income 2013/14, DWP

In total, 2.8 million disabled people are in ‘deep poverty’ (that is, they have an income below 50% of the median income). Figure 4 shows the proportion of people just above the poverty line (with an income above 60% of the median income but below 70%) and those in deep poverty, and demonstrates how the depth of poverty varies.

Nearly a quarter of working-age households with a disabled member are in deep poverty. Meanwhile, 9% are in poverty but not deep poverty and a further 10% are not in poverty but only slightly above the poverty line. So, overall, 44% of people in working-age households with a disabled member have an income below or close to the poverty line and most of them are living substantially below the poverty line.

Pensioner households are more closely concentrated around the poverty line. Compared with working-age households, a higher proportion are just above the poverty line and a lower proportion are far below it. But pensioner households containing a disabled person are more likely to be towards the bottom of the income

distribution (with 13% just above the poverty threshold) and more likely to be in deep poverty (at 10%) than pensioner households with no disabled member.

Levels of material deprivation

This section has so far looked at the standard measure of poverty: relative low income. A related measure of low living standards is material deprivation, which looks at a household's lack of basic goods or items on the basis of unaffordability. People lacking a number of these basic goods or items are defined as severely materially deprived.³

Table 1 shows that 18% of working-age disabled adults are severely materially deprived. This is three times the proportion for non-disabled working-age adults. Although disabled pensioners have higher levels of severe material deprivation than their non-disabled peers, for both groups of pensioners it is fairly rare.

The table also shows the proportion of people going without some of the specific items included in the material deprivation measure. A much higher proportion of disabled people cannot afford each of these items than non-disabled people. Of working-age disabled people, 7% are in arrears with a bill compared with 4% of non-disabled working-age people. But more commonly, disabled people report being unable to face an unexpected financial expense – 63% of working-age disabled people and 38% of pension-age disabled people.

Table 1: Levels of material deprivation experienced by disabled and non-disabled people

	Working age		Pension age	
	Disabled	Not disabled	Disabled	Not disabled
Severe material deprivation	18%	6%	3%	1%
In arrears (mortgage or rent, utility bills or hire purchase)	7%	4%	1%	1%
Unable to afford to eat meat/proteins every second day	18%	8%	7%	4%
Unable to afford one week's annual holiday away from home	52%	32%	24%	14%
Unable to face unexpected financial expenses	63%	38%	38%	18%

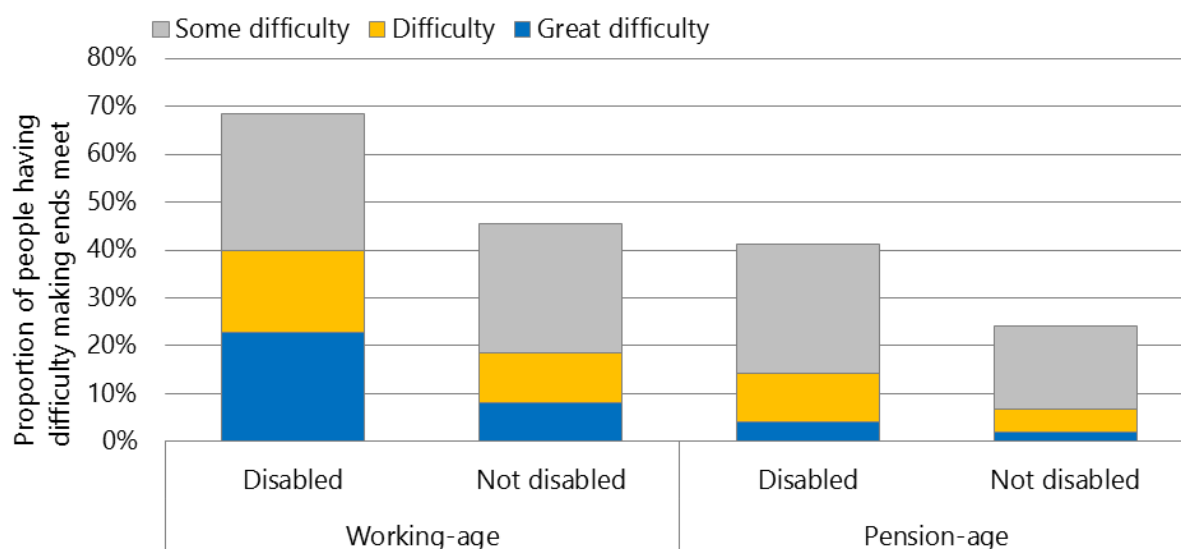
³ Those unable to afford at least four of the following nine items: rent/mortgage/utility bills, the cost of keeping their home adequately warm, unexpected expenses, eating meat or proteins regularly, a holiday, a television set, a washing machine, a car, a telephone.

Notes: The data are for 2013 except for severe material deprivation, which is for 2011. Disability definition used: people whose usual activities are somewhat or severely limited due to a health problem that has lasted at least 6 months.

Source: EU-SILC, Eurostat

Along with not being able to afford unexpected expenses, Figure 5 shows the proportion of people having difficulty with everyday expenses. It shows that almost 70% of working-age disabled people have some difficulty making ends meet. Over a fifth (23%) experience great difficulty, three times the proportion among non-disabled working-age adults (8%). While a lower proportion of pensioners have difficulty making ends meet, the rate among those with a disability is substantially higher than those without.

Figure 5: Difficulty making ends meet by age group and disability



Notes: The data are for 2013. Disability definition: people whose usual activities are somewhat or severely limited due to a health problem that has lasted at least 6 months.

Source: EU-SILC, Eurostat

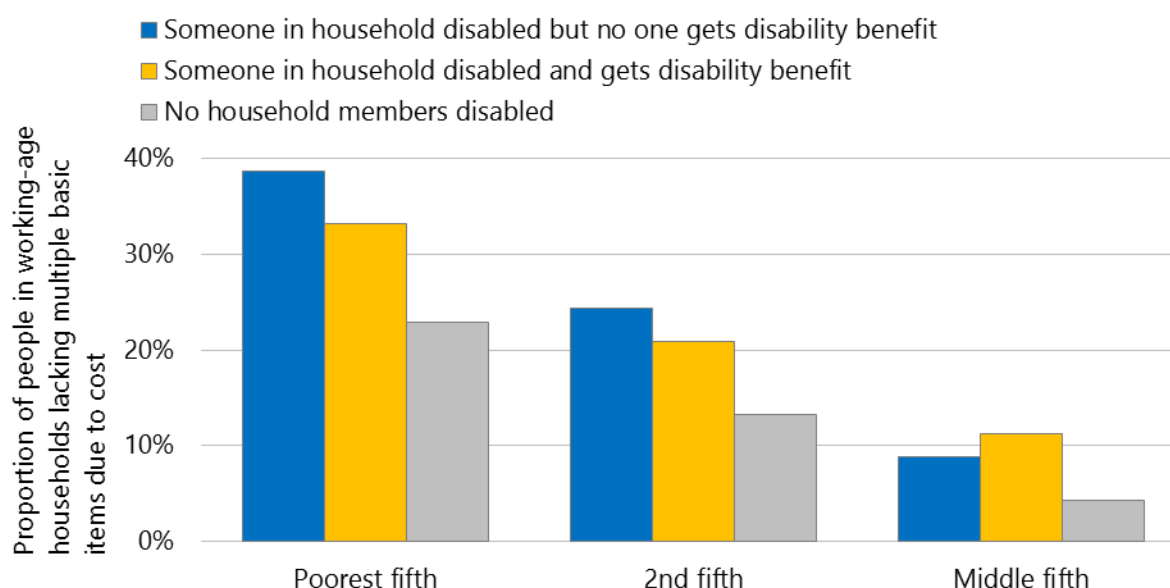
What can material deprivation tell us about the costs faced by disabled people?

Material deprivation can provide some indication of how sufficient a household's income is for meeting its basic needs. This subsection uses this to examine how sufficient disability-related costs benefits are to meeting these extra costs, and therefore whether poverty among disabled people is understated.

Figure 6 shows the proportion of people in the three poorest income fifths that, for reasons of cost, lack multiple items that most households are able to enjoy. This is a proxy for material deprivation. The figure shows that 23% of people in the poorest

fifth in households where no one is disabled experience some form of material deprivation. But for those in a household where someone is disabled and they receive a disability benefit, the level is higher at 33%. This reflects income after disability benefits have been discounted, so it shows that despite the additional income provided by disability benefits, those households are still materially worse off than other households on the same basic income.

Figure 6: Levels of material deprivation by income and disability



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Figure 6 also shows that material deprivation rates are higher still for people in households containing a disabled person but not receiving any form of disability benefit; among those in the poorest fifth the rate is 39%. It suggests that households containing a disabled person in the second fifth of the income distribution are able to enjoy the same level of material wellbeing as households without disabled members in the bottom fifth.

Figure 6 highlights the shortfalls in disability benefits in terms of fully accounting for the additional costs that people with a disability face. In other words, if disability benefits met all additional costs, then we might expect the material deprivation figure for a disabled person in the bottom 40% of households to be similar to the figure for a non-disabled household. If this were the case, there would be 330,000 fewer materially deprived people in a household were someone receives a disability benefit.

Figure 6 also draws attention to a limitation in the practice of discounting disability benefits from income when looking at poverty among disabled people: it makes no concession for disabled people who do not receive a disability benefit. They may appear to have the same basic income as someone who receives a disability benefit when in reality they are much worse off. Discounting disability benefits from income allows for a truer comparison between disabled and non-disabled populations, but not between disabled people who do and those who do not receive a disability benefit.

3. The role of age, household type, work status and tenure in poverty among disabled people

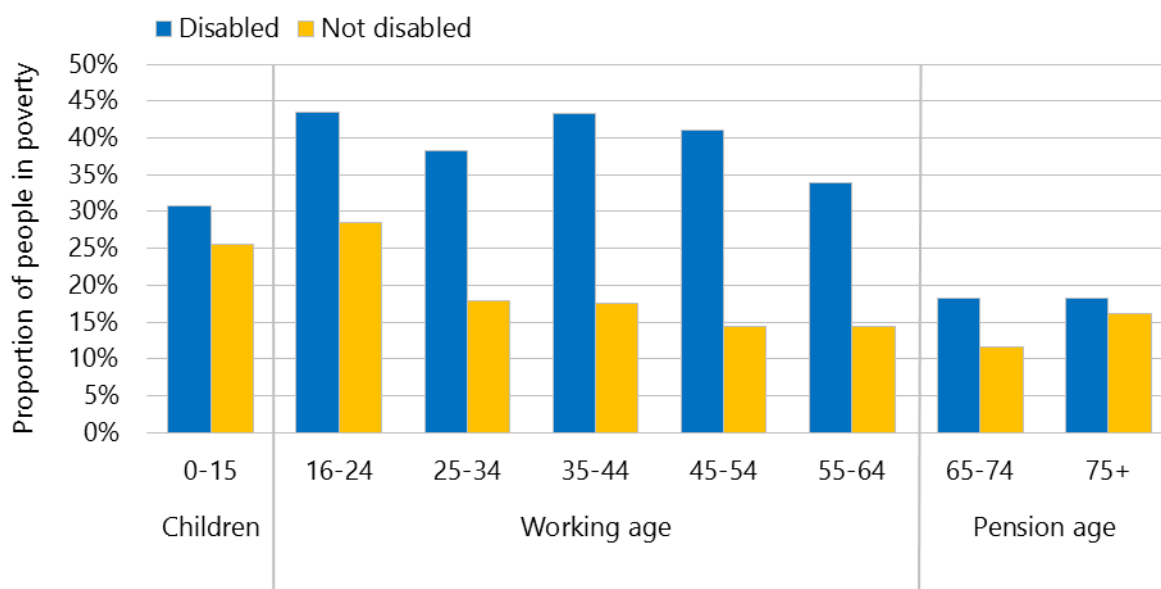
Introduction

Disabled people have a higher poverty rate than the UK average. But within the disabled population there are considerable differences in the proportion of people in poverty. This section examines some of the factors that are associated with higher poverty rates.

Poverty and age

Figure 7 shows that, for each age group, disabled people have a higher poverty rate than the rate for those without a disability, but the gap varies greatly.

Figure 7: Poverty rates by age group



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Among those without a disability, people below the age of 25 have a relatively high poverty rate of between 25% and 29%. In contrast, among older age groups the poverty rate is always less than 20%. However, for disabled people, the poverty rate is above 30% for all age groups except pensioners.

Among working-age adults without a disability, the poverty rate is highest for those aged under 25, at 29%, and then falls markedly to 18% among those aged 25 to 44.

It falls further to 14% among those aged 45+. Meanwhile, the poverty rates for disabled people remain high across working age. Disabled people aged 25 to 64 have poverty rates that are more than double those of their non-disabled peers. For those aged 35 to 54 this amounts to a gap of over 25 percentage points.

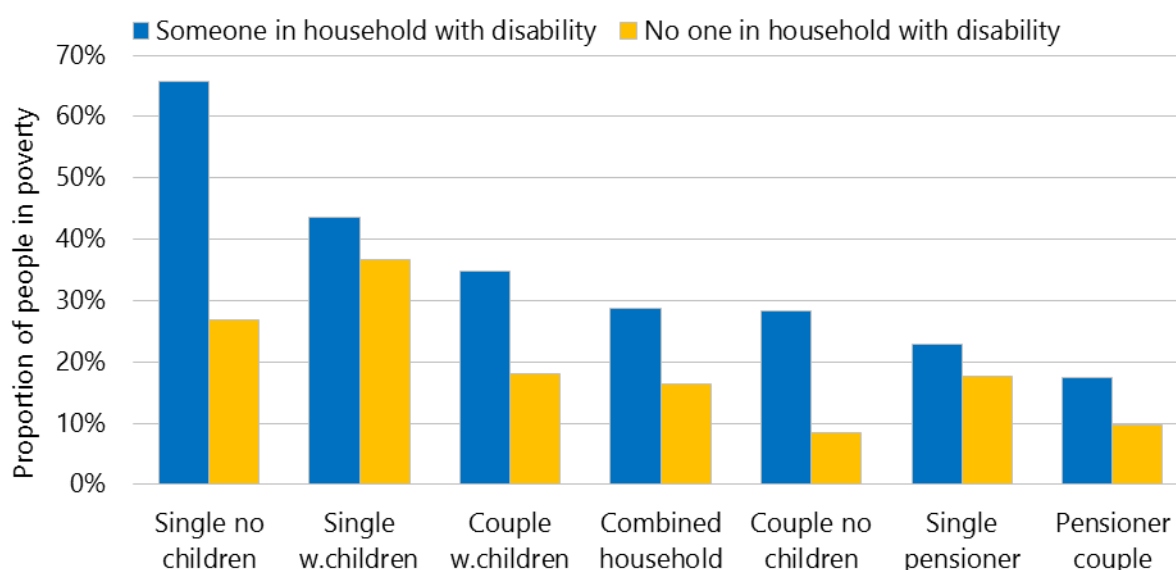
In terms of children, 31% of disabled children are in poverty, compared with 26% of their non-disabled counterparts. This equates to 310,000 disabled children in poverty. As only a small proportion of children are disabled, this comprises only 8% of children in poverty.

In terms of pensioners, 18% of disabled people aged 65 to 74 are in poverty, the same rate as the rate for those aged 75 and over. This is higher than the rates for non-disabled pensioners by six percentage points and two percentage points respectively. Disabled pensioners have markedly lower poverty rates than younger disabled people and the smallest poverty rate gap with their non-disabled peers. But this is also the age group with the highest rates of disability and over half (53%) of pensioners in poverty are disabled (860,000). So although the gap is much smaller than the gap among those of working age, the disability poverty gap persists despite the availability of universal benefits such as the state pension.

Poverty and household type

Figure 8 demonstrates that the poverty rate varies by the type of household people live in.

Figure 8: Poverty rates by household type



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Figure 8 shows that two-thirds (66%) of disabled working-age adults living alone are in poverty, much higher than disabled people in other households and 39 percentage points higher than non-disabled working-age adults living alone. Of the single-parent households with a disabled member, 43% are in poverty, compared with 37% of single-parent households with no disabled members.

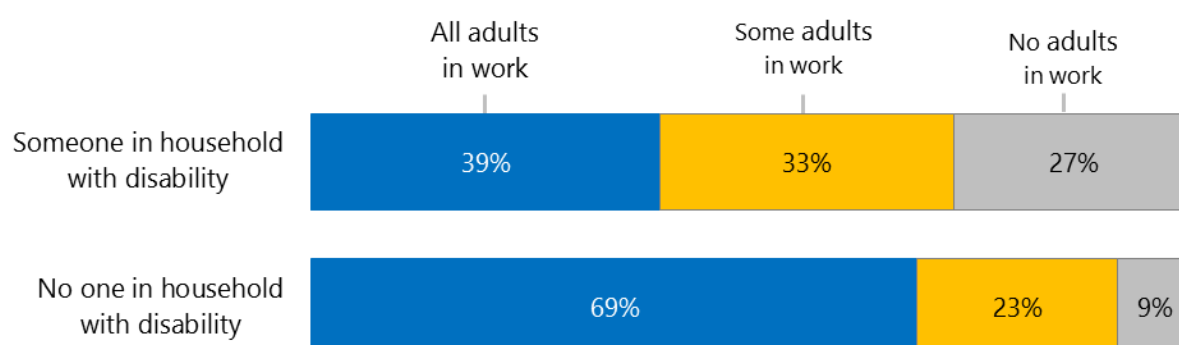
While disabled working-age and single adults have high poverty rates, what is also notable is the poverty rate gap among working-age couples – often households with one disabled adult and one not. For example, non-disabled couples without children have a poverty rate of 8% while for those where at least one member of the couple is disabled the poverty rate is over three times higher at 28%.

Poverty and work status

As discussed above, the disability poverty gap is particularly high among working-age households. The next two figures explore to what extent this is explained by variations in employment. For some people their disability will prevent them from doing paid work and the lack of earned income could mean that they are in poverty.

Figure 9 compares the work status of working-age households by disability. It shows that households containing a disabled person tend to work fewer hours overall than households where no one is disabled. Within households with a disabled person, those where all adults work is the most common arrangement, and the least common is no adults in work.

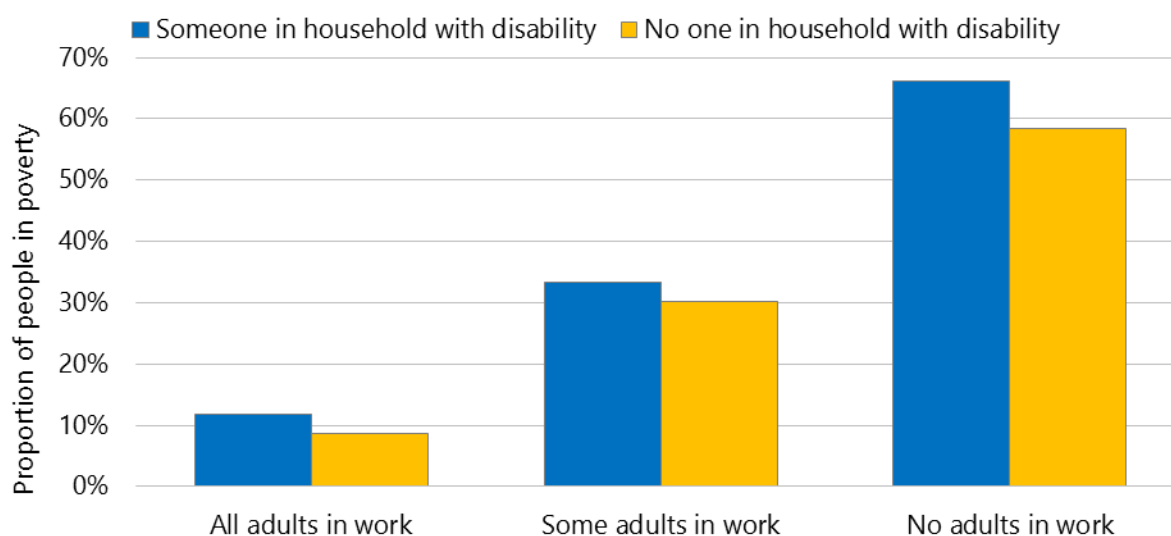
Figure 9: Work status of households by disability



Note: Disability definition used: Equality Act. The figures do not necessarily sum due to rounding.
Source: NPI analysis of Households Below Average Income 2013/14, DWP

Figure 10 compares the poverty rates for households containing a disabled person and those that do not, by work status.

Figure 10: Poverty rates for households by work status and disability



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Figure 10 shows that for each combination, the poverty rate is higher for those households containing someone with a disability than for those that do not. However, the disability poverty gap is much smaller for working households (3 percentage points) than for workless households (8 percentage points).

The differences between work statuses are much greater than the differences between households containing someone with a disability. For example, while the poverty rate for a fully working household containing a disabled person (at 12%) is slightly higher than for those where no one is disabled, it is much lower than the rate for non-disabled households where only some adults are working.

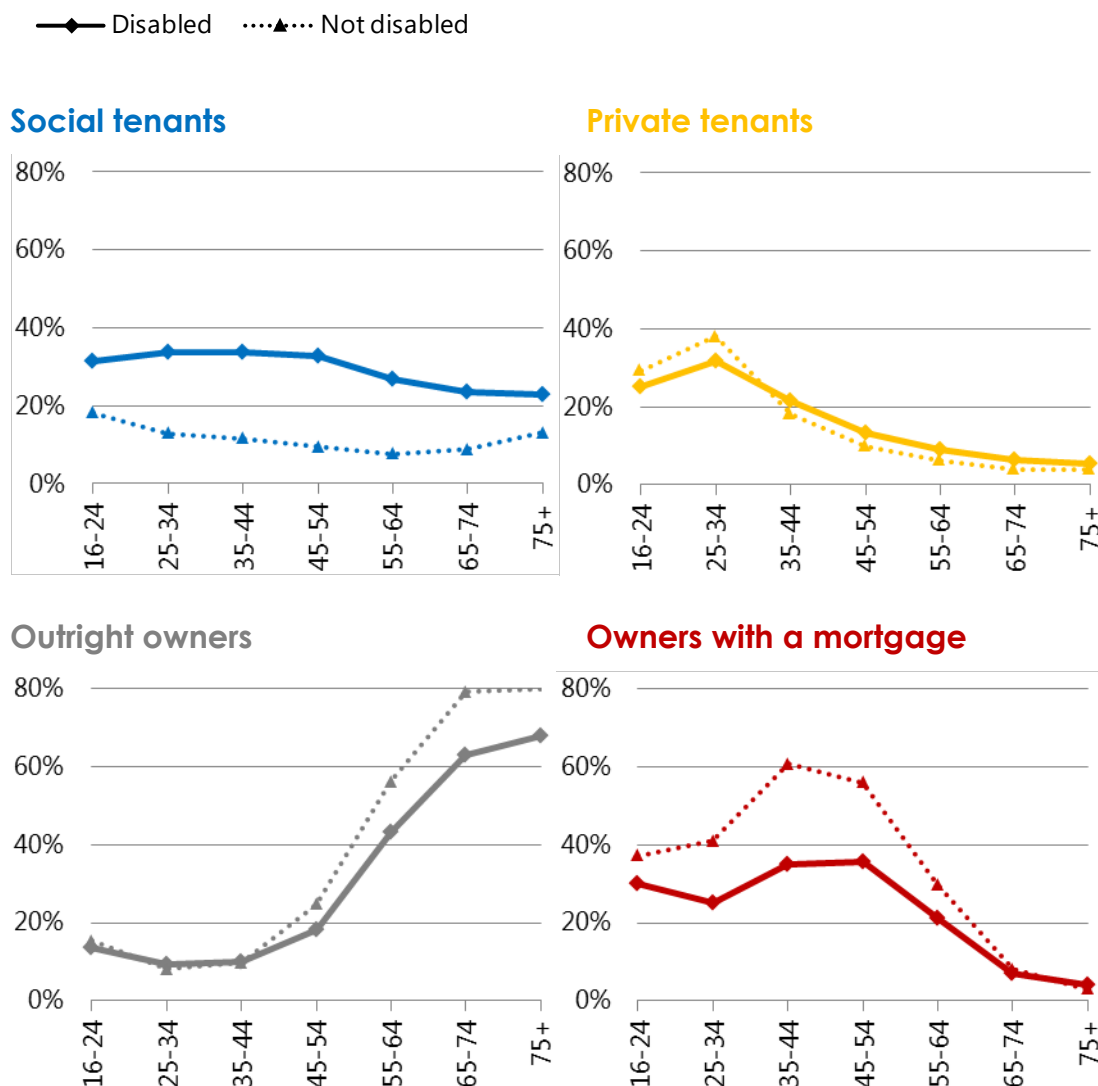
For working-age households with a disabled member, the poverty rate is 16 percentage points higher than for those without a disabled member. Nearly three-quarters of this gap can be explained by disabled households having fewer adults in work than non-disabled households (Figure 9), with only a quarter explained by a high risk of poverty for a given work status (Figure 10).

Poverty and tenure

Last in this section, we look at the disability poverty gap and its links to housing. Housing costs have a direct impact on disposable income and are strongly linked to tenure – the average housing cost for those who rent their home is much higher than the cost for those who own their home.

As tenure varies substantially by age and the disabled population is on average older than the non-disabled population, Figure 11 shows how it varies by age and disability.

Figure 11: Tenure by age and disability



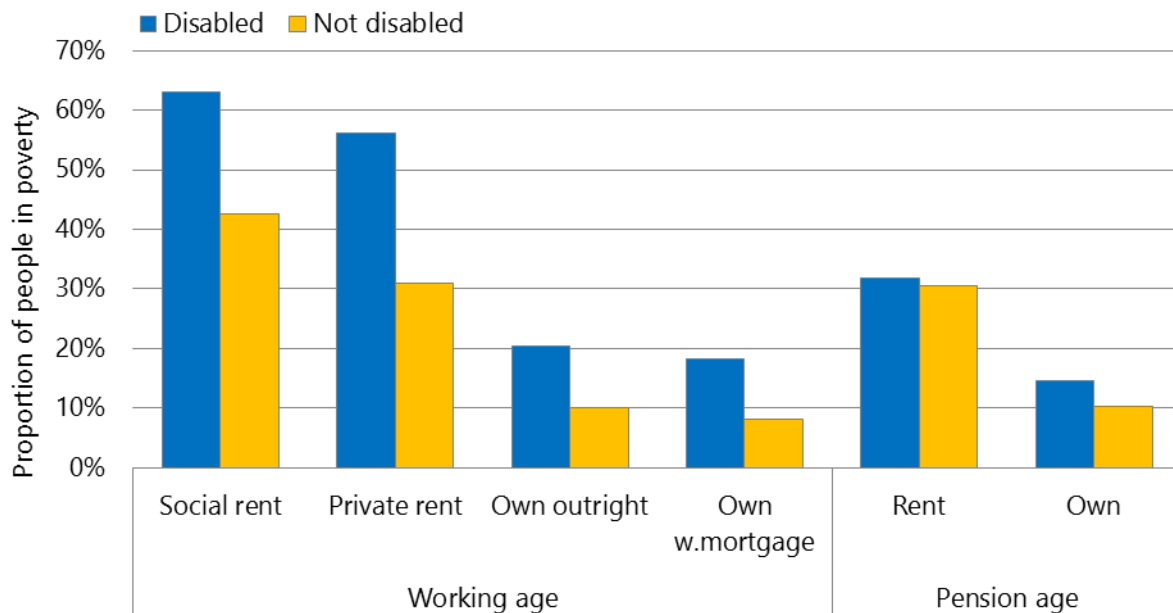
Source: NPI analysis of Households Below Average Income, DWP.

Overall, Figure 11 shows that, compared with the non-disabled population, a higher proportion of disabled people live in social rented housing across all age groups. In turn, a lower proportion own with a mortgage during working age and own outright as pensioners. Once age is taken into account, there is little difference in the proportion of disabled people and non-disabled people living in private rented housing.

Figure 12 shows how poverty rates vary by tenure and disability. Renters, particularly those of working age, have a higher poverty rate than owner-occupiers. The disability poverty gap persists but is widest among working-age private tenants

at 25 percentage points. Along with a poverty rate of 56%, disabled private renters live in a tenure that has high costs and little security.

Figure 12: Poverty rates by tenure and disability



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Over the past two decades, there has been a sustained increase in the number of people renting their homes from a private landlord, particularly among younger adults. But overall, only 14% of disabled people are private tenants (1.5 million) due to the lower prevalence of disability among younger adults. Nonetheless, 800,000 disabled people live in poverty in the private renter sector – this is a group that faces higher costs through their disability and also substantial housing costs.

4. Disabled people and work

Introduction

This section looks at how disabled people interact with the labour market and how this compares with non-disabled people. This is of interest for multiple reasons. First, as earnings tend to be the main source of income for most households, there is a poverty dimension to patterns of work among disabled people. Second, employment is often important in its own right, both for financial independence and for higher levels of health and wellbeing. Third, it is an important policy focus of the government, with a current consultation on halving the employment rate gap between disabled and non-disabled people. As the Resolution Foundation has noted, increasing employment for disabled people is central to the government's aim of full employment.⁴

Employment

Figure 13 presents data on the labour market status of working-age disabled and non-disabled people. It shows that 39% of disabled people are employees, and a further 7% are self-employed, giving an employment rate of 46%. This is 34 percentage points below the employment rate of non-disabled people, 69% of whom are employees and 11% are self-employed.

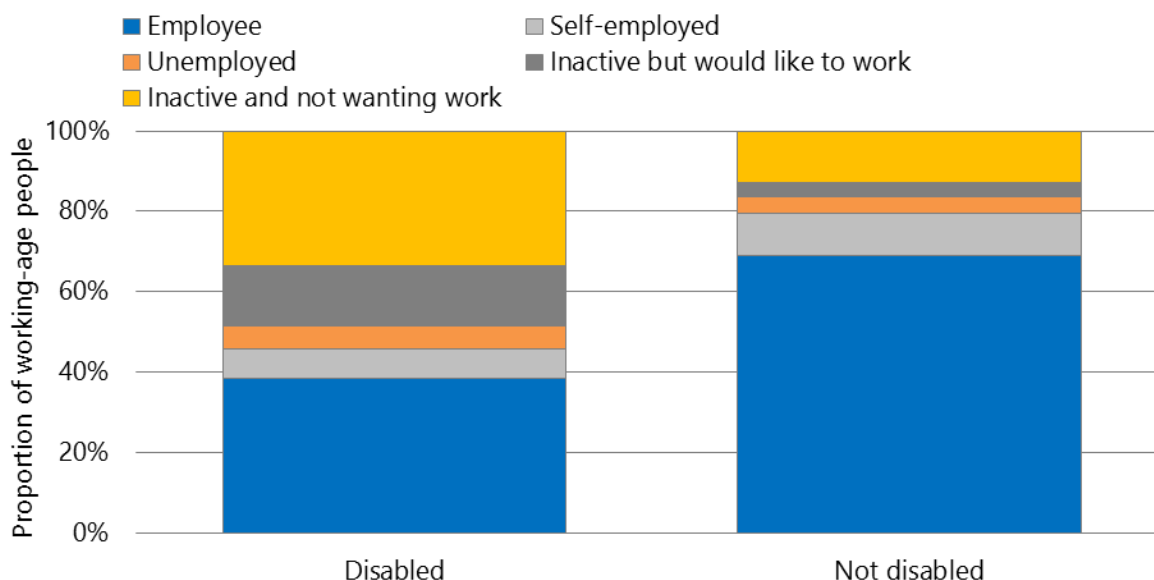
Among disabled people, around one in five (21%) want to work but do not have any work: 6% are unemployed and 15% are economically inactive but would like to work. Among non-disabled people, the figure is 8%, half of whom are unemployed and half are inactive but wanting to work.

Much of the difference in employment rates is explained by those who are inactive and would not like to work, which is the case for just over a third of working-age disabled people (34%), and only 13% of non-disabled people.

Looking only at people in work, 65% of disabled workers are full time, compared with 76% of non-disabled workers. Also, disabled people in work are slightly more likely to be self-employed (16% compared with 13%).

⁴ Gregg, P. and Gardner, L. (2016) *The road to full employment: what the journey looks like and how to make progress*, London: The Resolution Foundation.

Figure 13: People aged 16 to 64 by disability and labour market status



Notes: Disability definition used: Equality Act. ILO = International Labour Organization.

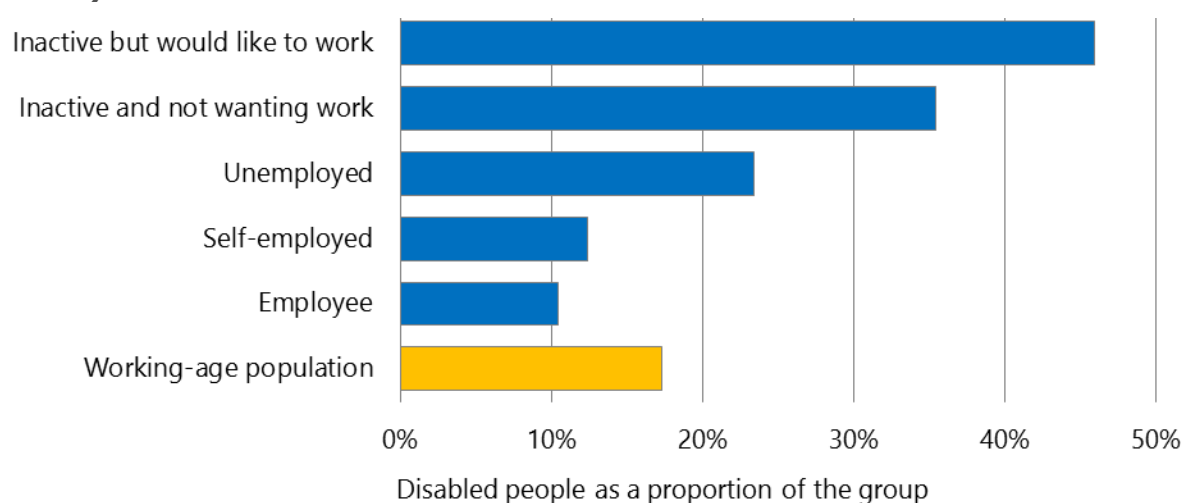
Source: Labour Force Survey, 2015

Figure 14 looks at this from a different perspective. Disabled people are heavily over-represented given their population share in many of the aspects of worklessness. Of the working-age population, 17% are disabled. However, 23% of all unemployed people are disabled, as are nearly half of those who are economically inactive but would like to work (46%). Consequently, disabled people are under-represented among employees and self-employed people.

This highlights that any efforts to further increase the employment rate beyond those already looking for it and ready to start, must involve disabled people, given that they make up 46% of those who are inactive but would like to work – although a majority of these may not be in a position to work given their impairments. This has been a policy focus, through a combination of premiums on tax credits and increasing conditionality in the social security system. However, Gregg and Finch (2016) note that this has not been as successful as it was for lone parents.⁵ This may reflect that the problem is less about the ‘activation’ of disabled people, and more to do with the additional barriers and costs of working with a limiting condition.

⁵ Gregg, P. and Finch, D. (2016), *Employing new tactics: the changing distribution of work across British households*, London: Resolution Foundation, p 30.

Figure 14: Labour market status by share of disabled people (aged 16 to 64)



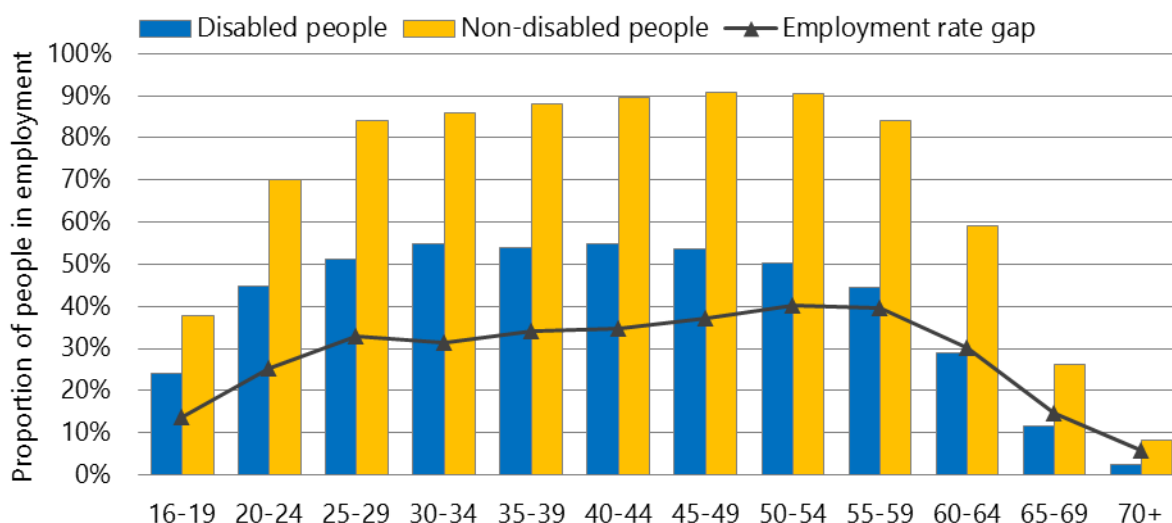
Notes: Disability definition used: Equality Act. ILO = International Labour Organization.

Source: Labour Force Survey, 2015

Employment rates vary across age groups. Figure 15 presents data on these rates by disability and age group. The employment rate is higher for non-disabled people in every age group, and reaches much higher rates overall: peaking at around 90% in some age groups, whereas the highest the employment rate for disabled people hits is 55%.

As shown in Figure 15, the employment rate gap also varies across age groups. There are several dimensions to this. The gap is lowest for the youngest and oldest adults. This is probably because these groups are less likely to be involved in the labour market, due to either full-time education or retirement. The middle age range is of more interest. Between the ages of 25 and 59, the employment rate gap is lowest at 30 to 34 years of age, when the employment rate for disabled people is 30 percentage points lower than that for non-disabled people. The gap then grows for every subsequent age group until it peaks at 40 percentage points for 50- to 54-year-olds. In arithmetic terms, this is because the employment rate for disabled people has already peaked at 30 to 34, whereas it continues to rise for non-disabled people. The proportion of people who are disabled is also increasing across this age range.

Figure 15: Employment rates by disability and age group, and the employment rate gap

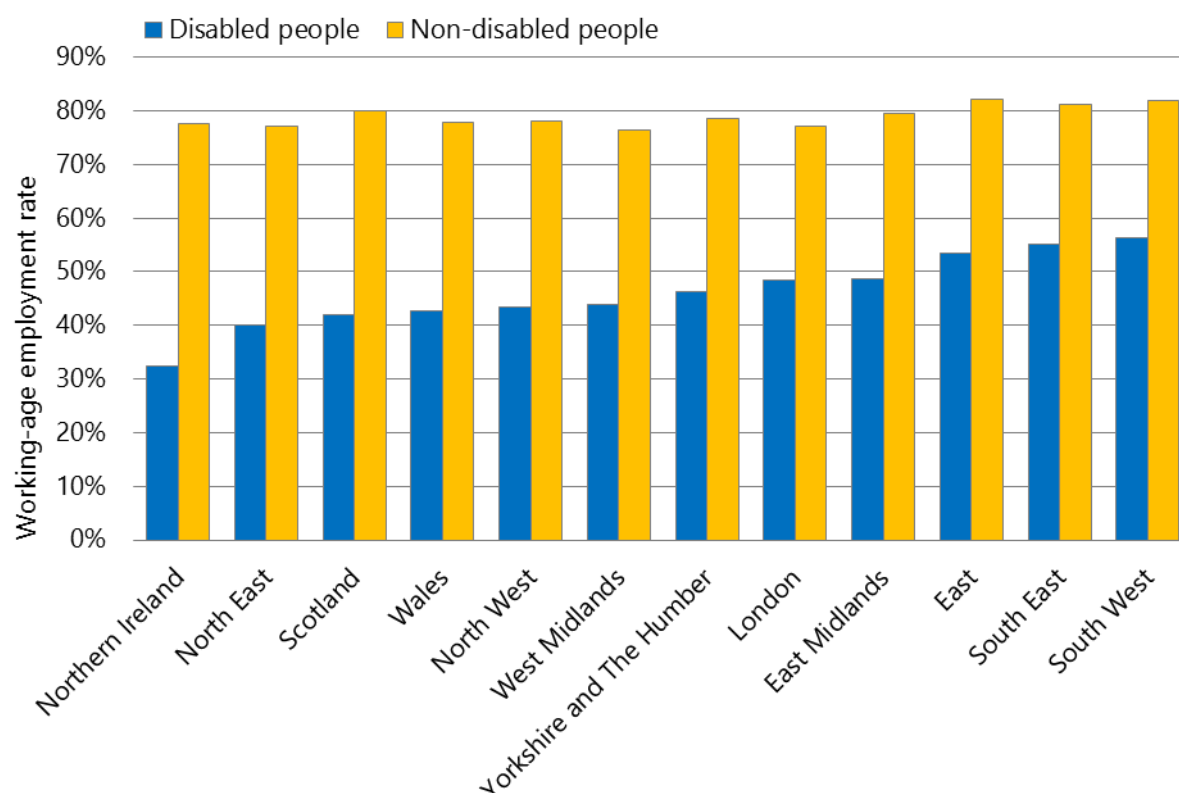


Note: Disability definition used: Equality Act.
 Source: Labour Force Survey, 2015

This could reflect several problems. First, conditions may be on average more severe or work-limiting in older age groups. The employment rate gap therefore grows because conditions are more severe, making remaining in or returning to work more difficult. Second, the onset or worsening of disability in the older working-age groups means that early retirement is a more plausible option. Third, it may also be more difficult to re-enter the labour market or be retained after a spell of illness or disability as a result of employer attitudes.

Another important part of the picture on employment for disabled people is geographical variation, as shown in Figure 16, which shows the working-age employment rates for disabled and non-disabled people in each region of the UK. What is striking is the relative lack of variation in the employment rates for non-disabled people. The difference between the highest employment rate (East of England) and the lowest (the West Midlands) is six percentage points. The difference between the highest employment rate for disabled people (the South West) and the lowest (Northern Ireland) is 24 percentage points, four times larger. Even excluding Northern Ireland as an outlier, the gap is 16 percentage points.

Figure 16: Regional variation in employment by disability



Note: Disability definition used: Equality Act.
Source: Annual Population Survey via NOMIS

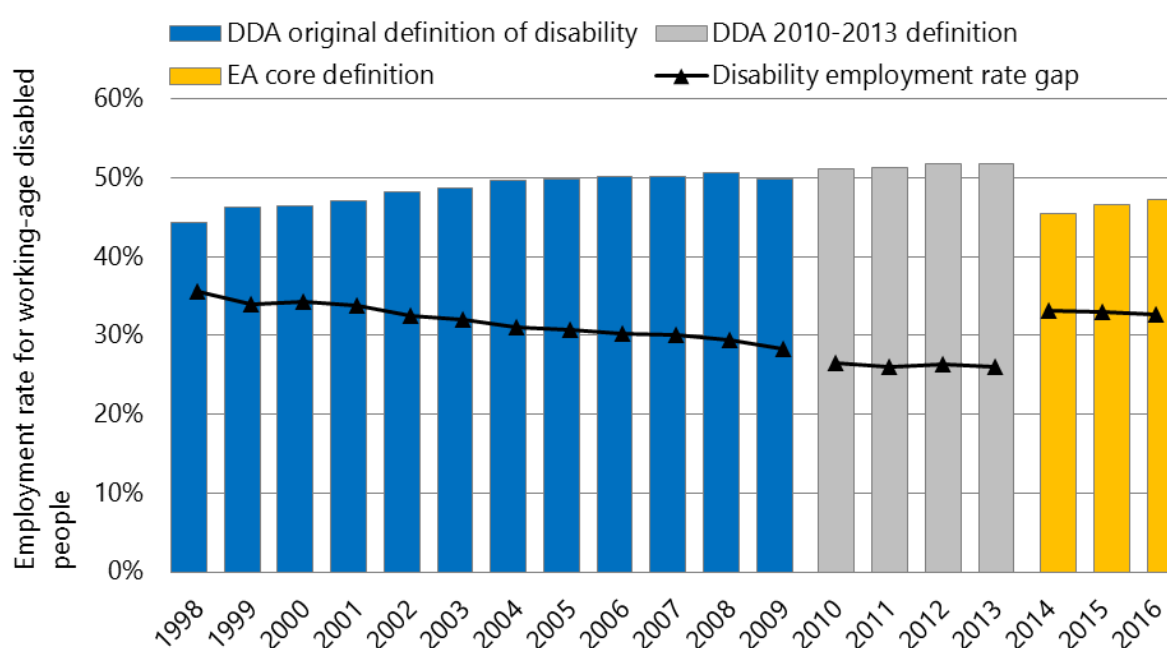
The implication of this is that the employment rate for disabled people in Northern Ireland and a few other regions is so low that it suggests the possibility that there could be 'low-hanging fruit', whereby a few changes could produce reasonably large wins in increasing the employment of disabled people. The fact that over half of disabled people are employed in some regions means that there should be scope for large increases in regions far behind, given that their overall employment rates are similar.

However, there will be limits to this as well. There is a strong negative correlation between regional employment rates and the share of disabled people who have a work-limiting condition (-0.9), meaning that in regions where more disabled people have a work-limiting condition and therefore less able to work, the employment rate for disabled people is lower. This might explain some of the variation in employment rates for disabled people between regions.

One of the more difficult questions to answer is: What has happened to the employment rate for disabled people over time? This is because there have been two substantial changes to the definition of disability in the last number of years that prevent a robust answer (see Appendix 3). The picture from the data is that under

the first consistent Disability Discrimination Act definition, which applied between 1998 and 2009, the employment rate for disabled people rose sharply up to 2004 and was consistent with a falling employment rate gap from 36 percentage points to 28. There was no change in the employment rate gap during the period covered by the second Disability Discrimination Act definition between 2010 and 2013. Apart from an increase when a new Equality Act definition was introduced in 2014, there was also no obvious change between 2014 and 2016. Although it cannot be definitely stated, it seems that there has been no recent change in the disability employment gap.

Figure 17: How employment rates for working-age disabled people have changed over time



Source: Labour Force Survey, 2015

However, there is also a question over whether there was really a fall in the employment rate gap between 1998 and 2009. Baumberg Geiger *et al* call the definition of disability used at that time ‘fragile’.⁶ This is because other surveys that look at disability and employment have not shown the same trends over that time period.

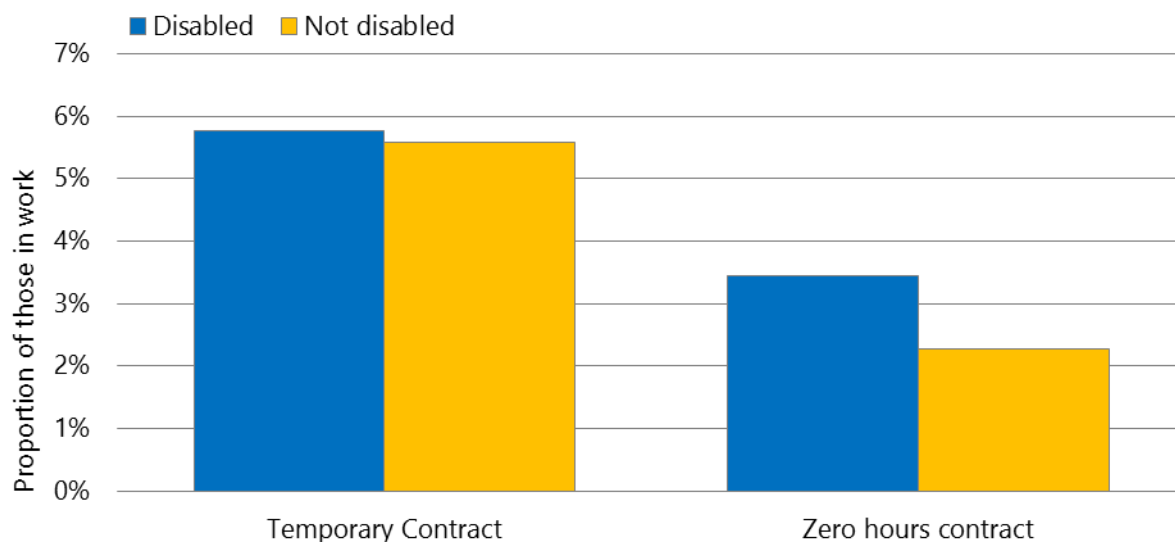
Levels and types of employment are only one aspect of the way disabled people interact with the labour market. Some measure of the security of employment is also

⁶ Baumberg Geiger, B., Jones, M. and Wass, V.(2016) *The flaws of existing measures of the disability employment gap – and how to correct them*, Evidence for the Department of Work and Pensions Disability Employment Gap Inquiry, London: House of Commons.

important. Figure 18 shows two measures of employment that can be considered 'less' secure on average:

- temporary contracts
- zero-hours contracts that do not guarantee a number of hours of work each week.

Figure 18: The security of employment for disabled people



Note: Disability definition used: Equality Act.

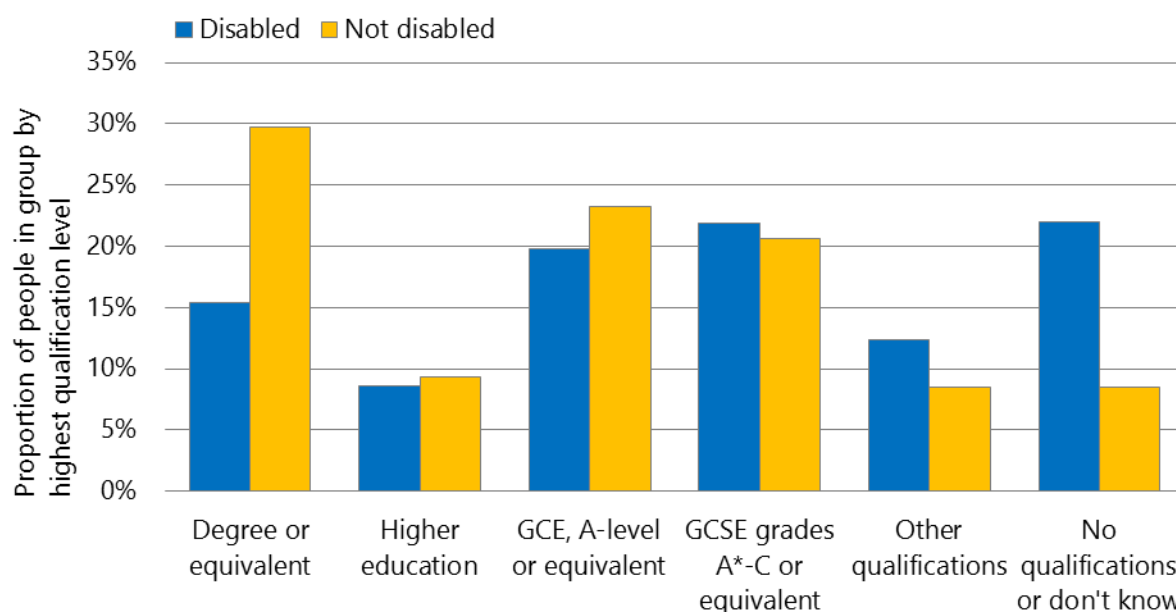
Source: Labour Force Survey, 2015

Disabled people in employment are about as likely as non-disabled people to be employed on a temporary contract: 5.8% compared with 5.6%. They are slightly more likely to be employed on a zero-hours contract: 3.4% compared with 2.3%. This could be interpreted in a more positive way: zero-hours contracts offer some degree of flexibility to the worker as well as the employer, which could be useful for those with, for example, conditions that fluctuate.

Skills and qualifications

This subsection looks at disabled people and qualifications, which are often used as a proxy measure for skills. These are important for employment and pay prospects, as well as for progression in these areas. Disabled people tend to have lower levels of qualifications, as shown in Figure 19. The main differences are for those with the highest qualifications and those with no qualifications.

Figure 19: Qualifications and disability

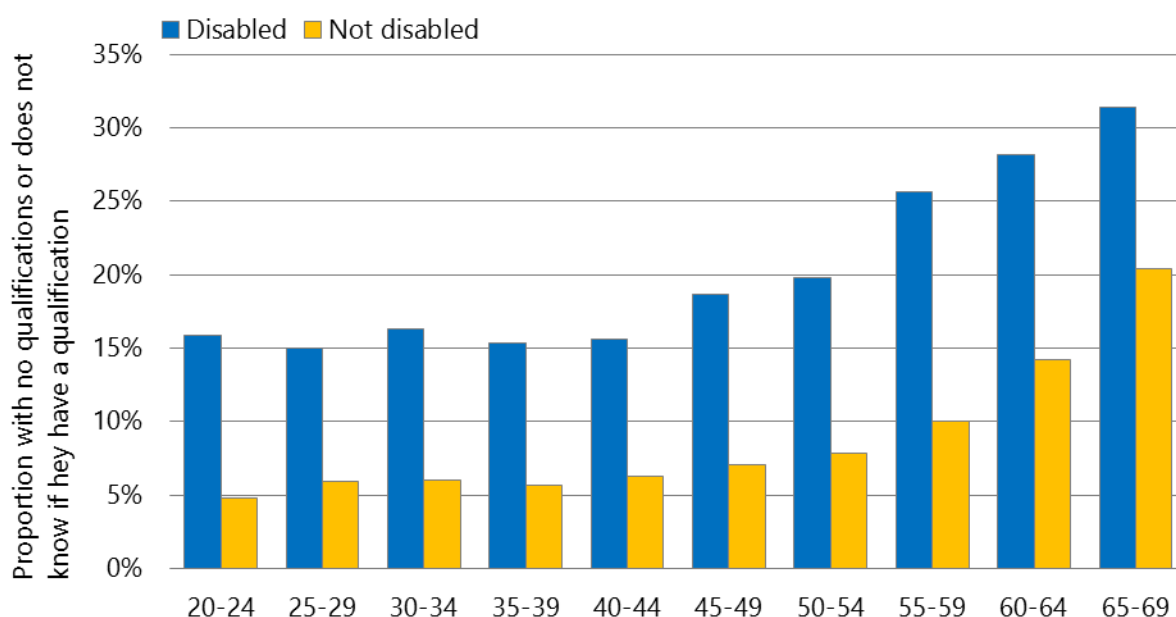


Notes: Disability definition used: Equality Act. GCE = General Certificate of Education. GCSE = General Certificate of Secondary Education.
Source: Labour Force Survey, 2015

At the highest end of the spectrum, around 30% of non-disabled people have a degree or equivalent, twice as high as the proportion of disabled people. At the lowest end, over a fifth of disabled people have no qualifications or do not know if they have qualifications, more than twice as high as the number of non-disabled people.

This 'skills gap' is not merely an artefact of the older age profile of disabled people (older people have lower levels of qualifications than younger people). Figure 20 looks at the proportion of disabled and non-disabled people with no qualifications by age band. The proportion with no qualifications increases with age for both disabled and non-disabled people (the youngest age group has been excluded as they are still acquiring qualifications). At each age band, however, disabled people are much more likely to lack qualifications, for example: 16% of disabled 20- to 24-year-olds compared with 5% of non-disabled people from this age group.

Figure 20: No qualifications by age



Note: Disability definition used: Equality Act.

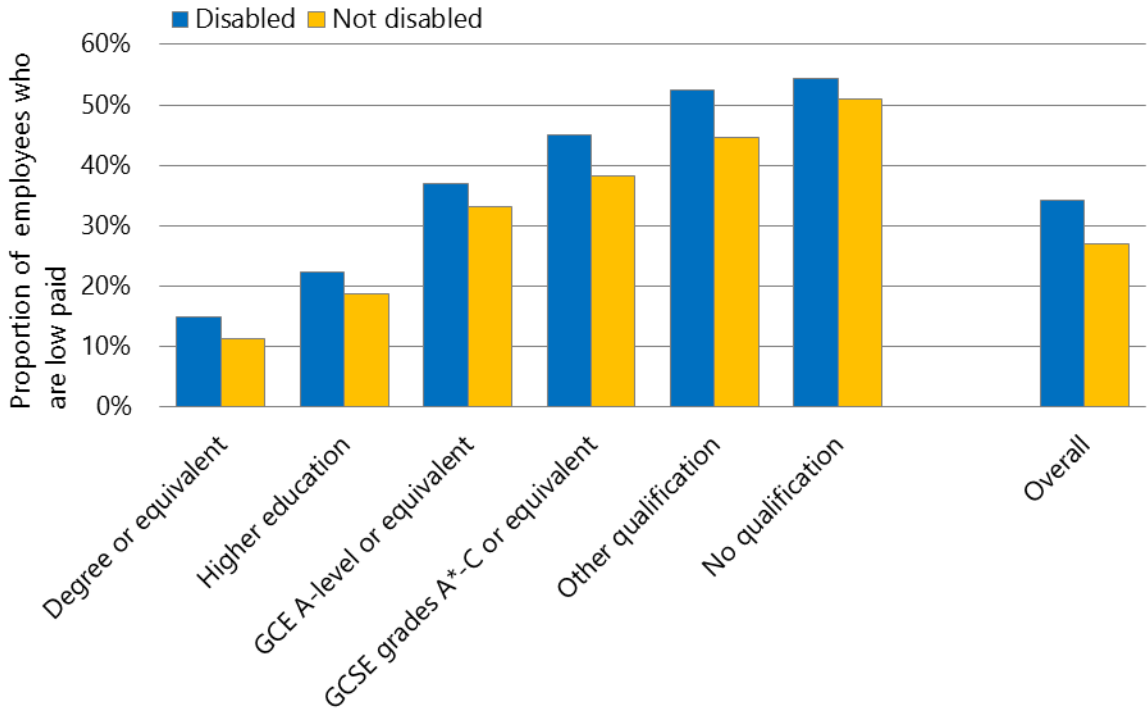
Source: Labour Force Survey, 2015

The skills gap is fairly similar across most regions of the UK. There are some exceptions, however. The gap is much larger in London, even though disabled people in London are more likely to have a degree or equivalent than disabled people anywhere else in the UK. The gap is smallest in the South West.

Leaving aside the lower average qualification levels for disabled people, disabled people still face additional disadvantages. Figure 21 shows that the proportion of disabled employees who are low paid (measured as below two-thirds of the median UK hourly wage) is higher than the proportion of non-disabled employees who are low paid, at each level of qualification as well as overall. On these figures, 34% of disabled employees are low paid, compared with 27% of non-disabled employees. One caveat is that these pay figures come from the Labour Force Survey rather than the more reliable Annual Survey of Hours and Earnings, as the latter does not contain demographic information. As such, they overstate the levels of low pay, but the interest here is primarily in the patterns between groups.

As would be expected, lower levels of qualifications are consistent with lower levels of low pay. But disabled people face an additional disadvantage even at the same levels of qualification.

Figure 21: Low pay by qualification level



Notes: Disability definition used: Equality Act. GCE = General Certificate of Education. GCSE = General Certificate of Secondary Education.
 Source: Labour Force Survey, 2015

5. Social security

Introduction

Supporting people with reduced capacity for work, whether for health- or age-related reasons, is an important function of the social security system. In 2014/15, 2.5 million people were in receipt of incapacity-related benefits and 4.8 million people were claiming 'extra costs' disability benefits, designed to cover the additional costs that are incurred by disabled people.⁷

This section briefly examines how disabled people interact with the social security system, focusing on their exposure to benefit sanctions and the conditionality regime and how the value of benefits for this group has changed over time.

How has the social security policy context evolved for disabled people in the last five or six years?

In recent years, wide-ranging reforms have sought to restructure the way that the social security system supports disabled people in the UK. Adjustments to administrative definitions and eligibility criteria have featured strongly but there have also been some cuts to the amount received by people claiming disability benefits, both directly (for example by freezing or reducing benefit premiums) and indirectly (for example by including families receiving some types of disability benefits in the benefit cap). These cuts tend to have been targeted at working-age people deemed likely to have some capacity for work-related activities. This review of the policy context focuses on reform to incapacity-related benefits (Incapacity Benefit and Employment and Support Allowance) and to 'extra costs' disability benefits (Disability Living Allowance and Personal Independence Payment).

From Incapacity Benefit to Employment and Support Allowance

Among those reforms that have sought to effect changes to the structure of benefits, the switch from Incapacity Benefit to Employment and Support Allowance (ESA) is a key example. ESA, which began to replace Incapacity Benefit in 2010, changed the assessment process and altered the conditions and circumstances that attract higher payments. Under Incapacity Benefit, higher payments were made depending on the time that someone had been ill for and the age at which they were affected by their condition. ESA removed some of these distinctions, instead offering higher payments for people assessed as having no capacity for work or work-related activity.

⁷ Department for Work and Pensions (2015) *Autumn Statement 2015: expenditure and caseload forecasts*, London: DWP.

In addition to these structural changes, there have also been cuts in the amount of money that people can claim through disability benefits. Direct cuts to disability benefits have been targeted at people of working age who have been assessed as having the potential to return to work. The most significant example of this was the government's announcement that people placed in the work-related activity group on ESA would see their payment rates aligned with those on Jobseeker's Allowance from early 2017.

The change represents a £30 cut in the amount of benefit paid, and will apply to claims made from April 2017. The government also intends to remove the relevant component in Universal Credit so the cut may be passed on to people as their ESA claims are passed over to Universal Credit.

Other cuts and limits on the amount available to support disabled people have also been targeted at people in receipt of the work-related activity component of ESA:

- Workless households that contain someone in the work-related activity group are subject to a limit on the amount that can be claimed in benefits. In February 2016, 3,200 of the 20,200 households that were subject to the benefit cap (16%) contained someone claiming ESA.⁸
- In addition, the base rate for ESA is subject to the four-year freeze that was applied to working-age benefits from 2015. This will mean the loss of a small amount of money each week for all those on ESA. The additional component that is paid to those in the support group of ESA was exempt from this freeze.
- Finally, this group is subject to work-related activity requirements and other elements of conditionality. Those who do not exhibit the required behaviours are subject to sanctions. This is covered in further detail below.

From Disability Living Allowance to Personal Independence Payment

The Personal Independence Payment (PIP) is replacing Disability Living Allowance (DLA) for people of working age, with new claims having been assessed for PIP from April 2013 and reassessments due for completion in late 2017. The number of people claiming PIP is expected to rise in Great Britain from 692,000 in January 2016 to 2.5 million by 2020/21.⁹ The move from DLA to PIP may see a reduction in the 'extra costs' disability benefits caseload by 20 to 30%, with campaigners worried that these cuts to expenditure will exacerbate the links between disability and poverty.

⁸ Department for Work and Pensions (2016) *Benefit cap quarterly statistics: GB households capped to February 2016*, London: DWP.

⁹ Department for Work and Pensions (2016) *Benefit expenditure and caseload tables 2016*, London: DWP; Department for Work and Pensions (2016) *Personal Independence Payment: official statistics to January 2016*, London: DWP.

Like DLA, PIP is neither means-tested nor taxable, but only applies to working-age claimants who would have formerly claimed for DLA. It contains a ‘mobility’ and a ‘daily living’ component, each with a standard and an enhanced rate depending on the severity of the claimant’s impairment and resultant effect on their capacity to live independently. Changes to eligibility criteria from DLA may result in certain individuals missing out on PIP when they need help, with campaigners raising concerns about support needs such as night-time assistance being missed by the criteria.

In one example of how eligibility will affect some people in particularly adverse ways, to qualify for the enhanced rate of the mobility component of PIP, individuals must not be able to move short distances of more than 20 metres, a reduction from 50 metres in earlier drafts of the PIP legislation, meaning that it is more difficult to qualify. Many people on the higher rate of the mobility component of DLA could miss out on the enhanced rate of PIP. Users of the Motability scheme would lose their adapted vehicles as a result of this.

Meanwhile, administrative changes, including using two different subcontractors for different regions, have resulted in a huge backlog of claims being processed. In January 2016, clearance for new claims was on average 13 weeks.¹⁰ Not long before in August 2015, Citizens Advice announced that PIP had overtaken ESA as the most common problem people coming to them were having.¹¹

How many and what proportion of disabled people are sanctioned for Jobseeker’s Allowance or ESA? Has this worsened?

In 2015, 200,000 sanction referrals were made that affected people with a health condition or disability. These referrals were for people who were claiming either Jobseeker’s Allowance¹² (JSA) or ESA. Both of these benefits require people to comply with particular conditions or patterns of behaviour in order to claim.¹³ Where people are judged to have failed to meet these conditions, benefit sanctions may be applied.¹⁴

The JSA sanction regime has the biggest impact on people who have a health condition or disability. In 2015, approximately 81,000 referrals resulted in a sanction being applied to people with a health condition or disability. Eighty per cent of the

¹⁰ Department for Work and Pensions (2016) *Personal Independence Payment: official statistics to January 2016*, London: DWP.

¹¹ Citizens Advice (2015), ‘PIP failures are risking people’s ability to live independently, says Citizens Advice’, press release, 16 August.

¹² Disability status is self-reported.

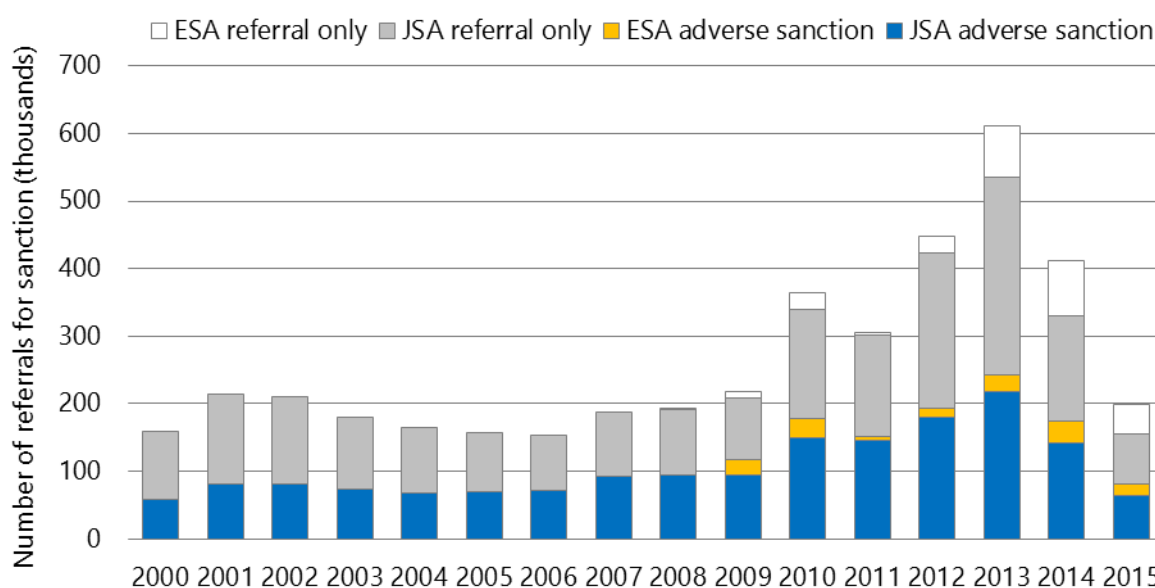
¹³ Sanctions can only be applied to people in the work-related activity group.

¹⁴ Not all sanction referrals result in a person receiving a sanction. For example, some will not be applied after a claimant has appealed the referral, or the referral may be cancelled.

sanctions were applied to people on JSA and 16,000 sanctions were applied to people who were in the work-related activity group on ESA.

Figure 22 shows how the number of adverse sanction referrals for people with a health condition or disability on JSA and ESA has changed over time. The overall number of sanction referrals peaked in 2013 when 610,000 referrals were made. The subsequent fall was driven largely by a fall in sanctions applied to people on JSA; sanction referrals for ESA actually peaked a year later in 2014. The recent overall fall in referrals means that the total number of sanction referrals in 2015 was just a third of the size it was in 2013.

Figure 22: Sanction referrals by benefit and disability status



Note: Disability definition used: self-reported.

Source: Tabulation Tool, DWP

How has the long-term value of disability benefits changed?

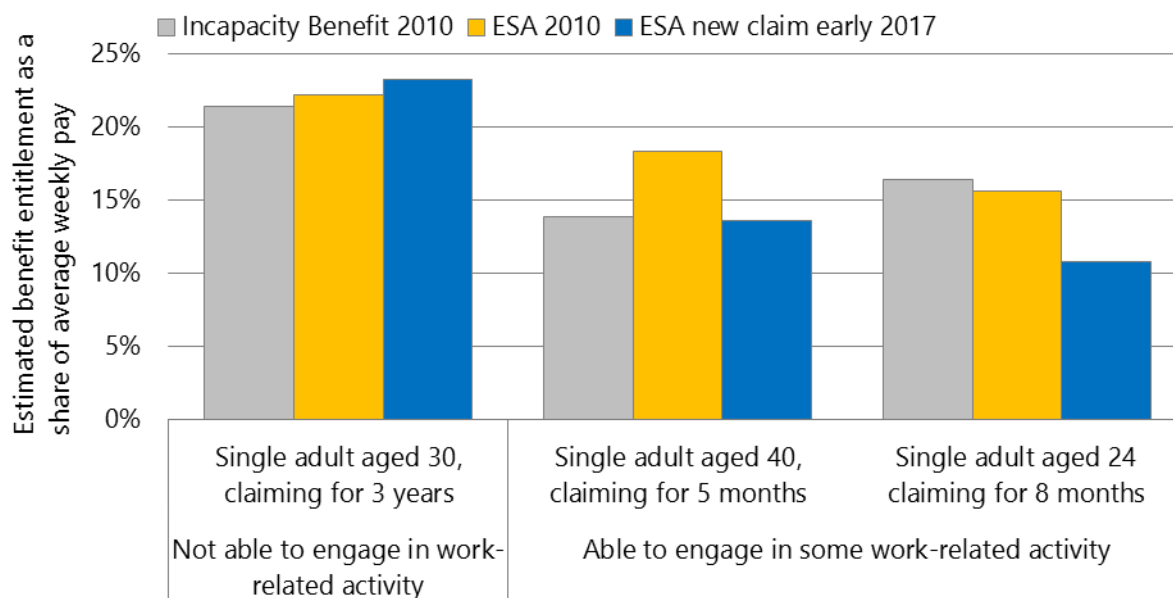
Changes in eligibility have made assessing whether the benefits paid to disabled people have become more or less generous a difficult task. When compared with earnings, disability benefits in the UK have fallen from around a quarter of average earnings to 15% due to price uprating since the 1980s.¹⁵

We can also disaggregate data and look at how reform to disability benefits affects different groups due to their individual and family circumstances. Figure 23 compares calculated entitlement to incapacity benefits for a single person claiming

¹⁵ Banks, J., Blundell, R. and Emmerson, C. (2015) *Disability benefit receipt and reform: reconciling trends in the United Kingdom*, IFS Working Paper W15/09, London: Institute for Fiscal Studies.

Incapacity Benefit in 2010 compared with someone on ESA in 2010 and a new ESA claimant in early 2017.

Figure 23: Examples of the generosity of incapacity benefits over time



Source: NPI calculations

A single person aged 40, claiming for five months and able to engage in some work-related activity, would have been better off on ESA in 2010 than on Incapacity Benefit in that year. However, they would be worse off as a new claimant in early 2017 than claiming ESA in 2010 following the alignment of payment rates in the JSA work-related activity group. For someone in the support group, the cut to the work-related activity component of ESA will have no effect, so new claimants in 2017 would be slightly better off than in 2010.

What impact will the roll-out of Universal Credit have for disabled people?

Universal Credit has introduced a number of changes that directly affect some disabled people. It:

- reduces the disabled child addition to half its size under the current system
- removes altogether the Severe Disability Premium that some JSA and Income Support claimants are entitled to
- has no equivalent to the disability element in Working Tax Credit.

A number of charities have expressed concerns that these changes will create hardship, although the government argues that the total level of funding for disabled

people has been maintained due to an increase in generosity for the ESA support element equivalent under Universal Credit.¹⁶

Recent analysis by the Resolution Foundation estimates that 10% of families with a disability or caring responsibilities would be net winners under Universal Credit, whereas nearly a quarter would be net losers.¹⁷ This likely reflects the specific changes that affect disabled people mentioned above. Of those losing income, around 10% would lose more than 5% of their income, although this is subject to transitional protection. Since this analysis, there have been further changes to Universal Credit, which may impact disabled people indirectly, such as a reduction of work allowances.

¹⁶ Citizens Advice Bureau (2012) *Disability and Universal Credit*, London: Citizens Advice Bureau.

¹⁷ Alakeson, V., Brewer, M. and Finch, D. (2015) *Credit where it's due? Assessing the benefits and risks of Universal Credit*, London: Resolution Foundation.

6. Disability and social exclusion

Introduction

Anyone can be excluded from various forms of social, cultural, economic and even political activity, for instance on the basis of a lack of income or discrimination. But physical and mental health impairments can also limit an individual's participation in such activities, as well as potentially that of family members or carers. In this section, we only focus on barriers to people who themselves have impairments.

Barriers to participation extend to a range of arenas of social and economic life, including one's own and other people's homes, public transport, workplaces, educational institutions, and buildings such as museums and leisure centres. Barriers may be physical, technological, social or psychological. Making a change that addresses one barrier may not remove other key barriers faced by some or all. For instance, discrimination may limit a physically disabled person's access to services or work, even if buildings have disabled access. Moreover, different barriers will be faced by people with different impairments. While an underground station may have lifts that provide for people with a mobility impairment, there may be people who will not enter the station due to anxiety related to a mental health condition.

Social, cultural and economic participation

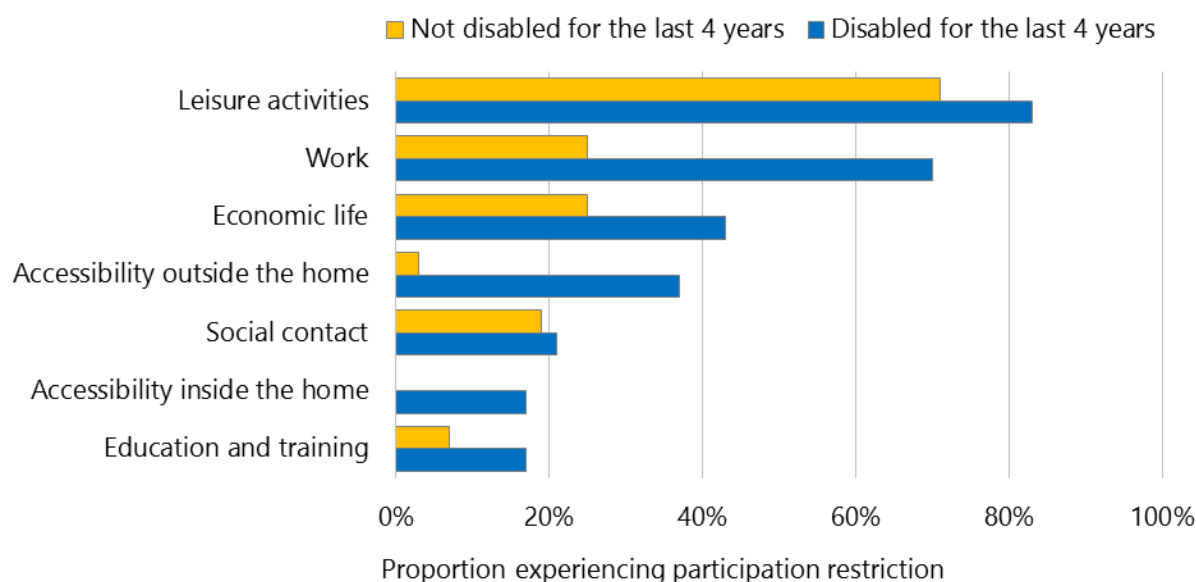
Using data from the Office for National Statistics' Life Opportunities Survey,¹⁸ Figure 24 shows the effect of being disabled for several years on exclusion, by comparing the rate at which people who had had at least one impairment for four years experienced a restriction to participation in various social or economic activities, with the rate for people who had had no impairments in this period. In each case, people with impairments were more likely to be restricted than people without impairments, although this is not to say that the latter did not face restrictions.

People with ongoing impairments were significantly more likely to be restricted in terms of working, with 70% reporting a restriction compared with one quarter of people with no impairments in the four-year period. Paying bills was also significantly more of a problem for households with at least one person with ongoing impairments, with 43% reporting restrictions compared with households where no one had had impairments during the four years. People with ongoing impairments

¹⁸ The Office for National Statistics' Life Opportunities Survey (LOS) does not use the Equality Act definition of disability, but counts people with impairments. The LOS is a longitudinal survey with three waves. In Wave 3, people are counted as (i) having at least one impairment in both Wave 1 (2009-11) and Wave 3 (2012-14), (ii) having no impairments in either Wave 1 or 3, (iii) having no impairment in Wave 1 but at least one impairment in Wave 3 (the 'onset' group) or (iv) having at least one impairment in Wave 1 but none in Wave 3 (the 'offset' group). Figure 24 compares (i) and (ii), while Figure 25 compares (iii) and (iv).

also experienced problems with accessibility inside (17%) and outside the home (37%).

Figure 24: Proportion of people experiencing barriers to social and economic participation



Note: Disability definition used: impairment.

Source: Life Opportunities Survey, Waves 1-3, 2009-14

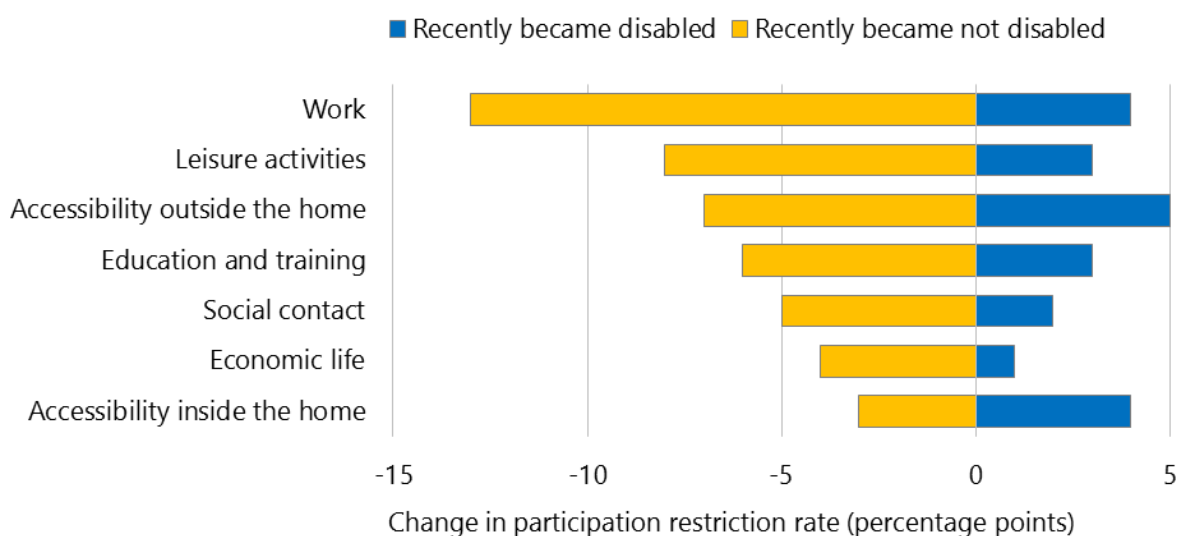
The majority of both groups experienced a restriction in the case of leisure activities, with 71% of people with no impairments for the four years and 83% of people with ongoing impairments restricted. While the numbers are high for both groups, the underlying patterns in terms of leisure activities and barriers reveal differences. While restrictions to going on holiday was most commonly reported by both groups, the group with ongoing impairments were more likely to feel restricted in being able to visit friends or spend time with family members. Even when the numbers are not very different, as with playing sport, the reasons may be. The majority of the group with no impairments for the four years who reported a restriction to playing sport said being too busy or not having enough time was the greatest barrier they faced, while less than one in ten people with ongoing impairments reporting a restriction to playing sport gave this reason.¹⁹

¹⁹ Office for National Statistics (2015) *Life Opportunities Survey: wave three, final report, October 2012 to September 2014*, Chapter 4 – ‘Participation restrictions’, Figures 4.5, 4.8, 4.9 and 4.12, Newport: Office for National Statistics.

What is the effect of moving to or from having impairments?

Another way of looking at the effect of impairments on exclusion is to examine the effect of transitioning from having one or more impairments to not having any and *vice versa*. Figure 25 shows the change in the rate of restrictions over four years for the group of people who had impairments at the beginning of the four-year period but not at the end of it, and *vice versa*.

Figure 25: The impact of becoming disabled or not disabled on participation



Note: Disability definition used: impairment.

Source: Life Opportunities Survey, waves 1-3, 2009-2014

Those who recently had impairments but no longer did were less restricted in all areas than four years previously. This was especially the case for work, followed by leisure activities. The group who had acquired one or more impairments were more likely than four years previously to face restrictions in all areas. This was especially the case for accessibility both inside and outside the home, and for work.

Political and civic participation

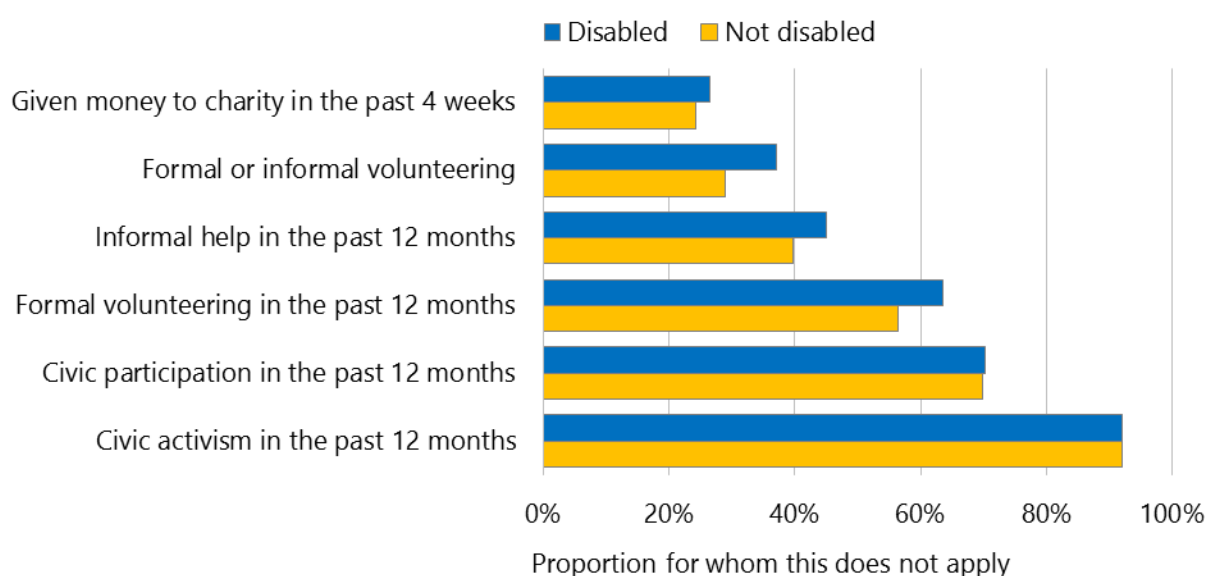
A 2014 government report on voter registration and turnout found that disabled people were one of the groups for whom low levels of registration and turnout were a significant problem.²⁰ Evidence supplied to the House of Commons Select Committee noted barriers to accessing voting booths for wheelchair users and

²⁰ House of Commons Political and Constitutional Reform Committee (2014) *Voter engagement in the UK: fourth report of session 2014–15*, London: The Stationery Office.

barriers to registration for people with sight impairments and people with learning disabilities.²¹

Participating in elections is not the only way in which people can participate politically and in civic life. It is also not the only area of civic life in which disabled people may experience additional barriers compared with non-disabled people. Drawing on the Community Life Survey, Figure 26 illustrates differences between disabled and non-disabled people in some of these areas.

Figure 26: Levels of civic participation by disability



Source: Community Life Survey, 2014-15

A similar proportion of disabled and non-disabled people reported being engaged in civic activism or civic participation in the previous 12 months. The gap in participation between disabled and non-disabled people opens up more in more common civic activities such as formal and informal volunteering, with 37% of disabled people not being involved in any form of formal or informal volunteering compared with 29% of non-disabled people.

However, Figure 26 also shows that the gaps are not huge, and that it is not just disabled people who do not engage in political and civic activities. Moreover, it is not the case that not engaging in some activities is necessarily because of a barrier. People may simply choose not to engage in certain activities.

²¹ Political and Constitutional Reform Select Committee (2014) 'Voter engagement in the UK', 14 November, www.publications.parliament.uk/pa/cm201415/cmselect/cmpolcon/232/23207.htm

7. Conclusions

Disability plays a major role in the current levels of poverty in the UK. Large reductions in the number of people in poverty cannot be achieved without reducing poverty for disabled people and their families.

Current government policy has two main focuses for reducing poverty for disabled people: halving the employment rate gap and refocusing support towards ‘those in most need’. The analysis in this report has implications for both of these. To reduce poverty meaningfully, the skills gap must be closed alongside the employment rate gap. Low pay among disabled people must also be tackled.

At the same time, a focus on employment alone is inadequate. High poverty rates among disabled renters, both social and private, suggest that the housing market is also not working for everyone.

The higher levels of material deprivation for all disabled people, including those not receiving disability costs benefits, also raise questions about the success of the social security system in mitigating these extra costs.

Efforts to reduce poverty must focus on the problems faced by disabled people, as well as involving disabled people themselves.

Poverty

The first reason why disabled people must be at the centre of poverty reduction is scale. Of all people in poverty, 28% are disabled, and a further 20% of people in poverty live in a household with a disabled person. In making up nearly half of those in poverty, the scale of disability in poverty is comparable in size to in-work poverty, a more headline-grabbing phenomenon.

The second reason is to do with the proportion of disabled people in poverty. Disabled people have a higher poverty rate than the average, and this is even clearer once the effects of disability benefits are accounted for. Furthermore, within the disabled population, there are even higher-risk groups, for example, two-thirds of working-age single disabled people are in poverty and more than half of disabled renters are in poverty. These groups have rarely been the focus of much direct policy attention.

The labour market and the social security system

Disabled people face much worse outcomes in the labour market, despite large proportions who would like to work. This varies across the UK: disabled people in Northern Ireland are much less likely to be in employment than those in the South West of England. This is likely a combination of societal and workplace barriers,

although there also remains a 'skills gap' between disabled and non-disabled people. An additional disadvantage is that, even with the same levels of qualification, disabled people are still more likely to be in low-paid employment than non-disabled people.

The social security system has not been working well for disabled people. Problems with both design and implementation have contributed to this, even if some disabled people may now receive more support. Universal Credit, which produces more losers than winners among disabled people, is unlikely to help this scenario.

Social exclusion

There is finally the issue of social exclusion, with disabled people reporting participation barriers more frequently across a range of life activities.

Approaches to reducing poverty for disabled people

Together, these issues pose a set of problems to be resolved, although also opportunities in harnessing the talents and skills of disabled people. These problems can be approached in two main ways:

Increasing resources

- The increasingly conditional and assessment-based nature of the social security system may be discouraging for those needing support. Income maximisation programmes targeted at disabled people to increase uptake could be designed and implemented at local or devolved levels of government.
- The UK government has made clear its ambition to halve the disability employment gap. This analysis makes clear that there are considerable differences across the regions of the UK – are there lessons in best practice for access and support at work that we can take from employers and local government in some areas?
- There has been a strong policy focus in getting disabled people on benefits into work. Recent analysis by the Resolution Foundation suggests that this approach is inadequate and instead support should focus on keeping disabled people in employment.²²
- There are substantial skills gaps between disabled and non-disabled people, even allowing for the older age profile of disabled people. The importance of skills in enhancing life chances should make closing this gap a priority.

²² Gardiner, L. and Gaffney, D. (2016) *Retention deficit: a new approach to boosting employment for people with health problems and disabilities*, London: Resolution Foundation.

- Another important dimension of this is monitoring. The definitions used to capture disability in labour surveys cannot be changed again without jettisoning any understanding of whether progress is being made.
- The number of disabled people being sanctioned has fallen, as has the proportion. However, sanctioning under JSA is still on average harsher than before 2012. There is also the question of whether sanctioning is appropriate at all for disabled people. The Social Market Foundation has proposed an investigation into the greater use of incentives to encourage disabled people into work, as well as separating conditionality from benefit entitlement.²³ These seem like positive steps to reduce the punitive elements of the social security system.
- There is also the question of how disabled people's roles as carers and volunteers might be better acknowledged, rewarded or supported through the social security system.

Reducing costs

- Higher costs are a substantial part of the poverty problem for disabled people. Evidence in this report has shown that disabled people face higher levels of material deprivation than non-disabled people with the same income levels, even if they receive a benefit designed to meet the extra costs of disability. This raises questions about the adequacy of extra costs benefits.
- High poverty rates among disabled renters, in both the private and social sectors, should be reviewed.
- Our previous research highlights various cases where specific markets, such as insurance, have failed disabled people.²⁴ Correcting these market failures would act to reduce costs.
- A recent House of Lords report into the Equality Act 2010 found repeated problems in the implementation of the measures set out in the legislation, dating back to the Disability Discrimination Act 1995.²⁵ It also found that disability access issues tend to be an afterthought, and are resolved following complaints. This way of working only serves to increase costs for disabled people.

²³ Oakley, M. (2016) *Closing the gap: creating a framework for tackling the disability employment gap in the UK*, London: Social Market Foundation.

²⁴ MacInnes, T., Tinson, A., Gaffney, D., Horgan, G. and Baumberg, B. (2014) *Disability, long term conditions and poverty*, London: New Policy Institute.

²⁵ House of Lords (2016) *The Equality Act 2010: the impact on disabled people*, London: House of Lords.

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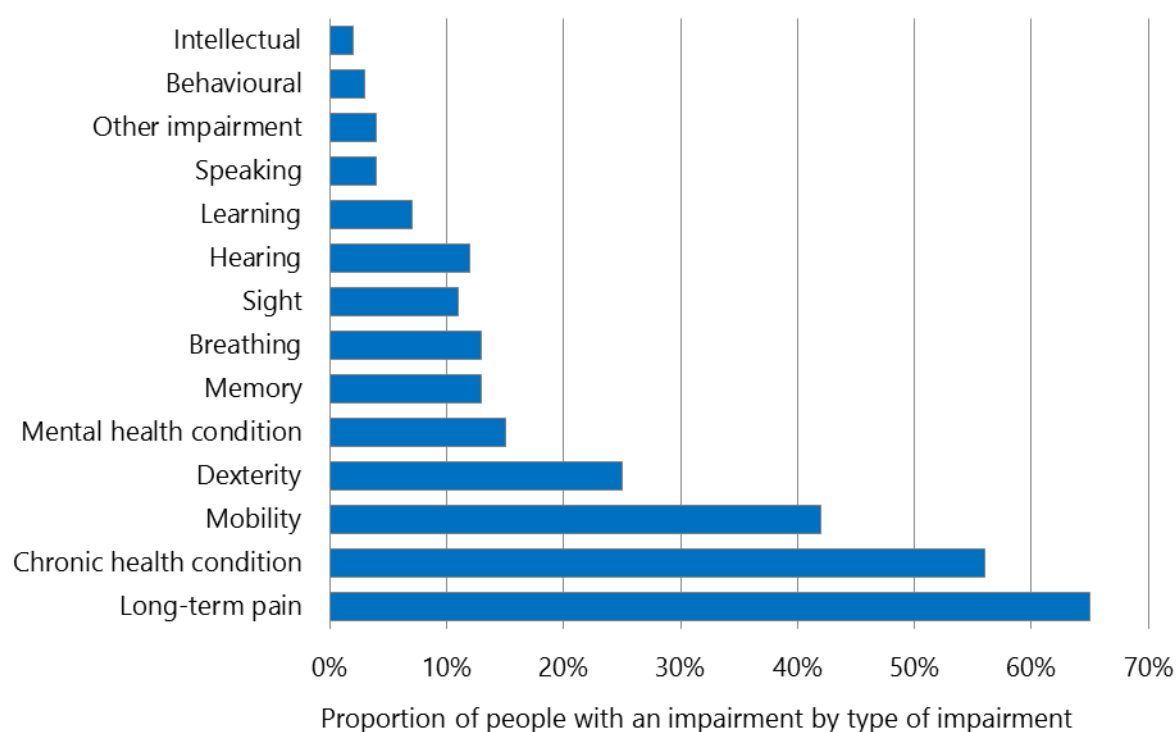
The responsibility for the accuracy of the report, any errors, misrepresentation or misunderstandings, lies with the authors alone.

Appendix 1: Types of disability and impairment

This appendix offers a brief overview of disabled people in terms of the types of impairments they face. It draws on data from the Office for National Statistics' Life Opportunities Survey, which asked the same group of people about the impairments they faced in 2009-10 and again approximately three and a half years later. Figure A1 shows the impairment types of those who had an impairment both times they were surveyed.

Types of impairment

Figure A1: Impairment types by the proportion of disabled people experiencing them



Notes: It is possible for people to experience multiple impairments. Disability definition used: impairments faced.

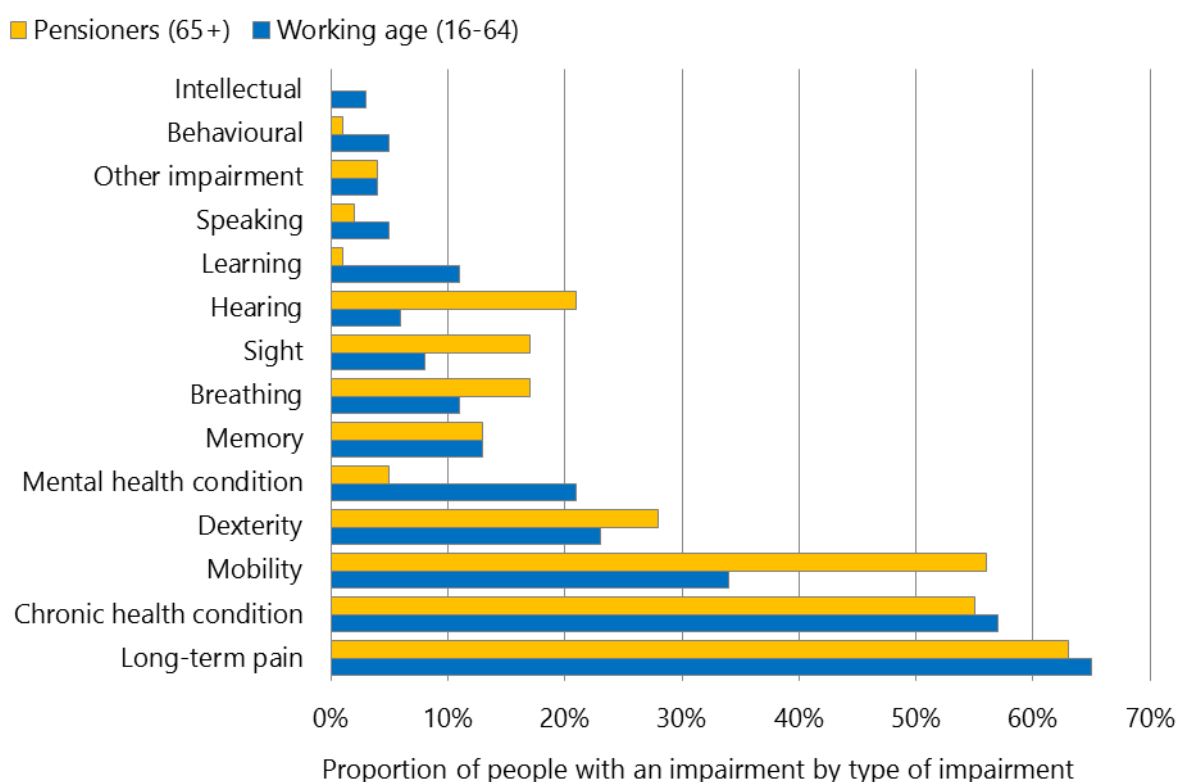
Source: Life Opportunities Survey, waves 1-3 (2009-14)

The most common impairment was long-term pain, experienced by 65% of people with an impairment, followed by a chronic health condition, experienced by 56%. The least common were intellectual and behavioural impairments, experienced by only 2% and 3% of people with ongoing impairments respectively. The majority (70%) of people with an impairment had more than one type of impairment.

Figure A2 looks at how the types of impairments experienced by people with an impairment varied between working-age and pension-age adults. Working-age adults

with an impairment were more likely than pensioners to have reported a mental health condition and a learning impairment, while pensioners were more likely to have reported having mobility, dexterity, breathing, sight and hearing impairments. For both age groups, long-term pain and a chronic health condition were experienced by more than half of people with an impairment.

Figure A2: Differences in impairment type by working age and pension age



Notes: It is possible for people to experience multiple impairments. Disability definition used: Impairments faced.

Source: Life Opportunities Survey, wave 3 (2012-14)

Figures A1 and A2 look at those who reported having an impairment both times they were surveyed, but impairments can vary over time. According to the Office for National Statistics, which published the survey results, just over a third (35%) of adults with an impairment the first time they were surveyed did not have one when they were surveyed again (approximately three and a half years later). Working-age adults were almost twice as likely as pensioners to have reported that they were no longer impaired. Conversely, around one in six people (18%) who did not have an impairment when they were first surveyed did report one when they were surveyed again. Pensioners were twice as likely as working-age adults to have acquired an impairment.

Appendix 2: The effects of adjusting the poverty measure to account for disability benefits

Extra costs

For disabled people, the standard income poverty measure is inadequate as it understates poverty levels. Disability can come with higher costs (such as higher heating bills), as well as additional costs (such as aids or appliances that help with an impairment). This means that the same level of income buys a lower standard of living for a disabled person than for a non-disabled person. Furthermore, benefits designed to help meet extra costs – such as Disability Living Allowance (DLA) and Personal Independence Payment (PIP) – are counted as income in the statistics, but the costs they are designed to meet are not taken into account, artificially inflating the living standards for disabled people.

In the analysis in this report, disability costs benefits are not included as income. These benefits are not a perfect measure of extra costs for several reasons. First, not all disabled people receive the benefits. Second, many estimates of the costs are higher than the benefit levels.²⁶ Third, the measure is determined by policy, meaning that the changes to disability costs benefits eligibility and generosity in the transition from DLA to PIP implicitly change the level of costs in this analysis. However, it does at least provide an improvement on the standard measure and is now more consistently used, for example by the Department for Work and Pensions in its Households Below Average Income publication releases.

Disability benefits

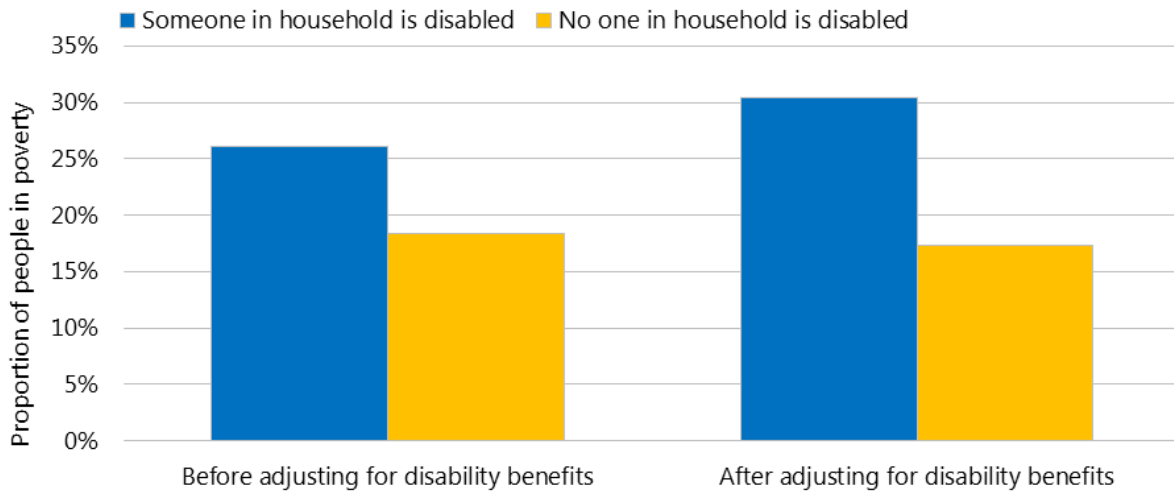
Figure A3 shows the impact that adjusting the poverty measure to account for disability benefits makes to the poverty rate among disabled and non-disabled people. Even before adjusting for disability benefits, people in a household where someone is disabled had a higher poverty rate than people in a household where no one is disabled (26% compared with 18%). This gap becomes much more pronounced after disability benefits are taken into account and not included as income, with 30% of people in a household with where someone is disabled in poverty compared with 17% of people in a household where no one is disabled.²⁷ By adjusting for disability benefits, the disability poverty gap (the difference between the

²⁶ MacInnes, T., Tinson, A., Gaffney, D., Horgan, G. and Baumberg, B. (2014) *Disability, long term conditions and poverty*, London: New Policy Institute.

²⁷ The poverty rate for households where no one is disabled becomes slightly lower because discounting disability benefits slightly reduces the median household income. Therefore, many of those just below the unadjusted poverty threshold are not in poverty when the threshold is lowered.

poverty rate for households with disabled members and those without) increases from 8 percentage points to 13.

Figure A3: Adjusting income to remove disability benefits



Note: Disability definition used: Equality Act.

Source: NPI analysis of Households Below Average Income 2013/14, DWP

Appendix 3: Changes to disability definitions

The Labour Force Survey and the Annual Population Survey

There have been two recent changes to these surveys:

- in 2010 there was a rewording of the introduction to the disability section in the survey questionnaire
- in 2013 there was a change in question wording in order to align it with other surveys.

As a result of these changes, pre- and post-2010 data, and pre- and post-2013 data, cannot be compared.

The 2013 change was to bring the Labour Force Survey into line with the Government Statistical Service Harmonised Standards and to make the definition consistent with the Equality Act 2010.

The Harmonised Standards use a core disability definition based on:

- having a physical or mental health condition or illness expected to last 12 months or more
- the condition or illness reducing the ability to carry out day-to-day activities.

This differs from the definition of disability based on the Disability Discrimination Act 1995 in that it excludes progressive conditions that are not yet limiting of day-to-day activities, and people whose activities would be restricted without medication or treatment.

The Equality Act does not apply to Northern Ireland, meaning that the Harmonised Standards do not apply either.

Households Below Average Income (HBAI) statistics and the Family Resources Survey

There was no inclusion of disability in 1994-95 in the HBAI/FRS. Between 1995-96 and 2001-02, all those who reported a longstanding limiting illness were counted as disabled.

Between then and 2011-12, it was based on reporting difficulties across various areas of life as a result of a condition or illness.

Along with the Labour Force Survey, in 2012-13 the questions were revised to reflect the new Harmonised Standards. Then there was a fall in the number of people in families with a disabled person of 0.3 million in 2013-14. Time comparisons, therefore, are to be made with caution.