



Introduction

Social inclusion and exclusion

When the Labour government was elected in 1997, social exclusion was brought to the forefront of the political agenda. Tony Blair had already expressed a commitment to tackling poverty: 'If the next Labour Government has not raised the living standards of the poorest by the end of its term in office, it will have failed' (interviewed in *The Independent* on 28 July 1996, quoted by Hills, 1998). The Social Exclusion Unit was set up with a brief to promote policies that would help to create a society in which 'every individual has a sense of their own intrinsic worth and has the opportunity to fulfil the potential that lies uniquely in them' (Mandelson, 1997).

Although the needs of disabled people were not initially identified as a priority for the Social Exclusion Unit, the broad agenda was clearly one from which disabled people stood to gain. Disabled people and their organisations have long campaigned for the right to participate on the same terms as everyone else and to be valued for their contribution to society, whatever form it takes.

Two aspects of inclusion for people of working age – employment and income – form the focus of this report. Paid work, where the conditions are right, can contribute to economic, social and psychological well-being. This is not to suggest employment is the only route to social inclusion – a criticism sometimes levelled at the government's agenda (Hirsch, 1999) – nor that the needs of those who cannot undertake paid work are unimportant. Rather, it is a recognition of the importance of ensuring that those who wish to work have the opportunity to do so.

Having adequate income is a key component of participation, both directly and indirectly: for the goods and services it can purchase, and for its role in facilitating better health and educational achievement, and greater opportunities for social and political participation.

The costs of exclusion fall both on individuals, in terms of deprivation and unfulfilled potential, and on society as a whole. Facilitating employment for those who can and want to work could increase national productivity, widen the tax base and reduce out-of-work benefit expenditure, as well as having positive spin-offs in terms of reduced health and social services spending. Raising disabled people's incomes would reduce government expenditure associated with the consequences of poverty, while contributing to the fulfilment of the Prime Minister's objective to reduce poverty, and, through disabled parents, to the fulfilment of the Chancellor's pledge to halve child poverty within ten years.

The principal objective of this research is to provide evidence needed for the debate on how inclusion for disabled people in Britain is to be achieved. To that end, it aims to:

- provide a fuller picture of disabled people's participation in the economic dimensions of social inclusion – income and work
- examine some of the processes of in/exclusion by means of dynamic analysis
- illustrate the consequences of economic exclusion for broader social and political participation



Enduring economic exclusion

- consider whether policy interventions of the last 15 years have been successful in promoting disabled people's inclusion, and what the prospects are for the future.

Disability policy

The Government is committed to the continuing implementation of the 1995 Disability Discrimination Act (DDA). Provisions on employment are already in force; by 2004, providers of goods, facilities and services will be obliged to have taken reasonable steps to facilitate equal access, including altering premises and providing necessary aids and services. In March 2000, consultation began on measures to cover discrimination in education. The Disability Rights Commission (DRC) came into being in April 2000, and is charged with overseeing the operation of the Act, as well as a wider remit of promoting equal opportunities for disabled people. The recognition implicit in both the DDA and setting up the DRC that there are institutional barriers to disabled people's participation was welcomed by organisations of disabled people, though some feel the Act does not go far or fast enough (Barnes *et al.*, 1999).

In 1998, a Green Paper proposed a complex package of cuts and enhancements of disability benefits, under the welfare reform slogan, 'Work for those who can, security for those who cannot'. The government declared the proposals would 'mean more resources going to those in greatest need', and that 'a key priority for the Government is to reduce the labour market disadvantages suffered by people with a long-term illness or disability' (DSS, 1998a). Unfortunately for the government, large numbers of MPs, and the body of disability

organisations it had set up to advise on benefits, appeared not to agree, prompting the largest back-bench rebellion the government had suffered to date. The implications of the Welfare Reform Act as it was eventually passed are discussed in Chapter 3.

The third strand to Labour's policy is the New Deal for Disabled People, designed to assist disabled claimants of out-of-work benefits into employment. One variant of the scheme, piloted in 12 areas, consisted of inviting new claimants (and, gradually, the stock of existing claimants), to an interview with a personal adviser, to assess their needs, and, where appropriate, the process of returning to work. 'Innovative Schemes' to help disabled people into work were piloted in a further 24 areas. The New Deal for Disabled People is to be extended nationally, though, at time of writing, it is unclear what form the national programme will take, or how it will interface with other initiatives such as ONE and the new Working Age Agency, both of which seek to provide a single point of contact for benefits and employment advice for claimants.

There can be an uncanny sense of déjà vu about policy pronouncements on disability. In 1993, a Benefits Agency consultation document said, 'The aim of any new system ... has to be to target those benefits more accurately on those people who are unable to support themselves due to incapacity' (Benefits Agency, 1993). Going back even further, the Conservatives' Green Paper on disability benefits, published in 1990, declared: 'The main needs are clear: better coverage of assistance with the extra costs of being disabled; better help for those disabled people who wish to increase their independence by working; and a better balanced structure of



benefits to support those who cannot work'. The programme of legislation envisaged was said to reflect 'our firm commitment to a better life for Britain's disabled people' (DSS, 1990).

Assessing the extent to which this consistent commitment, over time and across party-political lines, has produced an improvement in the lot of disabled people is one of the objectives of this report.

Definitions of disability

There are both conceptual and practical issues in selecting a definition of disability for empirical research. Organisations run by disabled people advocate the social model of disability, emphasising the role society plays in creating disabling barriers (Oliver, 1996). According to the social model, 'impairment' refers to a physical or mental condition (for example, blindness), while 'disability' arises from an interaction between people with impairments and the environment, and refers to limitation of opportunities to take part in the normal life of the community (for example, undertake paid work), because of physical and social barriers. The social model is often described in contrast to the medical or individual model of disability, which focuses on underlying conditions and the functional limitations which are seen as a direct result (for example, being unable to walk). The emphasis in the individual model tends to be on curative or rehabilitative strategies that implicitly regard the environment as neutral. This research places itself within the social model of disability, in that it seeks to explore the role of economic and social barriers to inclusion, though, as will become apparent, in practice, many survey questions confound ill health,

impairment, functioning and disability.

The legal definition of disability – for the purposes of service provision and employment – is contained in the 1995 Disability Discrimination Act (DDA). It covers disabilities and health problems that have a 'substantial' effect on day-to-day activities, and which have lasted, or are expected to last, for at least 12 months (DfEE, 1995). Historically, government departments have used a wide range of indicators of disability, and continue to do so. Social services assessments are made on a case-by-case basis, while, until recently, employment services operated an entirely independent registration scheme. Eligibility for sickness and disability benefits can be determined on the basis of criteria as diverse as the age at which you acquired an impairment to whether you are able to cook a meal. Some use a concept of 'incapacity' – being incapable, through ill health or impairment, of undertaking paid work.

Since 1997, Labour Force Survey (LFS) questions have been amended to reflect the DDA definition. Unfortunately, the LFS does not contain the full breadth of information needed for this research. We therefore also use data from other nationally representative surveys; their respective definitions of disability are shown in Table 1. Details of the surveys themselves are given in Appendix 1.

The phrasing of the British Household Panel Survey (BHPS) question is unhelpful in two respects. First, it refers to health rather than impairment, whereas a person may be disabled and perfectly healthy. Second, the question asks respondents to compare themselves to others of their own age, and this has been found to decrease reporting of disability (Thomas and Dobbs, 1998). However, the question comes



Enduring economic exclusion

Table 1 Definitions of disability used in this report

Source	Name	Description	Working-age population identified as disabled (%)
BHPS	ADL-limited	'Does your health in any way limit your daily activities compared to most people of your age?'	12 (in 1997)
OPCS survey	OPCS	Severity categories 1 to 10, based on a maximum of 108 questions about ability to perform various activities. Category 1 or above defined as disabled.	6 (1985)
FRS Disability Follow-up			12 (1996/97)
LFS	Work-disabled	'Do you have any health problems or disabilities which limit the kind of paid work that you can do?'	16 (in 1996)
LFS	DDA	'Do you have any health problems or disabilities that you expect will last for more than a year?' [If yes:] 'Does this health problem or disability substantially limit your ability to carry out normal day-to-day activities?'	13 (in 1997/98)
Key to data sources:			
BHPS:	British Household Panel Survey, Waves 1–7, 1991–97		
OPCS survey:	Survey of Disabled Adults in Private Households, 1985		
FRS Disability Follow-up:	Family Resources Survey Disability Follow-up, 1996/97		
LFS:	Labour Force Survey, 1984–96 and 1997–99		

immediately after a series of questions on specific impairments, so it can be hoped that respondents with limiting impairments will nevertheless give positive responses. The effect of making an age comparison should be less significant for people of working age.

The LFS work-disabled question is similar, though restricted to the effect on employment. Unfortunately, during the period 1984 to 1996, a number of minor changes were made to the question wording, ordering and frequency. The Office for National Statistics has produced an adjustment that attempts to correct for some of the discontinuities (Cousins *et al.*, 1998); it is the

adjusted series that is used elsewhere in this report.

The Office of Population Censuses and Surveys (OPCS) definition of disability was developed for its 1985 surveys, and reused in the Family Resources Survey Disability Follow-up in 1996/97. It is widely regarded as the most rigorous and thorough survey instrument for assessing disability, although it was criticised by some disability organisations for failing to take sufficient account of the judgements of disabled people themselves (Disability Alliance, 1988). Thirteen areas of disability are considered: locomotion, reaching and stretching, dexterity,



seeing, hearing, personal care, continence, communication, behaviour, intellectual functioning, consciousness, digestion and disfigurement, with scores on each being aggregated and divided into categories, from 1 (least severe) to 10 (most severe). ‘Pen pictures’ of individuals in different severity categories, taken from the original report on the survey, are given in Appendix 2.

Using a combination of datasets provides information on trends (LFS), and allows a detailed comparison of two points in time (1985 OPCS survey and 1996/97 FRS Disability Follow-up). The particular contribution of the BHPS is that it follows the same individuals over time, allowing us to observe what happens when someone becomes disabled, or when they move into or out of employment. The dynamic picture is important in understanding the *processes* by which people become excluded, rather than treating the ‘included’ and the ‘excluded’ as two entirely separate populations.

A dynamic picture is also important in understanding the nature of disability itself: while nearly three-quarters of those who are limited in activities of daily living (ADL-limited) at any one time are on long disability trajectories (five or more years), many of those who experience being ADL-limited at some time have only a short spell (for details, see Burchardt, forthcoming). Some of these short spells will be due to ill health or injury: analysis of the seven-year window provided by BHPS data shows that, of working-age people who become ADL-limited during the panel, only around one in three is still ADL-limited three years later. Other apparently short spells form part of longer but intermittent patterns, often associated with mental health problems or

conditions such as multiple sclerosis. Just under one in ten of those who are ADL-limited at some point during a seven-year period have more than one spell during that time, and one-third of those who report mental health problems have repeated spells.¹

Choice of definition affects the interpretation of results: broader definitions make the problems disabled people face appear more widespread, but also tend to understate the seriousness of the problem for those with more severe impairments. In what follows, each analysis states which definition or source it uses, and readers are referred to Table 1 for details. Where possible, a breakdown by severity of impairment is also given.

Whichever definition is used, it is clear that disabled people are a large component of the working-age population – between four and six million adults. By all accounts, they are also a growing proportion; whether that is purely the result of the changing age profile of the population is explored further in Chapter 3. Since disabled people are disproportionately likely to be out of work, on low incomes and unable to participate in social activities – as shown in Chapters 1, 4 and 5 – they are a particularly important constituency for a government committed to tackling social exclusion.

Overview

Chapter 1 examines disabled people’s position in the labour market, first, by making comparisons with non-disabled people and, second, by looking at changes since the mid-1980s. Chapter 2 supplements this with analysis of transitions into work and employment retention. A theme that emerges from both



Enduring economic exclusion

chapters is that employment of disabled people is influenced by many of the same factors as the rest of the population, but a higher proportion of disabled people have characteristics associated with labour market disadvantage, such as poor qualifications. In addition, the differentials between advantage and disadvantage are often sharper for disabled people.

Chapter 3 details changes in the benefits system over the last two decades, including the 1999 reforms, and assesses their impact on disabled people. It canvasses possible explanations for the growth in disability benefit expenditure, and concludes there is good evidence for a combination of growth by policy design, particular features of the operation of the benefit system and increased prevalence of (reported) disability.

Labour market participation and benefits are brought together in Chapter 4 in an analysis of the composition and level of disabled people's incomes, comparing 1985 with 1996/97. Despite increases in real income and improvements in the proportion of extra costs covered by benefit income, disabled people are found to remain poor relative to the rest of the population.

Broader issues of social exclusion are the subject of Chapter 5, including social activities and political engagement. Low income, inaccessible transport and lack of personal assistance are identified as key barriers to disabled people's greater participation.

The final chapter draws on evidence presented in the preceding chapters to evaluate the success of disability policy since the mid-1980s, and offers an assessment of the extent to which recent policy developments can be expected to make a difference.

1 Disabled people's employment

This chapter maps the characteristics of disabled people's labour market participation, looking at trends over time and assessing the extent to which the gap between disabled and non-disabled workers has narrowed.

Economic activity

Engaging with the labour market takes varied forms. In the 1996/97 Family Resources Survey (FRS) and Disability Follow-up:¹

- 30 per cent of disabled men of working age are employed or self-employed, compared to 84 per cent of non-disabled men (Table 2); for women, the figures are 31 and 72 per cent respectively
- for those in work, self-employment is slightly more common among disabled people
- the majority of disabled people who are in work are less severely impaired: half

have impairments in severity categories 1 or 2 and a further quarter have impairments in categories 3 or 4.

Disabled people are not often thought of as employers, but, increasingly, through direct payment schemes, they are recruiting, training and managing their own personal assistants – employing more staff than some small businesses.

Unemployment is more difficult to interpret, because disabled people out of work may classify themselves instead as 'Long-term sick or disabled'. A better indication of involuntary non-employment is given by the Labour Force Survey: in Autumn 1999, 17 per cent of all working-age disabled people were not in paid employment and said they would like to be.² For some, the expressed desire to work may partly reflect a desire not to be ill or disabled, but one-third said they would be available to start work within a fortnight. Given the current environment of often inaccessible workplaces

Table 2 Economic activity, 1996/97 (adults under pension age)

	Disabled men (%)	Non-disabled men (%)	Disabled women (%)	Non-disabled women (%)
Employed	24	70	28	67
Self-employed	6	14	3	5
Unemployed	6	9	5	5
Education/training	(1)	2	(1)	2
Long-term sick/disabled	56	1	47	(1)
Other	7	5	16	21
All	100	100	100	100
Number of individuals	1,385	11,114	1,212	11,167

Figures in brackets are less than 1.

Source: author's calculations using 1996/7 FRS and Disability Follow-up.



Enduring economic exclusion

and public transport, and widespread ignorance of the needs of people with impairments, the figure can be regarded as a lower estimate of the number who would wish to work were the conditions right. Among non-disabled people, just four per cent were out of work but said they would prefer not to be. Clearly there is an asymmetry in the barriers facing disabled and non-disabled would-be workers.

Paid employment is by no means the only form of activity that is rewarding, nor the only form of activity that has social value. Some give their time and effort voluntarily: in the British Household Panel Survey (BHPS), one in six disabled people report active involvement with an organisation such as a community group, tenants' association, parents' committee or political party.³ In addition, just under one-third (31 per cent) of disabled people of working age have dependent children, and 14 per cent regard looking after the home and family to be their principal activity. One in five disabled people reports caring responsibilities for someone within or outside the household, and one-third of these disabled carers spend 20 or more hours a week providing assistance. The role of disabled people as *providers* of unpaid care is a crucial component of the mixed economy of care, yet it is often ignored.

Job characteristics

There are differences in the types of jobs disabled and non-disabled workers have.⁴

- Disabled people are less likely to work *full time* (68 per cent compared to 77 per cent of non-disabled workers), but, those who do work similar hours to their non-disabled counterparts.⁵

- Eleven per cent of disabled employees' jobs are *temporary*, compared to 7 per cent of non-disabled people (Meager *et al.*, 1998, Table 6.13). For both disabled and non-disabled, fixed-term contracts are the most common form of temporary work.
- The distribution of disabled people across *industries* is similar to that of non-disabled people, although disabled people are slightly less likely to work in the services sector (32 per cent compared to 37 per cent of non-disabled workers).
- Just one per cent of disabled employees are in supported rather than open employment. Disabled workers are much more likely to *work at home*, or from home, than non-disabled workers (19 per cent compared to 10 per cent; Meager *et al.*, 1998, Table 8.1).
- Disabled people who work are more likely to be in unskilled, partly skilled or skilled manual *occupations* than non-disabled people (50 per cent compared to 39 per cent).
- Average disabled employees' gross *earnings* were £6.50 per hour in 1996/97, compared to £8.10 per hour for non-disabled employees. Average earnings varied with severity category of impairment: those with impairments in severity category 1 or 2 earned on average £7.10 per hour, compared to £5.80 per hour for those with more severe impairments.





Characteristics associated with being in work

Disabled people tend to have lower educational qualifications and are less likely to have labour market experience – both characteristics which are themselves associated with reduced chances of currently being in work. Those who were disabled in childhood may have had disrupted or poor-quality schooling (Barnes *et al.*, 1999), and face difficulties making the transition into working life (Hirst and Baldwin, 1994; Walker, 1982). Others with low educational qualifications face higher risks of *becoming* disabled as adults: they tend to have poorer health and increased risks of serious accident (Acheson, 1998).

Even if educational status, and other characteristics that might be thought relevant such as age and household circumstances, are held constant, being disabled is an additional hurdle to being employed. Being disabled reduces the chance of being in employment for both men and women by the following proportions:⁶

- one-third for those with impairments in severity category 1 or 2
- one-half for severity category 3 or 4
- two-thirds for severity category 5 or above.

Table 3 shows characteristics associated with being in work for disabled men and women.⁷ Similar analysis was conducted for the non-disabled population, to facilitate comparisons.

- *Access to a car* is associated with better chances of being in work for both disabled men and women. It also emerges

as a significant factor in similar models for non-disabled men and women, but many fewer disabled people in fact have access to cars (68 per cent compared to 85 per cent).

- Private *housing tenure* (renting or owner-occupied) is strongly associated with being in employment, for both disabled and non-disabled people. The association is strongest for disabled men. Social housing tenants claiming Housing Benefit may face higher rates of benefit withdrawal on moving into work than owner-occupiers. Housing tenure is also associated with social class.
- For disabled men and women, having any *educational qualifications* at all significantly increases their chance of employment: by 30 and 48 per cent respectively (for those with 'average' other characteristics). Comparisons with non-disabled people using the FRS are difficult, because the main survey does not collect information on qualifications. For both disabled and non-disabled people, leaving education at an older age is associated with a higher chance of being in employment, but the effect is not consistently significant.
- *Regional* differences in employment rates of disabled people are often remarked. The differences are indeed pronounced (from 19 per cent in Wales to 42 per cent in the South East in 1996/97), but appear to be largely accounted for by a combination of differences in the characteristics of the disabled population

Enduring economic exclusion

Table 3 Characteristics associated with being in work (disabled men and women, under pension age)

Characteristic	Disabled men	Disabled women
<i>Age group (compared to 55–64/59)</i>		
16–24	++ *	+
25–34	++ *	+ *
35–44	++ *	++ *
45–54	++ *	+
<i>Household</i>		
Single	– *	–
Number of children	– *	– *
Access to a car	+ *	++ *
<i>Tenure (compared to social renting)</i>		
Private renting	++ *	++ *
Owner-occupied	++ *	++ *
<i>Education</i>		
Has some qualification(s)	+ *	+ *
<i>Region</i>		
Regional employment rate	+ *	+ *
<i>Impairment</i>		
Severity category	– *	– *
<i>(Type compared to 'other')</i>		
Locomotion	– – *	– *
Reaching or dexterity	–	–
Seeing	–	–
Hearing	+ *	–
Continence or self-care	+	–
Behavioural or intellectual	– – *	– – *
<i>Number of individuals</i>	<i>1,366</i>	<i>1,200</i>

Key and notes:

+ Increased chance of being in employment.

– Decreased chance of being in employment.

++ Chance increased by 50 per cent or more for 'average' person.

– – Chance decreased by 50 per cent or more for 'average' person.

* Statistically significant at 10 per cent level or better.

Probit regression with 'employed/not employed' as dependent variable.

Source: author's calculations using 1996/97 FRS and Disability Follow-up.



Disabled people's employment

in different parts of the country and differences in *general* employment rates. Where employment in the non-disabled population is high, so the chances of being employed as a disabled person are high, and vice versa.

- As discussed above, greater *severity of impairment* is associated with lower chances of employment. Type of impairment appears to be less significant, although both men and women with impairments that affect locomotion, behaviour or intellectual functioning appear to be at a particular disadvantage. Whether the impairment was acquired during childhood or thereafter is not statistically significant.

These findings are broadly consistent with those reported in Meager *et al.* (1998) and Grundy *et al.* (1999) on characteristics associated with disabled people being 'economically active', or 'permanently unable to work'.

Changes in disabled people's employment

All sources confirm a gap between disabled and non-disabled people, both in terms of rates of employment and types of employment. But has the gap been narrowing or widening? Since the Second World War, successive governments have pursued policies to promote disabled people's employment, with varying degrees of enthusiasm (for a summary, see Thornton and Lunt, 1997). The 'quota system', enacted in 1944, required employers of over 20 workers to ensure that at least 3 per cent of their workforce were registered disabled people, but the system was largely ignored or circumvented. Shortly

before it was replaced by the Disability Discrimination Act (DDA) in 1995, only 19 per cent of eligible employers met their quota.

Sheltered employment was established at the same time as the quota system, but, since the mid-1980s, there has been a slow shift in favour of supported employment placements in the mainstream. The move away from segregation was widely welcomed by disabled people's organisations but concerns remain about the conditions of employment and the extent to which placements lead to 'open' employment (Bass and Drewett, 1996; Hyde, 1998).

In 1994, Access to Work (ATW) brought together a number of separate schemes contributing to the costs of overcoming practical obstacles to the employment of disabled people. ATW has remained small scale – in 1999/2000, its total budget was £24 million (DfEE, 2000b) – despite some positive reviews of its performance, and the potential to help a large number of disabled workers (RNIB/RADAR, 1995).

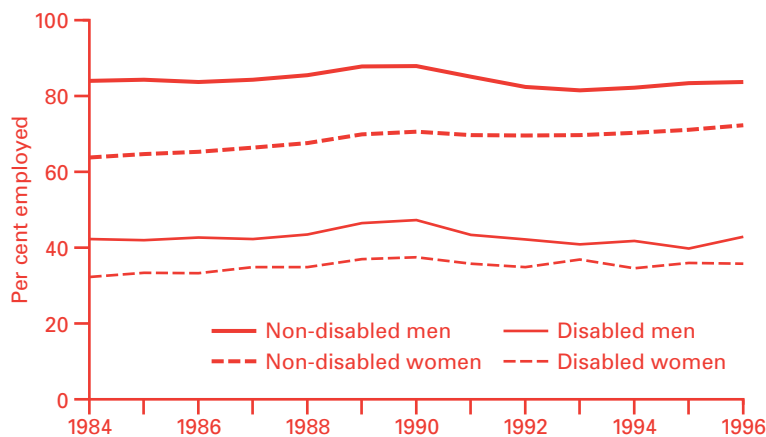
Figure 1 shows employment rates (the proportion of all working-age people who are in paid work) for disabled and non-disabled men and women from 1984 through to 1996, based on data from the Labour Force Survey.⁸ Variation with the economic cycle will be investigated in more detail in the next chapter but for now it is sufficient to note that employment rates for men, both disabled and non-disabled, have remained stable, while employment rates for women have risen slowly – by 13 per cent for non-disabled women and by 10 per cent for disabled women.

Comparing the 1985 OPCS survey with the 1996/97 FRS and Disability Follow-up confirms a growth in employment rate among disabled



Enduring economic exclusion

Figure 1 Employment rates of disabled and non-disabled men and women, 1984–96



Source: author's calculations using Labour Force Survey and ONS adjustment.

women, and suggests a slight fall for disabled men. The proportions of those employed who were more severely impaired were similar in both years. Little change in overall *rates* of employment conceals some significant changes in *types* of employment.

- The proportion of disabled women who *work full time* has risen, from 47 to 49 per cent of those in work, and is now closer to the proportion of non-disabled women who work full time (57 per cent).
- Disabled men have moved up the *occupational class* structure, and have done so faster than non-disabled men (Table 4). Over-representation of disabled men in semi-skilled and unskilled occupations persists however. Disabled women have also moved up the occupational structure, in tandem with their non-disabled counterparts, though they remain under-represented in managerial occupations and over-represented in semi-skilled occupations.⁹
- Berthoud *et al.* (1993) found that average *gross hourly earnings* of disabled men were around 26 per cent less than non-disabled men in 1985. The differential remained between 19 per cent and 25 per cent, even after controlling for differences in occupation, age and other characteristics. In 1996/97, average earnings of disabled men were 24 per cent lower than non-disabled men – a slight narrowing of the gap – but controlling for other characteristics *increases* the differential to over 36 per cent, indicating a substantially larger gap between disabled and non-disabled male earnings than in 1985.¹⁰
- Differentials between disabled and non-disabled male earnings are narrower for those with less severe impairments: 32 per cent for men with impairments in severity category 1 or 2, compared to 43 per cent for men with more severe impairments (after controlling for other characteristics).



Disabled people's employment

- For women, Berthoud *et al.* (1993) reported average earnings of disabled workers to be 13 per cent below non-disabled workers in 1985. The difference was not statistically significant when other characteristics were controlled for. In 1996/97, there was the same difference in average earnings between disabled and non-disabled women, but controlling for other characteristics produces a differential of 18 per cent, and the result *does* reach statistical significance.

The characteristics associated with disabled people being in work have remained broadly similar: those with higher educational qualifications, access to a car, and so on, were more likely to be in employment in 1985, just as they are in 1996/97. There are gender differences however: disabled men were significantly more likely to be employed than disabled women in 1985, controlling for other

characteristics, but that is no longer the case. For men, severity of impairment has become slightly less important, but not for women. For women, educational qualifications have become more important. The difference between housing tenures has grown over time: social housing tenants are now an even more disadvantaged group than before. Disabled people with behavioural or intellectual impairments are now much less likely to be working than they were in 1985, while men with locomotive impairments are slightly more likely to be employed.

Summary and discussion

Employment of disabled and non-disabled people

Evidence from a wide range of sources shows disabled people to be disadvantaged in the labour market. Disabled people make up *half* of all those who are not employed but would like

Table 4 Change in occupational structure, 1985 to 1996/97 (adults under pension age in employment)

Occupational class	Proportion of all disabled workers in class relative to proportion of all non-disabled workers			
	Men		Women	
	1985	1996/97	1985	1996/97
Professional	0.38	0.44	1.00	1.00
Managerial	0.75	0.97	0.75	0.72
Skilled non-manual*	1.06	1.00	0.81	1.05
Skilled manual	1.00	0.93	1.50	1.14
Semi-skilled	1.36	1.36	1.13	1.29
Unskilled	1.75	2.00	1.83	1.00
<i>Number of disabled workers</i>	<i>654</i>	<i>320</i>	<i>484</i>	<i>285</i>

More than 1.00: disabled workers over-represented; less than 1.00: disabled workers under-represented.

* In 1985, category was 'intermediate non-manual' and 'junior non-manual'.

Sources: Martin *et al.* (1989); author's calculations using 1996/97 FRS and Disability Follow-up.



Enduring economic exclusion

to work and one-third of those who are available to start in a fortnight.¹¹ Those who are employed are over-represented in manual occupations and have lower average hourly earnings than their non-disabled peers – even after taking account of differences in age, education and occupation.

Nevertheless, the characteristics associated with a greater likelihood of being in employment are similar for disabled and non-disabled people, for example, educational qualifications, private housing tenure and access to a car. Regional differences in disabled people's employment rates are marked, but they are largely accounted for by a combination of regional general employment rates and differences in population characteristics.

Those with mental health problems or a locomotion impairment seem to face additional barriers to employment. Greater severity of impairment is strongly associated with decreased chances of being in employment: 46 per cent of those with impairments in severity category 1 or 2 are in work compared to just 4 per cent of those with impairments in severity category 9 or 10.

Change over time

Since 1985, the participation of both disabled and non-disabled women in the labour market has grown. For men, employment rates have been static or slightly falling.

- A higher proportion of disabled men are now in managerial jobs, relative to the general population, than was the case a decade ago. At the same time, disabled men remain over-represented in unskilled occupations: twice the proportion of disabled men are in unskilled jobs

compared to non-disabled men. Disabled women have increased their representation in skilled non-manual jobs (relative to the general population).

- Earnings differentials between disabled and non-disabled workers, controlling for differences in age, education and occupation, have increased. The disability 'penalty' appears to be growing.
- Many of the characteristics associated with disabled people being in employment in 1985 are still important in 1996/97. For both men and women, differentials by housing tenure, and the barriers encountered by those with intellectual or behavioural impairments, have become more pronounced.

Contrary to the perception of disabled people as a 'special case', their employment is affected by many of the same trends as the rest of society. A shift away from manual occupations, and from manufacturing into service sector industries, has occurred for both disabled and non-disabled workers. Female participation has risen among both groups. The state of the economy – as indicated by regional employment rates – is equally important for disabled and non-disabled people's employment. Likewise, factors such as educational qualifications make a difference to employment opportunities across the board.

Part of the explanation for disabled people's continuing disadvantage in the labour market is that, in addition to problems relating specifically to impairment, they are more likely to have characteristics generally associated with low levels of employment and low occupational status. Policies to tackle physical and attitudinal





Disabled people's employment

barriers directly related to impairment must be additional; they are not a substitute for addressing low educational qualifications, earnings inequality and regional disparities in

employment rates. The emphasis through the 1980s and 1990s on fitting disabled people to particular jobs has tended to ignore these broader institutional factors.



2 Movements into and out of work

This chapter seeks to address three questions.

- 1 How is disabled people's employment affected by the economic cycle? Are disabled people 'last in, first out'?
- 2 What happens when someone in work becomes disabled? What affects how long he or she remains in employment?
- 3 Among disabled people out of work, who is most likely to move into employment? What sorts of jobs do they move into, compared to non-disabled entrants, and how long do they stay?

Disabled people's employment and the economic cycle

It has been argued that the single biggest impact on employment rates of disabled people this century was the Second World War. Beck (1951) comments, 'The war showed how few people were really "unemployable" on personal grounds when workers were badly needed' (p. 73), and shows that the numbers classified as unfit for ordinary work fell from 167,000 in May 1939, to 33,000 just two years later. Stone (1984) argues that 'disability' is defined by the state to act as a receptacle for those who are not required, according to the cultural norms and economic demands of the day, to engage in productive activity.

In the US, the economic fortunes of disabled people closely followed those of the economy as a whole through the 1960s and 1970s, but diverged in the 1980s with the advent of 'retrenchment' in disability benefits (Haveman and Wolfe, 1990). For the UK, Piachaud (1986) examined the relationship between unemployment, disability and retirement for

older men. He calculated that half the increase in economic inactivity ascribed to disability between 1971 and 1981 was attributable to deterioration in labour market conditions.

Several studies reveal an association of labour market conditions with inflows to, and durations on, earnings-replacement benefits like Incapacity Benefit (Berthoud, 1993; Disney and Webb, 1990; Holmes *et al.*, 1991; Molho, 1991). However these studies have generally not been concerned with disabled people in work.

In trying to unpick the effect of the state of the economy from other influences, it is useful to bear in mind the changing composition of the workforce and of the working-age population as a whole. Figure 2, based on data from the Labour Force Survey (LFS) for the period 1984 to 1996, shows that:¹

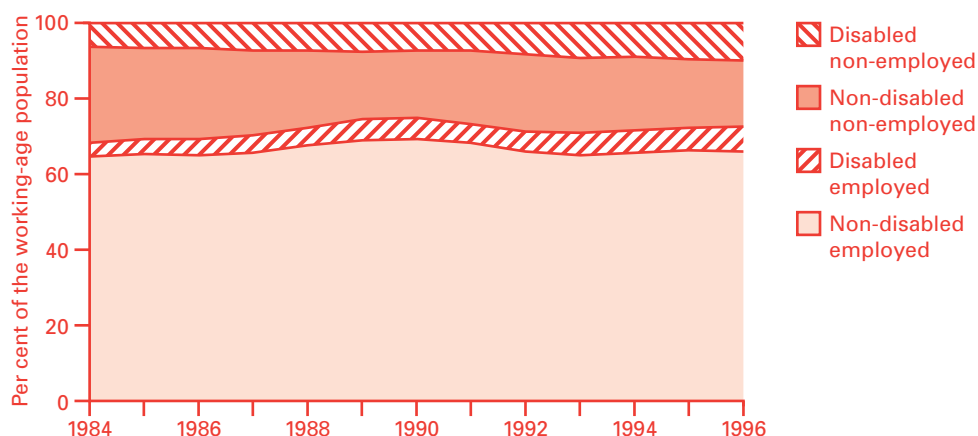
- taking disabled and non-disabled people together, the proportion of the working-age population in employment has risen slightly over the period
- the proportion of the working-age population as a whole who are disabled, according to the LFS 'work-limiting' definition, has risen from 10 to 16 per cent, while the proportion of those in employment who are disabled has risen from 6 to 9 per cent.

Growth in prevalence of disability may seem counter-intuitive; possible explanations are discussed in the next chapter. For now, it is sufficient to note that growth has occurred both among those in work and those not in work, and that there are now more disabled people in employment than at the beginning of the period. The argument often made that the apparent rise in numbers of disabled people is



Movements into and out of work

Figure 2 Composition of the working-age population, 1984–96



Source: author's calculations using Labour Force Survey and ONS adjustment, *Employment Gazette* and Labour Market Trends.

simply the result of people being displaced from the labour market and defining themselves as disabled is therefore mistaken.

Figure 1 in the previous chapter illustrated the gap between disabled and non-disabled employment rates. It showed the proportion of disabled people who are employed has hovered around 40 per cent, allowing for variation with the economic cycle, while the non-disabled employment rate is considerably higher, and has been drifting slowly upwards as a result of increased female participation. The gap between employment rates of disabled men and women is smaller than the gap between non-disabled men and women, but the latter has been decreasing more quickly.

Figure 3 breaks down the trends in employment for disabled and non-disabled people by age group. The 50-plus age group has been identified as a vulnerable section of the workforce (Campbell, 1999). LFS data confirm that employment rates among disabled men and women in this age group are low, and that differences in employment rates between

disabled and non-disabled people in this age group are larger than for other age groups. However, it is in the middle age group that the *rate of change* through the 1980s and 1990s has been fastest – a group for which the concept of ‘early retirement’ is unlikely to apply. In 1984, the gap between disabled and non-disabled employment rates for 25–49 year olds was 30 percentage points; by 1996, it was 37 percentage points.

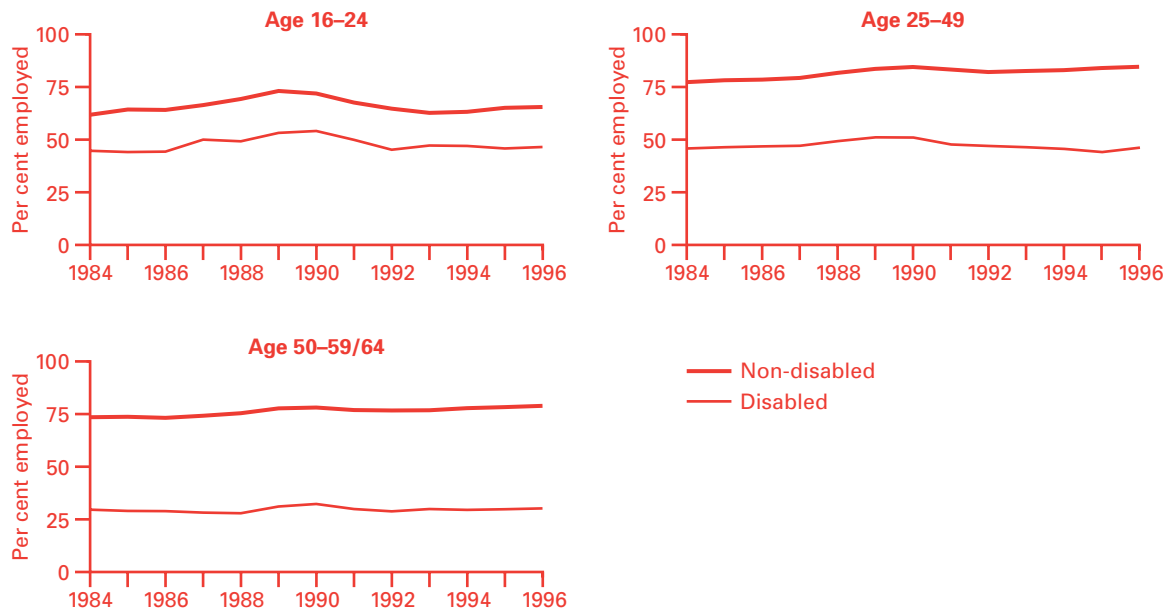
The disabled employment rate is a mirror image of the population ILO unemployment rate – one of the chief indicators of the economic cycle (Figure 4).² In general, when overall unemployment rises, disabled employment falls, and vice versa. Similar patterns are observed for men and women, and for different age groups.

Figure 5 looks in more detail at percentage changes year-on-year. Disabled people's employment rates move in a similar way to non-disabled employment rates but there are two features to note. First, since disabled employment rates are lower, changes as a



Enduring economic exclusion

Figure 3 Employment rates of disabled and non-disabled people, by age group, 1984–96



Sources: author's calculations using Labour Force Survey and ONS adjustment, *Employment Gazette* and Labour Market Trends.

Figure 4 Disabled employment rate compared to general ILO unemployment rate

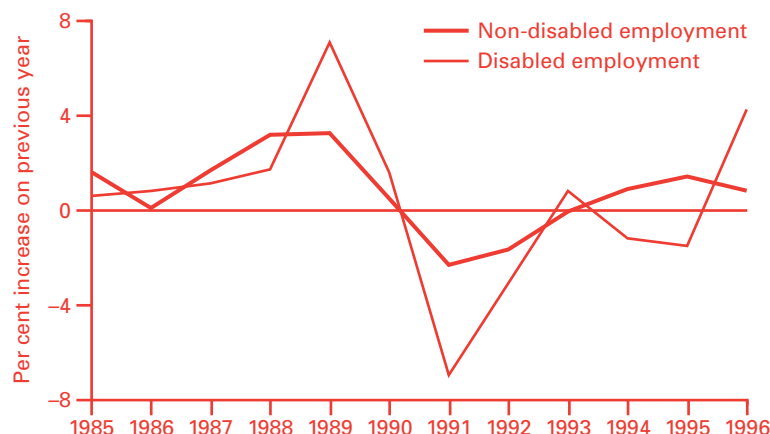


Sources: author's calculations using Labour Force Survey and ONS adjustment, *Employment Gazette* and Labour Market Trends.



Movements into and out of work

Figure 5 Changes in disabled and non-disabled employment rates



Sources: author's calculations using Labour Force Survey and ONS adjustment, *Employment Gazette* and Labour Market Trends.

proportion of the rate are higher, in other words, disabled employment rates are more volatile. Second, the disabled employment rate appears to have responded later to economic upturn in the second half of the 1980s and again in the mid-1990s. Significant positive growth in disabled employment rates did not occur until 1996, whereas non-disabled employment rates were growing from 1994 onwards. This supports the hypothesis that disabled people are 'last in', though not necessarily 'first out'. However, a longer consistent time series would be needed to provide stronger evidence.

Employment retention

So far, we have been considering disabled people as a static population. But, according to the British Household Panel Survey (BHPS), around 3 per cent of those in work *become* disabled each year.³ Just over half of these – corresponding to around 375,000 people – also report being disabled the following or a subsequent year.

The Disability Discrimination Act requires employers to make 'reasonable adjustments' to retain employees who become disabled, and job retention pilots are to be added to the range of schemes under the New Deal for Disabled People, with assistance targeted at employees during the first few weeks of sick leave (DfEE/DSS, 2000). However, the history of policy in this area is not encouraging: inflexible benefit entitlement rules, weak disability employment legislation, and a concentration of effort on assisting those who have already left employment have all tended to frustrate attempts to enable disabled workers to remain in work (Thornton and Howard, 2000).

In their review for the Joseph Rowntree Foundation, Barnes, Thornton and Campbell (1998) observed, 'There is no readily available information about the number of people who become disabled in work and the proportion who consequently leave their employment'. Evidence on who is most at risk of losing their jobs is also limited; Stafford (2000) suggests the following are high-risk groups: men, older



Enduring economic exclusion

workers, people in manufacturing industries, manual workers, and those with musculo-skeletal disorders, mental health problems or circulatory problems. Several surveys suggest employers are willing to make adaptations to retain employees who become disabled, but the extent to which this translates into practice, and is successful, is unclear (Dench *et al.*, 1996; Morrell, 1990). In addition to physical alterations to the workplace, changes which can help include being able to work at a slower pace, flexible working conditions and creating a less stressful environment (Thomas, 1992).

Using the BHPS, which re-interviews the same people year on year, the duration individuals remain in employment after becoming disabled can be examined (further details of this analysis can be found in Burchardt, 2000b). Disability may arise through ill health or injury and may or may not be work-related. The sample for this analysis is 4,200 working-age respondents who were in employment for at least two consecutive years during the period 1991–97.⁴ A number of sub-groups need to be delineated. Four per cent of the sample are disabled at the outset. It appears that members of this group are very likely to lose their employment, but it is difficult to interpret the result since it is not known how long they have been disabled, nor whether they entered work as a disabled person or became disabled subsequently. They are an important group deserving of further study, but their situation is not one on which this analysis can shed light, and they are therefore omitted from the following.

A second sub-group is those who become disabled while in work, but remain so for one year or less (7 per cent of the sample). Short-

term illness or injury does not appear to adversely affect employment retention: the probability that members of this sub-group remain in work turns out to be not significantly different from those who do not become disabled at all, once other characteristics such as age and gender are controlled for. They are therefore combined and, for simplicity, referred to in this section as the ‘non-disabled’ group, making up 90 per cent of the sample. The remaining 6 per cent of the sample become disabled in work and are disabled for at least two years (the ‘becomes disabled’ group).⁵ The numbers in this group are small (264 individuals), so results must be treated with caution.

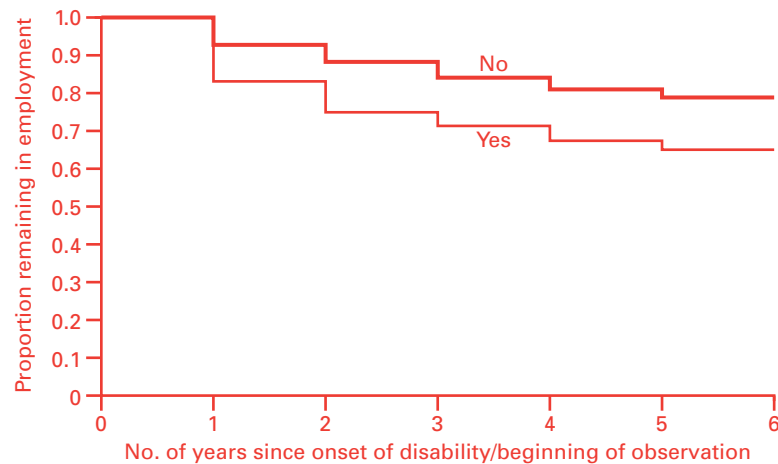
Figure 6 shows how long the ‘becomes disabled’ group remain in employment after becoming disabled. The horizontal axis shows the number of years which have elapsed since the individuals became disabled and the vertical axis shows the proportion remaining in employment.⁶ This is compared to the duration in employment of the non-disabled group; duration of employment is counted from the second consecutive year in which they are observed to be in work, to ensure comparability with the ‘becomes disabled’ group. Two points to note.

- During the first year, 17 per cent of those who become disabled lose their employment, compared to 7 per cent of non-disabled people.
- The rate of employment loss decreases quickly, so that, after five years have elapsed, 64 per cent of those who became disabled are still in employment, and 78 per cent of the non-disabled group.



Movements into and out of work

Figure 6 Employment retention, by whether becomes disabled



Many factors are likely to affect how long someone remains employed, some of which relate both to those who become disabled and those who do not. Not all exits from employment are involuntary: women are more likely to leave employment than men – perhaps to raise a family – and those at either end of working life are more likely to leave than those in the middle. Just under one-third of those who became disabled in work in Prescott-Clarke's (1990) sample had left for a reason not related to health or disability. The sorts of factors that are relevant to all workers include:

- personal characteristics, e.g. age and gender
- job and workplace characteristics, e.g. occupation and industry
- state of the economy, e.g. unemployment rate.

And factors of particular relevance to those who become disabled include:

- nature of impairment, e.g. severity and whether physical or mental

- attitudes of the employer, employee and general public
- availability of personal assistance, aids and adaptations
- wider physical environment, e.g. accessibility of transport to work.

Attitudes, availability of assistance and accessibility of transport are beyond the scope of the BHPS data, but it is important to bear in mind the potential impact of these variables in interpreting the results that follow.

Once differences in personal, job and workplace characteristics are taken into account, does becoming disabled really make a difference to employment retention? Table 5 reports the hazard ratios for becoming disabled, in other words, by how much becoming disabled increases the risk of losing employment, compared to the non-disabled group.⁷ For example, women under 45 are one-and-a-half times more likely to lose their employment if they become disabled than women under 45 who do not become disabled, even after controlling for other characteristics. For the

Enduring economic exclusion

other groups, becoming disabled is even more strongly associated with losing employment.

Table 6 shows what factors are associated with greater or lesser risk of losing employment for those who become disabled. Similar analysis was conducted for non-disabled groups and contrasts are reported below where relevant.

For men who become disabled:

- The youngest age group have the highest likelihood of losing employment – perhaps because new entrants to the labour market take a while to settle in – but all age groups over 35 have similar rates of employment retention. This is in contrast to men who remain non-disabled, for whom being aged 45 or over significantly increases the risk of losing employment.
- Those who have a spouse appear to be much more likely to leave employment than single men.
- Those who are in manual occupations have three times greater risk of losing employment than those in non-manual

occupations. The differential is more than twice as large as for non-disabled employees.

- *Non-disabled* men working in large firms are significantly more likely to leave employment than non-disabled men working in smaller firms. The fact that this does not hold for men who become disabled could suggest that larger employers have greater flexibility than smaller employers in redeploying workers who become disabled, offsetting the general tendency for larger employers to shed more employees.

For women:

- Age does not seem to be as important for those who become disabled as for those who remain non-disabled.
- Having a spouse is significantly associated with increased risk of losing employment for non-disabled women, but not for women who become disabled.

Table 5 Risk of losing employment: those who become disabled compared to non-disabled

	Hazard ratio compared to non-disabled, controlling for personal, job and workplace characteristics			
	Men 16–44	Men 45–64	Women 16–44	Women 45–59
Becomes disabled	2.9**	1.7*	1.4*	1.8**
Number of individuals	1,132	333	1,285	381

*Significant at 10 per cent level. **Significant at 5 per cent level.

Cox proportional hazards models. For control variables see top two sections of Table 6.

Source: author's calculations using BHPS Waves 1–7.



Movements into and out of work

Table 6 Factors associated with losing employment after becoming disabled

	Men	Women	All
Personal characteristics			
Age group (compared to 16–24)			
25–34	-- *	-- *	-- *
35–44	-- *	--	--
45–54	-- *	--	--
55–64/59	-- *	--	--
Has a spouse	++ *	--	
Gender and marital status (compared to single woman)			
Single man			-- *
Man with spouse			++ *
Woman with spouse			--
Ethnic group			
White	#	+	+
Characteristics of job and workplace			
Manual occupation	++ *	++ *	++ *
Industrial sector (compared to 'other' – mostly public sector)			
Manufacturing	-- *	-- *	-- *
Services	--	+	--
200+ employees at workplace	--	--	--
Employer runs pension scheme	++	+	+
Gross hourly pay (log)	++	--	--
Works 30+ hours per week	#	+	+
Duration of current job in years (log)	--	+ *	+
Year in which becomes disabled	--	-- *	-- *
Nature of impairment			
Number of ADLs limited	+	+	+ *
Problems with			
Limbs/back	--	++ *	++ *
Sight/hearing	++	++ *	++ *
Skin/allergy/breathing	+	++	++ *
Heart/blood/digestion	++	++	++ *
Anxiety/depression	++	++ *	++ *
Other	--	+	+
<i>Number of individuals</i>	<i>76</i>	<i>126</i>	<i>202</i>

Key and notes:

+Incr increased risk of losing employment

++Risk incr increased by 50 per cent or more

Too few observations

*Statistically significant at 10 per cent level or better

--Decr decreased risk of losing employment

--Risk decr decreased by 50 per cent or more

Personal characteristics measured at Wave 1. Job and workplace characteristics, and nature of impairment, measured at year becomes disabled. 'Log' is a transformation that gives less weight to differences higher up the scale. Cox proportional hazards models. See Burchardt (2000b) for details.

Source: author's calculations using BHPS Waves 1–7.



Enduring economic exclusion

- Manual occupations carry a higher risk of losing employment than non-manual occupations, and the difference is about twice as large for those who become disabled as for those who do not.

Looking at both sexes together has the advantage of increasing the sample size, so more results may reach statistical significance, but it can be misleading where the underlying processes for men and women are different.

- Single men are most likely to remain in employment after becoming disabled, followed by single women and women with spouses. Men with spouses are much the most likely to cease employment.
- Occupational pension schemes are sometimes accused of encouraging employers to shed workers who become incapacitated. The effect is not significant here, but considering it jointly with age group reveals that employers' pension schemes decrease the risk of leaving employment for younger age groups and increase the risk for older age groups, for both the 'non-disabled' and 'becomes disabled' groups.
- For non-disabled employees, longer duration in current job is associated with lower risks of losing employment. For employees who become disabled, perhaps surprisingly, having been in the job for longer does not appear to offer significant protection. Investigating in more detail suggests that both those who have been in the job for a short period (less than three years), and those who have been

there for over six years, are more likely to leave. However, the differences do not reach statistical significance.

- 'Year in which becomes disabled' was included to reflect the macro-economic environment at the time the individual became disabled. Unemployment was falling from 1992 onwards, so we would expect those who became disabled later to have better chances of retaining their employment, and this is indeed confirmed by the results. The effect is in the same direction for the non-disabled, but slightly weaker.
- Those who are more severely disabled (as indicated by the number of activities of daily living with which they have difficulty) are less likely to continue in employment.
- Those who become disabled and have musculo-skeletal problems are more than twice as likely to cease employment than others who become disabled. Those with sight or hearing impairments are similarly disadvantaged, closely followed by those with mental health problems.

Moving into employment

We now turn our attention to those who are disabled and out of work. A major focus of the government's welfare reform programme has been to facilitate disabled people's return to the labour market, through 'capability assessments' at the point of application for out-of-work benefits, work-focused interviews under the auspices of 'ONE' and the New Deal personal



Movements into and out of work

adviser pilots, and supplementation of low earnings by a Disabled Persons Tax Credit (replacing Disability Working Allowance). Some costs associated with employing a disabled person – adaptation of premises or the employment of a support worker, for example – can be met through the Access to Work scheme, but the majority of payments are for those already in a job (Beinart *et al.*, 1996).

The Disability Discrimination Act covers recruitment, although in the first 18 months of the Act's operation, only 265 cases of this kind were brought – as against 2,742 cases under other employment provisions (Meager *et al.*, 1999). This is despite research evidence of discrimination on the part of employers (Ravaud, *et al.*, 1992). Other barriers to employment identified by research include employers' perceptions that the job can't be done by a disabled person (Dench *et al.*, 1996), difficulties with application forms and interviews (Wills *et al.*, 1993), inaccessible transport (Barnes, 1991), lack of qualifications, training, experience (Barnes *et al.*, 1998; Walker, 1982), lack of understanding on the part of employment advisers (Thomas, 1992) and financial disincentives (Kestenbaum with Cava, 1998).

Using the BHPS, potential entrants to employment – actual entrants plus those who remain non-employed – can be identified. The average annual rate of disabled people making a transition into employment is 4 per cent; for non-disabled people it is more than six times higher (24 per cent).

For many disabled people, employment will be neither possible nor desirable, but even taking a lower estimate of the proportion of disabled people out of work who wish to work –

compared to non-disabled people – the difference in transition probabilities is still four-fold.⁸

Compared to disabled people who remain non-employed, disabled *entrants* are:⁹

- younger (average age 45 compared to 50 for those remaining non-employed)
- better qualified (two-thirds have some educational qualifications, compared to just under half of those who remain non-employed)
- more likely to have recent work history (half had some work in the previous year compared to just one in five of those who remained non-employed)
- more likely to have a spouse in employment
- less severely impaired
- less likely to be in receipt of earnings replacement benefits when they are first disabled (one-third compared to one-half of those who remained non-employed), and less likely to be in receipt of extra costs benefits (2 per cent compared to 17 per cent).

Many of these differences are familiar from research on transitions from unemployment to employment for the general population (Trickey *et al.*, 1998). Those with a stronger connection with the labour market – whether through their own experience or through a spouse – are better placed, as are those with higher educational qualifications.

Table 7 describes characteristics of the jobs disabled entrants move into, compared to the jobs of non-disabled entrants, and to the jobs of disabled people already in work. Existing



Enduring economic exclusion

disabled employees are generally in a better position in the labour market than disabled entrants. They are more likely to be working full time, in non-manual occupations and on better pay. But, compared to non-disabled entrants, disabled entrants are more likely to:

- be self-employed
- work part-time
- enter a manual occupation
- be employed in a smaller workplace.

The previous section provided some evidence that larger employers were better at retaining employees who became disabled; it is therefore particularly surprising that such a small proportion of disabled entrants were taken on by large employers.

Disabled entrants have a lower hourly wage than non-disabled entrants, but the difference

between the two groups in this small sample is not statistically significant.

A further important difference between disabled and non-disabled entrants is in the proportion who subsequently continue in employment. Just under two-thirds (64 per cent) of disabled entrants retain their employment until at least the following interview approximately one year later, compared to four-fifths (79 per cent) of non-disabled entrants.¹⁰ To put it another way, one-third of disabled people who make the transition into work are already out of work again by the following year.

Many of the differences identified between disabled and non-disabled entrants are related – level of qualifications and hourly wages, for example. Multivariate analysis shows that significant differences remain between disabled and non-disabled entrants in terms of likelihood of being in a manual occupation, working full time and continuing in employment for at least

Table 7 Jobs of disabled entrants, non-disabled entrants and disabled people already in work

	Disabled entrants	Non-disabled entrants	Disabled people already in work
Self-employed (%)	20	13*	14*
30+ hours per week (%)	37	60*	76*
Workplace 200+ employees (%)	6	21*	30*
Manual occupation (%)	69	48*	41*
Manufacturing industry (%)	22	23	27
Service sector (%)	53	45	37*
Job satisfaction (mean score) [†]	5.8	5.5	5.3*
Approx. hourly pay (mean £) [#]	4.80	5.20	6.50*
<i>Number of individuals</i>	<i>53</i>	<i>1,315</i>	<i>784</i>

*Difference between this and disabled entrants significant at 10 per cent level.

[†]Job satisfaction is self-assessed from 1 ('Not satisfied at all') to 7 ('Completely satisfied').

[#] Hourly pay calculated from usual gross pay and usual hours.

Characteristics measured at first interview after entry to job.

Source: author's calculations using BHPS Waves 1–7.





a year, even after controlling for personal characteristics (including qualifications) and other job characteristics.

Summary and discussion

The disadvantage experienced by disabled people is manifested not only in terms of their static position in the labour market (Chapter 1), but also in terms of changes over time, and transitions into and out of work.

- The employment rate for disabled people has hovered around 40 per cent (using Labour Force Survey definitions), varying with the economic cycle. A slight fall in employment rates for disabled men in the middle age group (25–49) has been compensated by a slow rise in employment among disabled women. But, in relative terms, the situation has worsened slightly, since the proportion of non-disabled people who are in work rose gradually over the period 1984 to 1996.
- According to the BHPS, 3 per cent of those in work become limited in activities of daily living each year, and around half of these also report disability in the following or a subsequent year. The numbers in the sample are small, so the results should be treated with caution, but the latter group (the ‘becomes disabled’ group) appear to face significantly increased risks of losing employment.
- Men under 45 are nearly three times as likely to lose their employment than men who do not become disabled, even when

other personal and job characteristics are controlled for. The risk for women, and older men, is increased on becoming disabled by a factor between one-and-a-half and two. By implication, improving retention of employees who become disabled could make a substantial difference to overall rates of employment among disabled people.

- Findings on disabled people’s transitions into work are based on a small number of cases, but the fact that, of a sample of 433 people limited in activities of daily living who might move into work, only 50 do so over a period of six years is itself indicative of the barriers they face.
- The proportion of non-disabled people who make a transition into employment is around six times the proportion of disabled people who do so. The difference in transition probabilities is still four-fold, even after allowing for the fact that some disabled people cannot, or do not wish to, move into employment.
- One-third of disabled people who make the transition into work are already out of work again by the following year, compared to one-fifth of non-disabled entrants.

Employment opportunities for disabled people are influenced by many of the same trends as for the rest of the population, but, often, disabled people are more severely affected. Many of the determinants of the risk of losing employment are common to those who become disabled and those who do not; likewise the characteristics of those who are



Enduring economic exclusion

disadvantaged when it comes to moving into work. But a higher proportion of disabled people have these characteristics or risk factors, and the differentials – for example between the qualified and unqualified – are larger.

- The general performance of the economy is as important for disabled people's employment as for anyone else. In fact, disabled workers may need particular protection from downturns in the economy because their employment rates are more volatile.
- Both disabled and non-disabled employees in manual occupations face higher risks of losing employment. However, the difference in risk between manual and non-manual occupations is about twice as large for employees who become disabled.
- Of disabled people who might move into work, those who do so are younger, better qualified and have closer links to the labour market – factors familiar from research on transitions into employment in the population as a whole.

In addition, there are barriers specific to disabled people. Some of these could not be assessed directly in this analysis – for example, the attitudes of employers or work colleagues, physical access to buildings and transport, and the availability of personal assistance. In terms of nature of impairment, those who become disabled in work and are more severely impaired, or have problems with their limbs or back, sight or hearing, or mental health problems, are significantly less likely than others to remain in employment. Once out of

work, those who are more severely impaired are less likely to make a transition into employment.

The findings suggest both individual and institutional factors are at play. Most broader trends, such as the decline in employment of middle-aged and older men, affect both disabled and non-disabled people. But some institutional factors seem to affect disabled people differently from non-disabled people; for example, large firms are less likely than smaller firms to hire disabled people (relative to non-disabled people), yet they appear to be more able to retain employees who become disabled while in work.

There is a need to develop a better understanding of why differentials, such as between those in manual and non-manual occupations, are greater for disabled than for non-disabled people: is it the result of interaction with specific disabling barriers? People who *become* disabled in a manual occupation are more likely to cease being employed than those in non-manual occupations, but disabled people are more likely to *enter* manual than non-manual occupations. This suggests the nature of manual jobs is not itself an obstacle to disabled people's employment; the explanation for lower retention rates must lie in the wider employment context.

Finally, this analysis highlights the importance of providing support before, during and after labour market transitions. Disabled people in work are vulnerable to economic downturns and, once out of work, making the transition into employment is more difficult than for non-disabled people. Even for those that do return to work, the gap in staying-on



Movements into and out of work

rates between disabled and non-disabled entrants is large. In-work support is also essential for those who become disabled while in employment and wish to continue working.



3 Changes in the benefit system

Disability benefits have been classified as follows (Berthoud, 1998).

- *Earnings-replacement* benefits (for example, Incapacity Benefit) provide an income for individuals unable to earn, or carry out their normal functions, as a result of sickness or disability.
- *Extra-costs* benefits (for example, Disability Living Allowance) provide help towards additional costs incurred as a result of disability.
- *Means-tested* benefits (for example, Income Support) top up income to a minimum level, the exact level being determined by household size, any special needs and housing costs.
- *Compensatory* benefits (for example, Industrial Injuries Disablement Benefit) are for individuals who have become sick or disabled as a result of 'serving the nation' whether in a military or ordinary occupational capacity.

The first part of this chapter traces the evolution of different types of disability benefit and looks at the impact Labour's welfare reform is likely to have (Burchardt, 2000a gives a fuller account). The second part examines explanations for growth in disability benefit expenditure.

Evolution of disability benefits

War Disability Pension and Industrial Injuries Disablement Benefit were introduced after the First and Second World Wars respectively. The basic benefits have to date remained largely unchanged, perhaps thanks to effective

lobbying by war veterans associations and trade unions.

Earnings-replacement benefits existed in the form of a flat-rate Sickness Benefit from 1948 and developed rapidly in the 1970s. Invalidity Benefit (IVB), introduced in 1971, provided an age- and earnings-related income to those unable to work through sickness or disability, provided they had made sufficient National Insurance contributions. Four years later, a parallel non-contributory benefit was created, paid at a lower rate and initially excluding married women who were not working ('housewives'). These women became eligible, subject to an additional test, in 1977, and finally on equal terms when the benefit was replaced with Severe Disablement Allowance in 1984.

In the 1980s, the tide began to turn against earnings-replacement benefits. First, IVB became linked to prices rather than being up-rated with earnings. Then, short-term sickness benefits lost their earnings-related element and responsibility for them was gradually passed to employers. Finally, Incapacity Benefit (IB) replaced IVB in 1995: taxable, unlike its predecessor, with tougher eligibility criteria and no earnings-related component.

The development of extra-costs benefits was prompted by survey evidence of widespread poverty among Britain's three million disabled adults and of the additional expenditure they incurred (Harris, 1971). In 1971, Attendance Allowance (AA) was introduced for those requiring significant personal assistance, followed in 1975 by Mobility Allowance (MobA). In the late 1980s, further OPCS surveys showed that those with the most severe impairments were more likely to have low incomes, and that disabled people with less



Changes in the benefit system

severe impairments were often getting no help with extra costs at all (Martin and White, 1988). Hence, in 1992, Disability Living Allowance replaced MobA, and AA for the under-65s, introducing lower tiers of benefit payable to those with fewer requirements.

Disability was not initially differentiated from other reasons for being out of work for the purposes of means-tested benefits. From 1966, Supplementary Benefit incorporated a more generous rate of benefit for long-term claimants, including those who were sick or disabled, and extra payments for special needs were available on a discretionary basis. These were regularised into premiums based on entitlement to extra-costs benefits when Income Support replaced Supplementary Benefit in 1988. As means-testing has evolved, disability has become more explicitly recognised, and extra payments have gradually increased.¹

To summarise, there has been a gradual recognition (though still incomplete) of the extra costs disabled people face, an expansion followed by tightening-up on benefits designed to replace earnings – the latter phase accompanied by an increasing emphasis on means-testing – and a steady role for compensatory benefits.

Welfare reform: winners and losers

In 1998, the new Labour government announced proposals for disability benefits in line with the guiding principle of their welfare reform programme, ‘work for those who can and security for those who cannot’ (DSS, 1998a). The proposals were initially greeted with relief – rumoured cuts had not transpired – but closer scrutiny led to alarm among disability groups.

The Welfare Reform and Pensions Bill was eventually passed, in the face of what was at that date the largest backbench rebellion of the new government. The main provisions, all of which apply to new claimants only, are summarised in Box 1.

The reform of Incapacity Benefit (IB) seems designed to achieve three things:

- discouraging early-retirement
- blocking moves from unemployment benefits onto IB
- keeping claimants in touch with the possibility of future employment.

Concern about means-testing IB for pension income focused around erosion of the insurance principle, and potential injustice for those who had made private pension arrangements, only to find that benefits were being clawed back by the state. It is not clear whether the effect will be to discourage early retirement, or, contrary to another of the stated objectives of welfare reform, to discourage private pension provision.

The operation of incentives is likewise an open question for the movement between IB and other out-of-work benefits. Introducing a time threshold, after which unemployed claimants will be ineligible for IB, could bring *forward* the time at which those who have some health problems or impairments apply, especially given the strong association between long-term unemployment and ill health (for a review of research evidence, see Acheson, 1998).

In the government’s own words, the abolition of Severe Disablement Allowance (SDA) was designed to ‘modernise’ the benefit, and to ‘direct more help to those for whom it was intended’ (DSS, 1998a). Those who become



Enduring economic exclusion

Box 1 Labour's disability benefit reforms

Earnings-replacement benefits

1 *Incapacity Benefit (IB)*

- Means-tested against occupational or personal pension income over £85 per week, at a rate of 50p in the £1 (unless in receipt of higher-rate DLA care component).
- No longer available to those who have been out of work for three years or more (unless they have been in receipt of Invalid Care Allowance).
- A 'capability assessment' to be completed at the time of a claim, and at any time thereafter, to assist personal advisers in devising, if appropriate, a back-to-work plan. The test for work-incapacity on which entitlement is based remains unchanged.

2 *Severe Disablement Allowance (SDA)*

- Abolished.
- Replaced by Incapacity Benefit for those who are not in full-time education and become disabled under the age of 20 (or age 25 if they were continuously in full-time education from before the age of 20 to shortly before they became disabled).

Extra-costs benefits: Disability Living Allowance (DLA)

- Benefits Integrity Project replaced by 'periodic enquiry' into whether claimant's circumstances have changed. Supporting evidence required for higher-rate claims.
- Minimum age for higher-rate DLA mobility component reduced from five to three.

Means-tested benefits

- New premium in Income Support for those receiving higher-rate DLA care component.
- Disability Working Allowance replaced with Disabled Persons Tax Credit, to top up earnings of low-paid disabled workers.

Sources: DSS (1998a), Welfare Reform and Pensions Act 1999, Tax Credits Act 1999.

disabled under the age of 20 (or 25 in certain circumstances) will indeed benefit from the reforms, since they will be newly eligible for IB, set at a higher rate than SDA. However, three-quarters of new SDA claimants in 1998/99 were aged 20 or over. Some new claimants in that situation will receive Income Support (IS) and will not be worse off financially, but those with family incomes above IS levels or with a partner in work – representing 30 per cent of current

claimants – will get nothing.²

Losers from the abolition of SDA are likely to be predominantly women and, although the IB caseload has traditionally been skewed towards men, new claimants of the benefit – who may be affected by the new rules – are more evenly split between the sexes.

Changes to extra-costs benefits and means-tested benefits were less controversial, since they all represented improvements on the status



Changes in the benefit system

quo. Take-up of Disability Working Allowance, the predecessor to Disabled Person's Tax Credit (DPTC), consistently fell short of anticipated levels, and those who did claim were generally already in work (Rowlingson and Berthoud, 1996). It is too early to know whether DPTC will perform better, but it incorporates a less severe taper on income over the threshold, and a longer period in which to claim.

Do the 1999 reforms represent a break with the past or a continuation of previous trends? They are designed to reward paid employment, while offering relatively generous provision for those who have been disabled since an early age, and the direction of change for these groups is in line with historical development. But, for disabled people who are unemployed, non-employed partners, or early-retired, the latest reforms represent a step change, with more means-testing and less earnings-replacement benefits and; in some cases, less benefit overall. Altered incentives and extra help to return to work may reduce the numbers

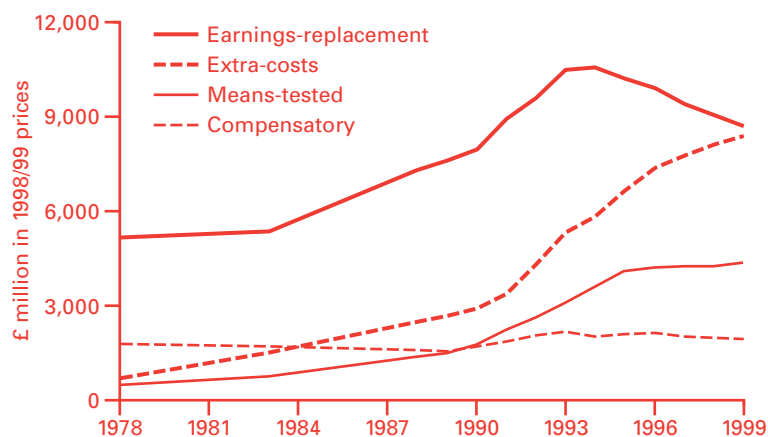
in these groups, but it is doubtful that the tools available will be sufficiently powerful to eliminate the category altogether. Those deemed capable of work but who do not have a job are in danger of falling between the stools of 'work' and 'security'.

Explanations for growth in benefit expenditure

Trends in expenditure on each of the four types of benefits mirror the history of expansion and contraction outlined above (Figure 7).

- Total expenditure rose three-fold in real terms (GDP-deflated) between 1978 and its peak in 1996; since then, it has fallen slightly.
- Extra-costs benefits contributed slightly under half (43 per cent) of this growth, followed by earnings-replacement benefits (31 per cent) and means-tested benefits (24 per cent).³

Figure 7 Benefit expenditure on sick and disabled people, 1978/79–1999/2000



Notes: GDP deflated. Includes benefits for short-term sick and disabled people. Excludes Housing Benefit, Council Tax Benefit and all means-tested benefits for disabled people aged 60 or over.

Sources: author's calculations based on DSS (2000b)



Enduring economic exclusion

- Of the growth in extra-costs benefit expenditure, about half was due to claimants over state pension age and about 5 per cent was due to claims on behalf of children.⁴

Explanations that have been proposed for the growth fall into three main categories: trends in disability, changes in the labour market and the operation of the benefit system itself. Each is considered in turn.

Trends in disability

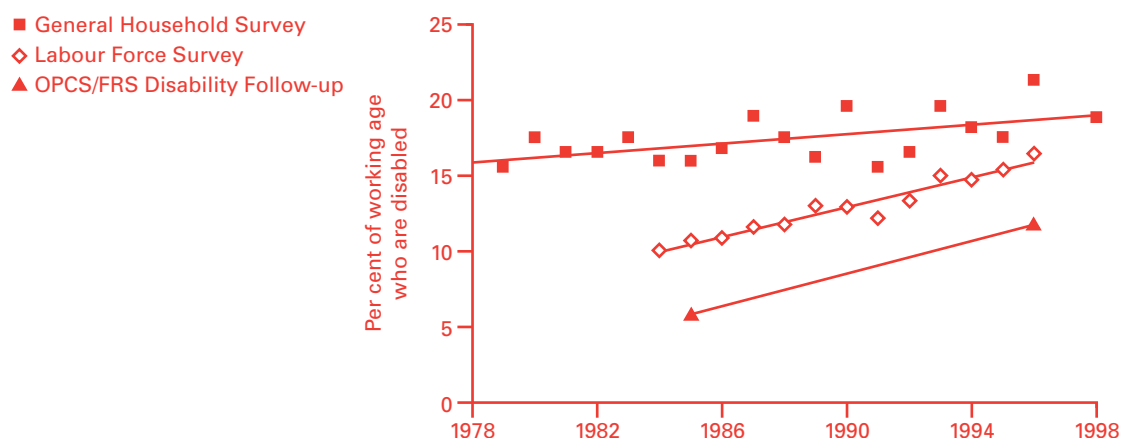
Changes in the age structure of the population could increase the number of disabled people, even if age-specific prevalence rates remained constant, because older people are more likely to be disabled. Berthoud (1998) estimates that the number of disabled adults over 65 could have risen by one-quarter over the period 1975 to 1995, with constant age-specific prevalence rates. The age structure of the working-age population has not changed substantially.

Three different estimates of the prevalence of

disability among the working-age population are shown in Figure 8.⁵

- The General Household Survey (GHS) uses a definition of 'limiting long-standing illness or disability'; this has risen by about one-fifth over the last 20 years (ONS, 2000).
- Over a shorter period (1984 to 1996), the LFS shows an increase of 60 per cent in the proportion of working-age people who have a work-limiting illness or impairment.
- A comparison between the 1985 OPCS Survey and the 1996/97 FRS Disability Follow-up – surveys specifically designed to measure disability and using the most detailed questions – produces the highest estimate, suggesting the prevalence of disability among 16–59 year olds doubled. The 1995 Health Survey for England also produced considerably higher prevalence estimates than the

Figure 8 Estimates of prevalence of disability among working-age population



Notes: See text for definitions of disability. Age ranges are 16–64 for GHS; 16–59/64 for LFS; 16–59 for OPCS/FRS.
Sources: author's calculations using GHS, LFS and OPCS/FRS.





Changes in the benefit system

OPCS Survey 10 years previously, despite using only a subset of questions (Pardon, 1997).

According to the 1985 and 1996/97 surveys, prevalence increased in all age groups, and the distribution across severity categories is not markedly different in the two years – if anything, the later survey suggests a higher proportion are more severely impaired. Grundy *et al.* (1999) investigated whether methodological differences between the 1985 and 1996/97 surveys could account for differences in prevalence estimates, but found that virtually all of those in the 1996/97 survey would have met the sift criteria for inclusion in the 1985 survey. It is, however, likely that smaller numbers receiving disability benefits in 1985 meant fewer people were initially identified as potentially disabled in the earlier survey. An underestimate of disability in 1985 would tend to exaggerate the apparent growth in prevalence of disability since that date.

Increases in rates of impairment, in rates of disability, or in rates of reporting could account for these apparent increases. Beginning with the first, several factors might have increased rates of impairment, including: more people remaining alive but impaired after illnesses, operations, accidents or birth; greater stress because of more demanding workplaces, or increases in labour market insecurity (Gallie *et al.*, 1994); greater stress because of widening income inequality (Wilkinson, 1996); physical and mental health problems associated with more long-term unemployment; mental illness caused by partnership breakdown (Hope *et al.*, 1999); and more unhealthy lifestyles.⁶ But, to set against this, better health care, higher living standards (especially in childhood), fewer

industrial injuries and fewer road accidents would all tend to reduce rates of impairment.⁷ An overall assessment is difficult to come by.

Second, there may have been changes in perception of what constitutes disability. Some conditions – particularly in mental health – have been newly recognised and acknowledged. More generally, as expectations of living a disability-free life have increased, any impairment has become more likely to be regarded as disabling. The Labour Force Survey asks specifically about work-limiting disability – if work has become more demanding, more people would be disabled. But technological innovations, generally rising standards of living and (slow) improvements in the built environment, would all have tended to work in the opposite direction, making at least some impairments less disadvantageous.

Finally, if conventions have changed to make being disabled a more acceptable social status, one might expect an increase in reported disability. Unfortunately, there are no attitudinal data with which to test these theories. Moreover, while it is plausible that the general category ‘disability’ is now interpreted differently than ten or 20 years ago, it seems less likely that responses to very detailed questions about day-to-day functioning, such as those included in the 1985 OPCS survey and 1996/7 FRS Disability Follow-up, have been dramatically influenced by attitudinal change.

It is possible that benefit receipt itself makes individuals more likely to think of themselves as disabled – though clearly this cannot explain the increase in benefit receipt in the first place. Once someone is disabled and receiving benefit, he or she may be inclined to perceive him or herself as disabled thereafter, even if the



Enduring economic exclusion

underlying condition or impairment improves, but again there is no evidence that this is the case.

Taking changing age-structure, prevalence rates, and attitudinal change together, Berthoud (1993) estimates that increasing disability among working-age people may have accounted for 13 per cent of the rise in IVB caseload. For disability benefit expenditure as a whole over the period 1984 to 1996, it could account for between one-sixth and two-thirds of the increase, depending on the estimates of disability prevalence used.

Changes in the labour market

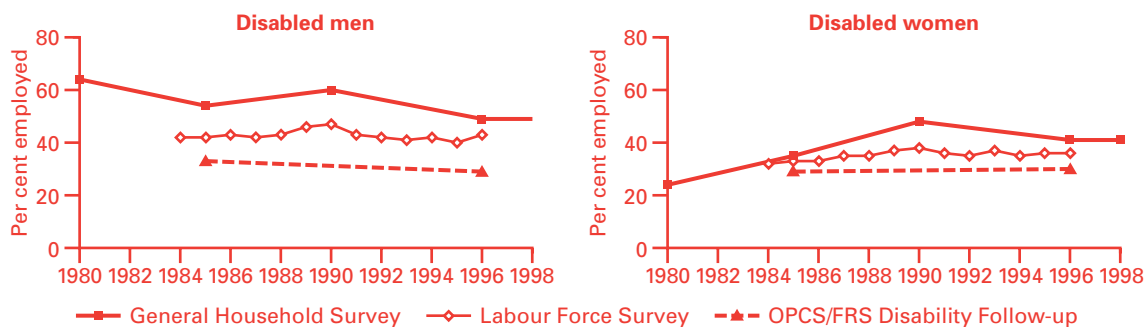
Extra-costs benefits are payable in work as well as out, so growth in this area is unlikely to have been fuelled by changes in the labour market (though people may be more aware of extra-costs benefits, and more inclined to claim, when out of work). Employment rates among disabled men have remained steady or fallen slightly (depending on which data series is used) while employment rates among disabled women have risen (Figure 9), and these trends are also apparent for the non-disabled

population. Growth in earnings-replacement benefits therefore cannot be simply explained by disabled people becoming more marginalised in the labour market. It could be that those now claiming earnings-replacement disability benefits would previously have been claiming unemployment or means-tested benefits. Several theories have been proposed.

*'Higher unemployment is associated with more claims for disability benefits'*⁸

If unemployment rates were the sole determinant of disability benefit expenditure, we would expect to see expenditure rise and fall with the economic cycle, whereas in fact there was a steady rise up to 1996. Disney and Webb (1990) found that the link between unemployment and earnings-replacement disability benefits became stronger in the early 1980s, suggesting that each economic cycle could have a larger impact than the previous one. This is supported by Holmes *et al.* (1991) and Berthoud (1993), who identify a 'ratchet effect': the number of earnings-replacement benefit claimants rises when unemployment rises but this is largely because of increased

Figure 9 Trends in employment rates of disabled men and women



Notes: See text for definitions of disability. Age ranges are 16–64 for GHS; 16–59/64 for LFS and for OPCS/FRS.
Sources: author's calculations using GHS, LFS and OPCS/FRS.



Changes in the benefit system

durations of claim rather than more people coming on to the benefit. Since long durations are also associated with lower rates of return to the labour market, each recession adds to the stock of claimants.

However, since the proportion of disabled people overall who are out of work has not risen, explanations for the increase in earnings-replacement benefit caseload must also include either an increase in the numbers of disabled people (discussed above), or a change in the sort of person who is able to claim earnings-replacement benefits.

‘There was increasing pressure to categorise non-employed claimants as disabled rather than unemployed’⁹

Additional pressure could have come from the Employment Service, faced with performance targets in the 1980s to reduce the unemployment count, or from claimants, who in some cases would have been better off on Invalidity Benefit than unemployment benefit, and may have found ‘disability’ a more acceptable status than ‘unemployed’.¹⁰ The tightening of ‘actively seeking work’ criteria for unemployment benefit claims could also have led to a shift towards incapacity benefits. To account for the continuing rise in benefit expenditure during and after economic recovery, this kind of explanation would need to be combined with the ‘ratchet effect’ identified above.

‘Composition of the labour force has changed’

Two aspects of the changing composition of the labour force, noted in the previous chapter, may be relevant: the falling number of over-50s in employment and rising female participation. Despite the government’s concern about the

relationship between IB and early retirement, most commentators warn against attributing too much importance to it: the age profile of IVB/IB claimants below 65 has remained steady, with some evidence that rates of growth have been faster among younger age groups (Berthoud, 1998; Evans, 1998; Piachaud, 1998). On the other hand, Berthoud (1993) estimated the increase in the number of women qualifying for national-insurance-based benefits like IVB and IB, as opposed to their less generous non-contributory counterparts, could have accounted for 16 per cent of the rise in IVB caseload up to that time.¹¹

‘Restructuring of the economy has hit disabled people harder’

A higher proportion of the unskilled and low-skilled are disabled than of high-skill groups. Since there has been a shift in demand away from unskilled labour, it is to be expected that disabled people would have been disproportionately affected.¹² The types of occupation which disabled people have traditionally been more likely to have – in manufacturing or the public sector – have been shrinking faster than other sectors of the economy (Campbell, 1999; Cousins *et al.*, 1998; Dorsett *et al.*, 1998; Floyd, 1995).

Evidence from the previous two chapters suggested disabled people have adapted along with everyone else and that patterns of men’s and women’s employment have changed for disabled and non-disabled alike. The shift against low-skilled labour may be manifested in terms of greater earnings differentials rather than in increased risks of unemployment (Nickell *et al.*, 1999). This interpretation is supported by the analysis of earnings in Chapter 1, which showed that the differential between disabled and non-disabled people had



Enduring economic exclusion

increased substantially.

Increased insecurity in the labour market may also have had other effects – heightening occupational stress, making it more difficult for people with existing mental health problems to work, and creating additional mental and physical health problems associated with stress. A rise in mental illness is supported by evidence from IVB/IB claims, which shows that the proportion of claims due to mental and behavioural disorders nearly doubled, from 16 per cent in 1988/89 to 29 per cent ten years later. Similarly, the proportion of those identified as disabled who had a mental or behavioural problem, rose by one-third between the 1985 OPCS survey and the 1996/7 FRS Disability Follow-up.

Operation of the benefit system

Widening eligibility, especially since the introduction of additional tiers of extra-costs benefits in 1992, has clearly had a direct effect on expenditure. It has also had a knock-on effect on means-tested benefit expenditure, since receipt of extra-costs benefits also brings eligibility for disability premiums in Income Support (IS) (Evans, 1998; Vidler, 1997). Premiums both bring additional income for those already on IS and relax the means-test which determines disabled people's eligibility for the benefit.

Eligibility may have been unintentionally widened by looser definitions of incapacity being applied in practice than were envisaged in legislation (Lilley, 1994; Lonsdale, 1993). However, the more restrictive 'all work test', introduced when IB replaced IVB, resulted in far fewer claims being rejected than had been anticipated and few of those who were

disqualified found work (Berthoud, 1998; Swales, 1997).

In addition:

- the average severity category of impairments of disabled people in receipt of earnings-replacement benefits *rose* from 4.7 to 4.9 between 1985 and 1996/97
- the proportion of earnings-replacement benefit recipients who were hindered in activities of daily living rose from 63 per cent in 1991 to 79 per cent in 1997, while the average number of activities in which recipients were limited fluctuated between 1.2 and 1.3.¹³

There is no evidence here of an increase in non- or less-disabled people successfully claiming earnings-replacement benefits.

On extra-costs benefits, there have been concerns that the self-assessment forms introduced with DLA in 1992 have led to over-payment in some cases. Berthoud (1998) draws together evidence from various benefit investigations and concludes that around one in ten DLA or Attendance Allowance payments may be going to the wrong people, through fraud or error. The Benefits Integrity Project (BIP), begun in 1997, terminated 10 per cent of claims inspected, although nearly one-quarter asked for their payments to be reinstated, two-thirds of whom were successful. Statistics from its replacement, a system of 'periodic enquiry', indicate that the proportion of cases where payment is increased after review is larger than the proportion of cases where payment is decreased.¹⁴ Both BIP and its replacement were targeted on claims thought most likely to be wrong (excluding, for example, those who are terminally ill, tetraplegic or double amputees),



Changes in the benefit system

and hence are not representative of the caseload as a whole.

Survey data shows the following.¹⁵

- The average severity category of working-age disabled people in receipt of extra-costs benefits fell slightly between 1985 and 1996/97, from 6.2 to 6.1. This could be taken to indicate a slacker regime, but the trend is due at least in part to the introduction of new lower tiers of benefit rates.
- Since DLA began in 1992, the proportion of working-age extra-costs benefit recipients who say they are limited in activities of daily living has risen from 69 per cent to 76 per cent in 1997, while the average number of activities in which recipients were limited fluctuated between 1.4 and 1.5.
- Over 70 per cent of those with impairments in the highest severity categories (9 and 10) were already receiving extra-costs benefits in 1985, and a similar proportion received them in 1996/7. By far the biggest increase in receipt has been for those with impairments in severity categories 7 or 8 – up from 34 per cent to 50 per cent – which lends support to the ‘widening eligibility’ hypothesis, rather than inappropriate awards.

Increased take-up rates may also be a factor in expenditure growth (DSS, 1990). Pressure on local authorities to increase revenue from charging has led some to conduct take-up campaigns for extra-costs benefits. However, using the 1985 OPCS Survey and 1996/7 FRS

Disability Follow-up to compare rates of extra-costs benefit take-up among some of those who would prima facie have been eligible for benefits in both years suggests that take-up remains very low.

- Those who ‘Cannot walk 50 yards without stopping or severe discomfort’ would have been eligible for Mobility Allowance in 1985 and for higher rate of DLA-mobility in 1996/7.¹⁶ In the earlier year, 49 per cent of those of working age who met this condition were in receipt of some extra-costs benefit; by 1996/97 this had risen to 56 per cent.
- Needing frequent attention throughout the day was sufficient to entitle someone of working age to the lower rate of Attendance Allowance in 1985, and to the middle rate of DLA-care in 1996/97. Those who ‘Cannot get into and out of bed without help/Cannot get into and out of chair without help’ seems a reasonable proxy. In 1985, 49 per cent of those of working age who met this condition were in receipt of some extra-costs benefit; by 1996/97, this had risen to 55 per cent. Again take-up has risen slightly for this group, but is still only just above the halfway mark.

Other government policies may have contributed to the growth in expenditure. ‘Care in the community’ means more disabled people are eligible for care components of extra costs benefits, though the numbers involved are a very small proportion of the overall caseload.¹⁷ At the same time, social services have increasingly imposed charges for personal



Enduring economic exclusion

assistance provided at home. Kestenbaum with Cava (1998) argue that moving off Income Support now involves a 'personal assistance trap' as well as the usual poverty and unemployment traps. The impact on disabled people's incomes is considered in the next chapter; it does not (yet) appear to have reduced rates of employment overall.

Finally, two aspects of the operation of the benefit system itself generated growth in expenditure.

- Until 1995, claimants could continue on IVB after retirement age.¹⁸ In 1971/72, 3 per cent of IVB claimants were over state pension age, compared to 18 per cent in 1991 (Lonsdale, 1993); Berthoud (1993) estimates this could account for 29 per cent of the increase in IVB caseload.
- Entitlement to the earnings-related component of IVB has gradually built up since its inception in 1979. Expenditure on it grew from £127 million in 1983/84 to a peak of £1,615 million in 1994/95 (in 1998/99 prices), since when it is being phased out (DSS, 2000b).

Summary and discussion

The history of the benefits system shows a gradually increasing recognition of disability in general, and of the extra costs disabled people face in particular. Benefits to provide an income during periods out of work because of sickness and disability were expanded during the 1970s, but progressively restricted during the 1980s and 1990s, accompanied by an increasing emphasis on means-testing. Compensatory benefits have maintained a steady role.

Total expenditure on benefits for sick and disabled people has risen three-fold since the late 1970s and now accounts for one-quarter of social security spending. A wide range of explanations have been put forward, many of which fail to take account of the composition of the growth (nearly half because of extra-costs benefits), and of stable overall employment rates among disabled people. On extra-costs benefits, those explanations that are best supported by evidence include:

- widening eligibility, and take-up slowly increasing from a very low starting point
- built-in growth to benefit entitlement: awards continue after retirement, gradually adding to the stock of claimants
- growth in prevalence of disability.

And on earnings-replacement benefits:

- widening eligibility: more women qualifying for National Insurance benefits as a result of rule changes and greater female participation in the labour force
- built-in growth to benefit entitlement: the earnings-related component of IVB
- changing boundaries between benefits: (i) claims for IVB continuing after retirement age in place of retirement pension, (ii) 'push' and 'pull' factors encouraging claims for IVB in place of unemployment or means-tested benefits
- 'ratchet effect': economic downturns mean fewer people leave IVB/IB, but economic recovery does not reverse the trend
- growth in prevalence of disability.





Changes in the benefit system

Widening eligibility and built-in growth can be welcomed as evidence of policy success: in those respects, growth in expenditure is not by accident but by design. Some of the boundary issues between benefits have now been clarified; others involve a shift in spending from one budget to another rather than a growth in expenditure overall. For neither extra-costs nor earnings-replacement benefits is there strong evidence of an increase in people without health problems or impairments claiming benefits. Rather, there has been an increase in claims for disability benefits among those out of work who have health problems or impairments.

The 'ratchet effect' is consistent with a stable overall rate of employment among disabled people, if the changing composition of the workforce and growth in prevalence of disability are also taken into account. It is the intended target of the government's 'capability assessments' for IB claimants and the New Deal for Disabled People – aiming to reconnect claimants with the labour market, or, better still, prevent them from losing touch in the first place. Progress to date has been slow: of an estimated 250,000 claimants of incapacity benefits in the 12 pilot areas for the Personal Adviser Service, less than 1 per cent had moved into work by March 2000 (New Deal for Disabled People web site, 5 June 2000). However, it is still early days: six schemes have been operational for a year and the other six for 18 months.

The most compelling evidence is for the most obvious, but the most often over-looked, explanation: that there has been an increase in prevalence of disability. The changing age structure of the population would alone account for a 25 per cent increase in the number of

disabled people over 65 between 1975 and 1995, while estimates of the growth in prevalence rates for specific age groups in the working-age population from the mid-1980s to the mid-1990s all indicate an upwards trend.

An important part of understanding the growth in disability benefit expenditure is therefore understanding the increase in (reported) disability. If the increase were only in work-limiting disability, one could argue that work has become more demanding. If it were only in self-assessed limiting long-standing illness, one could argue that, as expectations of health have risen, even the slightest incapacity has come to be perceived as limiting. But the trend is also apparent in the most rigorous and thorough measures of disability, across age groups and across the range of severity of impairment. Reporting of disability may have increased – in which case the fact remains that there are more disabled people than we thought there were – but it is also possible that the stresses and strains of modern society have taken their toll on mental health and associated physical conditions.

An expansion of disability benefits and associated expenditure might be expected to lead to a rise in the incomes of disabled people, but, given a simultaneous increase in numbers of people reporting disability, the outcome is less certain. The next chapter investigates in more detail. Certainly the most recent changes to the benefit system, under Labour's welfare reform, seem likely to help some but not others. Relatively generous support is offered to disabled people who are employed and those obviously unable to work on the one hand, while benefits available to disabled people who are unemployed, non-employed partners or



Enduring economic exclusion

early-retired are pared back. Disabled people have traditionally been located on the positive side of the 'deserving/undeserving' boundary; the 1999 reforms redraw the line in such a way that it partitions the disabled population.



4 Disabled people's incomes

Several policy interventions during the 1980s and 1990s attempted to improve the living standards of disabled people. Chapters 1 and 2 outlined initiatives directed towards promoting opportunities for disabled people's employment and showed that only a minority of disabled people have income from paid work. Chapter 3 discussed changes to the benefit system, including the introduction of more generous extra-costs benefits in 1992. This chapter brings earnings and benefits together – as well as income from other family members – to consider whether policy has been successful in raising disabled people's incomes.

Measurement and definition

Initial reports on the 1985 OPCS survey of disabled adults showed that they had disproportionately low incomes (Martin and White, 1988). Berthoud *et al.* (1993) conducted further analysis and found 18 per cent of disabled people had incomes below minimum means-tested benefit rate level. When an allowance was made for the extra expenditure disabled people incur, the figure rose to 45 per cent, with poverty concentrated in the middle range of severity of impairment. Little seems to be known about how disabled people's incomes have changed since then, though Grundy *et al.* (1999), reporting on the 1996/97 Family Resources Survey Disability Follow-up, commented that the incomes of disabled households were 20 to 30 per cent less than the general population.

Results presented in this chapter draw on the 1985 OPCS Survey and the 1996/97 Family Resources Survey Disability Follow-up for disabled people in non-pensioner families.¹

They use the same definition of disability, and can be manipulated to produce comparable definitions of income: current net equivalised family income, after housing costs (see Table 8).² The more recent survey identified 11.8 per cent of the working-age population as disabled, compared to 5.8 per cent in 1985. Explanations for the difference were investigated by Grundy *et al.* (1999), and summarised in the previous chapter, but it is important to bear in mind that results for the later year represent twice as many people of working age as the earlier survey.

The same level of income may achieve a lower standard of living in a family containing a disabled person than in another family, because additional expenditure has to be made to accommodate the disabled person's needs. A variety of estimates of extra costs for non-pensioners have been produced, ranging from £6.70 per week (Martin and White, 1988) to £50.00 per week (DIG, 1988) in 1985 prices. Berthoud *et al.* (1993) used the 1985 OPCS survey to examine the gap in living standards – indicated by ownership of consumer durables and ability to save – between more and less severely disabled people with the same income. From this gap they inferred the extra costs of disability. The results varied by severity category and income level; averages over pairs of severity categories of their 'central estimate' for a family on £100 per week, in 1985 prices, are shown in Table 9.

Results are presented in this chapter both with no adjustment for extra costs, and with an adjustment based on Berthoud *et al.*'s (1993) estimates. For 1985, the adjustment is made by subtracting the estimate of extra costs from each family's income, according to the severity of impairment of the disabled person.³ For



Enduring economic exclusion

Table 8 Definition of income

Definition	
Current	Based on income in the week or month before interview
Net	Income from all sources (e.g. earnings, benefits, investments) after direct taxes, National Insurance contributions and local taxes have been deducted
Equivalised	To take account of differences in family size. Both surveys use the McClement's scale
Family income	Single adult or a couple, together with any dependent children
After-housing costs	Outgoings on rent and mortgage interest payments are deducted from income

Table 9 Additional costs of disability estimated by the living standard method (for a family with income of £100 per week in 1985)

Severity category	£ per week in 1985 prices
1/2	4.50
3/4	14.00
5/6	20.50
7/8	27.50
9/10*	29.50
All	14.50

* An estimate for category 10 could not be calculated directly because the sample of cases was too small. As an approximation, the authors added £1 to the estimate for category 9.

Source: averages over pairs of severity categories, from Berthoud *et al.* (1993, T5.12).

1996/97, the estimates are simply up-rated in line with inflation (64 per cent since 1985).

Extra costs may in fact have risen faster than inflation for two reasons. First, one component of extra costs is paying for personal assistance and wages tend to rise faster than prices. Second, the practice of charging for local

authority social services has become more widespread. In 1985, the only service for which there was commonly a charge was meals-on-wheels. By 1999, 94 per cent of local authorities were also charging for other home care services (Audit Commission, 2000). Overall, 12 per cent of expenditure on home care services is now recouped through charges, compared to 7 per cent in 1984/85 (CIPFA, 1987). There is wide variation between authorities both in how charges are determined (for example, flat rate or hourly charge, and with different types of means-test), and in the amounts levied, so it is difficult to arrive at a meaningful estimate of the average charge for a disabled person. The Audit Commission found 12 hours of personal care at the user's home could cost anything up to £120. It seems clear that many disabled people who use social services are being asked to pay more for their personal assistance than people in the same circumstances were in 1985. In that case, the 1996/97 adjustment made to disabled people's incomes in this chapter will underestimate the effect of extra costs on a disabled person's income. Unfortunately, a more accurate estimate is not currently available.





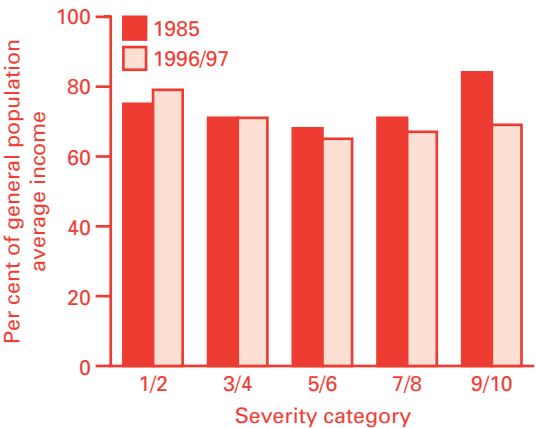
Change in real incomes

The average (mean) income of disabled people rose in real terms by nearly one-third between 1985 and 1996/97, from £157 per week to £205 per week (in 1996/97 prices). Of course, mean incomes of non-disabled people also rose over this period, so that, as a proportion of the general population mean, disabled people's income fell slightly, from 73 to 72 per cent.⁴ For comparison, it may be helpful to bear in mind that means-tested benefit levels for a single disabled person in 1985 would have been around £64 (in 1996/97 prices), and between £68 and £105 in 1996/97.⁵

Figure 10 shows that, in both years, mean income varied by severity category, with the least and most severely impaired having the highest average incomes. Relative to the general population, those with less severe impairments have done better than those with more severe impairments – whose average incomes are now a smaller proportion of the general population average than they were in 1985.

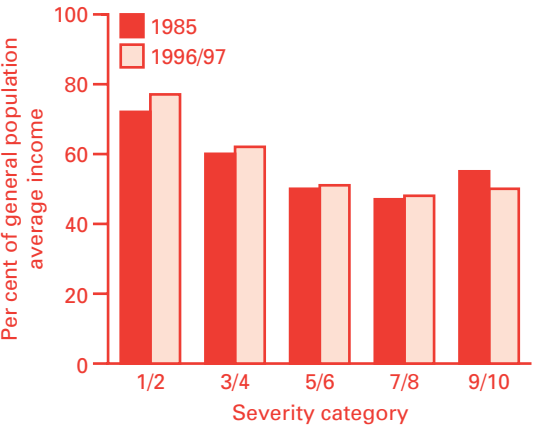
Taking into account extra costs reduces the average of disabled people's incomes considerably: in 1985, mean income of disabled people after extra costs was 60 per cent of the general population average; in 1996/97, 62 per cent. The distribution across severity categories also looks rather different (Figure 11): there is a steady fall in average income from the lowest severity categories through to categories 7 and 8. In other words, the more severely impaired also tend to be poorer. The exception is those with impairments in severity categories 9 and 10, who have slightly higher average incomes, due in large part to their greater eligibility for extra-costs benefits like Disability Living Allowance.

Figure 10 Disabled people's average income, 1985 and 1996/97 (adults in non-pensioner family units)



Source: author's calculations using 1985 OPCS Survey, 1996/97 FRS, Disability Follow-up and HBAI dataset; Martin and White (1988, Table 3.22).

Figure 11 Disabled people's average income, taking account of extra costs, 1985 and 1996/97 (adults in non-pensioner family units)



Source: author's calculations using 1985 OPCS Survey, 1996/97 FRS, Disability Follow-up and HBAI dataset; Martin and White (1988, Table 3.22).

Poverty and inequality

There is no official poverty line in the UK, but half average (mean) income is a commonly used threshold. It is a relative measure: the level

Enduring economic exclusion

depends on what is happening to other people's incomes, and it therefore changes over time. It reflects the extent to which a particular group is keeping up with general changes in living standards.

Looking first at unadjusted incomes (Table 10):

- In 1985, around one in three of those with impairments in severity categories 1 to 8 were below half population average. Those with impairments in severity category 9 or 10 appeared to be slightly better off: 'only' one in five were in poverty.
- By 1996/97, a higher proportion in each severity category are below the low income threshold. The increases are larger, the higher the severity category.

Taking account of extra costs:

- In both years, half of all disabled adults in non-pensioner family units are below half average general population income.

- For those with impairments in severity categories 1 to 8, there has been little change since 1985. But there has been a sharp increase in the proportion of those with impairments in severity category 9 or 10 living on low income.
- Severity of impairment is now clearly associated with increased risk of poverty, with a divide between severity categories 4 and 5.

In 1996/97, around one in four disabled adults lived in families with dependent children. Those with children were significantly more likely than others to have low family incomes: 51 per cent had income below half average (or 60 per cent after adjusting for extra costs), compared to 36 per cent of those in families with no children (48 per cent after adjustment).

Through the 1980s and early 1990s, inequality among the population as a whole was rising. In 1985, 23 per cent of all adults in non-pensioner

Table 10 Percentage of disabled people below half general population mean income (adults in non-pensioner families)

Severity category	Unadjusted income		Income adjusted for extra costs	
	1985	1996/97	1985	1996/97
1/2	35	38	39	40
3/4	35	41	50	50
5/6	35	45	57	60
7/8	30	40	61	60
9/10	20	29	49	62
All	34	40	49	51
<i>Number of individuals</i>	<i>5,394</i>	<i>2,559</i>	<i>5,394</i>	<i>2,559</i>

Note: mean income based on all adults in non-pensioner family units.

Sources: author's calculations using 1985 OPCS survey, 1996/97 FRS, Disability Follow-up and HBAI dataset; Martin and White (1988, Table 3.22).



Disabled people's incomes

families had incomes below half average; by 1996/97, this had risen to 27 per cent. Disabled people make up part of this trend, and now contribute more to the low-income figures than they did in the past. In 1985, disabled people accounted for 9 per cent of the poor in non-pensioner families (with poverty defined as below half average income), or 13 per cent if an adjustment is made for extra costs. By 1996/97, disabled people accounted for 16 per cent of the poor in non-pensioner families, or 20 per cent after adjusting for extra costs.

Position in the overall income distribution

If disabled people had the same income distribution as the population as a whole, there would be 20 per cent in each fifth of the income distribution. In fact, as Table 11 shows, disabled people are over-represented in the bottom two-fifths. Not surprisingly, taking account of the extra costs disabled people face moves them

further down the distribution.

- Looking at either unadjusted income, or income after taking account of extra costs, the position of disabled people in the overall income distribution is similar in 1996/97 to what it was in 1985.
- The most significant change has been a substantial reduction in the percentage of disabled people in the bottom fifth of the income distribution. Looking at this in more detail, the reduction has been in the proportion of disabled people in the bottom *tenth* of the distribution – from 31 per cent in 1985 to 21 per cent in 1996/97, after adjusting for extra costs.
- Nevertheless, it remains the case that nearly two in five disabled people are in the bottom fifth of the income distribution after an adjustment is made for extra costs, and two-thirds are in the bottom two-fifths.

Table 11 Position of disabled people in the overall income distribution (adults in non-pensioner family units)

Fifths of the population by income	Percentage in each income group of general population			
	Unadjusted income		Income adjusted for extra costs	
	1985	1996/97	1985	1996/97
Bottom	29	26	46	38
2nd	33	33	27	28
3rd	20	19	15	16
4th	12	14	8	11
Top	6	8	4	7
All	100	100	100	100

Note: quintiles based on all adults in non-pensioner family units.

Sources: author's calculations using 1985 OPCS survey, 1996/97 FRS, Disability Follow-up and HBAI dataset; Martin and White (1988, Table 3.23).



Enduring economic exclusion

It may seem difficult to reconcile the increase in the proportion of disabled people below half average income, with the lack of change (if anything, an improvement), in the position of disabled people in the income distribution. The explanation lies in the rise in inequality in the general population over this period: the overall distribution became more unequal, and disabled people followed the same trend.

Figure 12 gives a breakdown of disabled people's position in the income distribution by severity category of impairment (using incomes adjusted for extra costs). It shows the following.

- A fall in the proportion of disabled people in the bottom fifth of the income distribution (dark grey section of bars) has occurred in every severity category.
- The peak concentration of those in the bottom fifth has moved down the severity scale, from categories 7 and 8 in 1985, to

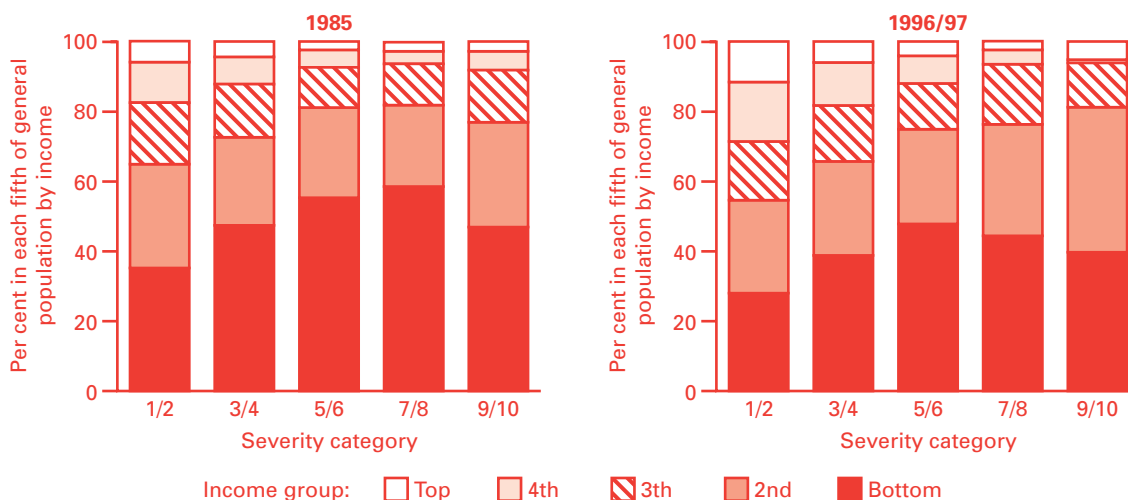
categories 5 and 6 in the later year.⁶ The extension of extra-costs benefits appears to have helped to relieve the most extreme poverty among the higher severity categories, but has stopped short of covering the extra costs of those with still significant impairments lower down the scale.

- Looking at the bottom two-fifths together (dark and medium grey sections of bars), severity of impairment is associated with higher risk of low income in both years.

Earners and earnings

The two main components of most families' incomes are earnings and benefits. The proportion that is made up by earnings depends on how many people in the household are earning, and of course on how much they earn.

Figure 12 Position of disabled people in overall income distribution (adults in non-pensioner family units, incomes adjusted for extra costs)



Source: author's calculations using 1985 OPCS Survey, 1996/97 FRS, Disability Follow-up and HBAI dataset; Martin and White (1988, Table 3.23).





Disabled people's incomes

Chapter 1 suggested the differential between disabled and non-disabled employees' earnings had widened since the mid-1980s. Inequality has also grown within disabled people's earnings. In 1985, 8 per cent of disabled employees had gross hourly earnings below half the average for disabled people; by 1996/97, the proportion had grown to 15 per cent.

We know from Chapters 1 and 2 that the percentage of disabled people themselves who are in paid work has not changed significantly since 1985, but what has happened to other family members?

- In 1985, 48 per cent of disabled people (in non-pensioner families) lived in families in which no one was in paid work. By 1996/97, this proportion had risen to 59 per cent. Part of the reason for this increase is the growing proportion of disabled people in single-adult families – up from 31 per cent in 1985 to 37 per cent in 1996/97.
- Unlike for the population as a whole, there was no corresponding increase in the proportion of families with two earners: 16 per cent of disabled people were in two-earner families in 1985, compared to 12 per cent in 1996/97.
- In both years, those with impairments in the higher severity categories were less likely to have an earner in the family. Just under half of those with impairments in severity category 1 or 2 were in no-earner families in 1996/97, compared to four-fifths of those with impairments in severity category 9 or 10.

In the population at large, there has been a polarisation into no-earner and two-earner families (Gregg and Wadsworth, 1996), driven partly by the fact that, to qualify for Income Support, neither partner can be working 16 hours per week or more. If one partner loses his or her job, it may make good financial sense for the other partner to stop work, especially if the work was low-paid. Disabled people who qualify for Incapacity Benefit (formerly Invalidity Benefit) avoid this trap, because eligibility does not depend on a partner's status. However, as shown in the previous chapter, an increasing proportion of disabled people are qualifying for means-tested benefits, with the resulting pressure on partners to give up paid work.

Benefits and extra costs

In 1985, four-fifths of disabled adults (in non-pensioner family units) received some benefit income. The range was from 72 per cent of adults with impairments in severity category 1 or 2, to 95 per cent of adults with impairments in the highest severity categories. In 1996/97, the proportions were similar, ranging from 71 per cent of those with impairments in severity category 1 or 2, to 98 per cent in the highest severity categories.

Extra cost benefits – Attendance Allowance and Mobility Allowance in 1985, Disability Living Allowance in 1996/97 – are designed to help with the additional costs incurred by being disabled. They make up around one-tenth of benefit income, for those families who have some benefit income, in both 1985 and 1996/97. Table 12 indicates how the levels received by disabled people compare to the Berthoud *et al.* (1993) estimates of additional costs.

Enduring economic exclusion

In 1985:

- overall, around one-third of estimated extra costs were covered by extra-costs benefits.
- those with impairments in the highest severity categories had the highest proportion of extra costs met – nearly 90 per cent – while those with impairments further down the severity scale had between one-third and one-fifth of their costs covered.

The assumption used in the extra costs adjustment made throughout this chapter is that costs have risen in line with general inflation. On this basis, the situation in 1996/97 is shown in the middle column of Table 12.

- The proportion of extra costs overall met by extra-costs benefits has risen to one half.
- Nearly all costs for the highest severity category are covered, and there have been significant increases in the proportion of costs met for both severity categories 7/8 and the lowest severity categories.

However, if extra costs have in fact risen faster than inflation – for example, because of changes in charging policies by local authorities – the situation is rather different. The right-hand column of Table 12 illustrates the situation in 1996/97 if costs rose in line with average earnings.

- The proportion of extra costs of the most severely impaired covered by extra-costs benefits would have fallen, to 78 per cent, while the increases in the proportion of extra costs covered for the middle range of severity of impairment would have been modest.

Table 12 Comparing extra-costs benefit income with estimates of extra costs (disabled adults in non-pensioner family units)

Severity category	Extra-costs benefits received as percentage of Berthoud <i>et al.</i> estimate of extra costs		
	1985	1996/97 (if extra costs rose with inflation)*	1996/97 (if extra costs rose with earnings)†
1/2	27	64	52
3/4	19	35	28
5/6	21	35	28
7/8	33	58	47
9/10	87	96	78
All	31	51	41

*Retail Prices Index. †National Average Earnings Index.

Source: author's calculations using 1985 OPCS survey, 1996/97 FRS Disability Follow-up and Berthoud *et al.* (1993).



Disabled people's incomes

- Overall, there would still have been an improvement in the proportion of extra costs met by extra-costs benefits – from 31 to 41 per cent – but the improvement would not have been as substantial as indicated by the inflation-linked estimate.
- For the lowest severity categories, there has been a slight increase in the proportion of family income made up by earnings, and changes to the benefit system have had relatively little impact.

Composition of income

Table 13 brings together information on earnings and benefits, to show how the composition of disabled people's income has changed. Figure 13 gives a breakdown by severity of impairment.

Overall, the pattern is similar in 1985 and 1996/97, with a slight decrease in the share of income made up by earnings and a slight rise in the proportion made up by benefits. Those with more and less severe impairments have fared differently however.

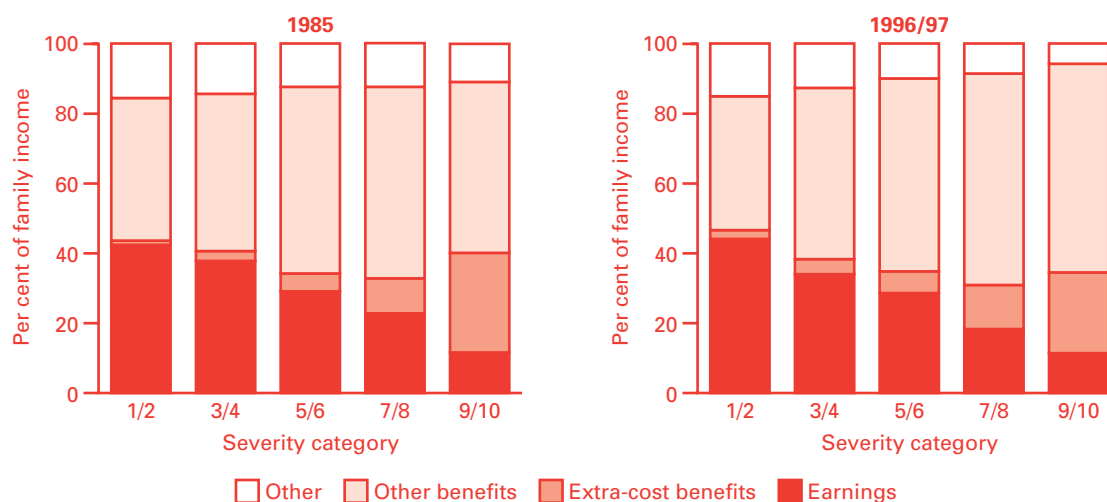
Table 13 Composition of disabled people's family income* (adults in non-pensioner family units)

Income component	1985	1996/97
Earnings	35	32
Extra-costs benefits	5	6
Other benefits	46	49
Other income	14	12
All	100	100

* Family net income *before* housing costs

Sources: author's calculations using 1985 OPCS survey and 1996/97 FRS, Disability Follow-up and HBAI dataset.

Figure 13 Composition of disabled people's family incomes (adults in non-pensioner family units)



Note: family net income before housing costs.

Source: author's calculations using 1985 OPCS Survey, 1996/97 FRS, Disability Follow-up and HBAI dataset.



Enduring economic exclusion

- For the middle range of severity categories, earnings have fallen, while extra-costs benefits have played an increasingly important role.
- For the highest severity categories, other benefits (including means-tested benefits) have increased as a share of family income, while both earnings and extra-costs benefits have fallen.

Summary and discussion

In Chapter 1, we saw that disabled people were less likely to be in work and those that were earned less than their non-disabled counterparts. In this chapter, we have added to that picture increased earnings inequality *within* the disabled population who are employed, and growing concentration of work in fewer households – only two in five disabled people live in families where someone is in paid work.⁷

In Chapter 3, the expansion of extra costs benefits and the growth in benefit expenditure overall was explored. Evidence presented in this chapter suggests that additional layers of extra costs benefits have indeed reached further down the severity scale, and contributed to reducing the proportion of disabled people in the bottom tenth of the income distribution. The situation would almost certainly have been worse had extra costs benefits not been extended.

- Around one-half of extra costs for those with impairments in severity categories 7 or 8 may now be covered by extra costs benefits, compared to one-third in 1985.

- Around one-third of extra costs for those with impairments in severity categories 3 to 6 may now be covered, compared to one-fifth in 1985.

Despite these improvements, and real income gains across all severity categories, disabled people remain poor relative to the general population.

- Over half of all disabled people are in the bottom three-tenths of the general population income distribution, after making an adjustment for extra costs.
- Half of all disabled people have incomes below half the general population mean (often taken as an indicator of poverty), after making an adjustment for extra costs. Even without the adjustment, two in five are found to be in poverty – an increase of one-sixth since 1985.
- Disabled adults in families with children are even more likely to have low incomes: 60 per cent have income below half general population mean, after adjusting for extra costs.

Positive developments have not been sufficient to counter broader trends towards inequality, both within the disabled population and in society as a whole. Increasing inequality has been fuelled by:

- growing earnings differentials for those in work, both between disabled and non-disabled workers, and between disabled workers
- concentration of work in fewer households





Disabled people's incomes

- widening gap between incomes in and out of work, as benefits are linked to prices not earnings.

And has been mitigated by:

- extended eligibility for extra costs benefits for those with impairments in the middle range of severity.

Many of these factors are familiar from wider trends in income inequality; disabled people are a significant and increasing part of these trends. In 1996/97, they accounted for between one in five and one in six of the working-age population on low income (defined as below half population average).

Those with more severe impairments are slipping behind the rest of the population, and will continue to do so while the benefits that make up a high proportion of their family income are up-rated only in line with inflation. Unless the link between national prosperity and benefit income is restored, the standards of living of those who have few opportunities for paid work will continue to diverge from those who are in employment. For those with children, this disadvantage can be transmitted down the generations. Preventing disabled people drifting further into poverty must be a priority for any policy aimed at combating social exclusion.

5 Social and political participation

Preceding chapters focused on employment and income as two dimensions of social inclusion. This chapter broadens the scope to include participation in social and political activities – often made difficult for disabled people by inaccessible buildings and transport, and by the attitudes of others. Barnes *et al.* (1999) argue that, as disposable incomes have grown through the twentieth century, so leisure consumption has increased in importance, and exclusion from that sphere of activity is correspondingly more significant. In 1996/97, average spending on leisure goods and services accounted for between 11 and 17 per cent of total household expenditure in non-retired households (ONS, 1997).¹ Political participation, at the most basic level of voting, is a fundamental civil right, and disabled people's involvement in campaigning organisations is essential if change is to be brought about.

Leisure activities

A number of previous studies have looked at opportunities for leisure and social activities of

disabled people, and identified widespread social isolation, particularly for the young and for pensioners (Anderson *et al.*, 1982; Grundy *et al.*, 1999; Markham, 1991; Martin *et al.*, 1989). This chapter focuses on disabled people of working age, and on identifying barriers to greater participation.

Table 14 selects three leisure activities and compares participation rates of disabled people and the general population. In the BHPS, differences between those who are limited in activities of daily living and the general population are apparent in every case. Differences between people who are disabled according to the OPCS definition – who are likely to be more severely impaired on average – and the whole population, are larger. The proportion of the general population who go to the cinema, a concert or the theatre at least once per month is more than twice the proportion of OPCS-disabled people who do so, and the same is true for watching live sport.² Although the figures are for individuals, it seems fair to assume that, if one member of the family is unable to take part in an activity, other members

Table 14 Participation in selected leisure activities (adults under pension age)

	FRS % participated in activity in last 4 weeks Disabled people (OPCS definition)	BHPS % participates in activity at least once per month Disabled people (ADL limited) Whole population	
Watch live sport	6	10	13
Cinema, concert, theatre	13	18	33
Eat or drink out	46	70	83
<i>Number of individuals</i>	<i>2,583</i>	<i>842</i>	<i>7,277</i>

Source: author's calculations using 1996/97 FRS Disability Follow-up and BHPS Wave 6 (1996).



Social and political participation

– especially children – will also tend to participate less often.

The differences are more pronounced if the figures are broken down by severity of disability, as shown in Figure 14. Fewer than one in three of those in severity categories 9 or 10 went out to drink or eat in the four weeks before interview, and fewer than one in ten went to the cinema, a concert or the theatre – a third of the proportion of the general population who did so.

Some of the differences in participation may be due to differences in taste. There is no reason to think that disabled people's preferences will differ systematically from those of the rest of the population, but some characteristics – age, for example – may be associated both with differences in taste and with differences in the likelihood of being disabled. Comparing disabled and the general population *within* age groups (in five-year bands) reduces the differences in participation rates, but they remain large. OPCS-disabled people are around

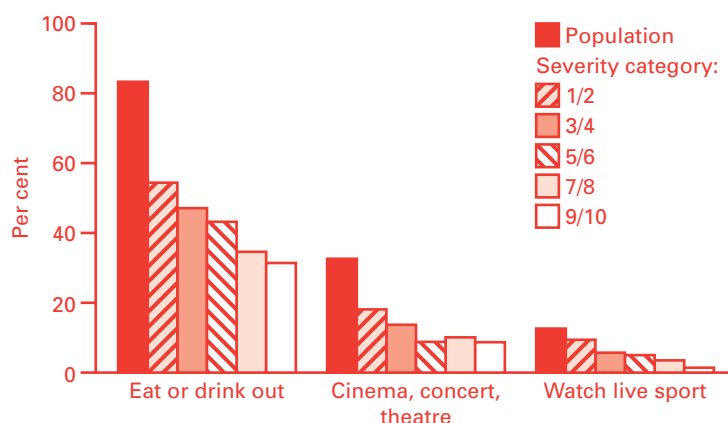
40 per cent less likely than the working-age population as a whole to watch live sport, 46 per cent less likely to go to a performance and 41 per cent less likely have a meal or drink out.

Barriers to greater participation in leisure activities

The ability to participate in leisure activities is strongly associated with disposable income. For example, three times as many disabled people in the top fifth of the income distribution went to the cinema, a concert or the theatre in the four weeks before interview than disabled people in the bottom fifth of the distribution. The association between income and participation in leisure activities remains even after controlling for severity of impairment.

Disposable income is also important for non-disabled people. However the differences between participation of disabled and the population as a whole tend to be greater for lower income groups (Figure 15). Disabled

Figure 14 Participation in leisure activities by severity of impairment (adults under pension age)



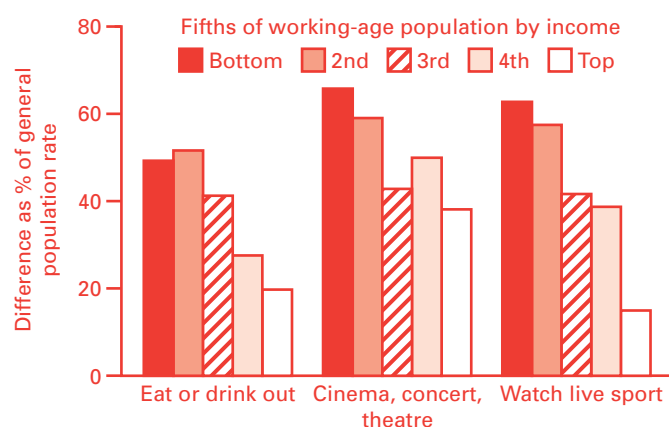
Notes: For population, figures are for participation at least once per month; for disabled people, in the four weeks prior to interview.

Source: author's calculations using 1996/97 FRS, Disability Follow-up and BHPS Wave 6.



Enduring economic exclusion

Figure 15 Difference in participation rates of disabled people and general population, by income group (adults under pension age)



Notes: income is net household equivalised income after housing costs, for adults under pension age.

Source: author's calculations using 1996/97 FRS, Disability Follow-up and HBAI dataset, BHPS Wave 6 and Net Income Variables derived dataset.

people in the bottom fifth of the income distribution are 50 per cent less likely than the general population in the same income group to go out for a meal or drink, whereas, in the top income group, disabled people are 'only' 20 per cent less likely to engage in that activity.

A similar association is found between being in paid work and participation in leisure activities. The association remains even after controlling for household income, age and severity of impairment, and is stronger for disabled people than for the general population.

Respondents to the FRS Disability Follow-up were asked whether they would do any of the listed activities more often if they had help from another person, or if there were better facilities. Eleven per cent of disabled people said they would go to the cinema, concerts or the theatre more often if they had assistance or better facilities, 8 per cent said they would eat or drink out more often and 4 per cent said they would watch live sport more often. Taking the full list

of ten activities covered by the survey together, nearly one-quarter of disabled people said that, if more help or better facilities were available, they would engage in leisure activities more often.

Higher proportions of those who are more severely impaired see potential benefits of such assistance, as shown in Table 15. These percentages may underestimate the effect that better facilities and more personal assistance would have, since until such provision is actually in place it may be hard for individuals to imagine what they would want to do, and feel able to do, in those circumstances.

These figures indicate that, for many disabled people, non-participation in leisure activities is not a matter of choice, nor is it something that they see as a necessary consequence of their impairment. The Disability Follow-up asked in more detail what changes in facilities or forms of assistance disabled people would find most useful. Responses for the five





Social and political participation

Table 15 The extent to which assistance or better facilities would enable disabled people to participate in leisure activities more often

Severity category	Personal assistance or better facilities would help (Row percentages)
1 or 2	12
3 or 4	16
5 or 6	28
7 or 8	41
9 or 10	48
All	23

Source: author's calculations using 1996/97 FRS Disability Follow-up.

activities that the largest proportion of disabled said they would do more often if help were available are shown in Table 16.³ The responses are of course constrained by the list of types of help from which respondents were asked to choose; other research suggests the attitudes of others might feature as one of the important barriers to participation (Knight and Brent, 1999). Transport emerges as by far the most commonly cited problem from the list, for all the activities except shopping (where it comes a close second). There is also a considerable degree of consistency in the other forms of help that are cited: 'someone to provide physical support' ranks in the top three for all five activities.

Table 16 Types of assistance or facilities that would facilitate greater participation in leisure activities

Activity	Three most commonly cited forms of help	Percentage citing this form of help	Number of individuals
Cinema or theatre	Transport	61	279
	Physical support	30	
	Better seating	27	
Countryside, seaside, zoo, park, gardens	Transport	76	325
	Physical support	37	
	Help with carrying, parking, loading or lifting	20	
Visiting friends or family	Transport	81	522
	Physical support	30	
	Supervision	12	
Restaurant or pub	Transport	64	357
	Physical support	34	
	Supervision	15	
Shopping	Help with carrying, parking, loading or lifting	54	897
	Transport	49	
	Physical support	36	

Source: author's calculations using 1996/97 FRS Disability Follow-up



Enduring economic exclusion

Social support

The availability of social support has been identified as one of the key components of social inclusion (Burchardt *et al.*, 1999; Howarth *et al.*, 1998). In the BHPS, there are no significant differences between disabled and non-disabled people in terms of frequency of seeing closest friends, but a gap is apparent in terms of availability of social support (Table 17). Young disabled people are twice as likely as non-disabled people to feel there is at least one of five respects in which they lack someone to offer support. The differences are smaller but still significant for older age groups.

One can speculate about the reasons for the discrepancy between availability of social support for disabled and non-disabled people. Obstacles to making and pursuing friendships through the usual routes of shared participation in leisure activities, or at the workplace, may be

a factor. For young people, segregated education may mean their school friends live further afield (Morris, 1999). Widespread discriminatory attitudes, even extending to friends and family, may also lead to isolation (Knight and Brent, 1999).

Both higher disposable income and being in employment are independently associated with better perceived levels of social support for disabled and non-disabled people. Figure 16 shows that the difference between being employed and non-employed is greater, in terms of availability of social support, for disabled people than for non-disabled. The same is true of differences between income groups.

Political involvement

Table 18 uses two indicators of political participation – voting in the 1992 or 1997

Table 17 Socialising and availability of social support

	Percentage who see closest friend less than once a month		Percentage who lack support in at least one of five respects [†]	
	Disabled people	Non-disabled people	Disabled people	Non-disabled people
Age 16–30	3	3	18*	9*
Age 31–45	7	7	18*	10*
Age 46–64	7	7	14*	9*
Approx. number of individuals at each Wave	800	6,600	800	6,600

[†]Five respects are: someone who will listen, someone who will help in a crisis, someone who you can relax with, someone who really appreciates you, someone you can rely on to offer comfort. It need not be the same person who offers support in all respects.

*Difference between disabled and non-disabled people significant at 5 per cent level.

Source: author's calculations using BHPS Waves 1–7 combined. Questions on friends and support are asked in alternate years.





Social and political participation

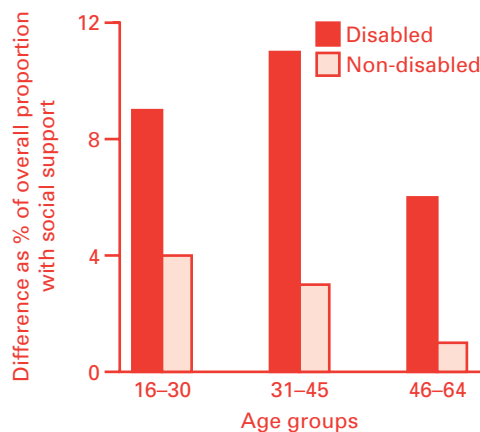
General Elections and being active in a campaigning organisation. Differences in voting rates between disabled and non-disabled people are not significant except for the 46–64 age group. Other studies have revealed difficulties for some groups with getting adequate information, the process of registering to vote,

access to polling stations and actual marking of ballot papers (Fry, 1987; Ward, 1987). In the BHPS, those with sight or hearing problems, and those with mental health problems, are significantly less likely than other disabled people to have voted.

Disabled people are less likely than non-disabled to be active in one of the campaigning organisations listed in the BHPS, and the difference is particularly large for the older age group.

Higher income is associated with greater likelihood of being active in a campaigning organisation, for disabled and non-disabled people alike. Once again, the relationship between economic factors and wider participation is stronger for disabled people than for non-disabled. Moreover, being in employment is associated with greater participation in campaigning organisations for disabled people, independently of income and even after controlling for severity of impairment, while there is no significant

Figure 16 Difference in availability of social support between employed and non-employed people



Source: author's calculations using BHPS Waves 1, 3, 5 and 7.

Table 18 Political participation

	Percentage who voted in 1992 or 1997 general election		Percentage active in a campaigning organisation†	
	Disabled people	Non-disabled people	Disabled people	Non-disabled people
Age 16–30	61	59	10	8
Age 31–45	81	83	18*	21*
Age 46–64	87*	90*	10*	17*
Approx. number of individuals at each Wave	800	6,600	800	6,600

†Political party, trade union, environmental group, parents' association or tenants' association

*Difference between disabled and non-disabled people significant at 5 per cent level

Source: author's calculations using BHPS Waves 1–7 combined.



Enduring economic exclusion

association between employment and political activity for non-disabled people.

Summary and discussion

- There are substantial differences between the rates of participation of disabled people and the general population in a range of leisure activities, especially where the activity involves using public spaces. The proportion of the general population who go to the cinema, a concert or the theatre at least once per month is more than twice the proportion of disabled people who do so.
- Higher income is associated with greater participation in leisure activities, for both disabled people and the general population. But low income and – independently – not being in paid work seem to make more of a difference for disabled people.
- Disabled people in higher severity categories are less likely to engage in leisure activities. Up to half say they would participate more often if there were better facilities, or if more assistance were available.
- Inaccessible transport and lack of availability of personal assistance (to provide physical support or supervision)

are most often identified as barriers to greater participation.

- Disabled people of all ages are much more likely than non-disabled people to feel they lack social support, and this is particularly acute for those with low household incomes.
- Younger disabled people are as likely as their non-disabled counterparts to vote in general elections, and the difference between disabled and non-disabled 46–64 year-olds is slight. However, disabled people are significantly less likely to be involved in politics in the broader sense of being active in a campaigning organisation.

For many disabled people, non-participation in leisure activities is not a matter of choice, nor is it something that they see as a necessary consequence of their impairment. Their participation in political organisation also appears to be constrained. The evidence presented here suggests a combined strategy of tackling underlying poverty and lack of opportunities for paid work, while dismantling the specific physical and social barriers identified by disabled people, would be most successful in facilitating the participation of disabled people in social and political activities – key aspects of social inclusion.



6 Conclusions

This report has explored economic and social dimensions of inclusion for disabled people of working age. It has highlighted the importance of providing opportunities for paid work for those who wish to do so, while meeting the social and financial requirements of those who do not. These objectives correspond to New Labour's welfare reform mantra, 'work for those who can, security for those who cannot' and, perhaps more accurately, to Marx's dictum, 'From each according to their ability, to each according to their needs'. Unfortunately, the evidence presented in this report suggests we are still a very long way from achieving this ideal.

The problem is both broad and deep: disabled people constitute a large and growing proportion of the working-age population (between 12 and 16 per cent, depending on definition), and, particularly for those with more severe impairments, the opportunity-gap between them and the rest of the population is wide.

From each according to their ability?

The disadvantage experienced by disabled people in the labour market manifests itself in numerous ways.

- One in six disabled people are not employed but say they would like to work, compared to one in 25 non-disabled people of working age.
- The employment rate among disabled people varies with the economic cycle but has not changed substantially since the mid-1980s. It is slowly diverging from the non-disabled employment rate, which is

growing through increased female participation in the labour force.

- Those who are in work earn less than their non-disabled counterparts, even after taking account of differences in age and occupation, and the gap is widening.

In addition, analysis of the British Household Panel Survey for the years 1991 to 1997 suggests the following.

- Those who become disabled in employment are between one-and-a-half and three times more likely than those who do not become disabled to leave employment, even after controlling for personal and job characteristics.
- Disabled people out of work are one-quarter as likely to move into work than non-disabled people, even after allowing for the difference in the proportions of each group who wish to work.
- One in three disabled people who find a job are out of work again by the following year.

In short, disabled people who want to work have fewer opportunities to do so than non-disabled people, are less well recompensed for their effort, face higher risks of losing employment and lower chances of subsequent re-employment. For society as a whole, this represents a prodigious waste of human resources; for individuals, it leads to frustration, poverty and loss of self-esteem.

The contribution made by many of those who are not in employment also goes unrecognised. Up to one third of disabled people of working age have dependent children,



Enduring economic exclusion

and around one in five report caring responsibilities for someone within or outside the household.

To each according to their needs?

Changes in earnings and benefits over the last two decades have affected the family incomes of those with more and less severe impairments in different ways. Those least severely impaired have enjoyed modest increases in income from earnings and as a consequence have edged up the income distribution. Those with impairments in the middle range of severity are now much more likely to live in families where no one is in paid work, but have gained from a higher proportion of their extra costs being met through benefits. The most severely impaired people have benefited from neither trend.

Overall:

- After making an adjustment for extra costs, half of all disabled people of working age in 1996/97 had incomes below half the general population average (often taken as an indicator of poverty). Even without the adjustment, 40 per cent are found to be in poverty – up from 34 per cent since 1985.
- The proportion of extra costs incurred by disabled people covered by receipt of extra-costs benefits has risen, but, even by the most optimistic estimate, only to one-half. Indicators of take-up of extra costs benefits also remain only just above the halfway mark.

Higher and more widespread charges for social services place further demands on

disabled people's budgets, with the result that, in one-third of local authorities, some service users may be living on less than income support levels (Audit Commission, 2000).

Low income is at the heart of social exclusion for any group in society, and there is some evidence that it has particularly serious consequences for disabled people's wider participation. Differentials between disabled and non-disabled people's involvement in leisure activities are wider in low-income groups than in high-income groups. This in turn may contribute to a feeling of social isolation: disabled people are around twice as likely as non-disabled people to report a lack of emotional support from friends or family.

A part, not apart

The problems faced by disabled people are often treated as entirely distinct from the pressures on society at large. By contrast, many of the trends identified in this report that have affected disabled people's employment over the last two decades are familiar stories for the population as a whole: a shift away from manufacturing and manual occupations, greater female participation, more no-earner families and a growth in earnings inequality. The state of the local labour market and the economic cycle affect both disabled and non-disabled people.

Moreover, similar factors are associated with advantage and disadvantage *within* the disabled population as for the population as a whole. Those who lack connection with the labour market, have a lower social class background and fewer educational qualifications are less likely to be in work in the first place, and find it harder to make a transition into employment if



Conclusions

they are out. A higher proportion of disabled people have these common disadvantages, and all disabled people also face additional barriers to their participation – extra demands on their incomes, inaccessible buildings and transport, and discriminatory attitudes – with the result that more disabled people find themselves at the bottom of the pile or the back of queue.

Differentials tend to be sharper for disabled people than for non-disabled – for example, between the qualified and unqualified, or between those in manual and non-manual occupations in the case of employment retention – so, for any given risk of disadvantage, the stakes are higher. A combination of these differential risks, and the trends noted above, is that inequality of opportunity within the disabled population has grown as well as the gap between them and non-disabled people.

Policy: past and present

Despite a remarkable degree of consensus across political administrations over the last two decades that disabled people are a constituency deserving of a better deal, disabled people remain disproportionately poor and excluded from paid work. Why have policy initiatives directed at improving the benefit system and at opening up employment opportunities had apparently so little impact?

The importance of transitions

Insufficient attention has been paid to the dynamics of disabled people's employment and incomes. Disabled people are not a static population – each year 3 per cent of people in work begin a spell of being limited in their activities of daily living – and this can have an

impact not just on their own needs but also on the labour market participation of other household members. Likewise, transitions into and out of work, and on and off benefits, need particular care. Points of transition are important not just because a change in circumstances can be a difficult time for individuals, but also because preventing exclusion may be more successful than trying to ameliorate its consequences.

The possibility of becoming disabled for those out of work does not appear to have been fully recognised in the reforms to Incapacity Benefit introduced by New Labour in 1999: those who have been out of work for three years or more will no longer be able to claim. The reforms may have been intended to deter jobseekers relabelling themselves as incapacitated, but genuine claimants will also be penalised. Those who develop health problems after a long period of unemployment – a well-documented phenomenon – are to be treated less generously than those who become disabled while in work or shortly afterwards.

Flexibility in benefit rules has been improved with the extension of 'linked claims' but they fall short of recognising the fluctuating nature of some conditions, particularly associated with mental illness. Possibilities for trying out work (or taking it on during those periods when health or impairment permits) without jeopardising benefit entitlement remain limited.

On the other hand, the extension of New Deal for Disabled People pilots to include work on job retention acknowledges the difficulties faced by those who become disabled in work. Existing data indicate that those with mental health problems, sensory impairments or



Enduring economic exclusion

musculo-skeletal problems face higher risks, as do those in manual occupations and in smaller workplaces – but these data are limited. The pilots could helpfully be used to supplement our understanding of who is most vulnerable and in what circumstances – and what interventions at what point in the process are most effective.

Other parts of the New Deal for Disabled People appear to be focused on short-term outcomes. Sustainability of employment, not just making a transition into work, should be a key target.

Institutions, not just individuals

Previous policies aimed at raising the level of disabled people's employment have tended to focus on individual employability rather than broader institutional barriers to participation. In so far as New Deal personal advisers are helping to fit their clients into jobs, rather than shaping jobs to suit individuals, New Labour's approach falls into the same trap. The two approaches can and should be complementary. Personal advisers could be encouraged to see negotiating with employers as a greater part of their role, but – as indicated by the evaluation report on the pilot schemes (Arthur *et al.*, 1999) – as caseloads build up, advisers find they have little time for anything other than dealing directly with clients. Some of the so-called 'Innovative Schemes' piloted in other areas may indicate a way forward: those schemes which had close links with employers were found to be more successful in finding employment for their clients (Blackburn *et al.*, 1999).

Specific barriers to employment of disabled people extend well beyond the workplace, back into segregated education, and out into public

transport and provision of social services. The Disability Discrimination Act recognises that these institutions need to change but the timetable for implementation is leisurely; provisions on education are only now being considered. The attitudinal changes that are expected to follow greater integration of disabled people in mainstream society are likely to take even longer.

In the meantime, strategies to help individual disabled people overcome specific obstacles continue to be important. The Access to Work programme – contributing to the costs of transport or a support worker, for example – is widely regarded as a good model, though prevented from helping more disabled workers or potential workers due to its limited budget and lack of awareness on the part of both (prospective) employees and employers.

Standards of living

Without doubt, the position of disabled people in the income distribution would have been worse if the gradual recognition in the benefit system of the extent of disability and its associated costs had not taken place. The explanation for the continuing poverty of disabled people compared to the non-disabled population is three-fold:

- Many of those who wish to work are still denied the opportunity to do so.
- The extra costs incurred by many disabled people still outstrip the benefits they receive to cover them (according to the best estimate available). The trend towards higher and more widespread charging for social services has made the problem more acute.



Conclusions

- The benefits on which many disabled people and their families rely as their primary source of income have been linked to prices rather than earnings, and hence have fallen behind general standards of living.

The distinction between deserving and undeserving disabled claimants implicit in the 1999 welfare reforms is unhelpful. Even for those deemed able to work, opportunities for employment are few and dismantling the barriers will necessarily be a slow process. In the meantime, they, and those who are not able to work, need a level of financial assistance that facilitates their full participation in society. If benefits designed to provide an income rise only in line with inflation, non-employed disabled people will continue to get relatively poorer.

As governments slowly come to recognise that disabled people make up one in eight of the

working-age population, even by a conservative estimate, and that an even larger proportion will experience disability at some point during their life cycle, anti-poverty strategies will need to take into account the needs of disabled people as a central part of the programme, not just as a special case with a token budget. Disabled people make up half of those out of work who say they would like to work and one-third of those available to start in a fortnight. They account for between one in five and one in six of those below half average income. Economic inclusion is a prerequisite of social inclusion. It will not be achieved for disabled people until both the specific barriers to disabled people's participation – whether in the form of inaccessible transport, buildings and information or discriminatory attitudes – and the fundamental drivers of inequality in society as a whole, are dismantled.



Notes

Introduction

- 1 Mental health problems indicated by scoring more than 2 on a standard self-completion General Health Questionnaire, which has been extensively validated (McDowell and Newell, 1987).

Chapter 1

- 1 Working age is 16–59 for women and 16–64 for men. See Table 1 in the Introduction for definitions of disability.
- 2 Work-disabled or DDA-disabled (DfEE, 2000a).
- 3 Average for the years 1991 to 1997.
- 4 Results are from author's calculations using 1996/97 FRS and Disability Follow-up, unless otherwise stated.
- 5 Full-time is defined as 35 or more hours per week.
- 6 Probit regressions on being employed, comparing non-disabled to those with impairments in various categories, controlling for non-disability variables listed in Table 3.
- 7 Regressions were also run separately for those aged over 45, those with previous work experience, those who became disabled in childhood and those with mental health problems. Results were similar in terms of direction of association, though size and significance of coefficient varied. For those with previous work experience, having become disabled in adulthood was negatively associated with being in employment. Those with mental

health problems had very low levels of employment – just 10 per cent.

- 8 Tables provided by Labour Force Survey Bureau and adjusted following Cousins *et al.* (1998).
- 9 Figures from the Winter 1999/2000 Labour Force Survey suggest the over-representation of disabled workers in manual occupations has decreased further since 1996/97.
- 10 Other characteristics specified to match those used by Berthoud *et al.* (1993) as closely as possible, including: age group, marital status, number of children in household, age of leaving full-time education, whether full-time and occupational class. Some differences in demographic variables were unavoidable.
- 11 Disability defined as work-disabled or DDA-disabled. Figures from Autumn 1999 Labour Force Survey for adults under pension age (DfEE, 2000a).

Chapter 2

- 1 Data in this section are drawn from tables provided by the Labour Force Survey Bureau, and analysed by the author after applying an adjustment devised by the Office for National Statistics to correct discontinuities in the series (Cousins *et al.*, 1998). The adjustment affects estimates of the number of disabled people from 1993 to 1996 inclusive, and is based on the difference between responses at the first and subsequent quarters of each year. It was calculated separately for those in





employment and for those not in employment, but was not available separately by gender and age group. It has been assumed that the adjustment applies proportionately to all age and gender sub-groups. Disability is defined as work-limited; see Table 1 in the Introduction.

- 2 The 'wobble' in 1993 may indicate that the ONS adjustment over-compensates for the change in frequency of disability questions in that year. The unadjusted series shows disabled employment rates falling between 1992 and 1993.
- 3 Using the ADL-limited definition of disability – see Table 1 in the Introduction.
- 4 For simplicity, the time between interviews is referred to as a year, although interviews are only approximately annual, and the status of individuals between interviews is not known.
- 5 The observations of disability need not be consecutive; this is to avoid excluding intermittent conditions, such as some mental illness and physical conditions which have periods of remission.
- 6 Employment means any employment, not necessarily in the same job or with the same employer.
- 7 Results are for employees only; the self-employed appear to be more likely to remain in employment, whether or not they become disabled, but there were insufficient numbers in the sample for detailed analysis.
- 8 Based on Autumn 1999 LFS figures which suggest 41 per cent of disabled people, and 68 per cent of non-disabled people, who are

out of work would like to work (DfEE, 2000a).

- 9 All differences listed are statistically significant at 10 per cent level. Characteristics measured at interview when disability first reported. A slightly higher proportion of disabled entrants had access to a car than disabled people who remained non-employed, but the difference was not statistically significant.
- 10 Difference statistically significant at 10 per cent level.

Chapter 3

- 1 Evans *et al.* (1994) have shown that IS premiums resulted in higher levels of benefit for disabled claimants than under the old system. However, some claimants who would have received additional payments on health grounds under the old system, but were not classified as disabled under IS, may have lost out.
- 2 Statistics on SDA based on DSS (1999) and DSS (2000a).
- 3 Excludes Housing Benefit, Council Tax Benefit and their predecessors; also excludes means-tested benefits for sick and disabled people aged 60 or over.
- 4 Author's estimates based on age-breakdown of caseload.
- 5 All these surveys are of the household population. De-institutionalisation will have slightly increased the proportion of working-age disabled people in the household population, although, as



Enduring economic exclusion

- discussed below, the numbers involved are small.
- 6 Smoking, fatty diets, lack of exercise (Dunnell, 1995).
- 7 HSC (1993) reports fewer industrial injuries but higher rates of occupational illness.
- 8 Put forward in different ways by Beatty *et al.* (1997); Disney and Webb (1990); Dorsett *et al.* (1998); Holmes *et al.* (1991).
- 9 Beatty *et al.*, 1997; Lonsdale, 1993; Piachaud, 1996; Ritchie *et al.*, 1993.
- 10 IVB was paid at a higher rate and contained an earnings-related component. Moreover, IVB was indefinite whereas unemployment benefits are means-tested after a fixed period. Means-tested benefits are not payable if a spouse is working 16 hours per week or more, or if the family has savings above a certain threshold.
- 11 In addition, the rule which allowed married women to pay a lower rate of National Insurance contributions and forego entitlement to IVB was abolished in 1978. This will gradually have fed through into widening eligibility among women (Lonsdale, 1993).
- 12 I am grateful to Trevor Huddleston for drawing my attention to the General Household Survey series, which shows a sharper fall in employment rates for disabled men than other sources, and sharing his interpretation of the data with me.
- 13 Author's calculations using 1985 OPCS Survey, 1996/97 FRS Disability Follow-up and BHPS Waves 1–7.
- 14 Periodic Enquiry Statistics, June 1999 to March 2000. Decreases in benefits may take longer to register, since claimants have the opportunity to appeal.
- 15 Author's calculations using 1985 OPCS Survey, 1996/97 FRS Disability Follow-up and BHPS Waves 1–7.
- 16 Fifty yards is at the harsh end of interpretation in case law of the 'virtually unable to walk' criterion (CPAG, 1997). Meeting this condition is sufficient for entitlement, provided the claimant is aged between five and 65, has met the condition for the last three months and is expected to continue to do so for the next six months (or is terminally ill).
- 17 There were 9,000 fewer people aged 16–59/60 living in hospitals and care homes in Britain in 1991 than 1981. Even if all of these people had claimed extra costs disability benefits, that would have accounted for less than 1 per cent of the caseload in 1991 (author's calculations using OPCS, 1983 and 1993). For women aged 70 or over, and men aged 80 or over, more were living in institutions in the later year, and the rate of change was faster (Grundy *et al.*, 1999).
- 18 This was attractive to claimants since the retirement pension is taxable while IVB was not. IVB's successor, IB, is taxable.



Chapter 4

- 1 A non-pensioner family unit is one in which the head is of working age (16–64 for men, 16–59 for women). The 1985 survey used non-pensioner families as the unit of analysis, so that approach is also adopted here for the 1996/97 survey. Ninety-nine per cent of disabled adults of working age are in non-pensioner family units in both the 1985 and 1996/97 surveys. A small proportion of disabled adults in non-pensioner family units are over working age (6 per cent in 1985 and 4 per cent in 1996/97).
- 2 For the 1996/97 FRS, net income data were matched in from the Households below Average Income (HBAI) dataset. For comparability with the 1985 survey, the Survey of Personal Incomes adjustment and price deflation used in HBAI were not applied. See DSS (1998b) for details on HBAI, though note that the income definition used here is not the same as in that publication. The 1985 survey used an ‘after-housing costs’ measure, so we follow that for the 1996/97 survey. One slight difference is that the 1985 survey recorded payments by non-householders towards housing costs, whereas, for the 1996/97 survey, it is assumed all housing costs are borne by the family containing the householder. The Family Expenditure Survey, used for comparing the OPCS survey with the general population, makes the same assumption as the FRS.
- 3 The adjustment is made before equivalisation.
- 4 General population mean income, and income distribution, are calculated on the

same basis as for disabled people, i.e. adults in non-pensioner family units.

- 5 In 1985, Supplementary Benefit long-term rate including average ‘additional requirements’ payments made to sick and disabled people (from Evans *et al.*, 1994). In 1996/7, Income Support: lower figure includes disability premium and higher figure includes severe disability premium (from CPAG, 1996).
- 6 This result is sensitive to the size of adjustment made for extra costs.
- 7 Non-pensioner families only.

Chapter 5

- 1 The range is for different household types.
- 2 The BHPS questions are slightly more general (‘at least once a month’) than the FRS Disability Follow-up questions (‘in the last four weeks’), as indicated in the table. BHPS estimates will tend to be slightly higher than Disability Follow-up estimates. Some categories of activity have been combined to enhance comparability, for example BHPS ‘have a meal in a restaurant, cafe or pub’ with ‘go for a drink at a pub or club’, to correspond to Disability Follow-up ‘go to a restaurant or pub’.
- 3 These questions were asked of respondents who: (i) said they had engaged in the activity in the last four weeks but needed someone to help them to do so, or (ii) said they would engage in the activity more often if they had help from another person or if there were better facilities.



References

- Acheson, D. (1998) *Independent Inquiry into Inequalities in Health: Report*. London: The Stationery Office
- Anderson, E., Clarke, L. and Spain, B. (1982) *Disability in Adolescence*. London: Methuen
- Arthur, S., Corden, A., Green, A., Lewis, J., Loumidis, J., Sainsbury, R., Stafford, B., Thornton, P. and Walker, R. (1999) *New Deal for Disabled People: Early Implementation*. Department of Social Security Research Report No. 106. Leeds: Corporate Document Services
- Audit Commission (2000) *Charging with Care: How Councils Charge for Home Care*. Abingdon: Audit Commission
- Barnes, C. (1991) *Disabled People in Britain and Discrimination: a Case for Anti-discrimination Legislation*. London: Hurst and Co.
- Barnes, C., Mercer, G. and Shakespeare, T. (1999) *Exploring Disability: a Sociological Introduction*. Cambridge: Polity Press
- Barnes, H., Thornton, P. and Maynard Campbell, S. (1998) *Disabled People and Employment: a Review of Research and Development Work*. York: York Publishing Services
- Bass, M. and Drewett, R. (1996) *Supported Employment for People with Learning Difficulties: Findings*. York: Joseph Rowntree Foundation
- Beatty, C., Fothergill, S., Gore, T. and Herrington, A. (1997) *The Real Level of Unemployment*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University
- Beck, G. (1951) *A Survey of British Employment and Unemployment 1927–1945*. Oxford: Oxford University Institute of Statistics
- Beinart, S., Smith, P. and Sprogton, K. (1996) *The Access to Work Programme: a Survey of Recipients, Employers, Employment Service Managers and Staff*. London: Social and Community Planning Research
- Benefits Agency (BA) (1993) *A Consultation on the Medical Assessment for Incapacity Benefit*. London: Department of Social Security
- Berthoud, R. (1993) *Invalidity Benefit: Where will the Savings Come from?* Policy Studies Institute Working Paper. London: PSI
- Berthoud, R. (1998) *Disability Benefits: a Review of the Issues and Options for Reform*. York: York Publishing Services
- Berthoud, R., Lakey, J., and McKay, S. (1993) *The Economic Problems of Disabled People*. London: Policy Studies Institute
- Blackburn, V., Child, C. and Hills, D. (1999) *New Deal for Disabled People: Early Findings from the Innovative Schemes*. In-house report No. 61. London: Department of Social Security
- Burchardt, T. (2000a) 'Disability benefit reform: falling between the stools of 'work' and 'security'?'. *Benefits*, Vol. 27, pp. 12–19
- Burchardt, T. (2000b) *Moving in, Staying in, Falling out: Employment Transitions of Disabled People*. Background paper. London: Centre for Analysis of Social Exclusion, London School of Economics
- Burchardt, T. (forthcoming) 'The dynamics of being disabled', *Journal of Social Policy*, Vol. 29, No. 4





References

- Burchardt, T., Le Grand, J. and Piachaud, D. (1999) 'Social Exclusion in Britain 1991–1995'. *Social Policy and Administration*, Vol. 33, No. 3, pp. 227–44
- Campbell, N. (1999) *The Decline of Employment among Older People in Britain*. CASEpaper 19. London: Centre for Analysis of Social Exclusion, London School of Economics
- Chartered Institute of Public Finance Accountants (CIPFA) (1987) *Personal Social Services Statistics, 1985–86 Actuals*. London: CIPFA
- Child Poverty Action Group (CPAG) (1996) *National Welfare Benefits Handbook, 1996/97*. London: CPAG
- Child Poverty Action Group (CPAG) (1997) *Rights Guide to Non-Means-Tested Benefits 1997/8*. London: CPAG
- Cousins, C., Jenkins, J. and Laux, R. (1998) 'Disability data from the Labour Force Survey: comparing 1997–98 with the past', *Labour Market Trends*, June, pp. 321–35
- Craig, P. (1996) *Disability Follow-up to the Family Resources Survey: Aims, Methods and Coverage*. Department of Social Security Social Research Branch In-house Report 19. London: DSS
- Dench, S. Meager, N. and Morris, S. (1996) *The Recruitment and Retention of People with Disabilities*. Institute for Employment Studies Report 301. Brighton: IES
- Department for Education and Employment (DfEE) (1995) *A Brief Guide to the Disability Discrimination Act*. DL40. London: DfEE
- Department for Education and Employment (DfEE) (2000a) *DfEE Disability Briefing: February 2000*. Analytical Services, Equal Opportunities and Research Division 2. London: DfEE
- Department for Education and Employment (DfEE) (2000b) *Departmental Report: the Government's Expenditure Plans 2000/01–2001/02*. Cm. 4602. London: The Stationery Office
- Department for Education and Employment (DfEE)/Department for Social Security (DSS) (2000) 'New Deal for Disabled People to be extended nationally', press release, 28 March
- Department of Social Security (DSS) (1990) *The Way Ahead: Benefits for Disabled People*. Cm. 917. London: HMSO
- Department of Social Security (DSS) (1998a) *A New Contract for Welfare: Support for Disabled People*. Cm. 4103. London: The Stationery Office
- Department of Social Security (DSS) (1998b) *Households below Average Income 1979–1996/7*. Leeds: Corporate Document Services
- Department of Social Security (DSS) (1999) *Social Security Statistics 1999*. Leeds: Corporate Document Services
- Department of Social Security (DSS) (2000a) *Client Group Analysis: Quarterly Bulletin on the Population of Working Age on Key Benefits – August 1999*. London: DSS Analytical Services Division
- Department of Social Security (DSS) (2000b) *The Changing Welfare State: Social Security Spending*. London: DSS



Enduring economic exclusion

Disability Alliance (DA) (1988) *Briefing on the First Report from the OPCS Surveys of Disability: 'The Prevalence of Disability Among Adults'*. London: Disability Alliance

Disablement Income Group (DIG) (1988) *Not the OPCS Survey: Being Disabled Costs more than they Said*. London: Disablement Income Group

Disney, R. and Webb, S. (1990) *Why are there so many Long-term Sick in Britain?* Institute of Fiscal Studies Working Paper W90/3. London: IFS

Dorsett, R., Finlayson, L., Ford, R., Marsh, A., White, M. and Zarb, G. (1998) *Leaving Incapacity Benefit*. Department of Social Security Research Report No. 86. Leeds: Corporate Document Services

Dunnell, K. (1995) 'Population review: (2) Are we healthier?'. *Population Trends*, Vol. 82, pp. 12–18

Evans, M. (1998) 'Social security: dismantling the pyramids?'. In H. Glennerster and J. Hills (eds) *The State of Welfare*. 2nd edition. Oxford: Oxford University Press

Evans, M., Piachaud, D. and Sutherland, H. (1994) *Designed for the Poor – Poorer by Design? The Effects of the 1986 Social Security Act on Family Incomes*. Welfare State Programme Discussion Paper WSP/105. London: London School of Economics

Floyd, M. (1995) 'Self employment and disabled people in the United Kingdom', *International Journal of Practical Approaches to Disability*, Vol. 19, No. 2, pp. 9–14

Fry, E. (1987) *Disabled People and the 1987 General Election*. London: Spastics Society

Gallie, D., Marsh, C. and Vogler, C. (1994) *Social Change and the Experience of Unemployment*. Oxford: Oxford University Press

Gregg, P. and Wadsworth, J. (1996) 'More work in fewer households?' In J. Hills (ed.) *New Inequalities: the Changing Distribution of Income and Wealth in the UK*. Cambridge: Cambridge University Press

Grundy, E., Ahlburg, D., Ali, M., Breeze, E. and Slogett, A. (1999) *Disability in Great Britain: Results from the 1996/97 Disability Follow-up to the Family Resources Survey*. Department of Social Security Research Report No. 94. Leeds: Corporate Document Services

Harris, A. (1971) *Handicapped and Impaired in Great Britain, Part I*. Office for Population Censuses and Surveys. London: HMSO

Haveman, R., and Wolfe, B. (1990) 'The economic well-being of the disabled', *Journal of Human Resources*, Vol. 15, pp. 32–54

Health and Safety Commission (HSC) (1993) *Annual Report 1992/3*. Sudbury: HSE Books

Hills, J. (1998) *Income and Wealth: the Latest Evidence*. York: Joseph Rowntree Foundation

Hirsch, D. (1999) *Welfare beyond Work: Active Participation in a New Welfare State*. York: York Publishing Services

Hirst, M. and Baldwin, S. (1994) *Unequal Opportunities: Growing up Disabled*. London: HMSO

Holmes, P., Lynch, M. and Molho, I. (1991) 'An econometric analysis of the growth in the numbers claiming invalidity benefit: a review', *Journal of Social Policy*, Vol. 20, No. 1, pp. 87–105



References

- Hope, S., Rodgers, B. and Power, C. (1999) 'Marital status transitions and psychological distress: longitudinal evidence from a national population sample', *Psychological Medicine*, Vol. 29, No. 2, pp. 381–9
- Howarth, C., Kenway, P., Palmer, G. and Street, C. (1998) *Monitoring Poverty and Social Exclusion: Labour's Inheritance*. York: York Publishing Services
- Hyde, M. (1998) 'Sheltered and supported employment in the 1990s: the experiences of disabled workers in the UK', *Disability and Society*, Vol. 13, No. 2, pp. 199–215
- Kestenbaum, A. with Cava, H. (1998) *Work, Rest and Pay: the Deal for Personal Assistance*. York: York Publishing Services
- Knight, J. and Brent, M. (1999) *Excluding Attitudes: Disabled People's Experience of Social Exclusion*. London: Leonard Cheshire
- Lilley, P. (1994) 'Social Security (Incapacity for Work) Bill', *Hansard*, 24 January, HC cols 35–136
- Lonsdale, S. (1993) *Invalidity Benefit: an International Comparison*. Department of Social Security In-house report 1. London: HMSO
- McDowell, I. and Newell, C. (1987) *Measuring Health: a Guide to Rating Scales and Questionnaires*. Oxford: Oxford University Press
- Mandelson, P. (1997) 'Social Exclusion'. Speech to Fabian Society. August
- Markham, N. (1991) 'Parents and independence', *Coalition*, September, pp. 10–13
- Martin, J. and White, A. (1988) *The Financial Circumstances of Disabled Adults Living in Private Households*. London: HMSO
- Martin, J., Meltzer, H. and Elliot, D. (1988) *The Prevalence of Disability among Adults*. London: HMSO
- Martin, J., White, A. and Meltzer, H. (1989) *Disabled Adults: Services, Transport and Employment*. London: HMSO
- Meager, N., Bates, P., Dench, S., Honey, S. and Williams, M. (1998) *Employment of Disabled People: Assessing the Extent of Participation*. Department for Education and Employment Research Report 69. London: DfEE
- Meager, N., Doyle, B., Evans, C., Kersley, B., Williams, M., O'Regan, S. and Tackey, N. (1999) *Monitoring the Disability Discrimination Act (DDA) 1995*. Department for Education and Employment Research Report 119. London: DfEE
- Molho, I. (1991) 'Going onto invalidity benefit: a study for women (1977/78–1983/84)', *Applied Economics*, Vol. 23, pp. 1569–77
- Morrell, J. (1990) *The Employment of People with Disabilities*. Research Paper 77. London: Employment Department
- Morris, J. (1999) *Move on up: Supporting Young Disabled People in their Transition to Adulthood*. Ilford: Barnados
- Nickell, S., Jones, T. and Quintini, G. (1999) *A Picture of the Job Insecurity Facing British Men*. London: Centre for Economic Performance, London School of Economics
- Office for National Statistics (1997) *Family Spending: a Report on the 1996–97 Family Expenditure Survey*. London: The Stationery Office



Enduring economic exclusion

- Office for National Statistics (2000) *Living in Britain: Results from the 1998 General Household Survey*. London: The Stationery Office
- Office of Population Censuses and Surveys (OPCS) (1983) *1981 Census: Communal Establishments, Great Britain*. London: HMSO
- Office of Population Censuses and Surveys (OPCS) (1993) *1991 Census: Communal Establishments, Great Britain*. London: HMSO
- Oliver, M. (1996) *Understanding Disability: from Theory to Practice*. Basingstoke: Macmillan
- Pardon, S. (1997) 'Disability', in P. Prescott-Clarke and P. Primatesta (eds) *Health Survey for England 1995, Volume 1: Findings*. London: The Stationery Office
- Piachaud, D. (1986) 'Disability, retirement and unemployment of older men', *Journal of Social Policy*, Vol. 15, No. 2, pp. 145-62
- Piachaud, D. (1998) 'The growth of disability expenditure', letter to Royal National Institute for the Blind, unpublished
- Prescott-Clarke, P. (1990) *Employment and Handicap*. London: Social and Community Planning Research
- Ravaud, J.-F., Madiot, B. and Ville, I. (1992) 'Discrimination towards disabled people seeking employment', *Social Science and Medicine*, Vol. 35, No. 8, pp. 951-8
- Ritchie, J., Ward, K. and Duldig, W. (1993) *GPs and IVB*. Department of Social Security Research Report No.18. London: HMSO
- RNIB/RADAR (1995) *Access to Equality: an Analysis of the Effectiveness of the Access to Work Scheme*. London: RNIB/RADAR
- Rowlingson, K. and Berthoud, R. (1996) *Disability, Benefits and Employment*. Department of Social Security Research Report No. 54. London: The Stationery Office
- Stafford, B. (2000) 'Long-term illness and impairment: who needs help with job retention?', paper to Joseph Rowntree Foundation seminar on 'Job retention in the context of long-term illness', London, 1 March
- Stone, A. (1984) *The Disabled State*. Philadelphia, PA: Temple University Press
- Swales, K. (1997) 'Research to evaluate Incapacity Benefit', in Department of Social Security (ed.) *Department of Social Security Research Yearbook 1996/97*. London: The Stationery Office
- Taylor, M. (ed.) (1998) *British Household Panel Survey User Manual Volume A: Introduction, Technical Report and Appendices*. Colchester: University of Essex
- Thomas, A. (1992) *Working with a Disability: Barriers and Facilitators*. London: Social and Community Planning Research
- Thomas, R. and Dobbs, J. (1998) 'Survey measurement of disability and identification of disabled persons in the private household population', in Office for National Statistics (ed.) *Disability and Care: Questions and Answers Considered*. Proceedings of a conference held in London, 15 June
- Thornton, P. and Howard, M. (2000) 'Possible interventions for job retention', paper prepared for JRF seminar on 'Job retention in the context of long-term illness', London, 1 March



References

Thornton, P. and Lunt, N. (1997) *Employment Policies for Disabled People in Eighteen Countries: a Review*. York: Social Policy Research Unit

Trickey, H., Kellard, K., Walker, R., Ashworth, K. and Smith, A. (1998) *Unemployment and Jobseeking: Two Years on*. Department of Social Security Research Report 87. Leeds: Corporate Document Services

Vidler, G. (1997) *Benefits for Sick and Disabled People*. House of Commons Library Social and General Statistics Section, unpublished

Walker, A. (1982) *Unqualified and Underemployed: Handicapped Young People and the Labour Market*. London: Macmillan

Ward, L. (1987) *Talking Points: the Right to Vote*. London: Values Into Action

Wilkinson, R. (1996) *Unhealthy Societies: the Afflictions of Inequality*. London: Routledge

Wills, G., Madden, P., Khourami, D., Smith, L., Costin, M., French, S. and Green, J. (1993) *Barriers to Employment of Disabled People*. London: Excel Employment



Appendix 1

Details of main surveys used in this report

All the surveys used are designed to be nationally representative of the household population of Great Britain. People living in institutions are excluded; however at the 1991 Census only two per cent of the working age population were in communal establishments (OPCS, 1993).

British Household Panel Survey (BHPS)

Type of survey:	Panel (sample members re-interviewed each year).
Years:	1991 to 1997 (Waves 1 to 7).
Sample size:	At Wave 1: 9,900 adults, of whom 6,150 (62 per cent) went on to give full interviews at each subsequent wave.
Weights:	Cross-sectional (to correct for initial non-response) or longitudinal (to correct for panel attrition), as appropriate. Supplied with the data.
Conducted for:	Institute of Social and Economic Research, University of Essex (formerly ESRC Centre for Research on Micro-social Change).
Further details:	Taylor (1998).

Office of Population Censuses and Surveys (OPCS) Survey of Disabled Adults in Private Households

Type of survey:	One-off.
Year:	1985.
Sample size:	6,500 disabled adults.
Weights:	Supplied with the data.
Conducted for:	Office of Population Censuses and Surveys.
Further details:	Martin <i>et al.</i> (1988)

A postal screening questionnaire was used to identify potentially disabled adults, who were then interviewed in person. Comparisons with the general population can be made using Family Expenditure Survey for the same year.

Family Resources Survey (FRS) Disability Follow-up

Type of survey:	One-off follow-up to main Family Resources Survey.
Year:	1996/97
Sample size:	Main FRS: 45,250 adults. Disability Follow-up: 5,600 disabled adults.
Weights:	Separate weights for main FRS and Follow-up supplied with the data.





Appendix 1

Conducted for: Department of Social Security.
Further details: Craig (1996); Grundy *et al.*(1999).

Screening questions were included in the second, third and fourth quarters of the main Family Resources Survey, to identify potentially disabled adults. These were then given a further interview. The FRS is also used as the basis for the government's *Households below Average Income* (HBAI) series (DSS, 1998b); hence, it is possible to match the higher-quality income data from HBAI back into the FRS.

Labour Force Survey (LFS)

Type of survey: Repeated cross-sectional survey.
Years: 1984 to 1996.
Sample size: 44,000 households.
Weights: Grossed up to population estimates.
Conducted for: Department for Education and Employment.
Further details: Labour Market Trends.



Appendix 2

Pen pictures illustrating OPCS severity categories

Source: Martin *et al.* (1988, pp.13–15).

Severity category 1

Man aged 50

- Cannot see well enough to recognise a friend across the road.
- Has difficulty seeing to read ordinary newspaper print.
- Difficulty following a conversation against background noise.

Severity category 3

Woman aged 31; high tone deafness in both ears

- Finds it quite difficult to understand people who know her well.
- Finds it very difficult to understand strangers.
- Often loses track of what's being said in the middle of a conversation.
- Difficulty following a conversation against background noise.

Severity category 5

Woman aged 16; mild cerebral palsy

- Often gets confused about what time of day it is.
- Cannot read a short article in a newspaper.
- Cannot count well enough to handle money.
- Cannot watch a half-hour TV programme all the way through and tell someone what it was about.

- Thoughts tend to be muddled or slow.
- Finds it very difficult to understand strangers.
- Can only walk up and down a flight of stairs if goes sideways or one step at a time.

Severity category 7

Man aged 31; addicted to tablets

- Gets so upset that hits other people.
- Gets so upset that breaks or rips things up.
- Feels the need to have someone present all the time.
- Finds relationships with people outside the family very difficult.
- Sometimes sits for hours doing nothing.
- Is impossible for strangers to understand.
- Is quite difficult for people who know him well to understand.

Severity category 9

Man aged 30; mentally retarded

- Cannot pick up and hold a mug of coffee with either hand.
- Cannot squeeze out water from a sponge with either hand.
- Has difficulty serving food from a pan using a spoon or ladle.
- Cannot pick up and carry a 5lb bag of potatoes with either hand.
- Gets so upset that hits other people or injures himself.





Appendix 2

- Gets so upset that breaks or rips things up.
 - Feels the need to have someone present all the time.
 - Finds relationships with members of the family very difficult.
 - Has fits once a year but less than four times a year.
 - Loses consciousness during a fit.
 - Cannot walk up and down a flight of 12 stairs.
 - Finds it quite difficult to understand people who know him well.
 - Loses control of bowels occasionally.
 - get in and out of bed
 - wash all over
 - get in and out of a chair
 - wash hands and face
 - dress and undress
 - get to toilet and use toilet.
 - Cannot carry out any activities involving holding, gripping and turning.
 - Cannot put either arm behind back to put jacket on or tuck shirt in.
 - Has difficulty holding either arm in front to shake hands with someone.
 - Is very difficult for strangers to understand.
 - Loses control of bladder at least once a month.
 - Cannot see well enough to recognise a friend across the road.
 - Has difficulty seeing to read ordinary newspaper print.
- Severity category 10**
- Man aged 55; stroke**
- Cannot walk at all.
 - Cannot feed self without help.
 - Cannot also carry out the following without help:



Titles available in the *Work and Opportunity* series:

Making work pay: Lone mothers, employment and well-being

Alex Bryson, Reuben Ford and Michael White

This study tracks a sample of lone mothers over five years to find out what works in moving them off benefit, and what really makes a difference in easing hardship.

£11.95

Bridges from benefit to work: A review

Karen Gardiner

An innovative study of 42 welfare-to-work initiatives, assessing which give best value for money, how many people they help, and what the level of take-up is.

£11.95

Combining work and welfare

Jane Millar, Steven Webb and Martin Kemp

An exploration of key questions surrounding in-work benefits, and the likely impact of the national minimum wage.

£11.95

Lone mothers moving in and out of benefits

Michael Noble, George Smith and Sin Yi Cheung

This study analyses how and why lone mothers move between income support and in-work benefits, and considers current and future policy directions.

£11.95

Pathways through unemployment: The effects of a flexible labour market

Michael White and John Forth

A study of the effects and long-term consequences of flexible forms of work – particularly the part-time, self-employed and temporary jobs often taken up by unemployed people.

£11.95

Local responses to long-term unemployment

Mike Campbell with Ian Sanderson and Fiona Walton

A review of research to date on how to reconnect the long-term unemployed to the labour market.

£12.95

Company recruitment policies: Implications for production workers

Stanley Siebert

This study explores whether increased regulation of the labour market has an impact on hiring standards, screening out less qualified workers and so reducing their job opportunities.

£12.95



Young men, the job market and gendered work

Trefor Lloyd

A study of whether young men are being adequately prepared for the contemporary workplace, and whether their, or others', gender assumptions are affecting their opportunities.

£10.95

Back to work: Local action on unemployment

Ian Sanderson with Fiona Walton and Mike Campbell

This report complements *Local responses to long-term unemployment* (above), presenting detailed case-study research into what local action is effective in getting people into work.

£13.95

Ending exclusion: Employment and training schemes for homeless young people

Geoffrey Randall and Susan Brown

An evaluation of the particular difficulties in finding work faced by this group, and an assessment of the impact of a range of projects designed to assist them.

£13.95

Job insecurity and work intensification: Flexibility and the changing boundaries of work

Brendan J. Burchell, Diana Day, Maria Hudson, David Ladipo, Roy Mankelow, Jane P. Nolan, Hannah Reed, Ines C. Wichert and Frank Wilkinson

An exploration into the effect of job insecurity on the social, physical and psychological well-being of employees.

£13.95

Whose flexibility? The costs and benefits of 'non-standard' working arrangements and contractual relations

Kate Purcell, Terence Hogarth and Claire Simm

Drawing on the experience of a range of industries and organisations, the report analyses the economic, operational and social effects of flexible employment practices.

£13.95

Finding work in rural areas: Barriers and bridges

Sarah Monk, Jessica Dunn, Maureen Fitzgerald and Ian Hodge

A timely analysis of disadvantage in rural areas, and the role employment plays in this. The report focuses on the particular problems people in rural areas face and what strategies work in attempting to find work.

£12.95



Work and young men

Bruce Stafford, Claire Heaven, Karl Ashworth, Charlotte Bates, Robert Walker, Steve McKay and Heather Trickey

A study which analyses whether certain young men are underachieving, and what the long-term consequences of this are. The authors also review the social, personal and economic factors that affect how young men are integrated into the labour market.

£13.95

Making the grade: Education, the labour market and young people

Peter Dolton, Gerry Makepeace, Sandra Hutton and Rick Audas

The decisions young people make when they first become eligible to leave school are crucial to their long-term prospects. This wide-ranging study investigates what influences a child's performance and choices during this important time.

£14.95

Young Caribbean men and the labour market: A comparison with other ethnic groups

Richard Berthoud

An exploration of the challenges faced by a group of young people with an exceptionally high risk of unemployment. The study relates young Caribbean men's experiences in the labour market to other ethnic groups, whose employment prospects vary substantially.

£14.95

Young people in rural Scotland: Pathways to social inclusion and exclusion

Stephen Pavis, Stephen Platt and Gill Hubbard

This report provides substantial first-hand evidence of what life is like for rural young people today. It explores the impact of education on their work opportunities, and how rural wages, available accommodation and isolation affect their lifestyle and their transitions to adulthood.

£12.95

Youth unemployment in rural areas

Fred Cartmel and Andy Furlong

A review of the distinctive features of rural youth unemployment, including seasonal work, transport issues and the importance of local networks in obtaining work.

£12.95





Successful futures? Community views on adult education and training

Helen Bowman, Tom Burden and John Konrad

This study focuses on the perceptions and experiences of people who have taken part in the new Government schemes designed to enable them to find work and increase their skills.

£12.95

The intermediate labour market: A tool for tackling long-term unemployment

Bob Marshall and Richard Macfarlane

An examination of ILM programmes, designed to move people back into work. It looks at their structure, and what factors lie behind achieving successful implementation and results.

£13.95

Enduring economic exclusion: Disabled people, income and work

Tania Burchardt

This report offers details analysis of the position of disabled people in the labour market and in the income distribution, and how the situation has changed since the 1980s.

£14.95

Further reports from this series will be published throughout 2000.



Enduring economic exclusion

Disabled people, income and work

Tania Burchardt



The **Joseph Rowntree Foundation** has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers and practitioners. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of the Foundation.

© Joseph Rowntree Foundation 2000

All rights reserved

Published for the Joseph Rowntree Foundation by YPS

ISBN 1 84263 007 5

Work and Opportunity Series No. 21

Cover design by Adkins Design

Prepared and printed by:

York Publishing Services Ltd

64 Hallfield Road

Layerthorpe

York YO31 7ZQ

Tel:01904 430033;Fax:01904 430868;E-mail:orders@yps.ymn.co.uk

Contents

	Page
Acknowledgements	v
Summary	vi
Introduction	1
1 Disabled people's employment	7
Economic activity	7
Job characteristics	8
Characteristics associated with being in work	9
Changes in disabled people's employment	11
Summary and discussion	13
2 Movements into and out of work	16
Disabled people's employment and the economic cycle	16
Employment retention	19
Moving into employment	24
Summary and discussion	27
3 Changes in the benefit system	30
Evolution of disability benefits	30
Welfare reform: winners and losers	31
Explanations for growth in benefit expenditure	33
Summary and discussion	40
4 Disabled people's incomes	43
Measurement and definition	43
Change in real incomes	45
Poverty and inequality	45
Position in the overall income distribution	47
Earners and earnings	48
Benefits and extra costs	49
Composition of income	51
Summary and discussion	52
5 Social and political participation	54
Leisure activities	54
Barriers to greater participation in leisure activities	55
Social support	58
Political involvement	58
Summary and discussion	60



6	Conclusions	61
	From each according to their ability?	61
	To each according to their needs?	62
	A part, not apart	62
	Policy: past and present	63
	Notes	66
	References	70
	Appendix 1: Details of main surveys used in this report	76
	Appendix 2: Pen pictures illustrating OPCS severity categories	78



Acknowledgements

I gratefully acknowledge funding by the Joseph Rowntree Foundation and the ongoing support of their Principal Research Manager, Barbara Ballard. The project was guided throughout by an Advisory Group – Rachael Davies, Paul Gregg, Angelika Hibbett, Mike Oliver, Lorna Reith, Susan Scott-Parker, and Adrian Stokes – who offered valuable insight and comments on earlier drafts. Helpful comments were also received from Phil Agulnik, Richard Berthoud, Andrew and Jeremy Burchardt, Martin Evans, Karen Gardiner, Howard Glennerster, Trevor Huddleston, Abigail McKnight, Declan Norris and Sally Witcher. My thanks go also to Charles Affor, Jane Dickson, Becky Morris, Sean Townsend and Nic Warner for good-natured administrative and computing support. Chief among those to whom I owe my gratitude for making this research possible are John Hills and David Piachaud, who guided, probed and prompted my work throughout, all in the most supportive manner imaginable. Responsibility for any remaining errors is, of course, mine alone, and the views expressed in this report are not necessarily those of the Joseph Rowntree

Foundation, nor of the many individuals who offered their kind assistance.

Data from the British Household Panel Survey Waves 1–7, deposited by the Economic and Social Research Council Research Centre on Micro-social Change (now Institute for Social and Economic Research), the BHPS Net Income Variables Waves 1–6 derived dataset, deposited by Sarah Jarvis and Stephen Jenkins, and the 1985 OPCS Survey of Disabled Adults in Private Households, deposited by the Office of Population Censuses and Surveys, were supplied by the Data Archive at Essex University. Data from the Family Resources Survey, Disability Follow-up and Households below Average Income dataset (all for 1996/97) were kindly supplied by the Department of Social Security Analytical Services Division, who also provided support in analysing these data. Tables from the Labour Force Survey for the years 1984–96 were supplied by the LFS Bureau at SPSS Limited. Neither the original collectors nor the suppliers of the data bear any responsibility for the analyses or interpretations presented here.



Summary

This report analyses disabled people's past and present participation in the economic dimensions of social inclusion, to provide evidence for debate on the future of disability policy in Britain. The report uses large-scale, nationally representative datasets to examine:

- disabled people's position in the labour market: their jobs and earnings
- transitions into and out of work, and employment retention
- changes in the benefit system and benefit income
- disabled people's position in the income distribution
- broader aspects of social and political participation.

Finally, the report considers whether policy interventions of the last 15 years have been successful in promoting disabled people's inclusion, and what the prospects are for the future. The focus is on the 12 to 16 per cent of people of working age who are disabled; definitions of disability are discussed in the Introduction.

Disabled people's employment

Employment is not the only route to social inclusion, nor should the needs of those who cannot undertake paid work be ignored. But paid work, where the conditions are right, contributes to economic, social and psychological well-being. Participation of both disabled and non-disabled women in the labour market has grown since 1985, while, for men, employment rates have been static or slightly

falling. Overall, disabled employment rates have fluctuated around 40 per cent, about half the level of non-disabled employment.

- Disabled people make up *half* of those who are not employed but would like to work, and one-third of those who are available to start in a fortnight.
- Those that are employed are disproportionately likely to be in manual occupations and they have lower average hourly earnings than their non-disabled peers – even after taking account of differences in age, education and occupation. This earnings gap appears to have grown substantially since 1985.

Characteristics associated with a greater likelihood of being in employment are similar for disabled and non-disabled people – for example, educational qualifications – but a smaller proportion of disabled people have these characteristics. In addition, there are barriers relating specifically to impairment, particularly for those with mental health problems or a locomotion impairment.

Movements in and out of work

The disadvantage experienced by disabled people is manifest not only in their position in the labour market, but also in terms of transitions into and out of work. This analysis is based on small samples, so should be treated with caution, but results suggest the following.

- During the first year after becoming disabled, one in six workers lose their employment. By implication, improving retention could make a substantial





Summary

difference to overall rates of employment among disabled people.

- The proportion of non-disabled people out of work who make a transition into employment is around six times the proportion of disabled people who do so. The difference in transition probabilities is still four-fold, even after allowing for the fact that some disabled people cannot, or do not wish to, move into employment.
- One-third of disabled people who make the transition into work are already out of work again by the following year, compared to one-fifth of non-disabled entrants.

Personal and job characteristics associated with disabled people having better chances of retaining or getting employment are similar to those identified by research on other groups, but the differentials – for example, between manual and non-manual occupations – are in many cases sharper for disabled people.

Changes in the benefit system

Total expenditure on benefits for sick and disabled people has risen three-fold since the late 1970s and now accounts for one-quarter of social security spending. Explanations for the growth which are best supported by evidence include:

- built-in growth to entitlement for some components of benefits
- changing boundaries between different benefits for people with long-term health problems or impairment

- widening eligibility for extra-costs benefits, and slowly increasing take-up
- earnings-replacement benefits acting as a ‘one-way street’
- increase in numbers of disabled people.

The 1999 reforms to disability benefits offer relatively generous support to disabled people who are employed and those obviously unable to work, while paring back benefits available to disabled people who are unemployed, non-employed partners or early-retired. Disabled people have traditionally been located on the positive side of the ‘deserving/undeserving’ boundary; the latest reforms redraw the line in such a way that it partitions the disabled population.

Disabled people’s incomes

Additional layers of extra costs benefits have reached further down the severity scale – around one-half of extra costs for those with impairments in severity categories 7 or 8 may now be covered by extra costs benefits, up from one-third in 1985. This has contributed to a substantial reduction in the proportion of disabled people in the bottom tenth of the income distribution.

Despite these improvements, and real income gains across all severity categories, disabled people remain poor relative to the general population.

- Half of all disabled people have incomes below half the general population mean (often taken as an indicator of poverty), after making an adjustment for extra costs. Even without adjustment, two in



Enduring economic exclusion

five are found to be in poverty – an increase of one-sixth since 1985.

- Disabled adults in families with children are even more likely to have low incomes: 60 per cent have income below half the general population mean, after adjusting for extra costs.

Positive developments have not been sufficient to counter broader trends towards inequality, both within the disabled population and in society as a whole, fuelled by:

- growing earnings differentials for those in work
- concentration of work in fewer households
- widening gap between incomes in and out of work, as benefits are linked to prices rather than earnings.

Social and political participation

Higher income is associated with greater participation in leisure activities, for both disabled people and the general population. But low income, and – independently – not being in paid work, seem to make more of a difference for disabled people. Inaccessible transport and lack of availability of personal assistance are most often identified by disabled people as barriers to greater participation.

Past, present and future

The report concludes that, despite a consensus across political parties in government over the last 15 years that disabled people are a

constituency deserving of a better deal, policies to promote opportunities for paid work and relieve poverty have not been sufficient to overcome countervailing pressures. The findings highlight the following.

- *The importance of transitions.* Insufficient attention has been paid to supporting individuals when they become disabled, for example, in order to sustain their employment. New Deal for Disabled People pilots on job retention are welcome, but the scheme will need to recognise that barriers to continuing employment occur at and beyond the workplace, as well as at an individual level.
- *Disadvantage not directly related to impairment.* Disability policy often focuses on barriers specific to impairment. These are important but do not mean disabled people are immune from trends that affect the rest of society: the economic cycle, regional disparities, growth in earnings inequality. In many cases, disabled people are particularly susceptible to these general pressures.
- *Standard of living.* The basic question of whether disabled people have enough to secure a standard of living comparable to their non-disabled peers has not been addressed, although a higher proportion of extra costs are now met. The living standards of disabled people, especially those with more severe impairments, will continue to diverge from the rest of society, unless benefit rates are uprated in line with rising national prosperity.

