Disability and the downturn

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Eleanor Gore and Guy Parckar, 2009
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Executive Summary

Introduction

In January 2009, the UK officially entered into recession. Evidence from previous recessions suggests that certain demographic groups - women, ethnic minorities, disabled people - are disproportionately disadvantaged in times of economic crisis. Disabled people are twice as likely to live in relative poverty as non-disabled people and when the additional costs disabled people face as a result of their impairment are factored in, figures suggest that well over half of disabled people in the UK could be living in poverty.\(^1\) With disabled people entering the recession on a profoundly unequal footing to non-disabled people, in areas such as employment, finance and income and quality of life, the case for monitoring their experiences during the downturn is compelling.

There is increasing recognition amongst policy-makers that tackling the recession and tackling deep-rooted social exclusion are interlinked objectives. Yet the interests of disabled people have been largely absent from national debate arising from the downturn. This report aims to rectify this, clearly articulating the different ways in which the recession is impacting on disabled people and setting out key priorities for policy-makers.

Key findings

- Disabled people continue to face inequality across a number of key areas, including employment, income levels, skills and qualifications and levels of saving. This pre-existing disadvantage leaves disabled people more susceptible to the negative impacts of the downturn, making it increasingly pressing for policy-makers to take an active approach to challenging disability poverty.

- There are major social justice reasons for effectively challenging disability poverty, as well as massive potential economic benefits. As such, tackling the endemic disadvantage faced by disabled people should be an integral part of the programme for economic recovery in the UK.

\(^1\) For more information see 'Disability poverty in the UK', Parckar, G, Leonard Cheshire Disability, 2008
Finance and income

- 42% of respondents to Leonard Cheshire Disability’s annual survey, ‘Disability Review 2009’, revealed they are finding it difficult to manage on their present income, an increase of nearly 10% since 2007.
- More than half (55%) of respondents to our survey had no savings, a 6% rise since 2007.
- 75% of respondents with dependent children are living below the poverty line.
- Figures from the Joseph Rowntree Foundation and New Policy Institute show a further widening of the gap between the levels of poverty among disabled and non-disabled people, with 34% of disabled people living in low income households, compared to 17% of non-disabled people.²
- All these indicators suggest that the downturn has exacerbated the already high levels of disability poverty.

Employment

- Over half (52%) of respondents had experienced discrimination in the workplace in the past year, an increase of 11% since 2007.
- 43% of respondents also reported they have been turned down for a job or jobs because of their impairment, an increase of 7% since 2008.
- Topline employment rates for disabled people have remained relatively stable to date, but, given disabled people’s profound pre-existing employment disadvantage, this must not obscure major continuing inequality. Nor should it obscure the fact that thousands of disabled people have lost, and will continue to lose, their jobs during the downturn.

Public services

- In areas such as social care, the impact of tightening local authority eligibility and the withdrawal of state funding for social care continue

² See The Poverty Site, http://www.poverty.org.uk/40/index.shtml, which shows that in 2007/08 34% of disabled people lived in a low income household, in comparison to 17% of non-disabled people.
to have a detrimental impact on disabled people’s financial, physical and emotional wellbeing.

- 50% of those respondents to the ‘Disability Review 2009’ who needed social care and with incomes of less than £100 per week were paying towards the costs of social care.

- In addition to disabled people’s deteriorating economic position in areas such as finance and income, savings and indebtedness, our research suggests that disabled people are increasingly struggling to meet even the basic costs of living during the downturn. Consequently, they are being forced to make impossible decisions over how to prioritise essential needs, such as heating their home or receiving crucial support services such as social care.

- Disabled people’s higher levels of poverty also mean they are more likely to rely on public services, such as healthcare, social services and public transport, than non-disabled people. A programme of public spending cuts would clearly have a disastrous impact on disabled people in this area, further undermining employment opportunities, independence and quality of life.

Benefits

- Recent welfare reforms have reduced the numbers of people eligible for incapacity benefits, raising concerns about those who face significant barriers to work and could potentially miss out on extra support from the benefits system.

- Those disabled people furthest from the labour market are all too often not receiving the support they need to prevent them from slipping into poverty within the current system.

Conclusion

Narrowing the employment gap, safeguarding those disabled people in work and tackling discrimination in the workplace should be a priority for policy-makers. Employment is not the only answer, however, and urgent action is also required to ensure that existing inequalities are not exacerbated in areas such as social care provision, benefit eligibility and quality of life.
The primary recommendations of this report are that the Government:

- Formulate a dedicated strategy for tackling disability poverty;
- Mainstream disability into macro-level economic strategy, recognising both the powerful business case for doing so and its centrality to preserving and enhancing social justice;
- Ensure that reforms to the welfare system work to overcome disabled people’s entrenched employment disadvantage, providing an adequate safety net and supporting those furthest from the labour market;
- End the postcode lottery in social care, so that support is available to everyone who has social care needs, whether these are low, moderate, substantial or critical. The system must not charge people into poverty, nor should it penalise those who have built up savings over time;
- Protect public spending to ensure there is no regression in disabled people’s existing independence and quality of life.
Chapter 1

Background

In January 2009 the Government published figures indicating that Gross Domestic Product (GDP) in the UK had fallen for the last two quarters of 2008, officially marking the onset of recession.\(^3\) With economic output continuing to contract, subsequent statistics have shown rising unemployment rates, increases in redundancies and declining vacancy levels.\(^4\) To date, job numbers have fallen across almost all industry sectors, particularly affecting the financial and service sectors. Figures released in August of this year put the unemployment rate at 7.8%, a rise of 2.4% since June 2008, and it is estimated that there are now 2.5 million unemployed, a 750,000 increase on the year.\(^5\) A further fall in GDP in the third quarter of 2009 has confounded expectations of recovery among economists, and confirmed that Britain is now in the longest recession on record.\(^6\)

Key labour market indicators such as the employment rate clearly provide a useful picture of overarching economic trends. Evidence from previous recessions suggests however that the impact of these trends is unlikely to be distributed evenly across all sections of the population.\(^7\) Indeed, patterns of impact tend to reflect and reproduce existing social fault-lines, with certain demographic groups - women, ethnic minorities, disabled people, for example – disproportionately disadvantaged in times of economic crisis.\(^8\)

The interests and experiences of disabled people have been largely absent from the national debate arising from the economic downturn. This short report intends to rectify this, providing a critical overview of existing evidence coupled with an examination of disabled people’s experiences in areas such as employment, finance and income and

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\(^3\) The Office for National Statistics (ONS) defines recession as ‘two or more quarters of falling Gross Domestic Product (GDP)’, a definition commonly adopted within the UK. In 2008, GDP fell by 1.5% in the last three months, after a 0.6% drop in the previous quarter (figures cited in ‘The impact of the recession on the labour market’, ONS, May 2009)

\(^4\) Ibid.

\(^5\) Labour Market Statistics Headlines, ONS, August 2009

\(^6\) ONS statistics cited in ‘UK economy in its longest recession on record’, The Guardian, October 23\(^{rd}\) 2009

\(^7\) ‘Monitoring the Impact of Recession on Certain Demographic Groups’, Department for Work and Pensions (DWP) and Equality and Human Rights Commission (EHRC), June 2009

\(^8\) Ibid.
public services. In doing so, it aims to broaden the parameters of the current debate and point the way towards a more sophisticated rubric for capturing and understanding disabled people’s experiences during the downturn. We also set out a number of key priorities for policy-makers to ensure that the interests of disabled people are appropriately addressed in these difficult times.

For the purposes of this report, the definition of disability has been taken from the Disability Discrimination Act (DDA) 1995, which defines a disabled person as someone who has, or has had in the past, a mental or physical impairment that has a long-term and adverse effect on their ability to carry out day-to-day activities. Current estimates suggest that there are over 10 million disabled people in Britain.

Leonard Cheshire Disability has a campaigning focus on challenging disability poverty. In 2008 the charity published a report highlighting the continuing and deep-rooted links between disability and poverty. On almost any indicator of poverty or disadvantage disabled people are significantly over-represented, with research by the Joseph Rowntree Foundation and New Policy Institute finding that disabled people are around twice as likely to live in relative poverty as non-disabled people. Furthermore, they face multiple barriers to equality across a number of linked domains, including education, employment, health, access to goods and services and transport. Disabled people are more likely to be out of work than non-disabled people and when in work on average they earn less. Disabled people are also more likely to rely on state benefits for a significant source of their income and face extra costs directly resulting from their impairment, such as increased fuel bills, medical costs or a contribution to their social care expenses. Official poverty figures take no account of the additional costs that many disabled people face – if these costs are factored into calculations, figures suggest that well over half of disabled people in the UK live below the poverty line.

Conceptualising the multidimensional nature of disabled people’s poverty is not always straightforward. Yet it is only within this context...
that we begin to understand the way in which disability acts as a profound social determinant, limiting life chances and negatively impacting on long-term outcomes. With disabled people entering the recession on an unequal footing to non-disabled people in terms of income, savings, education, employment and quality of life, the case for monitoring and analysing their experiences through the downturn is compelling. Adequately tracking those socio-demographic groups experiencing notable pre-existing disadvantage through the economic crisis will be critical for policy makers, not only from the perspective of preserving basic social justice, but in terms of reducing job losses, helping the unemployed back into work and creating a stronger post-recession economy.

The population of disabled people is by no means homogeneous, however, and, as with the wider population, there may be differences in outcomes depending on circumstance. The pre-recession employment rate of people with mental health problems and learning disabilities, for example, was even lower than the employment rate for disabled people overall.\textsuperscript{15} Paradoxically this could serve to shield people within these groups from the immediate effects of unemployment. But the reality of increased competition in the labour market and declining job opportunities could mean that existing poverty becomes more entrenched, and longer term employment chances are reduced even further.\textsuperscript{16} It is also significant that not only do those people with mental health conditions and learning disabilities encounter more barriers to employment in the first place, but that unemployment itself may have a detrimental effect on job seekers’ mental and physical health.\textsuperscript{17}

This mix of causalities underlines the analytical limitations of viewing disabled people as a uniform whole. Some groups within this broad constituency are likely to experience even greater inequalities; disabled women, for example, may be subject to discrimination on the grounds of both disability and gender, a ‘double discrimination’ that can play an important part in poverty and exclusion.

Similarly, it would be unwise to situate disabled people’s experiences in a social vacuum; the underlying drivers are complex, with experiences potentially shaped by a range of factors, including impairment type, geographic location, class, ethnic origin and other socio-demographic characteristics. These factors may also converge and overlap with those

\textsuperscript{15} Secretary of State Report on Disability Equality, DWP, November 2008
\textsuperscript{16} Ibid.
\textsuperscript{17} ‘Review of evidence on the impact of economic downturn on disadvantaged groups’, DWP, 2009
affecting other ‘disadvantaged groups’, a potential interplay which adds further complexity to our analysis.

Many of the issues explored in this report will not necessarily be new, but the onset of recession injects an additional degree of urgency into understanding and addressing disability poverty and discrimination. Given that the UK has now been in recession for at least a year, the moment is opportune to reflect on what the downturn has meant for disabled people to date, and to examine what steps can be taken to challenge disability poverty as we look towards building a new and more stable post-recession economy.
Chapter 2

Legislative and policy context

There is increasing recognition amongst policy-makers that tackling the recession and tackling deep-rooted social exclusion are interlinked objectives. Alongside the current debates over regulatory reform, notions of greater ‘fiscal and financial responsibility’, ‘accountability’ and restoring integrity to Britain’s financial system have begun to gain currency. However, a concerted and deliberate effort is needed to ensure that macro-level economic strategy encompasses specific measures to address disability poverty. This is not simply a question of social justice; the potential economic benefits of breaking the links between disability and poverty are massive. The Social Market Foundation has reported that, if disabled people’s employment rate could be increased to a comparable rate as for non-disabled people, GDP in the UK would be boosted by at least £13 billion. When coupled to the broader benefits to business from a more affluent consumer base, the economic case for tackling disability poverty is exceptionally strong.

A key focus of the Government’s current equality programme is the Equality Bill, which was published in April 2009. The Bill, when enacted, will replace the UK’s principal pieces of anti-discrimination legislation, including the Disability Discrimination Act, consolidating and streamlining existing law across equality streams (for example race, gender, disability, sexual orientation). The economic benefits of challenging inequality are also recognised within the Bill, which the Government has stated is intended to “help build a stronger economy and fairer society for the future”. Improving the effectiveness of anti-discrimination legislation is undoubtedly an important means of enhancing social inclusion for disabled people. However, Leonard Cheshire Disability has set a key baseline for the Equality Bill that steps to simplify the current legal framework must not lead to regression in disabled people’s rights. The Bill should also form part of a wider and more robust strategy to challenge disability poverty.

The Equality Bill is the latest in a sequence of developments which have significantly changed the legislative landscape of equality in the UK.

Since the last recession, considerable effort has been made to ensure that disabled people can challenge discrimination through a comprehensive set of legal mechanisms. The key piece of legislation in this area is the Disability Discrimination Act 1995 – and its subsequent extensions – which was designed to eliminate discrimination in a range of fields, including employment, education and access to goods and services. In 2006, the Disability Equality Duty was also introduced, obliging public bodies to promote equality for disabled people in every aspect of their work.

With the DDA now well over a decade old, the effectiveness of the measures enshrined within the Act have rightly come under scrutiny. On one level, this may reflect recognition on the part of policy-makers that progress towards disability equality has been, at best, patchy, and that much more needs to be done if the Government is to realise its pledge to eradicate inequality for disabled people by 2025.\(^\text{20}\) The findings from a recent report published by the Office for Disability Issues (ODI) support this view, concluding: ‘There is only limited evidence…that the gaps between disabled and non-disabled people have closed between 2001 and 2007’.\(^\text{21}\)

The DDA introduced a number of measures intended to end discrimination in employment and the rate of employment among disabled people has been slowly rising, increasing from 43% in 1998 to 50% in 2007.\(^\text{22}\) Broadly speaking, increased numbers of disabled workers in the labour force may render them more at risk than in previous periods of economic downturn. Given that employment rates among disabled people remain well below the overall rate in the UK and the strong correlation between disability, low income and poverty, however, it is clear that adopting any linear view of ‘progress’ in this area would be misleading.

Alongside changes in anti-discrimination law, there have also been a number of government-led initiatives aimed at improving disabled people’s access to employment. The Access to Work scheme, for example, is a government-funded programme run by the Department for Work and Pensions which offers financial support to disabled people and employers to meet the costs of adjustments in the workplace. The

\(^{20}\) Improving the life chances of disabled people, Prime Minister’s Strategy Unit, 2005

\(^{21}\) Experiences and Expectations of Disabled People – Executive Summary, Office for Disability Issues, July 2008

\(^{22}\) From the Labour Force Survey, as presented in 'Disability Briefing March 2006’ and ‘Disability Briefing May 2007’, DRC
Government has also launched the New Deal for Disabled People programme, intended to provide advice and support to help move people from disability and health-related benefits into paid employment.

Further to these programmes, the Welfare Reform Act 2007 contained various measures designed to move disabled people off 'out-of-work benefits' and into a programme of work-related activities through the Pathways to Work scheme. The Act also contained provisions for a new out-of-work benefit to replace Incapacity Benefit, Employment and Support Allowance (ESA), which was rolled out in October 2008.

In the arena of social care policy, the last decade has seen a substantial expansion of the ‘personalisation agenda’. Through initiatives such as individual budgets and Direct Payments, personalisation has been designed with the intention that everyone who receives support - whether provided by statutory services or funded by themselves - has greater control over the services they receive and that services are more flexible and responsive to individual needs.

But alongside policies for more personalised services, rising costs of care provision and demographic changes have placed ever increasing demands on the social care system. Unable to fund social care services for all those who need them, local authorities have tightened the eligibility criteria for state-funded social care. This withdrawal of state funding has led to a greater reliance on informal care from friends and family, care which is effectively being used to ‘subsidise’ the current social care system. This situation also has a financial implication, with carers often being forced to leave employment in order to take up caring responsibilities, household income dropping significantly and inadequate support and benefits putting huge burdens on families.

In light of these key developments, it is clear that the background to this recession for disabled people is very different to that of the recessions of the 1970s and 1980s. However, as the precise contours of the present downturn take shape, the real acid test for this step change in disabled people’s legal and policy status may be yet to come. We will explore the different dimensions of disabled people’s experiences within this specific framework in the following chapter, along with the wider implications of the economic crisis for disabled people.
Chapter 3

Current evidence

Whilst the impact of the recession on ‘disadvantaged groups’ in general has attracted some attention, relatively little evidence currently exists to help understand the specific experiences of disabled people. In their recent report, ‘Skills in the Recession’, the Trades Union Council (TUC) put forward a number of proposals for helping unemployed people and vulnerable groups during the downturn, particularly in terms of training and support packages for those losing, or at risk of losing, their jobs. 

Elsewhere, the TUC outlined more explicit fears over the impact of the recession on disabled people, suggesting that they are likely to face a higher risk of redundancy and increased discrimination in the labour market, as employers become more reluctant to meet their obligations to disabled employees. 

Welfare reform and the impact of funding cutbacks in key public services have also been identified as areas which may disproportionately affect disabled people, with existing gaps in income, employment, education, training and skills, it is suggested, only likely to intensify.

In this chapter we will look at the current evidence on disabled people’s experiences in more detail, linking this to findings from our latest research in the areas of employment, finance and income and benefit reform.

3.1 Employment

A recent report by the Department for Work and Pensions (DWP) looking at evidence from previous recessions found that disabled people tend to experience an increase in, and longer duration of, unemployment during an economic downturn. The DWP also found that older and less skilled workers are particularly disadvantaged, factors which can often connect and interact with disability. It is estimated that around one in three people aged 60-64 years is

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23 Skills in the Recession, TUC, January 2009
24 TUC press release, 19th May 2009
25 Ibid.
26 ‘Review of evidence on the impact of economic downturn on disadvantaged groups’, DWP, 2009
disabled. Disabled people are also twice as likely as non-disabled people to have no recognised qualifications.

A recent Equality and Human Rights Commission report, ‘Monitoring the impact of recession on various demographic groups’, found that the employment rate among disabled people has remained relatively stable in the recession to date, with statistics from the Labour Force Survey recording only a slight fall from the first quarter of 2008 to the first quarter of 2009, from 48% to 47.7%. Similarly, the number of unemployed disabled people has risen by a smaller rate than for the overall population, increasing from 8.5% to 9.5%.

Evidence that the existing discrepancy in disabled and non-disabled people’s employment rate has not widened during the downturn is clearly encouraging. However, there are a number of reasons why we might treat the tentative note of optimism sounded by the EHRC and DWP cautiously. Firstly, the employment gap remains profound; despite some gradual long-term improvements, disabled people’s employment rate has levelled off around the 50% mark in recent years, over 25% below that of the overall working age population. This gap is indicative of the extent to which disabled people continue to encounter multiple barriers to equality in the field of employment. These barriers may include physical inaccessibility, in terms of transport and premises, and attitudinal barriers such as a lack of awareness of disability or inappropriate attitudes on the part of employers and colleagues.

Discrimination in the workplace remains a significant problem militating against disabled people’s employment. Our report, ‘Discrimination Doesn’t Work’, found that employers were twice as likely to offer a non-disabled candidate an interview as an equally qualified disabled candidate. With more people competing for jobs, the potential for increased discrimination, as identified by the TUC, is clearly concerning. This is borne out by findings from our annual disability survey, ‘Disability Review 2009’, which revealed that over half (52%) of respondents had experienced discrimination in the workplace in the past year, an increase of 11% since 2007. 43% of respondents also reported they

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28 Increasing Life Chances through Learning and Skills, DRC 2006
29 ‘Monitoring the impact of the recession on various demographic groups’, DWP & EHRC, 2009
30 Ibid.
31 Figures from the Labour Force Survey, cited in ‘Monitoring the impact of the recession on various demographic groups’, EHRC/DWP, 2009
32 Discrimination Doesn’t Work, Leonard Cheshire Disability, 2006
have been turned down for a job or jobs because of their impairment, an increase of 7% since 2008.

Although there is a reasonably strong set of official statistics on disability and employment, the Government does not have a standard measure for monitoring discrimination in the workplace. From a methodological point of view, this would not necessarily be straightforward, but the worrying trends identified in our survey suggest that current mechanisms to understand and tackle disability discrimination are proving inadequate. They also suggest that urgent action is required on the part of policy-makers to prevent further deterioration and to ensure that employers are fully complying with the law, irrespective of the prevailing economic climate.

Given that the full effects of the downturn do not appear to have filtered through to some topline data sets, broadening our analytical framework to encompass a more adaptive set of measures for gauging the socio-economic impact of the recession on disabled people seems advantageous. It is notable, for example, that there are differences in the types and ways in which disabled people are employed in the UK, as compared to the non-disabled population. Although changes in the economy since the 1990s have meant that the make-up of the UK labour market is less divided - along gender or ethnic lines for example - than it used to be, certain groups continue to be concentrated in certain jobs and in certain sectors. In this way, disabled people are experiencing what we might term occupational and sectoral segregation, with figures from the Labour Force Survey indicating that disabled people are more likely to work in manual and lower-skilled occupations and less likely to work in managerial, professional and high-skilled occupations. Although the percentage of disabled people who are in high-level employment has increased slightly from 46% in 2002 to 48% in 2008, this remains a substantial 7% lower than the percentage of non-disabled people.

Disabled workers also tend to be overrepresented in public administration, health and education sectors, with figures from 2007 estimating that 32% of the disabled working population fall within this category, 4% higher than the non-disabled population. Statistics from the Labour Force Survey show that the number of jobs in these sectors has stayed relatively stable to date, a trend which may have served to

33 Disability Briefing, May 2007, DRC
34 Secretary of State Report on Disability Equality, DWP, 2008
35 Disability Briefing, 2007, DRC
shield some disabled workers from the harshest effects of the recession.\textsuperscript{36}

It is of concern then that recent research by Experian suggests that the full impact of the downturn in terms of unemployment, debt and increased demand for public services is yet to be felt in the UK.\textsuperscript{37} According to their report, continued state spending has served to cushion the impact of the recession on the public sector. With spending cuts looking increasingly imminent\textsuperscript{38}, rolling back investment would clearly threaten this stability. It would also have a detrimental effect on disabled people’s current and future employment opportunities.

It is also significant that, of those disabled people in work, the proportion considered to be ‘low paid’ is 10\% higher than the proportion of non-disabled employees.\textsuperscript{39} Disabled people are also more likely to work in temporary, part-time and vulnerable jobs, areas of the labour market which have historically fared badly in times of economic downturn.\textsuperscript{40}

Whilst much research to date has emphasised the recession’s disproportionate impact on the lowest qualified and least skilled, on young people, and on those living in deprived areas, the evidence outlined above indicates that these categories are far from exclusive.\textsuperscript{41} Indeed, disabled people experience compound disadvantage, with barriers to education, training and employment resulting in greater levels of poverty, which in turn leads to higher numbers of disabled people living in social housing and in deprived areas.\textsuperscript{42} Given the depth and complexity of these links, further research is clearly needed to understand the experiences of those who fall into two or more particularly ‘at risk’ groups and to ensure they receive appropriate attention from policy-makers.

As stated in the introduction to this report, for the purposes of our analysis we have used the definition of disability stipulated in the Disability Discrimination Act 1995. However, it is notable that government statistics adopt a number of different definitions when

\begin{itemize}
\item \textsuperscript{36} Recession Report, Number 9, July 2009, TUC
\item \textsuperscript{37} The Insight Report, An Experian report - Quarter 4, 2009, Experian, 2009
\item \textsuperscript{38} See, for example, Gordon Brown’s speech to the TUC, October 2009
\item \textsuperscript{39} The Poverty Site, \url{www.poverty.org.uk/31b/index.shtml?4}
\item \textsuperscript{40} See, for example, ‘Nice Work If You Can Get It: Achieving a sustainable solution to low pay and in-work poverty’, Lawton, K, Institute for Public Policy Research (ippr), January 2009
\item \textsuperscript{41} See, for example, ‘Monitoring the impact of the recession on various demographic groups’, ‘The Impact of the recession on the labour market, ONS, May 2009
\item \textsuperscript{42} Understanding Workless People and Communities: A Literature Review, Ritchie H, Casebourne J, Rick J, Research Report DWPRR 255, DWP, 2005
\end{itemize}
collecting data, including the category of ‘work-limiting disabled’. This refers to people who meet the DDA criteria for disability and state that their impairment affects either the kind or amount of paid work they undertake. Interestingly, the improvement in employment rates for this group has been less tangible than for those who meet the DDA criteria overall, with recent research suggesting that, using this definition alone, employment rates had actually declined in the years immediately preceding the onset of recession.\textsuperscript{43} Again this underlines the importance of looking beyond generalised pictures of disabled people’s experiences, or using measures that do not adequately reflect the heterogeneous nature of the disabled population. Recent research published by the Joseph Rowntree Foundation further supports this view, concluding that ‘Disability affects work status much more than lone parenthood or gender….In comparison (to the New Deal for Lone Parents), the New Deal for Disabled People has not been successful, with work rates for disabled adults little different in 2008 from 1998’.\textsuperscript{44}

### 3.2 Finance and income

As the TUC have pointed out, the relative stability of disabled people’s topline employment rate should not obscure the fact that thousands of disabled people have lost, and will continue to lose, their jobs during the recession.\textsuperscript{45} Leonard Cheshire Disability’s ‘Disability Review 2009’ revealed that 42% of respondents are finding it difficult to manage on their present income, an increase of nearly 10% since 2007.\textsuperscript{46} Of those respondents who were unemployed, 12% had lost their job in the last 12 months. These findings are clearly worrying, particularly when we consider that those disabled people losing their jobs are less likely to have the safety net of savings or other assets to fall back on; more than half (55%) of our survey respondents had no savings, a 6% rise since 2007. This is a marked contrast to figures for the general population, which estimate that around 12% have no savings.\textsuperscript{47}

Thus, into our broader set measures we should also incorporate an understanding of disabled people’s entrenched employment

\textsuperscript{44} Monitoring poverty and social exclusion 2009, MacInnes, T, Kenway P and Parekh A, Joseph Rowntree Foundation and New Policy Institute, 2009
\textsuperscript{45} Recession Report Special, TUC, June 2009
\textsuperscript{46} Disability Review 2009, Greenghalgh and Gore , Leonard Cheshire Disability, 2009
\textsuperscript{47} ‘Quarterly savings survey’, National Savings and Investments, Summer 2007
disadvantage, or ‘employment penalty’.\textsuperscript{48} Not only are disabled people more likely to be out of work, and experience a higher incidence of in-work poverty, they also face additional financial costs arising as a result of an impairment. They are also less likely to have savings and are therefore at greater risk of immediate poverty during an economic downturn. In this way, unemployment has a disproportionately penalising effect on disabled people, a destructive dynamic that is of increasing concern in times of national economic crisis.

Financial insecurity and unemployment may also have significant psychosocial consequences for disabled people; findings from our recent survey reveal that almost half (49\%) of respondents who are unemployed have suffered from depression during the last twelve months. Of those respondents who were employed, nearly half (48\%) agreed with the statement ‘I am less confident about the future than I was twelve months ago’ and 50\% of all respondents indicated that the issue that gave them most cause for concern was ‘The state of the economy and the impact it has on my personal finances’. These trends will clearly have a knock-on effect on quality of life, and as such provide an important dimension to disabled people’s experiences of poverty and social exclusion.

In 2005 Leonard Cheshire Disability’s report ‘In the balance’ examined the links between disability and debt. The research found that the impact of managing an impairment over time, combined with a reliance on benefits and the gradual erosion of personal savings, meant that debt was the unavoidable consequence of years of financial struggle for many disabled people.\textsuperscript{49} With evidence indicating that the recession has resulted in sharp increases in the number of mortgage repossessions and loans deeply in arrears, the role of indebtedness in exacerbating disability poverty during the downturn should not be overlooked.\textsuperscript{50} A recent Joseph Rowntree Foundation report also highlighted the link between low income and an increased risk of arrears on household bills, a correlation that is corroborated by findings from ‘Disability Review 2009’ which revealed that 15\% of respondents had not been able to pay a utility bill on time in the last 12 months and 22\% had sought financial assistance or advice from a welfare or community agency. This is again tied in to the additional costs disabled people face, with 41\% of respondents stating they had to pay higher utility bills because of their impairment.

\begin{footnotesize}
\item[48] ‘Persistent employment disadvantage’, Richard Berthoud and Morten Blekesaune, DWP, 2007
\item[49] In the balance: disabled people’s experiences of debt, Kober, C, Leonard Cheshire Disability, 2005
\item[50] Monitoring poverty and social exclusion 2009, JRF and the New Policy Institute, 2009
\end{footnotesize}
A further 31% of respondents to our survey reported there had been times in the last 12 months when they had been unable to afford to heat their home and 38% stated that in the last 12 months they had been unable to afford as much professional care as they need. These findings suggest that disabled people are increasingly struggling to meet even the basic costs of living and are being forced to make impossible decisions over how to prioritise essential needs. Disability Review 2009 revealed that a staggering 75% of respondents with dependent children were living below the poverty line. A shocking figure in its own right, it also indicates that the Government’s objective of ending child poverty will simply not be met unless urgent action is taken to break the links between disability and poverty.

Looking through this lens, we begin to get a clearer picture of the impact of rising levels of poverty, unemployment and discrimination on disabled people during the downturn. This analytical framework also demonstrates the multifaceted ways in which the recession may interact with and intensify existing inequalities. Analysis of the Labour Force Survey by the Joseph Rowntree Foundations and New Policy Institute has found that the poverty gap between disabled and non-disabled people has widened in recent years. The latest figures from 2007-2008 show that disabled people are twice as likely to live in low-income households as non-disabled people, 34% compared to 17%.51 Given that our report ‘Disability Poverty in the UK’, written prior to the official onset of recession, found that when the additional costs of disability are factored in well over half of disabled people are living below the poverty line, the implications of these trends should not be underestimated.

### 3.2 Impact of public spending cuts

Spending cuts are not only potentially damaging for disabled people working in public sector jobs. Disabled people’s higher levels of poverty mean they are more likely to rely on public services, such as healthcare, social services and public transport, than non-disabled people. They are also more likely to use key support services such as social care.

A report by the Commission for Social Care Inspection (now part of the Care Quality Commission) in 2008 found that almost three quarters of local authorities will only fund social care for those assessed as having

'critical' or 'substantial' needs. With tightening budgets and spending cuts, this figure is estimated to rise to 81% for the 2009-2010 financial year.

Our report ‘Your Money or Your Life’ highlighted the devastating impact that tightening social care eligibility criteria and the withdrawal of state funding for social care was having on disabled people, both in terms of financial situation and personal wellbeing. The majority of participants in our research did not have the means to pay privately to replace the care they had lost and had been left with a huge gap in services and decreased quality of life as a result. 52% of respondents said that the shortfall in social care services had led to more accidents, serious illness, visits to the doctor and hospital and even suicide attempts. The report also revealed that the funding crisis in social care was proving a substantive barrier to disabled people’s independence, a situation that clearly runs counter to government rhetoric around independent living.

Evidence from our recent survey, ‘Disability Review 2009’, found that 50% of respondents who were living below the poverty line and had social care needs were funding part or all of their social care. This again suggests that many disabled people are simply not receiving the support they need from the state as a result of tightening eligibility criteria. More than half (60%) of respondents receive help from informal carers, an increase of 4% since 2008. The number of disabled people in low income households being forced to top up their social care package with their own funds, or to rely on help from family or friends, is in itself deeply problematic. Situated alongside evidence of disabled people’s worsening economic fortunes elsewhere, it is clear that urgent action is required to ensure that disabled people are not pushed further into poverty by paying for essential services during the recession.

3.3 The benefit system

Benefit reform is an area that has historically attracted considerable attention from policy-makers in times of economic downturn. A key recent development in benefit policy for disabled people has been the introduction of the new Employment and Support Allowance (ESA), which replaced Incapacity Benefit from October 2008. ESA was

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54 ‘Your Money or Your Life’, Foster, J, Leonard Cheshire Disability, 2008
intended to provide a more active welfare system, identifying those disabled people closest to the labour market and requiring them to undertake ‘return to work activity’, whilst also supporting those furthest from employment.

Whilst measures designed to help more disabled people into work are clearly important to tackling disability poverty, current evidence suggests that the ESA may not be having the impact that was intended. In particular, the new Work Capability Assessment (WCA), which is the eligibility test for ESA, has been made significantly more stringent, meaning that fewer people are eligible for the benefit. Yet some of those with what are considered ‘lower level’ impairments under the WCA who no longer qualify might actually benefit the most from the return to work programmes and support. Because of the loss of various additions that were part of the Incapacity Benefit system, there is also a possibility that many recipients will not receive the same level of financial support under the new system.

An aspect of the ESA that Leonard Cheshire Disability has welcomed is the principle behind the ‘support allowance’, which is a higher rate of benefit for those assessed as being unlikely to return to work. This group are amongst the most disadvantaged in society and all too often can be trapped in inescapable poverty. The basic rate of the ‘support allowance’ is however set at just £5 more than the main rate of ESA for those who are considered unlikely to return to work this level is simply not enough to lift them from poverty. In light of this, Leonard Cheshire Disability is calling for the Government to increase the rate so that it provides a genuine route out of poverty for people in this position.

There have also been concerns about the administration of the new benefit. Whilst some ‘teething troubles’ are inevitable, concerns have already been raised about whether the WCA is being applied correctly, and research from the National Autistic Society has pointed to problems in the way ESA is working for people with an autistic spectrum disorder. A recent report from Macmillan and Citizens Advice has also highlighted problems for people with terminal cancer, where people who should be fast-tracked to the benefit have been required to go through a lengthy assessment process.

55 Receipt of the ‘support component’ of ESA can also entitle those on low income to receipt other premiums on the benefit, but it is probable that many would already be entitled to those premiums anyway through receipt of Disability Living Allowance.
56 ‘Don’t write me off’, Redman et al., National Autistic Society, 2009
57 ‘Failed by the system’, Macmillan and Citizens Advice, December 2009
In the current economic situation the welfare reform agenda becomes even more important – supporting disabled people to overcome the barriers that they can face in the labour market is critically important. Whilst there appears to be a broad political consensus on the importance of policies in this area, it is crucial that policies focus on overcoming labour market disadvantage and supporting those furthest from work out of poverty, rather than simply reducing claimant numbers. Narrowing the ‘employment gap’ between disabled and non-disabled people could clearly have significant economic benefits, but policies that actually push disabled people off benefits and further into poverty will only serve to deepen the impact of the recession on disabled people.

Other benefits also have a central role to play in supporting disabled people during the downturn. Disability Living Allowance (DLA) is a benefit designed to help cover the extra costs of disability. It is a non-means-tested, universal benefit which provides crucial support to many people in meeting unavoidable extra costs for things like mobility aids, care costs, fuel and heating bills. As discussed earlier in this report, our research has found that when the extra costs of disability are factored in well over half of disabled people in the UK live below the poverty line. DLA is designed to help mitigate against these costs. Many people have reported, however, that the benefit does not actually cover all of their costs and that basic essential outgoings are not being matched by their income, a desperate situation that can easily leave people trapped in poverty and problem debt. Without a clear safety net should their economic situation worsen, and without an obvious route out of poverty, this is a group that is particularly vulnerable in a period of economic downturn.

There are manifest economic benefits to achieving an active, engaging welfare system that supports disabled people to overcome labour market disadvantage, provides a genuine safety net for those whose circumstances change and does not leave those furthest from work trapped in poverty. Undoubtedly there are financial costs attached to such a system, but these would be clearly compensated by long-term savings from increased employment rates for disabled people. Conversely, simply saving money by moving people out of benefit systems that might have helped them into work and onto benefits where support is not as readily available could have exactly the opposite effect – with some short-term savings set against long-term costs.
3.4 Policy programmes

Policies that promote disabled people’s employment will clearly help to counteract the immediate effects of job losses and to narrow the employment gap in the long term. There is also a powerful economic business case for harnessing disabled people’s hitherto under-utilised skill pool; research by the Social Market Foundation, for example, suggests that if disabled people’s employment rate could be increased to a comparable rate as for non-disabled people, GDP in the UK would be boosted by at least £13 billion.\(^{58}\)

Thus, schemes such as Access to Work will be particularly important both during and after the recession, and it is crucial that the Government continues to invest in and build upon initiatives in this area. Whilst Leonard Cheshire Disability welcomes the current policy plan to double the funding for Access to Work, this must not fall by the wayside as tightening public finances and the so-called ‘era of austerity’ realign spending priorities. It is also of concern that, following the introduction of the Disability Equality Duty, Access to Work support has been withdrawn from central government departments, as part of a longer-term policy aim of removing the fund entirely from public sector employers. Clear evidence of the impact of this change will be needed before it will be possible to determine whether this is the right policy approach – initial indications were not positive, with some early reductions in the employment levels of disabled people in central government departments following the withdrawal. In any case, the obvious economic benefits of the scheme – it is estimated that for every £1 spent on Access to Work the Government recoups an average of £1.48 in tax and National Insurance contributions – suggest that expanding rather than diminishing capacity in this area should be a key step for policy-makers.\(^{59}\)

Government figures suggest that many disabled people leave the New Deal for employment only to return to the scheme in the months that follow.\(^{60}\) Whilst the precise reasons for this are unclear, schemes intended to improve disabled people’s skills and enhance their employment opportunities will not be successful unless the government continues to engage rigorously with employers to challenge discrimination. By the same token, compelling disabled people to take

\(^{58}\) Disability, Skills and Work: Raising our ambitions’, Evans, S, Social Market Foundation, 2007
\(^{59}\) Access to Work for Disabled People, Disability Employment Coalition, 2004
\(^{60}\) PQ162623; Hansard 890W; December 3\(^{rd}\) 2007
up inappropriate or unsustainable employment will be ultimately more damaging in the long term, for both employers and employees.
Looking beyond disabled people’s topline employment rates, we uncover a much more troubled picture of their experiences during the downturn. With disabled people facing rising levels of poverty and discrimination, underpinned by extensive pre-existing disadvantage, there appears to be little cause for optimism.

As we have seen, improving disabled people’s employment levels, safeguarding those disabled people in work and tackling discrimination in the workplace should be a priority for policy-makers. Employment is not the only answer, however, and urgent action is also required to ensure that existing inequalities are not exacerbated in areas such as social care provision, benefit eligibility and quality of life. In particular, a programme of public spending cuts would have a potentially disastrous impact on disabled people in key areas such as transport, housing, health and social care and employment. Improving the benefit system so that it genuinely supports those who are able to work into employment, whilst at the same time lifting those who are unable to work out of poverty should also be paramount.

Although the recession has undoubtedly compounded underlying problems, this is symptomatic of disabled people’s much wider inequality. Leonard Cheshire Disability is therefore calling on the government to make tackling disability poverty a priority, and to formulate a dedicated strategy to do so. This strategy must be robust and multilayered and should sit alongside any package of emergency support measures designed to help disabled people in the shorter term. Mainstreaming disability into macro-level economic policy must also be key step. As the various economic benefits of tackling disability poverty demonstrate, this is not just a question of ‘levelling the playing field’; there is a compelling business case for putting disabled people’s interests at the centre of the nation’s response to recession.

Many of the themes and trends identified here will not make for comfortable reading. Yet the mood of this report is not intended to be apocalyptic. The Government now has an opportunity to reconfigure the system along more egalitarian lines, navigating a route towards a future model of organisation that is fundamentally fairer, more integrative and
more sustainable. This will be vital to challenging disability poverty in the UK and to ensuring that the most disadvantaged groups in society are not left even further behind as we enter into the post-recession era.
Key priorities for policy-makers:

- Formulate a dedicated strategy for tackling disability poverty.
- Mainstream disability into macro-level economic policy, ensuring that tackling the recession and tackling disability poverty are recognised as interlinked objectives.
- Promote and invest in schemes that help disabled people into the workplace, breaking down barriers to training and employment. These schemes must be sustainable, appropriate and fit for purpose.
- End the postcode lottery in social care and ensure that support is available to everyone who has social care needs, whether they are low, moderate, substantial or critical. The system must support those with limited assets so they are not left without the social care that they need, whilst also not penalising those who have built up savings over time.
- Reforms to the welfare system should work to overcome disabled people's entrenched employment disadvantage, providing an adequate safety net and supporting those furthest from the labour market. They must not prioritise short term saving over long term, and must offer a sufficient level of support to prevent people from slipping into poverty.
- Raise the basic level of the support component of ESA so that it genuinely supports people out of poverty.
- Engage robustly with employers to tackle discrimination and to ensure they are fully complying with their obligations under the Disability Discrimination Act.
- Protect spending on public services so that disabled people are not disproportionately affected by cuts in areas such as healthcare, transport and social services and there is no regression in disabled people's independence and quality of life as a result.
Annex A

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About Leonard Cheshire Disability

Leonard Cheshire Disability supports over 21,000 disabled people in the UK and works in 52 countries. We campaign for change and provide innovative services that give disabled people the opportunity to live life their way.

Many thanks are due to the people who assisted in the production of this report; the Policy and Campaigns Department and Thomas Gruber.

This report is available in alternative formats such as Braille, audio and largeprint. Please contact us to request a copy in an alternative format.

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