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Briefing Note: Disability and the Economic Cycle – Implications for a COVID-19 Recession

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The recession resulting from the COVID-19 pandemic is predicted to be one of the sharpest ever contractions in UK economic activity. This briefing note outlines the existing evidence on the labour market experience of disabled people over the economic cycle, and highlights the steps employers and the government could take to protect disabled people during the recession induced by the pandemic.¹

1. Disability, Labour Market Outcomes and the Economic Cycle

It is likely that the negative labour market effects of an economic downturn will not be felt equally across society, and there are reasons to expect disproportionate impacts on disabled people. The primary reasons for this are two-fold, (1) disabled people might be more likely to be employed in jobs, occupations, industries and workplaces that are more affected by the economic cycle, and (2) disabled people might be more at risk of unequal treatment from employers during a downturn, given the increased number of jobseekers may reduce the incentive for employers to invest in equality practices (such as the provision of reasonable adjustments) to help address labour market shortages.

US evidence is consistent with the argument that economic downturns have a disproportionate negative impact on the employment of disabled people, with a leading study finding that during upturns disabled people are the last to gain employment, and during downturns they are first to be made unemployed – hence they are 'last hired, first fired' (Kruse and Schur, 2003).² The evidence relating to unemployment and layoffs in the US during the 2008-2009 Great Recession was consistent with this.

In the UK, the Great Recession resulted in fewer job cuts overall than initially anticipated due to labour hoarding, and there is little evidence that disabled people were proportionately more likely than non-disabled people to lose their jobs (although little systematic research has been undertaken on this matter). Instead, employers were more likely to make in-work changes to terms and conditions and working practices (wage freezes, reduced overtime, and the reorganisation of work, for example).

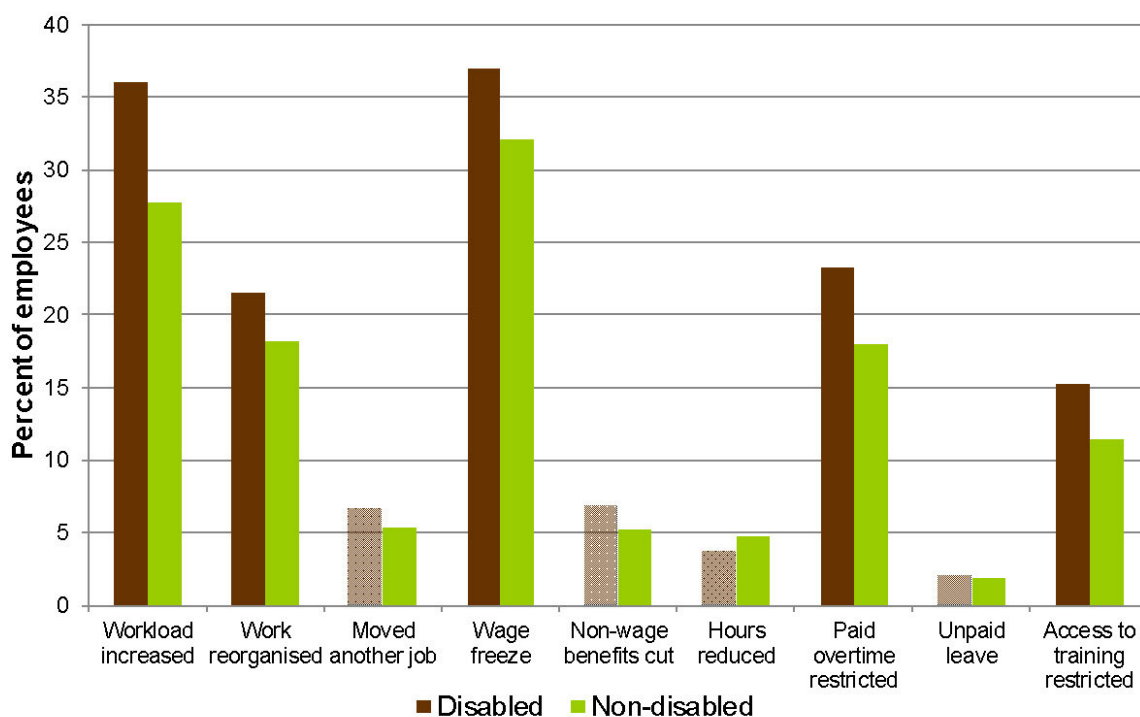
Our research, based on nationally representative data from workplaces in Great Britain (The Workplace Employment Relations Survey, 2011), shows that disabled employees were more

¹ There are of course, far wider implications of the economic cycle on health, poverty and welfare which might also vary for disabled people but we do not consider these here.

² Kruse, D. and Schur, L. (2003) Employment of people with disabilities following the ADA. *Industrial Relations*, 42(1): 31-66.

likely to experience negative in-work changes of this nature than non-disabled people during the Great Recession.³ Figure 1 reports the percentage of disabled and non-disabled employees affected by different recession-induced changes to their jobs. In general, about three in ten employees reported wage freezes (33%) and increases to their workload (29%), while just under one in five reported work reorganisation (19%) and restricted access to paid overtime (19%). However, disabled employees were significantly more likely than non-disabled employees to report increased workloads (36% of disabled employees compared to 28% of non-disabled employees), work reorganisation (22% compared to 18%), a wage freeze or cut (37% compared to 32%), and restricted access to paid overtime (23% compared to 18%) and training (15% compared to 12%). On the basis of this evidence we would predict that disability pay and job satisfaction gaps widened during the course of the last recession, reinforcing the well-established disadvantage already experienced by disabled employees.⁴

Figure 1. Disabled Employees Experience of the Great Recession in Great Britain



Source: <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/all-in-it-together-the-impact-of-the-recession-on-disabled-people/>

Note: The darker bars for disabled people indicate statistically significant difference from non-disabled people; lighter bars indicate non-significant difference.

Our analysis also demonstrates that the differences are not simply a reflection of the concentration of disabled employees within jobs, workplaces and industries which were more heavily affected by the recession, with our findings holding once these factors were controlled for. The results are therefore consistent with the argument that disabled people face unequal treatment from employers during recessions, and that organisational responses to downturns affecting employment terms and conditions form an important source of inequality at work.

³ <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/all-in-it-together-the-impact-of-the-recession-on-disabled-people/>

⁴ <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/disabled-people-and-pay-disadvantage/> and <https://www.disabilityatwork.co.uk/research-areas/in-work-disability-gaps/does-the-experience-of-work-differ-for-disabled-people/>

In addition, our research explored the impact of organisational characteristics typically associated with greater equality, such as employment in the public sector, union representation, and the use of a range of disability equality practices. These characteristics were found to have a very limited role in protecting disabled employees from negative in-work changes to their jobs during the Great Recession. A possible reason for this is that the typically positive influence of these organisational characteristics for disabled people's employment outcomes may weaken during recessionary periods.

2. Protecting disabled people from disadvantage during a COVID-19 Recession

If employers respond to the COVID-19 recession in the same way they responded to the Great Recession, the evidence above suggests this will have disproportionately adverse consequences for disabled people. Below we outline the steps that might be taken by both employers and government to minimise these consequences.

a) The Role of Employers

While the government can seek to support employers to limit the potentially disproportionate impact of a COVID-19 recession on disabled people, it is ultimately employers who will be taking decisions in relation to recruitment, retention and changes in working conditions. There are a number of steps we recommend employers should take to help limit the adverse indirect consequences of staffing decisions and changes to working practices during the economic downturn for disabled employees. In particular, we suggest the following:

- i. *Measurement and reporting.* Employers need to be cognisant that staffing decisions and changes to working practices can inadvertently disadvantage disabled people. It is therefore essential that they measure the proportion of their workforce that is disabled, and also measure the impact on disabled employees of the changes they make to working practices in response to the recession. This in turn will enable them to either amend these changes, or provide additional support to disabled people to ensure they are not disproportionately disadvantaged. In addition, the public scrutiny to which employers may be subject should they report their disability outcomes could help to keep disability issues on their corporate agenda. This in turn might encourage an inclusive response to the economic downturn in which commitments to promoting equality and diversity at work are maintained. It might also encourage employer efforts to ensure disabled people are not disproportionately disadvantaged by recession-induced changes to working practices before they are implemented.
- ii. *Encourage disclosure.* Unless employers know which of their employees are disabled, or experience disability onset during the recession, they will struggle to provide the support their disabled employees may need. Employers therefore need to ensure employees feel comfortable disclosing disability. Research shows disabled employees are more likely to disclose where: they have a supportive supervisor relationship; they perceive the workplace to be 'disability friendly'; the organisation has a history of actively recruiting disabled people; knowledge of positive treatment of disabled people is made widely available; and there is explicit reference to disability in the organisation's diversity statement.⁵ We would recommend employers implement practices of this nature.

⁵ von Schrader, S. Malzer, V., Erickson, W., & Bruyère, S. (2010). *Emerging Employment Issues for People with Disabilities: Disability Disclosure, Leave as a Reasonable Accommodation, Use of Job Applicant Screeners*. Ithaca, NY: Cornell University.

- iii. *Ensure disabled people working from home are adequately supported.* The lockdown has seen a dramatic increase in homeworking. It is essential employers take steps to ensure disabled people working from home are adequately supported, and that adjustments provided to disabled employees in the workplace are transferred to the home environment. This is particularly important given the widely-held expectation that the prevalence of homeworking will not necessarily return to previous levels once the lockdown is lifted.
- iv. *Retain and support employees who are the most clinically vulnerable.* The government has advised nearly two million of the most clinically vulnerable people across England, Wales and Scotland to stay at home for 12 weeks. If employers have staff who fall into this category, it is essential they seek to retain and support them during this period. This may require, with the involvement of occupational health advisors, offering these employees various options such as redeployment into roles that can be fulfilled from home as a reasonable adjustment, and the provision of appropriate support to do so if required.

b) Implications for Government Policy

Existing government support for disabled people needs to be strengthened and adapted to ensure it is adequate and fit for purpose during the pandemic and the ensuing economic downturn. We therefore recommend all disability-related employment policies and practices are reviewed, but highlight the following:

- i. *National-level measurement and reporting of disability outcomes.* It is important that the government monitors and regularly publishes data on disability prevalence (the proportion of the working-age population who are disabled according to the UK Equality Act), especially as it is anticipated that as a direct consequence of COVID-19, the government's social distancing response, and the following recession, there may be long-term consequences for the health of the population which could result in an increase in disability prevalence.⁶ This information is essential in planning the government's National Disability Strategy, and ensuring sufficient resources and policy support are available for disabled people. It is also imperative that the government continues to provide up-to-date monitoring of the national disability employment gap (DEG) using data from the Quarterly Labour Force Survey (LFS), to identify any disproportionate impact of the recession on the employment of disabled people, thus enabling this disadvantage to be addressed.

Beyond this, however, we recommend that the government extends national monitoring of the DEG to in-work indicators, such as disability pay and job satisfaction gaps, to capture differences in the experience of employees who remain in work during the recession. We also recommend new national data collection that allows for analysis of the impact on disabled people of the specific short-term government policies aimed at reducing the labour market impact of COVID-19 (for example, the ability for employers to 'furlough' workers). This will identify whether the government policies introduced during the pandemic have differentially impacted on disabled people, and thus enable subsequent policy to be amended in light of this.

- ii. *Support for self-employed disabled people.* It is likely that the impact of the recession will differ between employees and the self-employed. As previously highlighted by

⁶ <https://www.ifs.org.uk/uploads/BN281-Recessions-and-health-The-long-term-health-consequences-of-responses-to-COVID-19-FINAL.pdf>

disability@work, self-employment is an important source of work for disabled people. Hence, it is important government support for the self-employed is accessible to disabled self-employed people and they are not disadvantaged in obtaining this support. This is particularly important given the likelihood that disability prevalence will increase among the self-employed who were not formerly disabled as a result of the COVID-19 pandemic.

- iii. *Revision to the voluntary reporting framework.* To encourage and help employers to report the prevalence of disability in their workforce (as recommended above), it is essential they are provided with an appropriate reporting framework. The first section of the *Voluntary Reporting on Disability, Mental Health and Wellbeing* framework provides a starting point for this, but several amendments are required.⁷ First, the question employers are recommended to use to measure disability prevalence should be amended so that it aligns to the Equality Act (2010) definition of disability as in the LFS. Second, employers should be required to use this LFS-derived question and not deviate from it, given that slight changes in the wording of the question asked can produce markedly different results. Third, employers should be required to collect the necessary data using a standard collection method, given different collection methods can cause the results to vary. We advocate collecting data via disclosure rather than anonymous survey, as this would also help employers identify the employees who may require reasonable adjustments.

As outlined above, the data collected will allow employers to track the impact on disabled people of the recession-induced in-work changes they implement. In addition, as the data will be comparable across employers, this will allow for analysis to be undertaken that identifies which employers have achieved the best disability employment outcomes during the recession, and the reasons for this. The government and employers' organisations will then be able to disseminate any best practice lessons emerging from this analysis.

- iv. *Introduction of mandatory reporting for large employers.* As outlined above, disability employment reporting is important in encouraging employers to identify the impact of changes to staffing and working practices in response to the economic downturn on disabled employees, and also in ensuring disability employment remains prioritised on the corporate agenda. The government should therefore move towards the introduction of mandatory reporting on disability employment for all large employers (with 250+ employees). This could be put into practice by making the first section of the Voluntary Reporting Framework mandatory for large employers (once it has been amended in line with the recommendations above), or as part of initiatives to introduce mandatory workforce reporting to promote equality more generally.⁸
- v. *Greater promotion and funding of Access to Work.* Access to Work provides critical support for workplace adjustments for disabled people, thereby helping them access and retain employment. It is important that Access to Work advice and funding is more

⁷ For a more detailed discussion of the changes we recommend to the voluntary reporting framework, see: <https://www.disabilityatwork.co.uk/wp-content/uploads/2020/04/Recommendations-for-revision-of-the-voluntary-reporting-framework.pdf>

⁸ Disability@work briefing paper Improving Disabled People's Employment and Pay: Proposal for transparent reporting by employers. <https://www.disabilityatwork.co.uk/wp-content/uploads/2019/12/Proposal-for-transparent-reporting.pdf>

Shinkwin, K. and Relph, G. (2019) The case for enabling talented, young, disabled graduates to realise their potential and reach the top. Demos discussion paper. July.

Workforce Information Bill [HL] 2019-21, Private Members' Bill starting in the House of Lords, Sponsor Lord Shinkwin.

widely advertised among employers and made more widely available, in order to help employers to support disabled employees during the recession. In particular, it should be made clear that Access to Work funding is available for accommodations in disabled people's home environments, given the current emphasis within government factsheets on aids and equipment in the workplace, and support for travel to and from work.⁹ This has longer-term implications given the growth in homeworking during the pandemic may not return to previous levels once the lockdown is lifted. It is also important to ensure current recipients of Access to Work awards (for example, to help with support workers in the workplace or travel to work costs) can automatically transfer funding to support the reasonable adjustments required during the pandemic, and that Access to Work teams are sufficiently staffed to assist with making these transfers.

- vi. *Disability Confident leading from the front.* Disability Confident employers should be encouraged to lead from the front, and demonstrate and share good practice in response to the COVID-19 recession. Level 2 and 3 employers should be required to report the disability prevalence within their workforce, and provide illustrative examples of how changes to working practices in response to the economic downturn can be introduced in a manner that does not disproportionately disadvantage disabled employees. This will help maintain and enhance the credibility of the scheme.

3) The Longer-term

- i. *Prioritisation of disabled people's employment outcomes.* COVID-19 is likely to fundamentally change the UK economy and labour market. It is likely that disability prevalence will increase among the population. In addition, early evidence suggests disabled people's health and well-being has been more heavily affected by COVID-19 compared to non-disabled people, with estimates showing 55% of disabled people have self-isolated because of COVID-19 compared to 37% of non-disabled people.¹⁰ Therefore, disability inequality may well become increasingly pronounced in the medium term in the absence of additional government attention and financial support. As such, despite the need to implement a range of immediate policy priorities to deal with the pandemic, the government should ensure that support is not diverted away from key long-term disability equality goals and policies, such as the National Disability Strategy and the aim to narrow the DEG.
- ii. *Implications and promotion of homeworking.* As mentioned above, it is possible that the recent increases in homeworking will not recede to previous levels once the lockdown is lifted, given the growing awareness of its feasibility and potential business benefits. The option to work from home may be of benefit to many groups of employees, particularly those with caring responsibilities, but might also be of particular benefit to certain groups of disabled people, especially those with mobility restrictions, fatigue, or fluctuating conditions.

However, to help ensure the prevalence of homeworking does not recede back to previous levels, we would recommend the government takes steps to encourage

⁹ see: <https://www.gov.uk/government/publications/access-to-work-factsheet/access-to-work-factsheet-for-customers>

¹⁰ ONS 2020 Dataset, Coronavirus and the social impacts on disabled people in Great Britain: 27 March 2020 to 6 April 2020 (inclusive).

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/datasets/coronavirusandthesocialimpactsondisabledpeopleingreatbritain27march2020to6april2020inclusive>

employers to continue to offer homeworking (and other forms of flexible working) to employees once the lockdown is lifted. The government could lead by example by requiring public sector jobs to be advertised as suitable for flexible working where possible. If this proves effective, this requirement might subsequently be extended to private sector employers (possibly excluding small firms).

At the same time, however, it needs to be kept in mind that homeworking might not be advantageous for all groups of disabled employees, given its potential to increase the possibility of exclusion from front-line roles, heighten social isolation, and reduce access to reasonable adjustments or make them harder to implement. We would therefore recommend that homeworking is always offered on a voluntary basis (with employers never insisting that employees work from home), care is taken to address the barriers homeworking might present for disabled people, and further research is conducted to more fully understand the impact of homeworking on different groups of disabled people.

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For further details of our research on disabled people in the labour market and the workplace, see: www.disabilityatwork.co.uk