

Measuring the Disability Pay Gap in London

September 2019

Scott Corfe

SMF

**Social Market
Foundation**

FIRST PUBLISHED BY

The Social Market Foundation, September 2019
11 Tufton Street, London SW1P 3QB
Copyright © The Social Market Foundation, 2019
ISBN: 978-1-910683-75-0

The moral right of the author(s) has been asserted. All rights reserved. Without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), without the prior written permission of both the copyright owner and the publisher of this book.

THE SOCIAL MARKET FOUNDATION

The Foundation's main activity is to commission and publish original papers by independent academic and other experts on key topics in the economic and social fields, with a view to stimulating public discussion on the performance of markets and the social framework within which they operate. The Foundation is a registered charity and a company limited by guarantee. It is independent of any political party or group and is funded predominantly through sponsorship of research and public policy debates. The views expressed in this publication are those of the author, and these do not necessarily reflect the views of the sponsors or the Social Market Foundation.

CHAIR

Mary Ann Sieghart

DIRECTOR

James Kirkup

TRUSTEES

Baroness Grender MBE
Nicola Horlick
Tom Ebbutt
Rt Hon Nicky Morgan MP
Rt Hon Dame Margaret Hodge MP
Peter Readman
Melville Rodrigues
Trevor Phillips OBE
Professor Tim Bale

KINDLY SUPPORTED BY



ACKNOWLEDGEMENTS

This report was commissioned by Peabody, and was produced independently by the Social Market Foundation, which retains full editorial independence, using publicly available information and sources. Any views expressed in the report do not necessarily reflect those of Peabody.

ABOUT THE SMF

The Foundation's main activity is to commission and publish original papers by independent academic and other experts on key topics in the economic and social fields, with a view to stimulating public discussion on the performance of markets and the social framework within which they operate. The Foundation is a registered charity and a company limited by guarantee. It is independent of any political party or group and is funded predominantly through sponsorship of research and public policy debates. The views expressed in this publication are those of the authors, and these do not necessarily reflect the views of the sponsors or the Social Market Foundation.

ABOUT THE AUTHOR

Scott Corfe

Scott Corfe joined the SMF as Chief Economist in June 2017. Before joining, he was Head of Macroeconomics and a Director at the economics consultancy Cebr, where he led much of the consultancy's thought leadership and public policy research. His expert insights are frequently sought after in publications including the Financial Times, the Sunday Times, the Guardian and the Daily Telegraph. Scott has appeared on BBC News, Sky News, Radio 4 and a range of other broadcast media.

Scott was voted one of the top three forecasters of UK GDP by Focus Economics in 2016.

CONTENTS

ACKNOWLEDGEMENTS	3
EXECUTIVE SUMMARY	5
CHAPTER 1: INTRODUCTION	8
CHAPTER 2: THE PEABODY INDEX.....	9
CHAPTER 3: THE DISABILITY PAY GAP IN LONDON	16
APENDIX: RESEARCH METHODOLOGY	27
BIBLIOGRAPHY	28

EXECUTIVE SUMMARY

This report, commissioned by Peabody, provides new insights into the lives of individuals living in social housing in London – in particular, with respect to their living standards and financial situation. It draws on data from a wide range of official sources to track and analyse developments in incomes, savings and living costs.

This is the third of a series of Peabody Index reports which aim to shed light on the capital's social housing tenants.

The key findings of the report are:

- **Real incomes for social housing tenants in London have decreased over the past 12 months.** In June 2019, the average household income of social housing tenants in London was £21,858, down from £22,096 in June 2018 (expressed in June 2019 prices) – a decline in real incomes of 1.1%.

The decline in real incomes over the past year reflects the fact that, while wage growth in the UK economy has increased since mid-2018, cost of living inflation has also increased for social housing tenants in London since the start of 2019. In part. This reflects rising gas and electricity prices. Further, lower income households in the capital continue to be impacted by the freeze in working age benefits.

- **The proportion of economically active¹ social housing tenants in paid work in London stood at 89% in Q1 2019** – unchanged from Q4 2018 and at a historically high level. The proportion of tenants that were unemployed stood at 10%, with the remaining balance of economically active tenants either undertaking unpaid family work (such as care) or in government employment or training schemes.

The unemployment rate is broadly unchanged from the end of 2018 and remains much lower than the recent past. Five years ago, in Q1 2014, the unemployment rate among economically active social housing tenants in London was 21%.

- **In June 2019, the income gap between social housing households and other London households stood at about £28,200, up from about £27,300 in January.** This reflects the continued impact of welfare restraint on benefits income for lower earning households in the capital. Accelerating employee wage growth has led to a widening of the income gap between social housing tenants and other households in the capital – both in £ terms and in percentage terms. Social housing tenants had an average income 56.3% lower than other London households in June 2019, the biggest percentage gap since May 2008.
- **Just over a fifth (21%) of adults in London have a disability which has a substantial and long-term adverse impact on the ability of individuals to carry out day-to-day tasks.** Among those with of working age, 15% of Londoners have such a disability.
- **In London and the UK as a whole, about two fifths of disabled individuals are economically inactive.** When looking at social housing tenants – who are more likely to have lower household incomes – over three in five with a disability are economically inactive. In London, disabled people are two and a half times more likely to be economically inactive than those without a disability.

- **Among the economically active, those with a disability are twice as likely to be unemployed (out of working and seeking a job).** In 2018, the unemployment rate for disabled Londoners stood at 9.3%, compared to 3.7% for those without a disability. Among social housing tenants in the capital, over a fifth (20.7%) of disabled and economically active tenants were unemployed. This compares with 8.7% of non-disabled social housing tenants.
- **Once in work, those with disabilities face a substantial pay gap compared to those without a disability.** Across the UK as whole in 2018, median gross weekly pay among those with a disability was 21% lower than those without a disability. In London, this pay gap was slightly higher at 23%, and among social housing tenants in London the pay gap was also 23%.
- **Across the UK as a whole, median usual hours worked are 3% lower among disabled individuals compared to those without a disability. However, this gap in hours worked is notably higher in London at 8%.** Among social housing tenants in London disabled individuals work 22% fewer hours than those without a disability. Further, those with a disability are more likely to report wanting to work more hours than they actually do.
- **Concerningly, over the past 10 years, the disability pay gap has widened across the UK as a whole, as well as in London and among social housing tenants in the capital.**
- **Comparing the disability pay gap with the gender pay gap, in terms of median weekly pay, shows that the gender pay gap is higher across the UK and London.** However, among social housing tenants in the capital, which we can take as a proxy for low earners, the disability pay gap is slightly higher.

While London has a lower gender pay gap (in percentage terms) compared with the rest of the country, it has a higher disability pay gap.

- **Those with a disability in London are more likely to be working in the relatively low wage retail sector.** Further, those with a disability are much less likely to be employed in managerial and professional roles, and more likely to be employed in lower paid elementary occupations.
- **Relatives of those with disabilities, who often have to provide care, are also impacted in terms of their labour market outcomes.** About three in ten Londoners that are unemployed and not looking for work are in this situation mainly because they need to look after family. The main reason for being economically inactive to look after family is the need to care for children, though for 18% of social housing tenants in London caring for a dependent adult was the main reason cited.

Summary of key data for social housing tenants in London

	Latest data	Level/rate	Change compared with six months/two quarters ago	Change compared with a year ago
Real household disposable income of London social housing tenants, June 2019 prices	Jun-19	£21,858 per year	↓ (-£79 annualised)	↓ (-£237 annualised)
Household income shortfall of social housing tenants compared with other London households	Jun-19	£28,178	↑ (+£843)	↑ (+£1,542)
Inflation for social housing tenants in London	Jun-19	1.7%	↑ (+0.3 percentage points)	↑ (+0.1 percentage points)
Unemployment rate*	Q1 2019	10.5%	↓ (-0.5 percentage points)	↓ (-0.4 percentage points)

* % of economically active social housing tenants in London. Excludes economically inactive tenants such as retired individuals and those that are unable to work due to disability.

CHAPTER 1: INTRODUCTION

This report, commissioned by Peabody, provides insights into the lives of individuals living in social housing in London - in particular, with respect to their living standards and financial situation. This is the third of a series of Peabody Index reports which aim to shed light on the capital's social housing tenants.

A significant proportion of London's residents rely on social housing to provide affordable accommodation, given the high degree of unaffordability in much of the private housing market. Social housing enables many lower income households to remain in the capital and contribute to London's community and economy.

The latest Peabody Index data show that real (inflation-adjusted) incomes for social housing tenants are lower than a year ago. While unemployment has fallen over the past year, and wage growth has accelerated, the squeeze on working age benefits continues to curb income growth for lower earning households in London. Rising gas and electricity prices have also contributed to cost of living pressures.

New analysis, presented in this report, focuses on the experiences of disabled Londoners in the labour market. It shows a substantial "disability pay gap" in the capital. In addition, disabled Londoners are more than twice as likely to be unemployed as those without a disability. While London has a lower gender pay gap than the rest of the country (albeit still a very high one), it has a bigger disability pay gap – raising questions around the extent to which businesses in the capital are offering good job and promotion opportunities to those with disabilities.

In our view, given the findings in this report, more needs to be done to address the disability pay gap – in the UK and elsewhere. As a "quick win", we suggest that requiring large companies to report their disability pay gaps could promote positive social change – raising awareness of the challenges faced by disabled individuals in work and increasing social pressure on businesses to do more to provide equal opportunities in the workplace.

The structure of this report is as follows:

- Chapter 2 examines trends in disposable incomes in London, presenting data from the latest 'Peabody Index' which tracks incomes among social housing tenants.
- Chapter 3 examines labour market outcomes for those with disabilities, and their carers. It explores the extent to which the disability pay gap in London differs with the rest of the country, and examines the drivers of the disability pay gap – including industries and occupations of employment, and hours worked.

CHAPTER 2: THE PEABODY INDEX

This chapter presents the findings of analysis of household incomes in London, particularly with respect to relatively lower income residents living in social housing.

Our headline Peabody Index tracks the average real (inflation-adjusted) household disposable incomes of the capital's social housing tenants, exploring the extent to which they are changing in response to developments in welfare policy, the labour market and the cost of living. By disposable income, we mean income net of taxes. "Income" includes earnings from employment, investment, pensions & annuities, and social security benefits.

To provide a point of comparison, we also explore trends in household incomes across London as a whole, to explore the extent to which the incomes of social housing tenants are catching up with or falling further behind others living in the capital.

The Index is based on analysis of a wide range of datasets, including the ONS Living Costs and Food Survey, ONS Family Resources Survey, ONS labour market and inflation statistics, DWP benefits caseload statistics and rental data from the Greater London Authority. A methodological note is included in the appendix of this report.

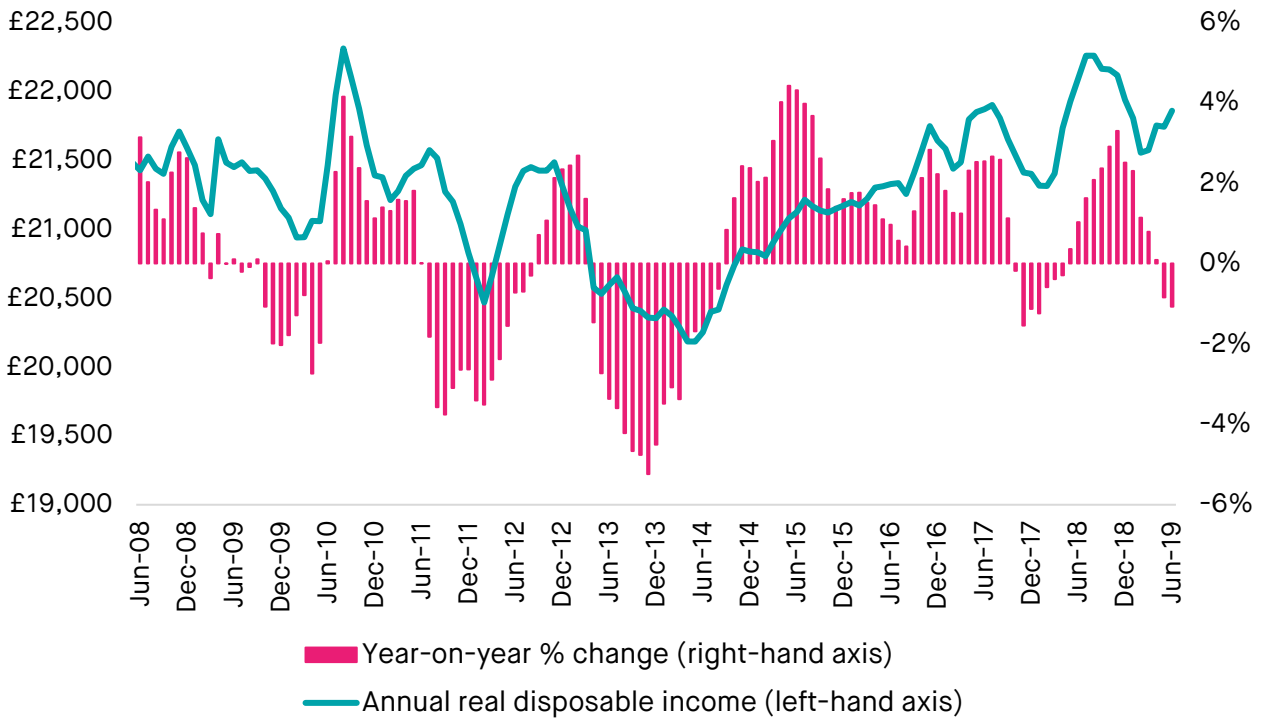
Latest movements of the Peabody Index

Since the publication of our first Peabody Index report, which tracked data up until April 2018, the real incomes of London's social housing tenants have fluctuated significantly, as Figure 1 illustrates.

Year-on-year growth in real incomes has been declining since the start of 2019, with the latest data showing real incomes lower than a year ago. In June 2019, the average household income of social housing tenants in London was £21,858, down from £22,096 in June 2018 (expressed in June 2019 prices) – a decline in real incomes of 1.1%.

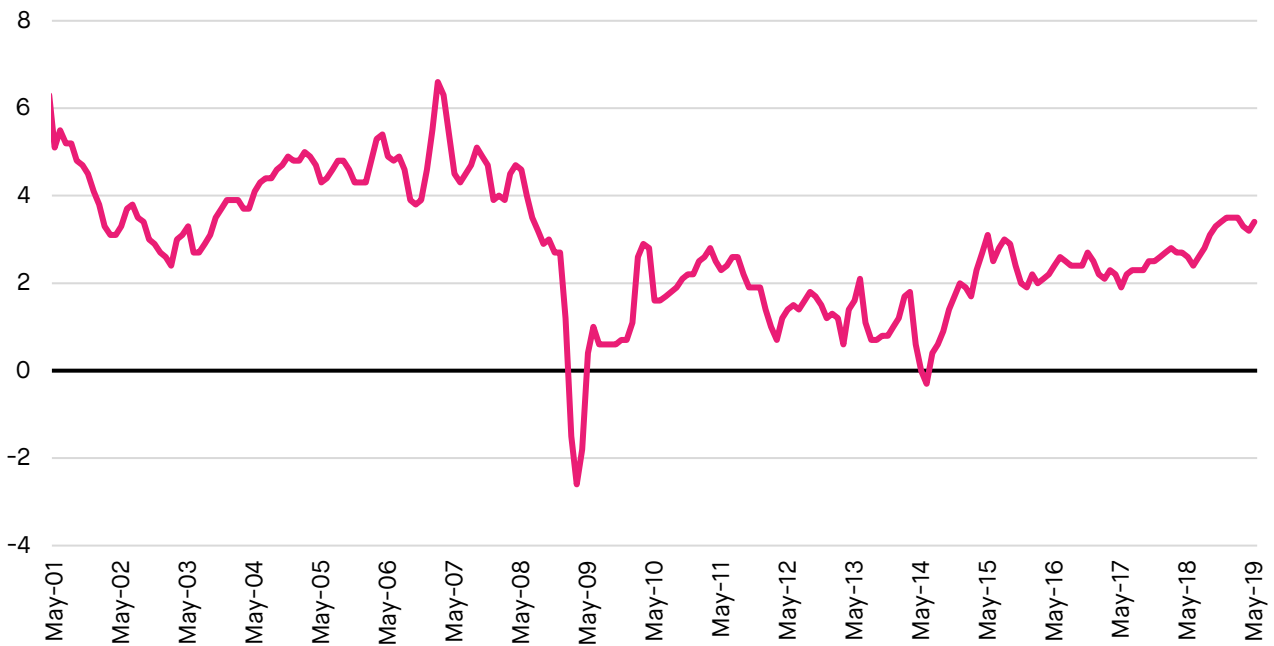
The decline in real incomes over the past year reflects the fact that, while wage growth in the UK economy has increased since mid-2018 (Figure 2), cost of living inflation has also increased for social housing tenants in London since the start of 2019. Further, lower income households in the capital continue to be impacted by the freeze in working age benefits.

Figure 1 Peabody Index – average real annual disposable income of social housing households in London (October 2018 prices)



Source: SMF analysis based on data from the ONS Living Costs and Food Survey, ONS inflation bulletins. ONS Labour Force Survey and GLA data on social housing rents.

Figure 2 Average UK employee wages, total pay, year-on-year % change (3 month average)



Source: ONS, SMF analysis

Trends in employment and unemployment

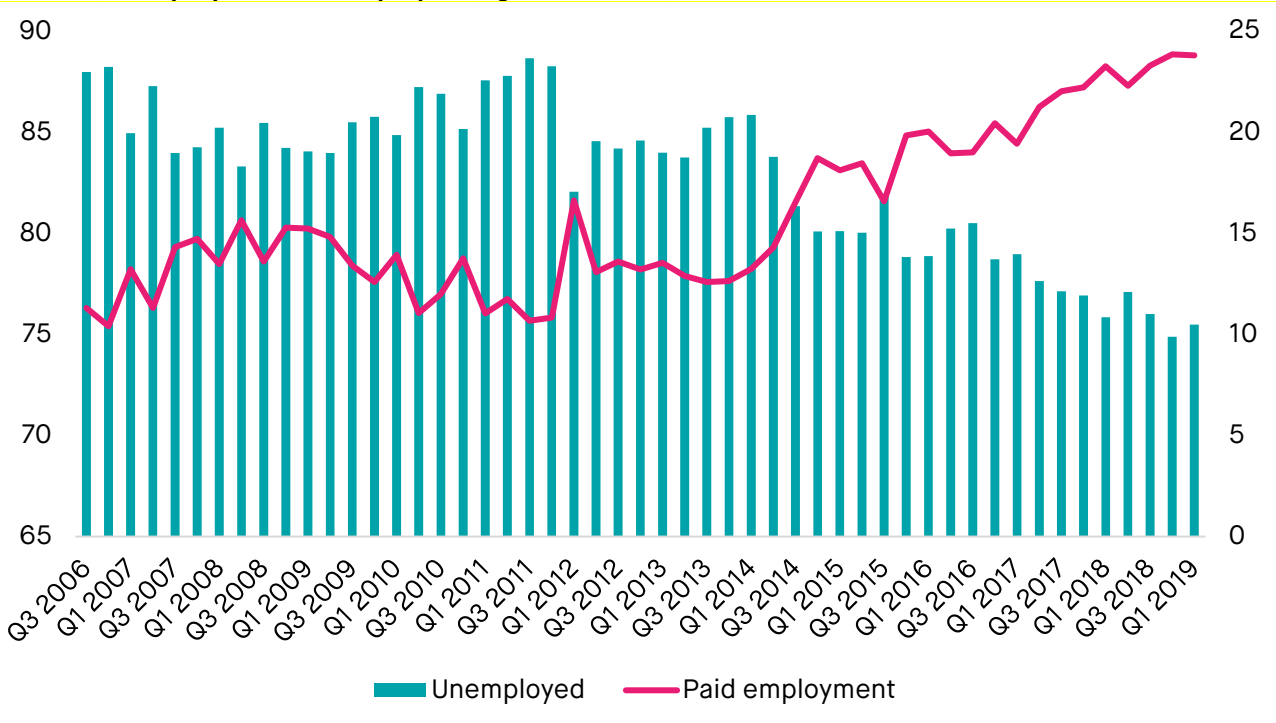
Analysis of data in the ONS Labour Force Survey suggests that the proportion of economically active² social housing tenants in paid employment in London stood at 89% in Q1 2019 – broadly unchanged from Q4 2018 and at a historically high level. The proportion of tenants that were unemployed stood at 10%, with the remaining balance of economically active tenants either undertaking unpaid family work (such as care) or in government employment or training schemes.

The unemployment rate is broadly unchanged from the end of 2018 and remains much lower than the recent past. Five years ago, in Q1 2014, the unemployment rate among economically active social housing tenants in London was 21%.

While the decline in unemployment among social housing tenants in recent years is good news as far as household incomes are concerned, there are a range of questions to be asked around the extent to which work in the capital is enabling individuals to *substantially* increase their quality of life. As we discussed in the previous Peabody Index report, working age poverty in London is a significant issue, in part driven by relatively subdued wage growth for lower earners in the capital.

Further, some groups of low income households face higher rates of unemployment than other groups. As we discuss in the next chapter of this report, disabled households in the capital face a significant “pay and employment gap” compared with other groups.

Figure 3 Proportion of economically active social housing tenants in London in paid employment (left-hand axis) and proportion unemployed (right-hand axis), %



Source: ONS, SMF analysis

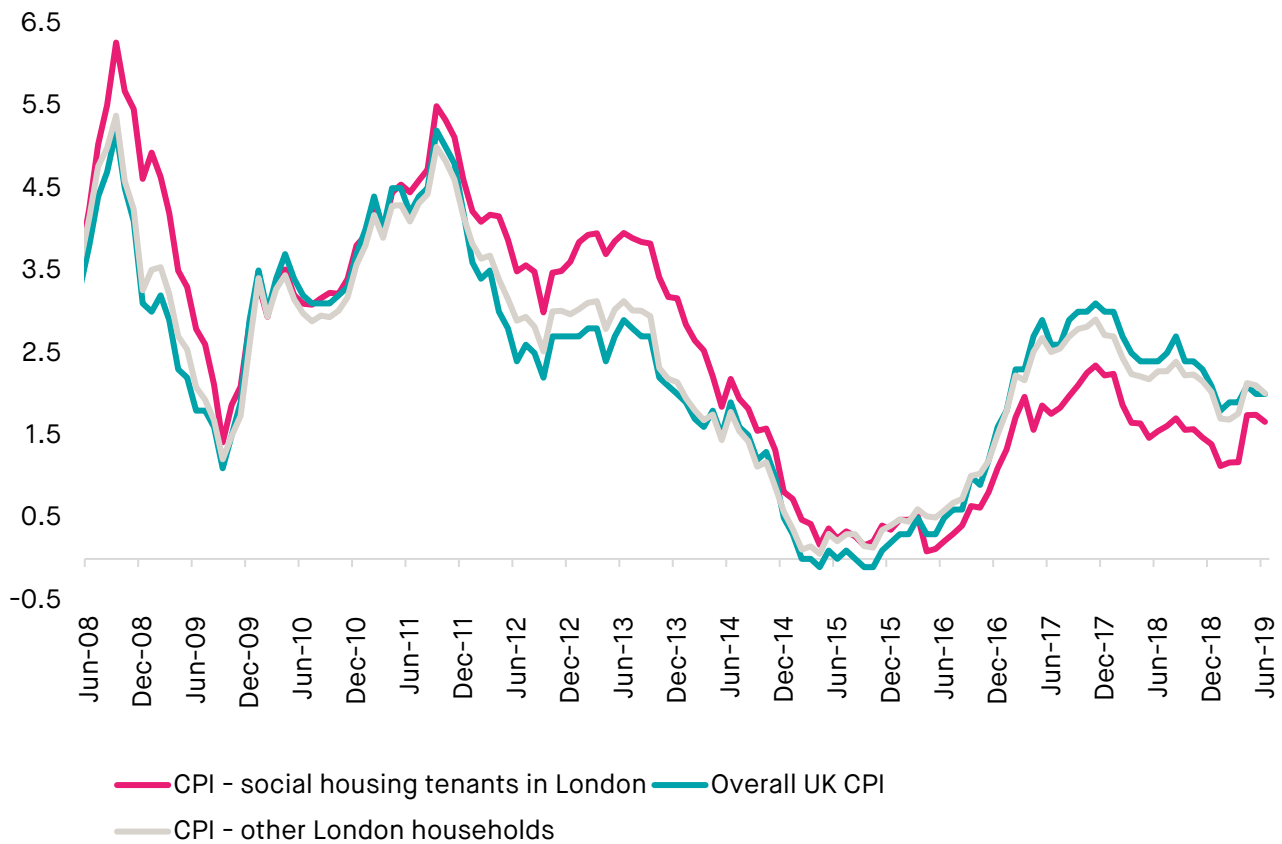
Cost of living inflation

Cost of living inflation for London’s social housing tenants remains below that experienced across the UK as a whole. In part, this reflects the impact of the July 2015 Budget, during which the then-Chancellor George Osborne announced a 1% per year reduction in social housing rents for a four-year period. This has curtailed cost of living inflation for social housing tenants who do not have all of their rent covered by housing benefit.

Figure 4 below shows our estimate of cost of living inflation for social housing tenants in London - the year-on-year percentage change in the cost of living for this group, based on typical spending patterns for these households. To provide a point of comparison, the graph also includes headline consumer price index (CPI) inflation for the UK as a whole, as well as for other London households (not in social housing).

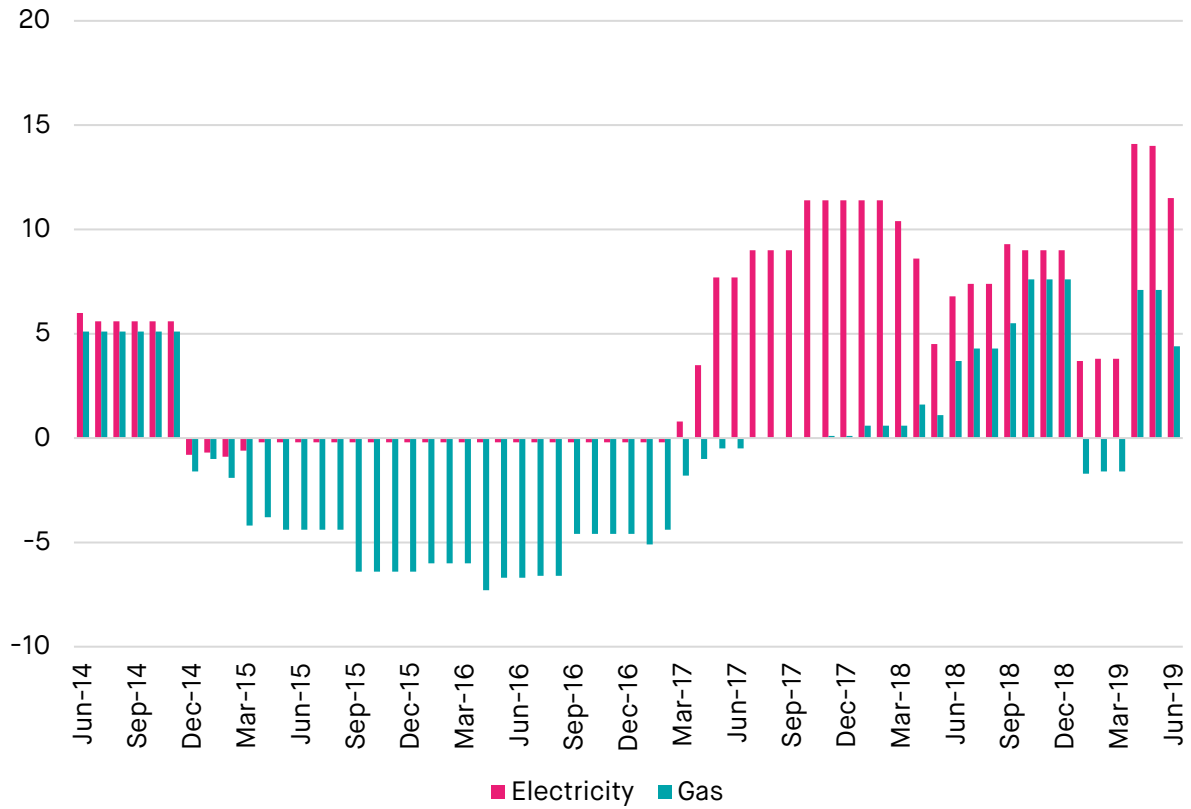
In June 2019, cost of living inflation for social housing tenants in London stood at 1.7% year-on-year. This is up from 1.1% at the start of the year, in January. One key driver of this increase in cost of living inflation has been rising electricity and gas prices (Figure 5). About one in every £15 spent by social housing tenants in London (7%) goes towards utilities. This compares with 4% among other London households. In June 2019, electricity prices were 11.5% higher than the same month a year ago, while gas prices were 4.4% higher. This compares with January 2019, when electricity and gas price inflation were 3.7% and -1.7% respectively.

Figure 4 Estimated cost of living inflation, London social housing tenants versus UK CPI, %



Source: ONS, SMF analysis

Figure 5 Annual change in consumer gas and electricity prices in the UK, %



Source: ONS, SMF analysis

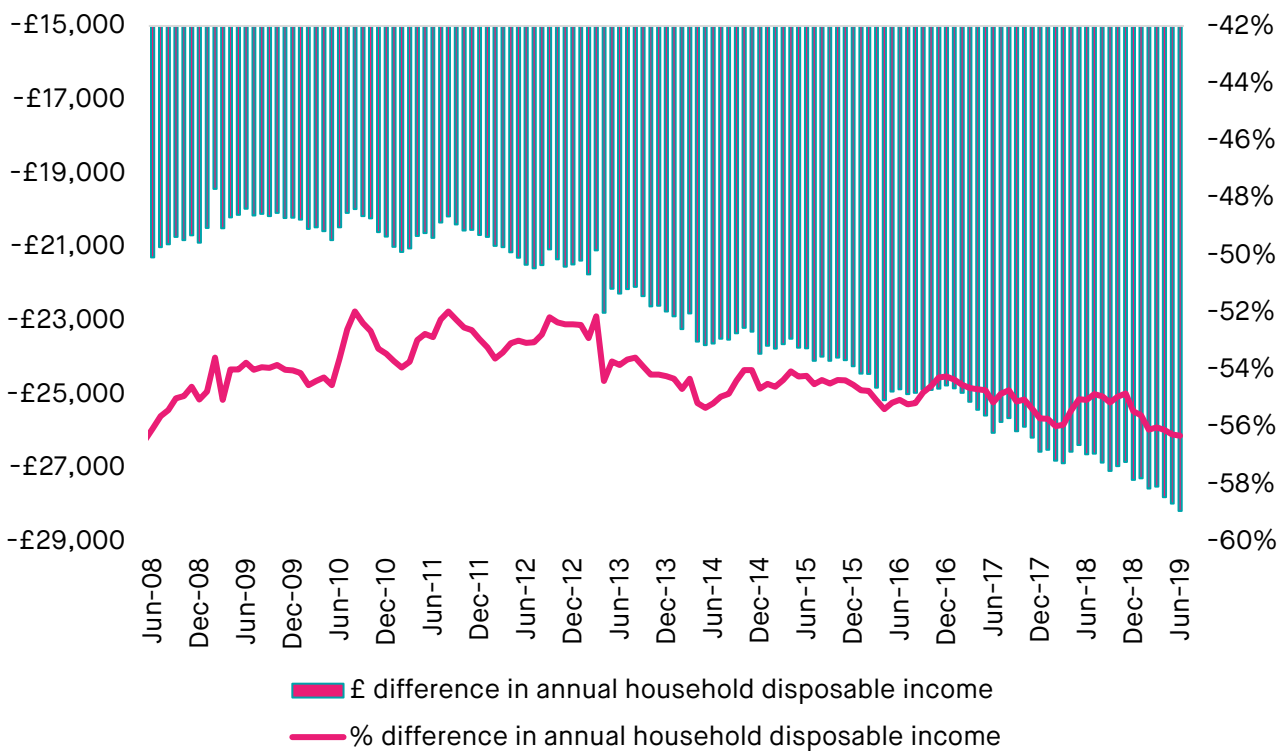
Comparisons across groups – are social housing tenants catching up or falling behind?

Another area of interest is the extent to which income differences across households in London are changing over time – is the income gap between social housing residents and other London households widening or narrowing?

In our latest data, covering June 2019, the income gap stood at about £28,200, up from about £27,300 in January. This reflects the continued impact of welfare restraint on benefits income for lower earning households in the capital. Accelerating employee wage growth has led to a widening of the income gap between social housing tenants and other households in the capital – both in £ terms and in percentage terms. Social housing tenants had an average income 56.3% lower than other London households in June 2019, the biggest percentage gap since May 2008.

The disparity in incomes between social housing tenants and other London households has potentially significant implications for equity and social cohesion in the capital. Critically, despite the rising proportion of social housing tenants that are now in work, rather than unemployed, the income gap compared with other households in the capital remains substantial and has generally been widening in pound terms in recent years.

Figure 6: Difference between average annual disposable income for London social housing tenants, and average household disposable incomes for other London households.



Source: SMF analysis

Figure 7: Index of real household disposable incomes, January 2010 = 100



Source: SMF analysis. based on data from the ONS Living Costs and Food Survey, ONS inflation bulletins. ONS Labour Force Survey and GLA data on social housing rents.

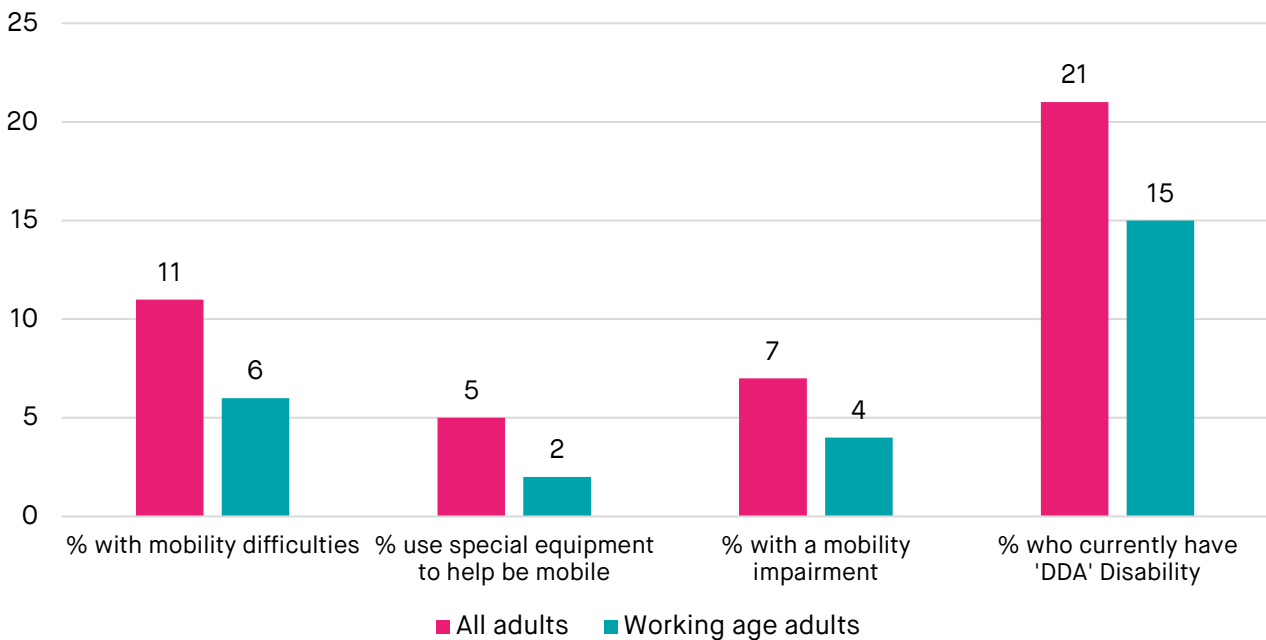
CHAPTER 3: THE DISABILITY PAY GAP IN LONDON

As mentioned in the previous chapter of this report, trends in pay and unemployment are likely to vary considerably across different types of individual in London.

This chapter presents new analysis of the challenges faced by disabled individuals in the London labour market. It identifies a substantial disability pay gap in the capital, and finds that this pay gap is wider than the UK as a whole.

Data compiled by the Greater London Authority show that just over a fifth (21%) of adults in London have a disability which has a substantial and long-term adverse impact on the ability of individuals to carry out day-to-day tasks. Among those with of working age, 15% of Londoners have such a disability.

Figure 8: Disability rates in London, %



Source: GLA analysis of the Life Opportunities Survey 2009-2011. “DDA disability” refers to a physical or mental disability which has a significant adverse effect on ability to do day-to-day tasks.

There is growing concern about the links between disability and poverty in the UK, and the need for policymakers to do more to improve financial outcomes for disabled individuals (as well as those caring for the disabled). A recent report by the Social Metrics Commission found that nearly half of all those living below the breadline in the UK live in a household where someone is disabled³. Analysis by Trust for London found that over a third (34%) of households in the capital, with one or more disabled adults, lived in poverty. This compares with a quarter (25%) of non-disabled households in poverty in London⁴.

Are disabled Londoners locked out of the labour market?

Analysis of the Labour Force Survey dataset suggests that those with disabilities⁵ are much more likely to be locked out of the labour market.

Disabled individuals are more likely to be unable to work and, therefore, economically inactive. In London and the UK as a whole, about two fifths of disabled individuals are economically inactive. When looking at social housing tenants – who are more likely to have lower household incomes – over three in five with a disability are economically inactive. In London, disabled people are two and a half times more likely to be economically inactive than those without a disability.

Figure 9: Economic inactivity rates, 2018, among those aged under 65



Source: SMF analysis of Labour Force Survey

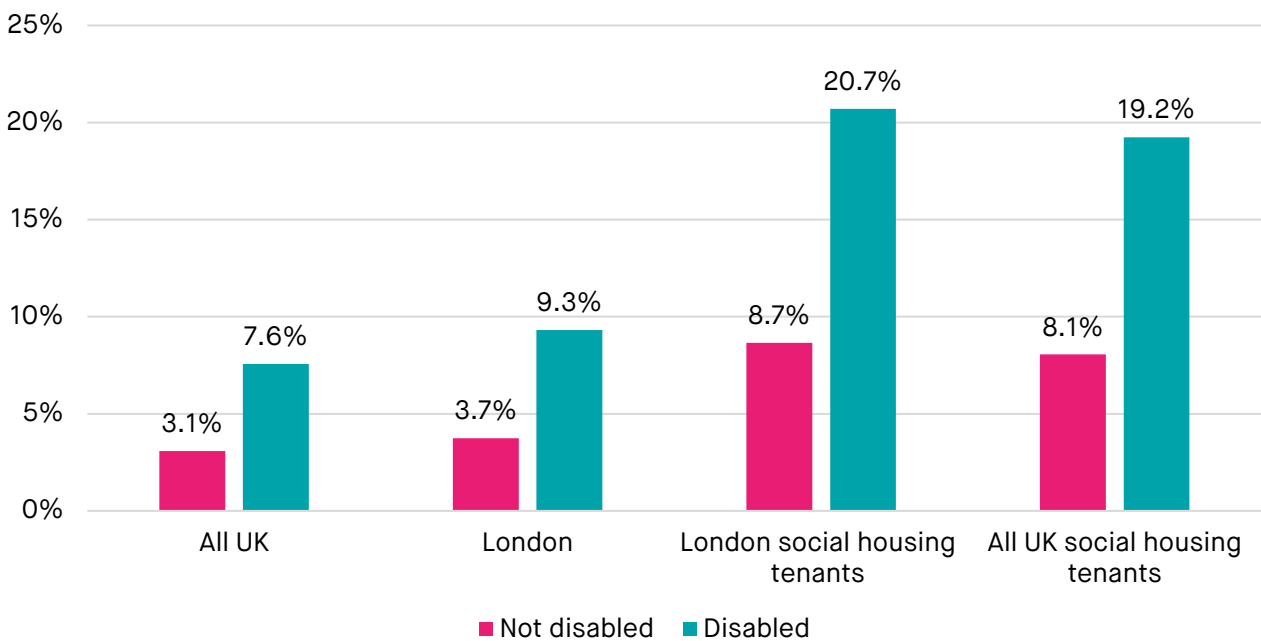
While individuals suffer from severe disabilities that leave them unable to work, many disabled individuals are in employment or actively seeking a job. However, our analysis shows that disabled individuals looking for work are much less likely to find a job.

Across the UK as a whole in 2018, the unemployment rate among economically active⁶ individuals with a disability stood at 7.6% - more than twice as high as the unemployment rate for those without a disability. A similar picture emerges in London, which saw respective unemployment rates of 9.3% and 3.7%. Among social housing tenants in the capital, over a fifth (20.7%) of disabled and economically active tenants were unemployed. This compares with 8.7% of non-disabled social housing tenants. This is a substantial differential in unemployment rates which raises a number of questions around the barriers faced by people with disabilities in looking for work – including the potential discrimination they face and the extent to which workplaces may be failing to adapt to the needs of those with particular disabilities, including with respect to recruitment processes.

The Labour Force Survey data allows us to identify individuals that are “work-limiting disabled” as well as “DDA disabled”. The latter category refers to those classified as disabled according to the Disability Discrimination Act. The DDA defines disability as “a physical or mental impairment which has a substantial and long-term adverse effect on a person’s ability to carry out normal day-to-day activities”.

One constraint with the Labour Force Survey dataset is that we are unable to explore labour market outcomes in London for those with specific disabilities – such as vision and mobility impairments, or learning disorders. Labour market outcomes are likely to vary drastically across the disability spectrum – and there is scope for this to be explored further in future studies.

Figure 10: Unemployment rates, 2018



Source: SMF analysis of Labour Force Survey

What is the disability pay gap in London and how does this compare with the rest of the UK?

Once in work, those with disabilities face a substantial pay gap compared to those without a disability. Across the UK as whole in 2018, median gross weekly pay among those with a disability was 21% lower than those without a disability. In London, this pay gap was slightly higher at 23%, and among social housing tenants in London the pay gap was also 23%.

When considering median hourly rather than weekly earnings, the disability pay gap is lower – 13% across the UK as a whole, 18% in London and 9% among social housing tenants in London. This suggests that a key driver of variations in pay is differences in hours worked – something borne out in the data. Across the UK, median usual hours worked are 3% lower among disabled individuals compared to those without a disability. However, this gap in hours worked is higher in London at 8%. Among social housing tenants in London disabled individuals work 22% fewer hours than those without a disability.

Figure 11: Disability pay gap among those in employment, 2018. Median weekly and hourly pay.



Source: SMF analysis of Labour Force Survey

Figure 12: “Disability hours worked gap” among those in employment, 2018. Median usual hours worked

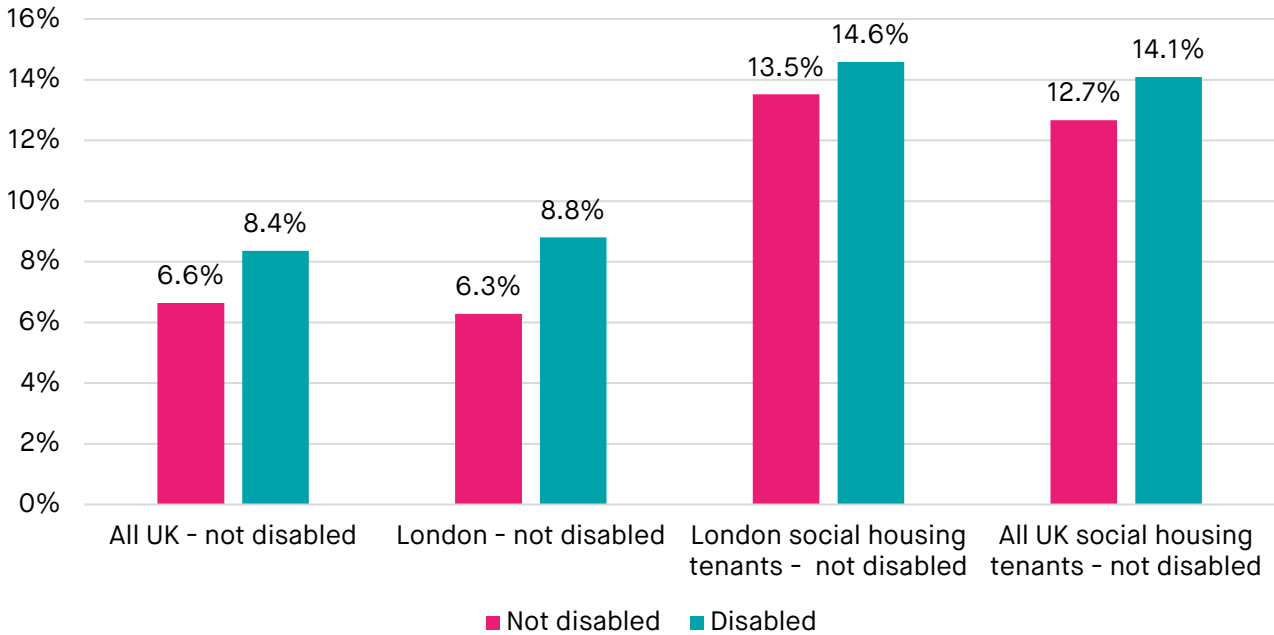


Source: SMF analysis of Labour Force Survey

This raises questions around the extent to which those with disabilities are working fewer hours than they would like to. The Labour Force Survey asks individuals whether they would like to work longer hours at their current rate of pay; analysis of this data suggests those with a disability are slightly more likely to report wanting to work more hours than they currently do.

Social housing tenants – a proxy for those on relatively low incomes – are more likely to report that they would like to work longer hours.

Figure 13: % of workers that would like to work longer hours at current rate of pay, 2018



Source: SMF analysis of Labour Force Survey

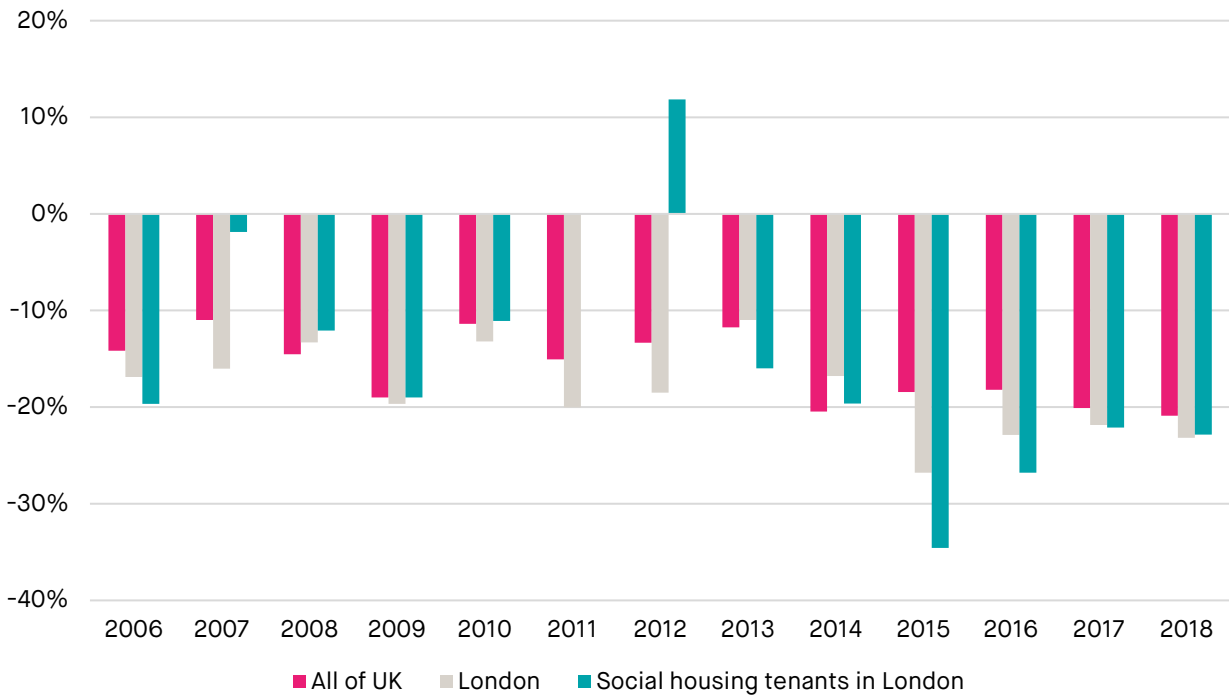
How has the disability pay gap changed over time and how does it compare with other pay gaps?

Concerningly, over the past 10 years, the disability pay gap has widened across the UK as a whole, as well as in London and among social housing tenants in the capital. This is shown in Figure 14.

Another area of interest is how the disability pay gap compares with other widely discussed pay gaps in the economy. Comparing the disability pay gap with the gender pay gap, in terms of median weekly pay, shows that the gender pay gap is higher across the UK and London. However, among social housing tenants in the capital, which we take as a proxy for low earners, the disability pay gap is actually slightly higher. While London has a lower gender pay gap (in percentage terms) compared with the rest of the country, it has a higher disability pay gap.

While the disability pay gap is lower than the gender pay gap across London and the UK as a whole, it is worth noting that this data just captures those in employment. As discussed earlier, disability is associated with much higher rates of unemployment – with associated implications for household incomes.

Figure 14: Disability pay gap over time, median weekly pay



Source: SMF analysis of Labour Force Survey

Figure 15: Disability versus gender pay gap, 2018. Median weekly pay



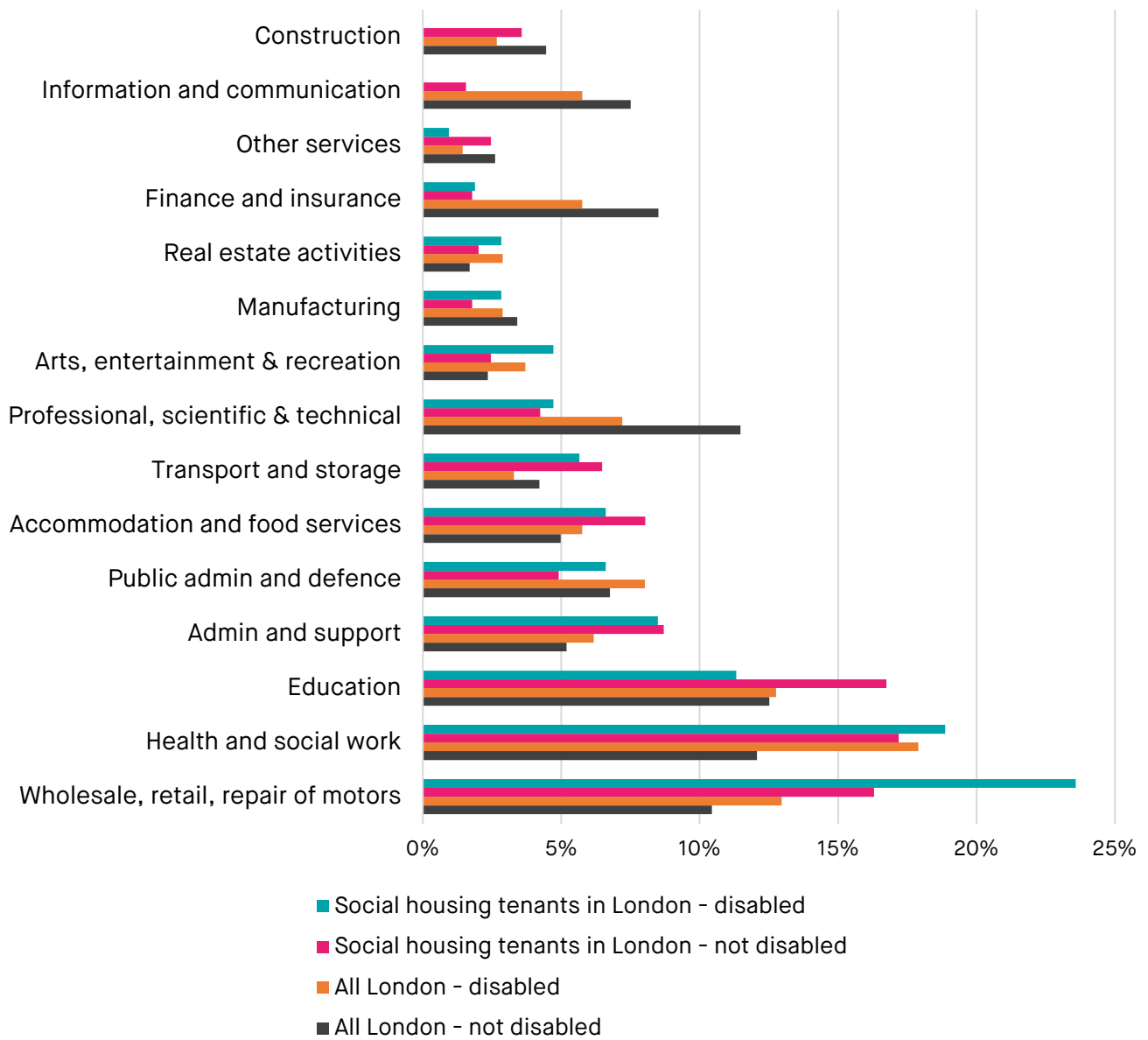
Source: SMF analysis of Labour Force Survey

Where do disabled Londoners work?

One driver of pay differences between those with and without a disability is the industries and occupations in which these individuals work. As Figure 16 below shows, those with a disability in London are much more likely to be working in the relatively low wage retail sector.

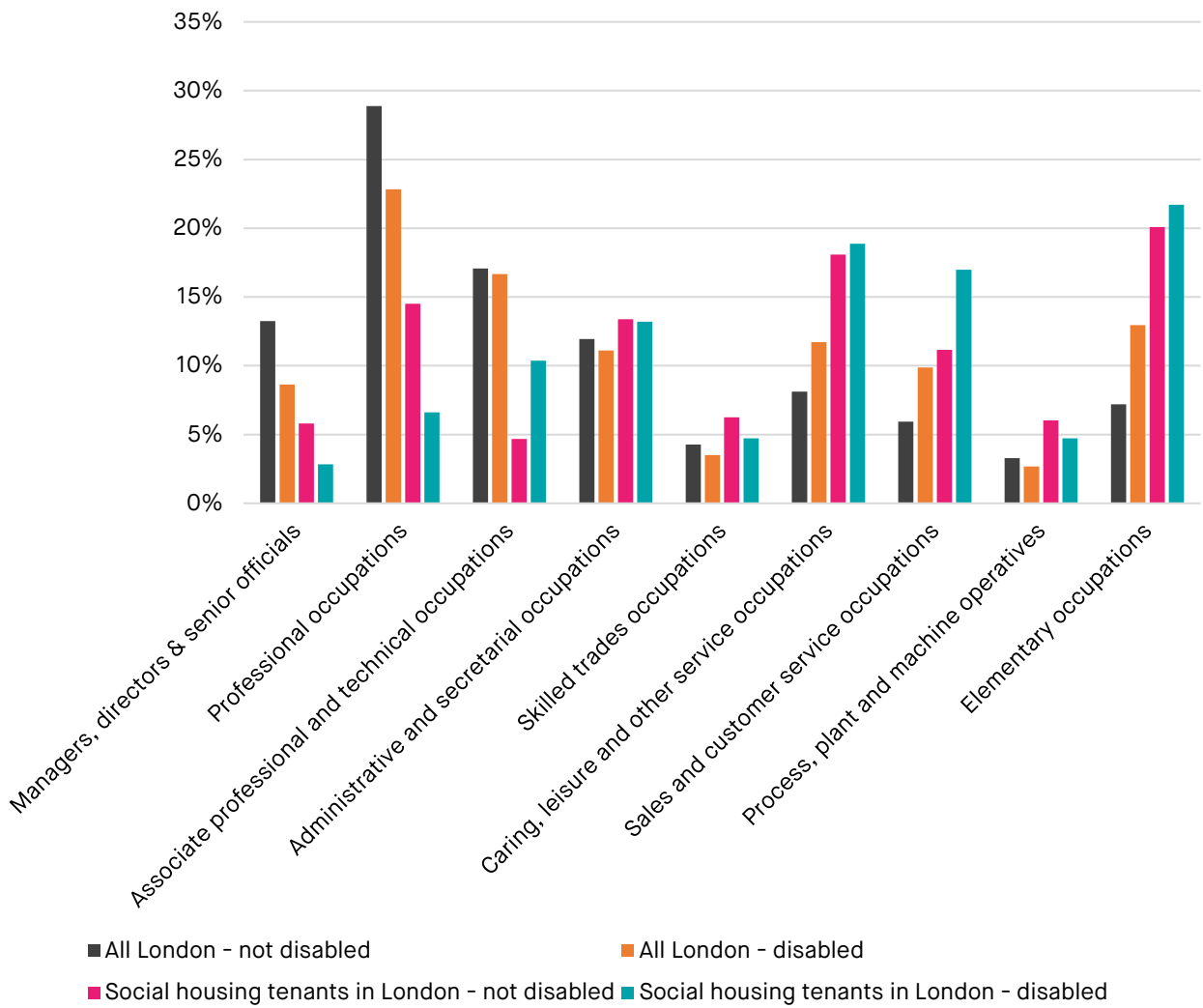
Further, as Figure 17 shows, those with a disability are less likely to be employed in managerial and professional roles, and more likely to be employed in lower paid elementary occupations. The fact that those with a disability are much less likely to be in managerial and professional roles raises questions around the extent to which the disabled benefit from career progression once in work, as well as the recruitment practices for such roles.

Figure 16: Distribution of employment, by industry, 2018



Source: SMF analysis of Labour Force Survey

Figure 17: Distribution of employment, by occupation classification, 2018



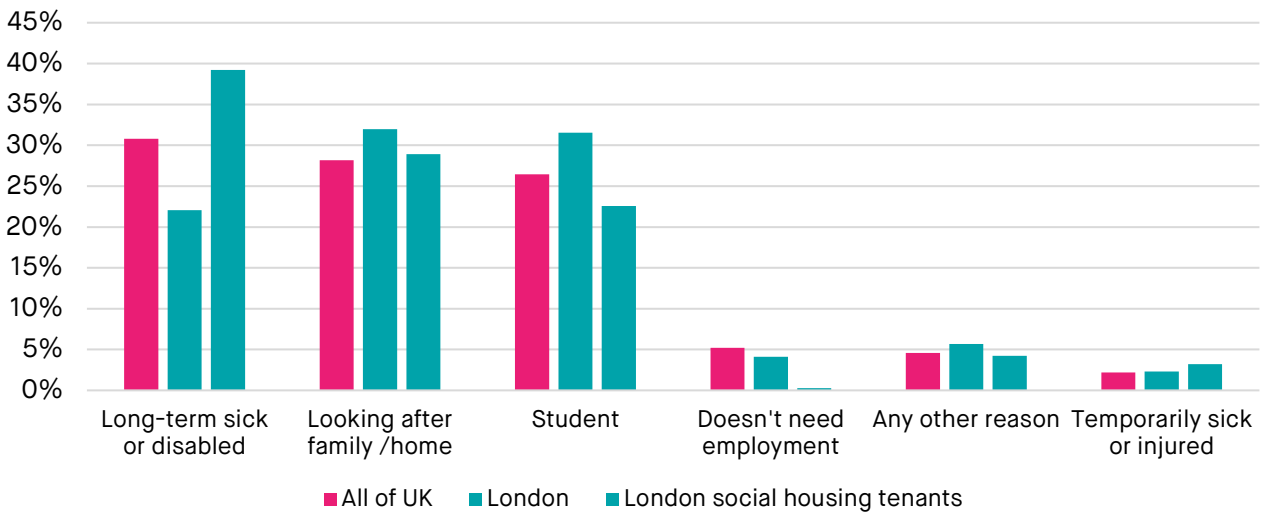
Source: SMF analysis of Labour Force Survey

What about carers?

Relatives of those with disabilities, who often have to provide care, are also impacted in terms of their labour market outcomes. As the chart below shows, needing to care for family/the home is a key driver of not participating in the labour market. About three in ten Londoners that are unemployed and not looking for work are in this situation mainly because they need to look after family.

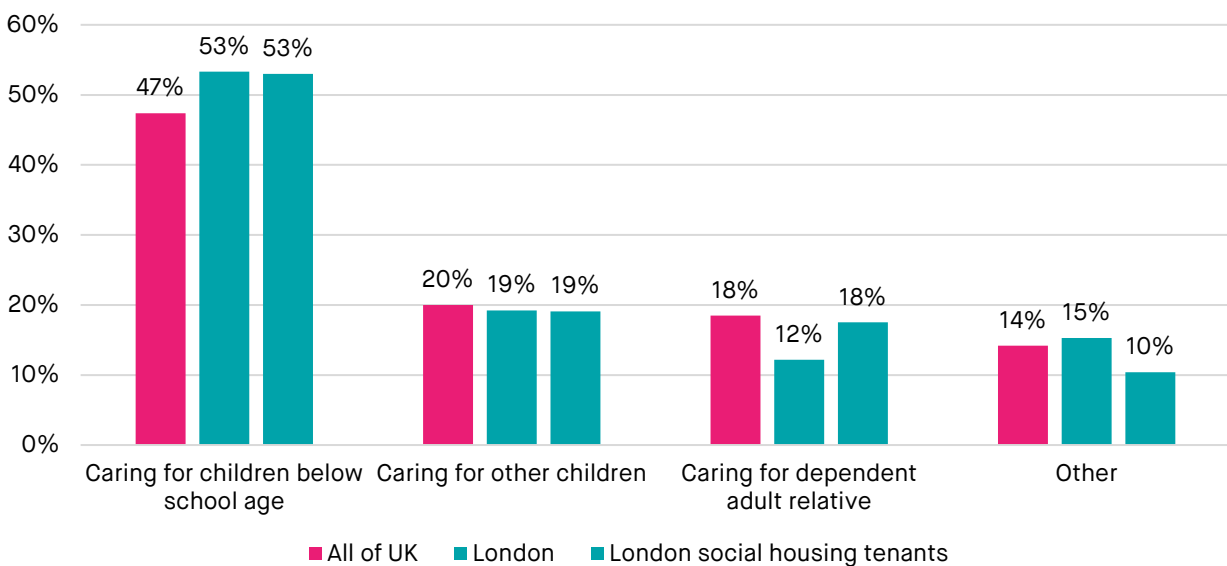
As Figure 19 shows, the main reason for being economically inactive to look after family is the need to care for children, though for 18% of social housing tenants in London caring for a dependent adult was the main reason cited.

Figure 18: Main reason for being economically inactive 2018 (excluding the retired)



Source: SMF analysis of Labour Force Survey

Figure 19: Main reason for being economically inactive to “look after family/home”, 2010-2015



Source: SMF analysis of Labour Force Survey

In addition to being locked out of the labour market, those with caring responsibilities are more likely to find themselves in lower paid work. A recent SMF report found that, across the UK, carers aged 40-64 earn 13% less per hour than non-carers, in terms of median pay⁷. In part this is a reflection of the gender pay gap, with women more likely to be acting as carers. But even if the analysis is isolated to just consider the pay of women, a “care pay gap” persists, with female carers earning 4% less than non-carers.

What next for policymakers?

New analysis in this chapter shows that those with disabilities in London – as well as the UK as a whole – suffer from substantially worse labour market outcomes. Those with disabilities are more likely to be unemployed and, when they do find work, they tend to be paid less. They are more likely to report that they are working fewer hours than they would like to work. While London has a lower gender pay gap than the UK average, its disability pay gap is worse than elsewhere – raising questions around the extent to which those with disabilities are benefiting from the wide range of well-paid, high-quality job opportunities in the capital.

There is much more that could be done, by policymakers and businesses, to ensure that the disability pay gap is reduced.

The introduction of requirements for larger companies to report their *gender* pay gap has generated more discussion among policymakers and business leaders around the steps that could, and should, be taken to narrow the gap in average pay between men and women. Requiring the reporting of other pay disparities, such as the disability pay gap, could help raise awareness of other issues in the labour market and prompt action both from government and business.

Indeed, reporting requirements can drive change without further government intervention, by altering “social norms” and expectations around what constitutes good business behaviour. Disability pay gap reporting could help increase social pressure on businesses to make their workplaces more welcoming environments for employees with disabilities.

As well as making workplaces more disability friendly, through for example wheelchair accessibility, policymakers also need to consider the wider needs of those with disabilities – including transportation requirements to get to and from work. In London, the extent to which the transport network is “disability friendly” varies significantly. While all bus routes are served by low-floor vehicles, with a dedicated space for a wheelchair user, just a quarter of Tube stations have step-free access⁸.

Critically, making transport and buildings disability-friendly is not enough to resolve the disability pay gap. More thought also needs to be given to recruitment practices and ensuring that those with disabilities are not discriminated against. Without change to recruitment, amendments to buildings risk being little more than virtue signalling; as a recent Financial Times article noted, a wheelchair ramp installed to the entrance of HM Treasury is largely used by smokers, rather than by disabled employees⁹.

Some enlightened employers are starting to pay more attention to recruitment practices for disabled people – providing examples of best practice that other companies should be adopting. As an example, Microsoft is now deliberately trying to hire more people with autism¹⁰. This is not just for reputational reasons, or a social need to promote equality of opportunities, but also a reflection of the benefits that those with disabilities can bring to a business. Some autistic

people's strong interest in detail — which can be a barrier to their social interactions — can be very useful in tasks such as checking computer code.

Finally, policymakers need to do more to care for our carers. Not only does disability impact labour market outcomes for those with disabilities, but relatives acting as carers also face worse outcomes. A 2018 report by the Social Market Foundation, *Caring for Carers*, set out a range of recommendations for improving labour market outcomes for carers. This included:

- Employees should record the number of their staff who have caring responsibilities.
- “Care pay gap” reporting could be required, where employers would publicly report the pay rates of staff with caring responsibilities and that of those of comparable staff without caring duties.
- Big employers should be required to publish policies for supporting workers who care. Surveys suggest only 40% of large employers have policies setting out how managers should support carers.

APENDIX: RESEARCH METODOLOGY

The Peabody Index

The Peabody index measures the disposable (net of tax) income of social housing households in London. It is adjusted for inflation – that is, it is expressed in real terms.

We use data in the 2015/16 ONS Living Costs and Food Survey as a basepoint for incomes of social housing households in London. This provides information on the sources of income for households, including income from:

- Wages
- Self-employment
- Investments
- Annuities and pensions
- Social security benefits

We have then backcast and forecast disposable incomes using a range of more timely datasets:

- Income from wages and self-employment are assumed to grow in line with the ONS “average weekly earnings” series published in its monthly labour market statistics. We account for variation in employment levels using data in the quarterly Labour Force Survey – that is, we adjust for social housing tenants moving in and out of the labour market.
- Income from investments accounts for a very small proportion of total gross income for social housing households in London – just £3 per week in 2015/16. Given the prolonged period of very low interest rates and the economic downturn preceding this, we assume that investment income has not changed significantly over the past ten years.
- Income from annuities and pensions is assumed to grow in line with the retail price index measure of inflation.
- Income from social security benefits is determined by benefits projections and regional caseload data produced by the Department for Work and Pensions.

To produce an inflation-adjusted measure of disposable incomes, we have produced a “consumer price index” measure which reflects the spending patterns of social housing households in London. That is, we have produced a reweighted CPI based on expenditure data contained in the ONS Living Costs and Food Survey. While we assume the price of most goods and services, such as food and energy, grows in line with the UK as a whole, we have used Greater London Authority (GLA) data on social housing rents to adjust the “housing costs” element of the CPI. That is, we adjust for the fact that growth in rental prices is likely to be significantly different to the UK as a whole, for social housing tenants in London.

BIBLIOGRAPHY

¹ That is, those that are either working or looking for work. Economically inactive tenants, such as those with some disabilities, the retired and those below working age are excluded from the analysis.

² That is, those that are either working or looking for work. Economically inactive tenants, such as those with some disabilities, the retired and those below working age are excluded from the analysis.

³ https://socialmetricscommission.org.uk/wp-content/uploads/2019/07/SMC_measuring-poverty-201908_full-report.pdf

⁴ <https://www.trustforlondon.org.uk/data/disability-and-poverty/>

⁵ Defined throughout here as being DDA disabled or work-limiting disabled

⁶ That is, those working or actively seeking work

⁷ <http://www.smf.co.uk/wp-content/uploads/2018/07/Caring-for-Carers.pdf>

⁸ <https://tfl.gov.uk/transport-accessibility/wheelchair-access-and-avoiding-stairs>

⁹ <https://www.ft.com/content/071a520a-4189-11e8-97ce-ea0c2bf34a0b>

¹⁰ <https://news.microsoft.com/stories/people/kyle-schwaneke.html>