

# Research Bulletin 22/9 | A Review of Labour Market Outcomes for People with Disabilities in Northern Ireland

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## Summary

This article examines labour market outcomes in Northern Ireland (NI) for persons with disabilities. The structural causes of Northern Ireland's relatively large disability employment gap are examined, alongside discussion of wider unquantifiable contributory factors. The impact of very low levels of employment amongst disabled persons are explored, with a particular reference to relative poverty.

The research quantifies the significant potential economic benefits if Northern Ireland were to be successful in raising the disabled employment rate over the next ten years.

This article is a summary of a larger research report by the Ulster University Economic Policy Centre. The full report is available via: <https://www.ulster.ac.uk/epc/publications>.

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## Introduction

The New Decade New Approach (NDNA) deal, published in 2020, set out the priorities for the restored Northern Ireland (NI) Executive. The NDNA deal stated that the NI Programme for Government (PfG) could be underpinned by a number of key supporting strategies, including a disability strategy.

The commitment to this strategy highlights that political parties, Government, civil society, and employers have all bought into the ambition of addressing, amongst other things, the entrenched disadvantage faced by disabled people in the labour market. This will require a multi-agency approach to tackle the wide range of labour market barriers faced by disabled people.

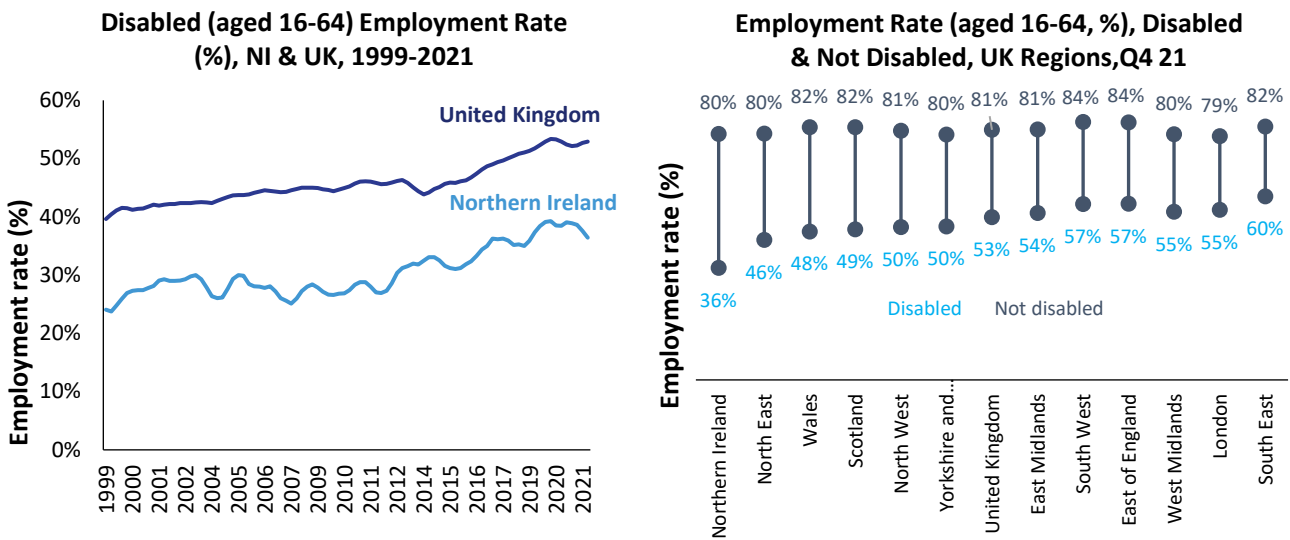
Tackling barriers to improve outcomes for disabled people has become an economic necessity amid labour shortages, a challenging demographic outlook and a higher proportion of the population expected to develop long-term health conditions over the coming decade. In Northern Ireland, over one-fifth of the population aged 16-64 are disabled<sup>i</sup>. This is almost a quarter of a million people, representing significant potential to boost labour supply here.

In October 2022, the Department for the Economy's 10X Vision: Next Steps for Implementation<sup>ii</sup> document set an objective for inclusivity - to create opportunities for economic growth which are distributed across society, to benefit everyone. As part of this, a contributory objective was set to close the employment gap between individuals with and without a disability (currently 44 p.p.).

## The Disability Employment Rate

Just over one in three disabled people in Northern Ireland work, compared to over half of disabled people in the United Kingdom (UK). Amongst UK regions, Northern Ireland has not only the lowest disability employment rate, but it also has the largest employment gap between disabled and non-disabled persons. Unfortunately, over the past two decades progress on reducing the disability employment gap has been, and remains, glacially slow despite numerous government interventions in recent decades.

**Figure 1: Employment Rate (%) by Disability Status, NI & UK, 1999-2021 and UK Regions, Q4 2021**



Source: Labour Force Survey

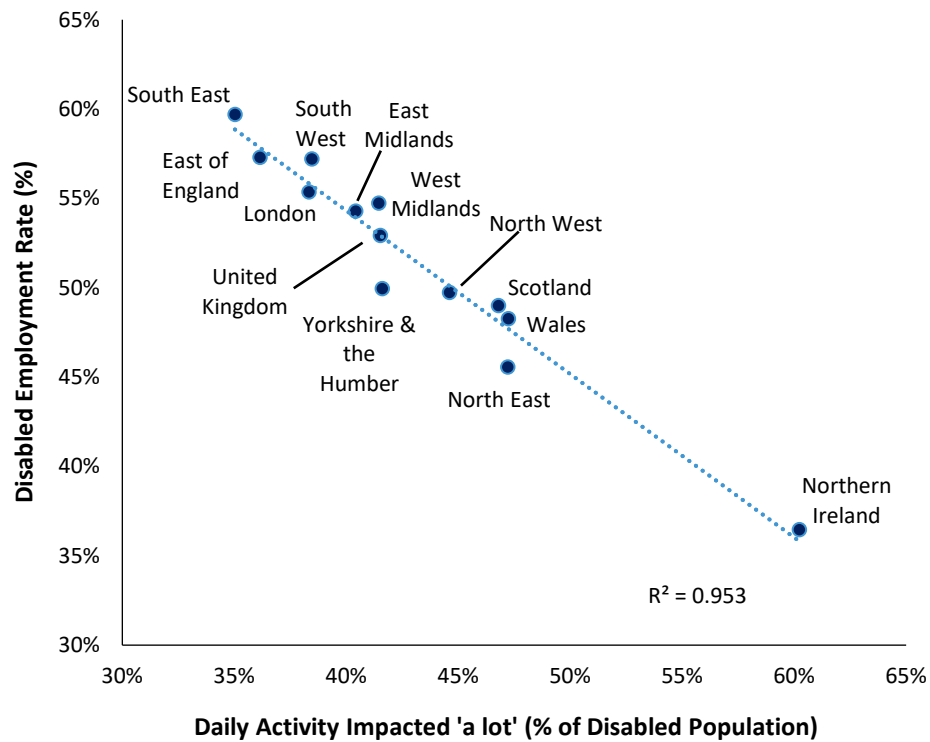
The scale of Northern Ireland’s disability employment rate gap represents a significant proportion of underutilised labour, meaning the economy is not achieving its productive capacity. Failures to achieve better employment outcomes for disabled people in the Northern Ireland labour market contribute to a range of personal and societal issues including increased risk of poverty, financial difficulty, loss of human capital, social exclusion and a much higher dependence on income replacement benefits related to illness and disability.

## Decomposing the Disability Employment Rate Gap

### Health Conditions

The characteristics of a person’s health condition (e.g., type, severity, number) have varying impacts on the ease at which they can participate in the labour market. Only one-fifth (19%) of those reporting their health condition impacts their daily activity ‘a lot’ are in employment, compared to over three-fifths (61%) of those who report daily activity is impacted ‘a little’. This creates a challenge in Northern Ireland as three-fifths (59%) of people with disabilities report their daily activity is limited ‘a lot’, which is much higher than the UK average (41%) and the highest across all UK regions.

**Figure 2: Disabled Employment Rate (16-64) versus Persons Reporting their Health Condition Limits their Daily Activity 'a lot' (% of 16-64 population), Q4 2021**



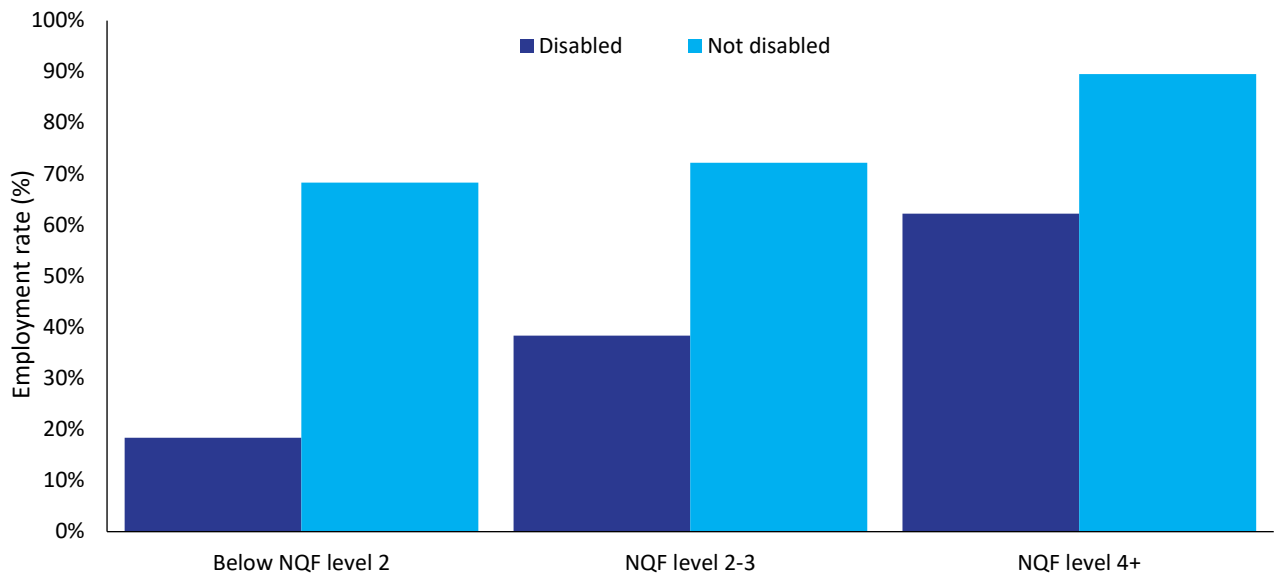
Source: Labour Force Survey

A higher proportion of people with more limiting conditions explains part of Northern Ireland’s relatively large disability employment rate gap, but it is only one of many factors. For example, if Northern Ireland had the same health profile as the UK it would increase the disability employment rate from 36% to 44%. In other words, it would move Northern Ireland from being an outlier, to a level of performance commensurate to the lowest performing UK region.

**Qualifications**

Fewer disabled people achieve tertiary qualifications, with less than one-third (28%) of the 16-64 population having achieved a highest qualification NQF level 4+<sup>iii</sup>, compared to almost half (49%) the non-disabled population. However, the employment rate of disabled persons with a tertiary level qualification is below the employment rate of the lowest qualified non-disabled persons. This suggests constrained labour market opportunities for disabled people, even with high levels of qualifications.

**Figure 3: Employment Rate (16-64) by Qualification Level (NQF) and Disability Status, Q4 2021**



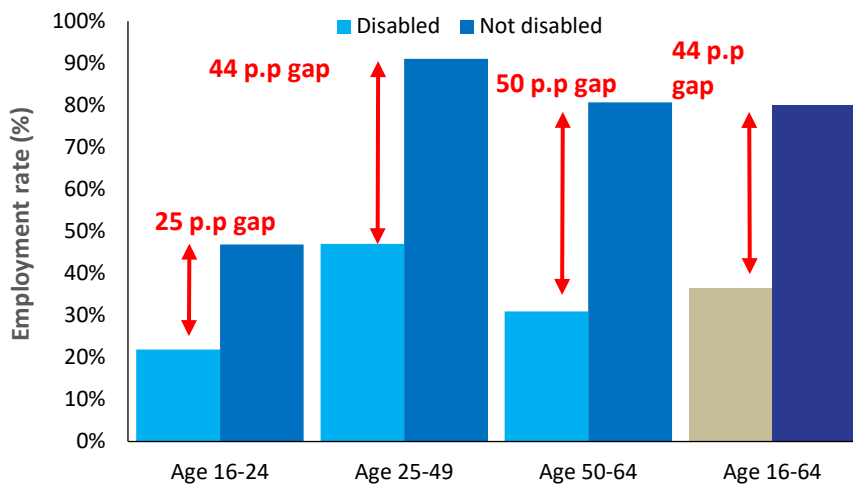
Source: Labour Force Survey

Therefore, although lower levels of qualifications among disabled people act as a barrier to labour force participation, and policy should support disabled individuals to move along the qualification spectrum, increasing qualification levels in isolation will not be enough to close the employment rate gap.

### Age

It is widely recognised disability prevalence increases with age as health conditions both accumulate over time and are more likely to occur in older age. Amongst the 50-64 population one in three (33%) report a disability in NI, the highest incidence across all UK regions.

**Figure 4: Employment Rate (16-64) by Disability Status and Age Band, Q4 2021**



Source: Labour Force Survey

The employment rate for disabled persons follows a similar trend to the non-disabled population in that it is lowest among the young population (22% employment rate for those aged 16-24) and highest among the prime age population (47% for those aged 25-49). However, the employment rate gap between disabled and non-disabled persons increases with age. Northern Ireland's disabled population has a slightly older age profile compared to the UK which applies some downward pressure to the disabled employment rate, but accounts for only a small proportion of Northern Ireland's relative underperformance.

### An Unquantifiable Gap

This structural composition helps explain why Northern Ireland's disability employment rate gap is wider than the average UK region, and why the Northern Ireland disability employment rate is below the UK average. However, after controlling for these factors there is still evidence of a disability employment penalty in the Northern Ireland labour market. Some of these types of barriers are listed in the figure below.

**Figure 5: Barriers to the Labour Market Facing Disabled People**



Source: UUEPC - *Disability and the Labour Market*

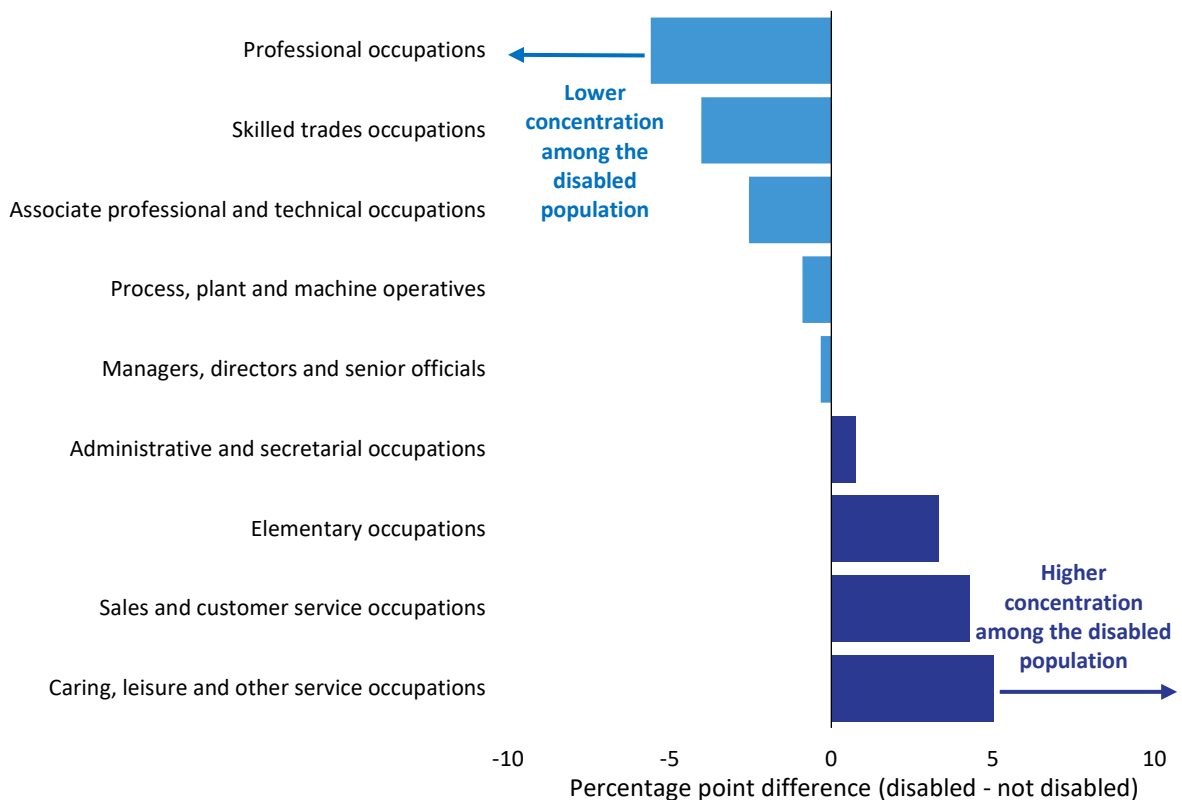
It is not possible to have a full discussion of labour market barriers for disabled persons within a summary article such as this. Barriers range from infrastructure, education and skills, health, the welfare system, employment law, employer attitudes and flexible working practices. Therefore, to achieve an objective of improving labour market outcomes for disabled persons requires interventions which cut across multiple policy areas, in addition to buy-in from other stakeholders, such as employers.

## Job Quality

### Occupation Type

The types of jobs disabled people are employed in are more likely to be associated with lower pay and lower growth prospects (e.g., caring, leisure and service occupations, sales and customer service occupations and elementary occupations) and underrepresented in high wage and high growth job types (e.g., professional, associate professional and technical occupations). Empowering disabled people to enter a more diverse range of occupations is an important challenge to overcome subdued employment prospects in occupations where they have been more likely to work in the past.

**Figure 6: Occupation (SOC, 1-digit) Concentration by Disability Status (aged 16-64), NI, Q4 2021**



Source: Labour Force Survey

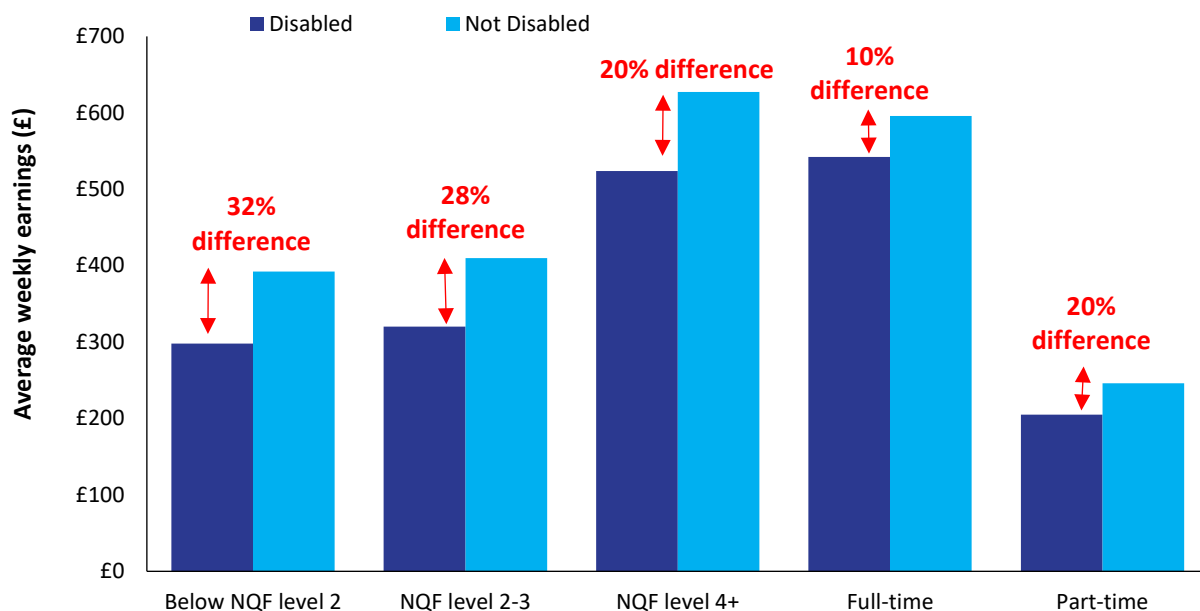
Although the disability employment rate is low, around seven in ten out of work disabled people have previously been in employment. Top prior employment occupations include construction, retail, hospitality, social care, and logistics. At the time of writing these areas of the economy have all expressed concern regarding labour shortages. This highlights two important points. Firstly, many of the out of work disabled population have skills and experience in areas of the economy currently facing recruitment difficulties, illustrating the important contribution a reactivation of dormant labour can have in the local economy. Secondly, with such a high proportion of people with disabilities

who are currently not in employment having previously been in employment, it highlights the importance of preventing workers becoming permanently detached from their employer following a period of sickness.

### Earnings

Differences in occupation, qualifications and working hours contribute to lower earnings for disabled people, which are one-fifth lower than the earnings of non-disabled workers. This is in part explained by a higher proportion of persons with disabilities working part-time hours. However, controlling for employment type highlights that part-time disabled workers earn 20% less per week than part-time non-disabled workers, and full-time disabled workers earn 10% less per week than full-time non-disabled workers.

**Figure 7: Average Weekly Earnings (aged 16-64, £) by Disability Status, NI, Q4 2021**



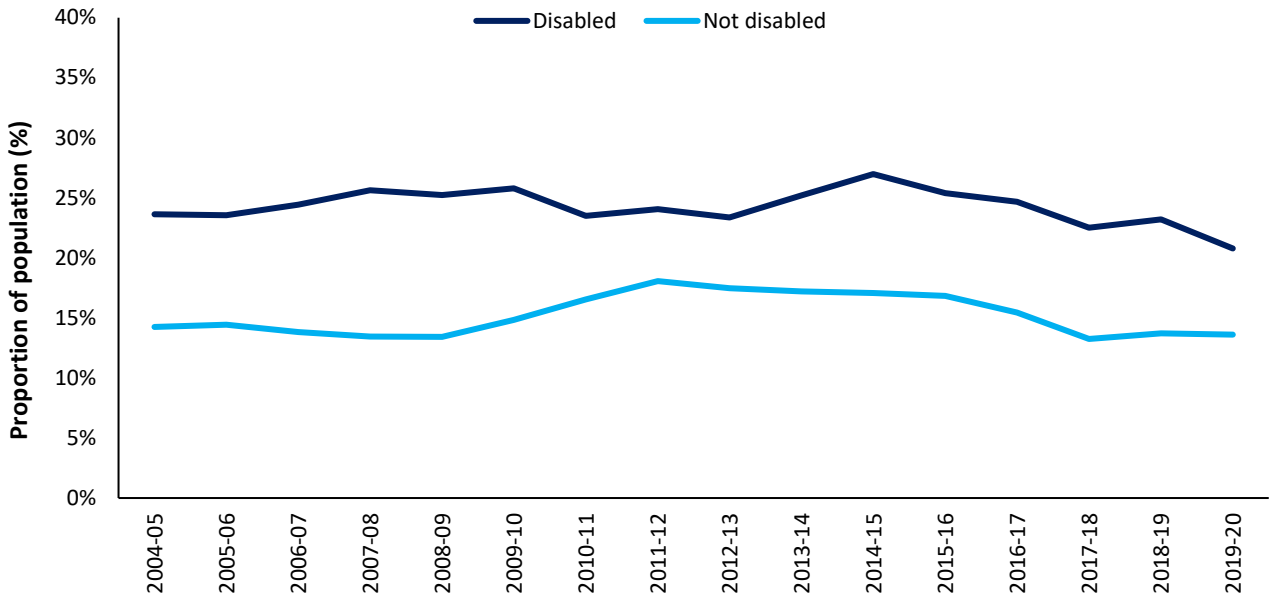
Source: Labour Force Survey

A similar trend is visible across qualification levels wherein disabled persons with NQF level 4+ qualifications earn on average 20% less than non-disabled with the same level of qualification. A larger earnings gap exists at lower qualification levels highlighting the potential for – often unconscious – bias by employers.

### Living Standards

On an income basis the difference in household income is starker. Over one in five (23%) disabled people live in relative poverty, and almost two-fifths (38%) of people living in households experiencing poverty in Northern Ireland include a person living with a disability. In other words, achieving a reduction in Northern Ireland’s overall poverty rate requires a significant improvement in the employment and income prospects for the disabled population.

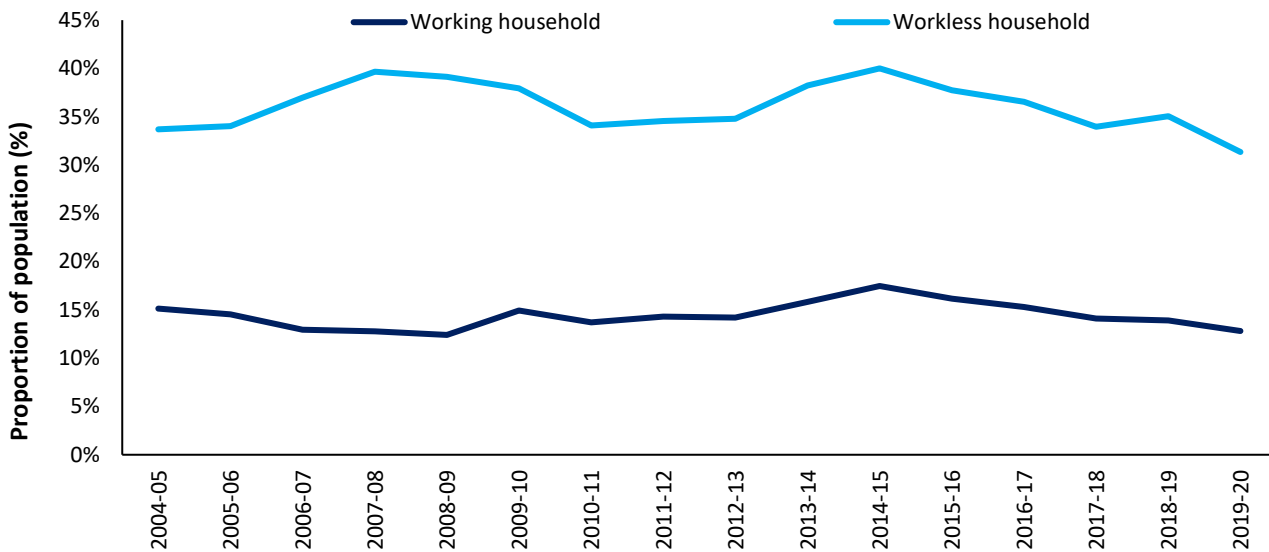
**Figure 8: Relative Poverty Rate (before Housing Costs) by Disability Status, NI**



Source: HBAI

Income inequalities are longstanding and entrenched. This is illustrated by a failure to reduce the number of people claiming income replacement sickness and disability benefits. This has remained virtually unchanged over the past two decades despite numerous reforms to the welfare system over this period. Although Northern Ireland has recorded a strong labour market performance over much of the past decade, the local labour market still has a considerably higher proportion of the population reliant on income from out of work income replacement interventions, relative to the UK. Unfortunately, the welfare reforms over recent decades have ultimately failed in their aim to have this type of benefit orientate towards becoming an “active” benefit. The costs of this failure to individuals, families, communities, and the economy are significant.

**Figure 9: Disabled Relative Poverty Rate (before Housing Costs) by Household Economic Status, NI**



Source: HBAI



Being in work remains one of the best routes out of poverty for most people. This is illustrated by the fact that a disabled individual living in a workless household is almost two and a half times more likely to experience poverty than a disabled person living in a household where at least one adult is working.

## The Desire for Employment

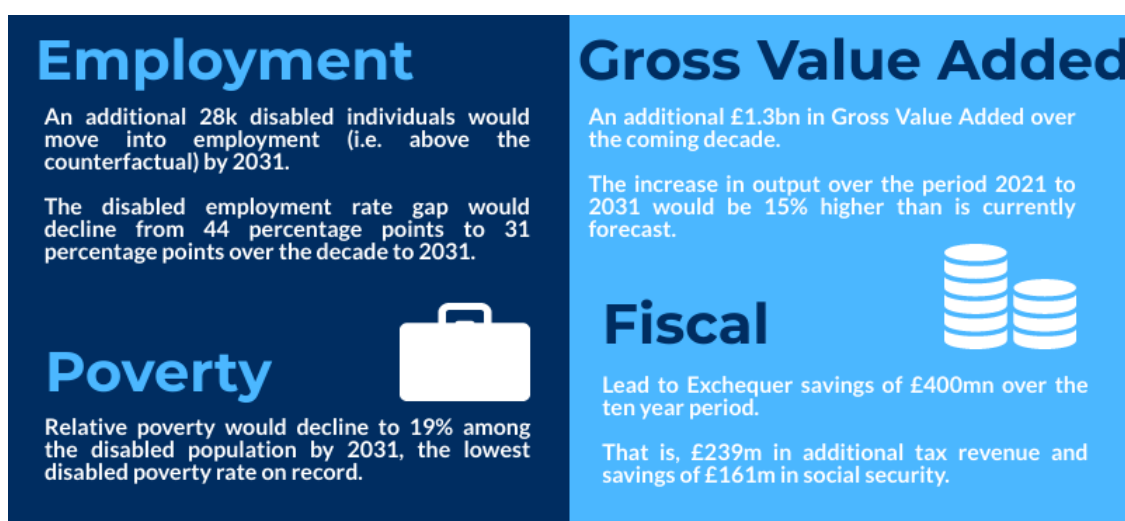
Just over one in three disabled people are currently working, but many more want to. Of disabled people who are currently economically inactive, almost one in four would like a job. This is double the proportion of non-disabled economically inactive, where only one in ten want a job. Over the longer term over one in four out of work disabled people intend to work again at some point, compared to almost three-quarters of non-disabled people. Therefore, there is only a small difference between the proportion of disabled people willing to participate in the labour market over the long and short term. This implies a majority of the group could move into employment with only a short-time lag, if suitable opportunities were available and any labour market barriers could be overcome.

## Economic Impacts

At a UK level, in 2015 the Government set a target to halve the disability employment gap by 2020. The target was missed by a wide margin, and a similar goal in Northern Ireland would represent an unrealistic target<sup>iv</sup>. The proportion of Northern Ireland’s disabled population with more limiting conditions is higher, qualifications are lower and the structure of employment and growth prospects in the Northern Ireland economy differ to that of the UK. Simply mirroring a UK target would fail to consider the factors unique to Northern Ireland.

In the view of the authors an ambition to match today’s UK disability employment rate by 2031 would represent an ambitious, transformative, and achievable target. In practice this would mean increasing Northern Ireland’s disability employment rate from 36% in 2021 to 53% by 2031.

**Figure 10: Net Impacts of NI Matching Today’s UK Disability Employment Rate by 2031**



Source: UUEPC - Disability and the Labour Market

The economic benefits associated with moving disabled individuals into employment includes not only increased income for disabled people and a reduced risk of poverty, but also a significant contribution to Gross Value Added (GVA) alongside fiscal benefits. The impacts of achieving this goal are summarised in the figure above, highlighting both the changeover 2021-31 and relative to a 2031 counterfactual<sup>v</sup>, which assumes no change in policy provision for disabled people.

Given the potentially significant contribution that can be made to Northern Ireland's economy by boosting the disability employment rate, set against a background of labour shortages and a challenging demographic outlook, disabled people must feature as a key component of employment and economic growth strategies at all levels of Government. For the local economy to realise the untapped potential of disabled workers, the removal of labour market barriers for this group must become an integral component of workforce planning.

## **Conclusion**

Reducing the disability employment gap is too difficult to sit within the remit of a single Department and cannot be solved by a single policy intervention. Ensuring a meaningful change requires a guarantee that disabled people receive appropriate support through their education journey and achieve the highest qualifications possible. It continues with disabled people being able to progress their desired careers, and employers having the appropriate training, workplace adjustments and flexible working practices to support disabled employees. It requires a barrier-free physical and human infrastructure, and a strong support network which avoids employees becoming detached following a period of absence. Failure to address the barriers to work that disabled people face is a failure to recognise the contribution that disabled people make and represents a huge opportunity cost to Northern Ireland's economy and society.

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<sup>i</sup> From Q2 2013 onwards this paper refers to the Equality Act definition for GB and the GSS harmonised Standard definition for NI. Longer time series charts presented in this article starting prior to Q2 2013, the Disability Discrimination Act definition of disability is used. For a fuller description of data discontinuity please refer to the full research report upon which this article is based. Available via: [UJEFPC Publications - Economic Policy Centre \(ulster.ac.uk\)](http://www.ujefpc.com)

<sup>ii</sup> [10X Vision - Next Steps for Implementation \(economy-ni.gov.uk\)](http://www.economy-ni.gov.uk)

<sup>iii</sup> NQF level 4+ qualifications include HND's, HNC's, foundation degrees, undergraduate and postgraduate degrees.

<sup>iv</sup> Achieving this target would have required a decrease in the disability employment rate gap of 17 percentage points. Over the 2015-20 time period the gap narrowed by only 4 percentage points.

<sup>v</sup> With increasing disability prevalence, including a higher proportion of less limiting conditions, it is expected that the disability employment rate will increase slightly in the absence of policy reform. The scenario compares the benefits by 2031 of achieving the target compared to the expected outcomes without new policy interventions or reform.