Unpacking the Disability Employment Gap

Final Report

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Executive Summary

1. Introduction

- The employment of disabled people in the UK is substantially lower than for non-disabled people, especially for those whose disability is primarily a mental health problem. While it is unreasonable to expect disabled people to be employed at the same rate as non-disabled people, at the same time many out-of-work disabled people say they would prefer to work. Persistent worklessness is an underlying cause of inequality and reduced opportunities, and good work can 3c64 Tw B8 (y)-7 ( )-10 (w) (e)] (y)-7 ( )-1B

the underlying relationships we seek to examine. Our profile of the DEG (Chapter 3), and analysis of the role of education (Chapter 4) and of local variation (Chapter 5) therefore use data from 2019 or earlier. Insofar as the relationships between employment and its determining factors tend to be quite stable, our results should still be valid in 2024. Our analysis of trends in the DEG (Chapter 6) uses the full span of data to include the impact of the pandemic on disability and employment.

- To unpack the various factors that explain the DEG we utilise statistical decomposition methods, which associate variation in employment status with the corresponding variation in other factors. These factors may be individual or household characteristics (e.g. age, education and family type) or area-level characteristics (e.g. industrial composition, healthcare provision and employer policies towards disabled people).
- We undertook extensive review w * ! / # ($) CE " - 4 ' $ / - / 0 - • / * typology of explanatory factors for the DEG, grouping these factors into four broad categories: supply side, demand side, policy, and other (Appendix E). We also worked very closely with an Advisory Group of academic experts, policy makers and disability charities (Appendix A).

3. Profiling the DEG

- We follow the definition of disability established in the Equality Act (2010). A person is

disability, ranging from 9.7pp for people with a physical health condition to 61.1pp for people with a mental health condition.

- The DEG is wider for males than for females, and wider for older people compared to younger people. The DEG also varies by education, being much wider among people with lower levels of education (Chapter 4).
- Across the UK, Northern Ireland has the largest DEG (43.8pp) while England has the smallest (27.0pp); and there is considerable variation at a local level (Chapter 5).
- Over time between 2014 and 2019 disabled people saw their employment rate grow at a faster rate than that of non-disabled people, thus reducing the DEG from 31.9pp to 28.1pp. This trend of an improving DEG slowed markedly during the pandemic (Chapter 6).

4.

- Structural barriers represent a broad set of factors – for example features of the workplace/job, access to transport, lack of reasonable adjustments, discrimination and negative attitudes. There could also be lower incentives to work (because of higher transport or equipment costs, or out-of-work disability benefits) and differing preferences to work. Our work suggests that eliminating structural barriers to employment would have a much greater impact on the DEG than improving the education levels of disabled people.

- The contribution of education to the DEG is largely driven by differences in the proportions of disabled and non-disabled people who have a degree and who have no qualifications. Further, the employment returns to having a degree are larger for disabled people and the penalty of having no qualifications is also larger for them; this is evidence for the importance of structural barriers.

- However, education is still important and if disabled people could achieve qualification levels equal to those of non-disabled people, this could reduce the DEG by up to 12%, an effect that would be greater for females than males, and greater for younger people than older people. Further, achieving education parity would disproportionately help those with more severe impairments.

5. The geography of the DEG

- One striking feature of the DEG is the extent of variation across the country. Over the period 2014-

- We unpack these geographic differences by splitting the country into 166 International Territorial Level 3 (ITL3) areas. We decompose the variation in the DEG into (a) that explained by differences in the characteristics of the disabled and non-disabled populations across areas - / # Œ + * + ' ; and (b) the remaining variation not explained by demographic differences - / # Œ + ' ! ! . We further unpack the place effect by exploring the extent to which it can be explained by specific area-level characteristics that we classify as relating to labour demand, labour supply and policy.
- Our results reveal that the key drivers of spatial variation in 0 (t)1 (o)5 ( )-19rolrtheke11 (rta8 (e d

from 17.5% in 2014 to 22.7% in 2022. Against this, employment rates have continued to rise, but increasing levels of economic inactivity in the years since the pandemic are now a cause for concern.

- The increase in disability has been mainly driven by an increase in the percentage of people with a less severe impairment. Most of these changes are due to mental health disability;

employment growth in the UK, particularly since the start of the pandemic. A deterioration in health is not just a concern because it suppresses employment, but because poorer health is bad in itself.

7. Implications for policy

Based on our analysis, we can identify a number of priorities for policy:

- There should be long-term goal to eliminate the educational disparities between disabled and non-disabled people; this could close the DEG by 12%.
- The immediate focus should be on making sure all adults have some qualifications. The DEG is largest for people with no qualifications and eliminating this educational deficit could close the DEG by 6%.
- Structural barriers, evident via the DEGs that exist among people with the same education levels, remain a significant challenge. Policies aimed at disabled people expressing a clear preference to work or with employment experience in the last five years might offer the most immediate successes.
- On the supply side, there should be an intensified focus on addressing mental health conditions. The mental health DEG is more than a third larger than the physical health DEG, and its contribution to the overall DEG is getting bigger.
- At the local level, policies to reduce spatial inequalities are also potential tools to

proposals to empower local leaders to develop work, health and skills plans offer a way forward here.

1 Introduction

The employment rate of disabled people in the UK is substantially lower than for non-disabled people; it is even lower for those whose disability is primarily a mental health problem. It is unreasonable to expect disabled people to be employed at the same rate as non-disabled people, but many say they want to work, suggesting this gap is too large. Work is key to poverty reduction, and persistent worklessness among certain groups in society is an underlying cause of inequality and reduced opportunities. Good work can also help people flourish in a non-material sense, through improved health and wellbeing. Reducing the disability employment gap (DEG) will require better understanding of its underlying causes, so our aim is to contribute to this understanding.

We use statistical decomposition methods and counterfactual analysis (alternative scenarios) to produce a detailed statistical breakdown of the factors behind (l)-9 (l)-933EG. We explore (l)-9 (l)-93k role of education, as well as variation in (l)-9 (l)-933EG across local areas and consider personal characteristics like age, gender and education, and we also explore different definitions of disability and distinguish between different mental and physical (l)-9alth conditions, as well as severity of impairment, and different preferences for work. Our spatial analysis helps us to understand the role of demand side factors (like the type of jobs available in local econ

The main aim was to develop a typology of explanatory factors for the DEG, related to their

2.4 Decomposition

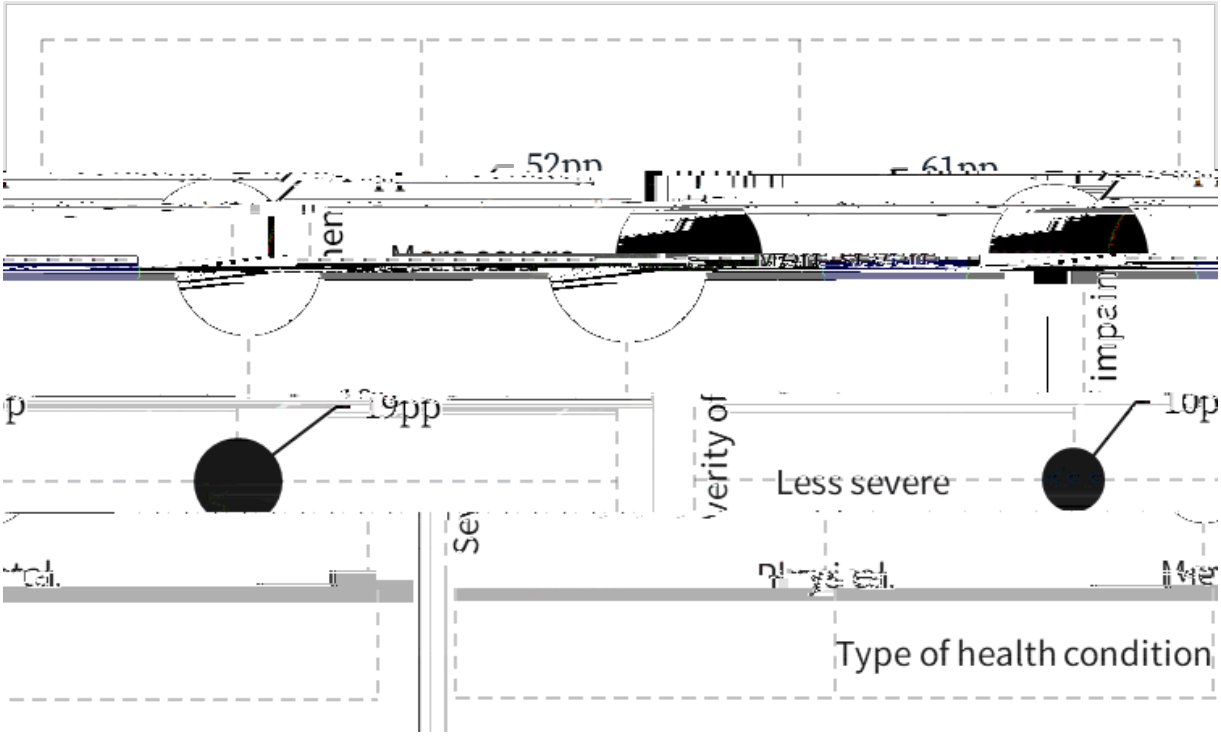
In order to unpack the various factors that explain the DEG and compare their relative importance, our research applies and adapts established statistical decomposition methods (Fortin et al., 2011; Little, 2009). In this section we summarise the principles behind the analysis of each chapter; full technical details are given in the papers cited below. The methods 0. ./ /$./$ ' - "- ..$*) / #)$,0 . /* ..* $ / /# 1 -$ /$*) $) + *+ with the corresponding variation in other factors that we measure in the data. These may be individual or household characteristics (such as age, education and family type) or area-level characteristics (such as industrial composition, healthcare provision and employer based policies towards disabled people). Using regressions, the influence of a given factor can be quantified and isolated from other factors. We can then disentangle the DEG into those components explained by each factor and a remaining component that is unexplained by any *! /# ! /*-. 2 (.0- • .$)" /# 3+' $) ! /*-., 2) *)./-0 .) -$*.• /* ./ '$.# 2# / 2*0' # ++) ¢*- 2*0' # 1 # ++) £ $ had been different.

The decompositions are adapted to the specific issues investigated in each chapter. In Chapter 4, we focus on how much of the DEG can be explained by differences in the education of disabled and non-

3 Profiling the Disability Employment Gap

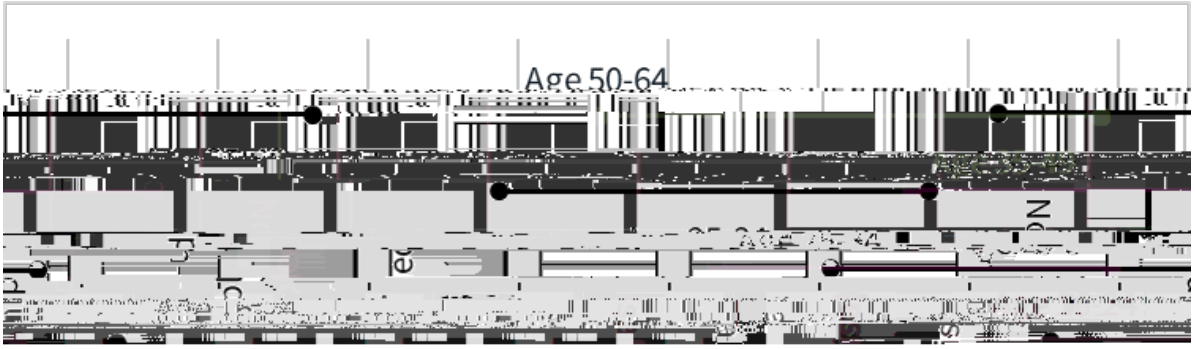
Over four fifths (81.3%) of non-disabled people of working age were employed in 2019. This compares to just over half (53.1%) of disabled people. Thus, the overall DEG in the UK that year was 28.2 pp. As shown in

Figure 3.2 - DEG by severity of impairment and type of health condition, 2019



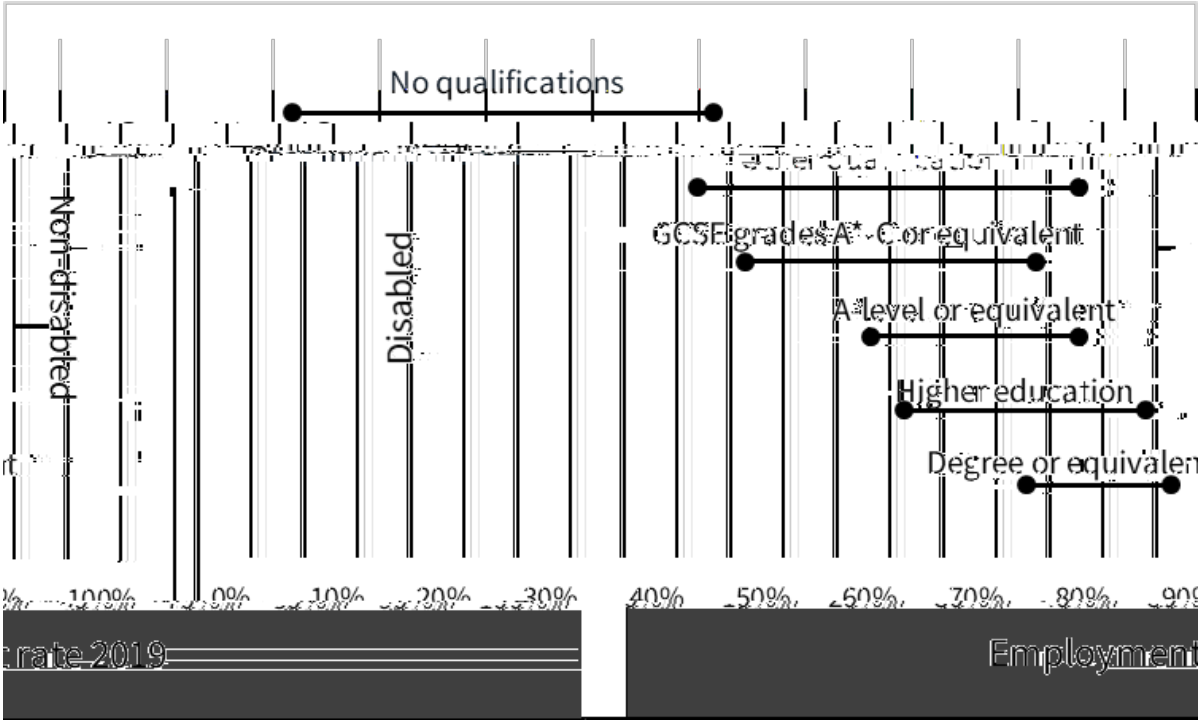
There is also a lot of variation in the DEG by age and sex. As shown in Figure 3.3, the DEG is wider for males (32.8pp) than for females (25.3pp). This is due to the non-disabled males having much higher employment rates than non-disabled females, while the employment rates for disabled males and females are broadly similar. The DEG is also wider for older people (33.3pp for the 50-64 age group compared to 17.0pp for the 16-24 age group).

Figure 3.3 - DEG by age and sex



The DEG is much wider among people with lower levels of education, ranging from 39.6pp for those with no qualifications to just 13.6pp for those with a degree level qualification (see Figure 3.4). In Chapter4, we assess the extent to which improving the educational outcomes of disabled people would help to reduce the overall DEG.

Figure 3.4 - DEG by highest qualification



There is substantial variation in the DEG across the UK. Figure 3.5 shows that, among the four countries of the UK, Northern Ireland has the largest DEG (43.8pp) while England has the smallest DEG (27.0pp). In Chapter 5, we explore variation in the DEG at a more local level and consider the factors that may be affecting these spatial inequalities.

Figure 3.6 - Employment rates by disability

4 The role of education in the DEG

We explore the extent to which differences in education explain the DEG. We break down how much of the DEG in 2019 is due to education, how much is due to other observed

Our analysis focuses on two main research questions:

1. If the educational divide were to be eliminated entirely, without changing anything else, by how much would the DEG be reduced?
2. How do the remaining structural gaps in employment vary across different qualification levels?

people into employment[2] and the need to recognise that employment is not appropriate for all disabled people.

4.1 Data sample descriptives

Our data consists of 30,007 disabled people and 104,096 non-disabled people from the 2019 APS, aged between the ages of 25 and 64. Table 4.1 shows summary statistics for key variables. Notably, the most common qualification level for both disabled and non-disabled people is degree (or higher degree), although as mentioned above, the proportion with a degree is significantly greater for non-disabled people (38.8% compared to 23.7% for disabled people). Moreover, non-disabled people are much less likely to have no qualifications than disabled people (6.3% compared to 16.6%).

Table 4.1 - Summary statistics for variables used in analysis of education and employment

	Non-disabled people	Disabled people (%)
Employed	86	53
Degree level	38.8	23.7
Level 4+ vocational	7.8	7.4
AS/A levels	7.2	6.1
Level 3 vocational	9.6	9.9
Apprenticeship	3.3	3.6
GCSEs grade A-C	14.2	16.0
Level 2 vocational	4.8	6.9
GCSEs grade D-G	2.2	3.1
Level 1 vocational	0.4	0.8
Other	5.5	5.9
No qualifications	6.3	16.6

2 A government target to get one million more disabled people into work by 2027 (Department for Work and Pensions & Department of Health, 2017) was achieved early. However, an earlier commitme-5 (-5.7 (4-2.7 (eJ 0. (e)-2 (pa)-6.4 (r)-2 (t)-3.6 (m)3.6 (e

Female	51.5	59.0
Age 25-34	23.2	15.6
Age 35-49	38.9	31.6
Age 50-64	38.0	52.8
White	88.0	90.5
Mixed / multiple ethnicity	0.9	

between disabled and non-disabled people were to be eliminated,[3] the DEG would be reduced by 12% (holding all else constant).

We can further break down the education component to see how much of the DEG is explained by each of the education levels we consider (Figure 4.2). Out of the eleven education levels shown in Figure 4.1, two stand out as the main drivers, namely having a degree and having no qualifications.[4] Together they account for a difference in employment rates of 3.9pp.

The size of the structural component suggests that eliminating structural barriers to employment would have a much greater impact on the DEG than improving the education levels of disabled people. The factors that make up this structural component are complex and include anything that causes disabled people to behave or be treated differently in the labour market, such that their chances of employment are reduc5 (w)1 41 (G)1 (is)3 9.5 splh(d)-1 ave e(o)6 th b(es)3 al tonlr(en)1 is(et)2(s)3 cr (s)96 ((p3)6(g)8 (t)12 (es)3 (n

Figure 4.2 - Breakdown of the overall DEG

We find that wider structural gaps exist for people with lower levels of educational attainment, ranging from 12.3pp for people with degrees to 32.2pp for people with no qualifications. This means that higher education mitigates some of the barriers to employment that disabled people face. It also suggests that eliminating structural barriers for a disabled person with no qualifications would have a much larger impact on the DEG than eliminating structural barriers for a disabled person with a degree. However, looking at the sample as a whole, the greatest impact on reducing the DEG would be achieved by focusing on eliminating barriers for disabled people with a degree because of the sheer number of disabled people with a degree relative to those with other qualifications (see Table 4.1). More specifically, the structural gap among people with a degree accounts for over a quarter of the overall structural gap of 4.1pp. A further 19% of the structural gap is attributable to those with GCSEs grade C as their highest qualification and 11% is attributable to those with no qualifications.

Taken together, if the proportion of e8n4)-1 (e)ce <</MCI-7 (o)-2 (q(mE/MCI-7)]TJ 06)-2 (ie <</MCI02

eliminated for these individuals, then the DEG would have been 6.8pp smaller. Alternatively, if the proportion of disabled people with no qualifications matched that of non-disabled people, and structural barriers were entirely eliminated for this group, then the DEG would have been 3.9pp naand

educational parity would have a greater effect on the female DEG (16%) than the male DEG (9%). For both sexes, reducing the number of disabled people with no qualifications and

We now turn to the separate DEGs for people with mental and physical health conditions

Nevertheless, although the preference-based DEG is smaller than the overall DEG, a gap still exists (16.6pp), demonstrating that, even among those who state that they want to work, disabled people are still significantly less likely to be employed.

An alternative way to differentiate people who are close to the labour market from those who are more detached is to observe how long ago they last worked. If we remove everyone who left their last job more than 12 months ago (or have never workArtifacTe(d)-1 . ())-a8.9 (6ed1)-1 .w -37.

4.5 Concluding remarks

Our results suggest that a significant proportion of the DEG can be explained by inequalities in educational attainment between disabled and non-disabled people. If disabled people could achieve the same qualification levels as non-disabled people, this could reduce the DEG by up to 12%, an effect that would be greater for females than males, and greater for younger people than older people.

However, there is also a large unexplained component, with our analysis revealing that the employment penalty for having no qualifications is much higher for disabled people and we suggest several possible reasons for this. First, as disabled people tend to face more barriers in education, those who do attain a good education may have other qualities leading them to be particularly employable, such as motivation and resilience or strong support from family and

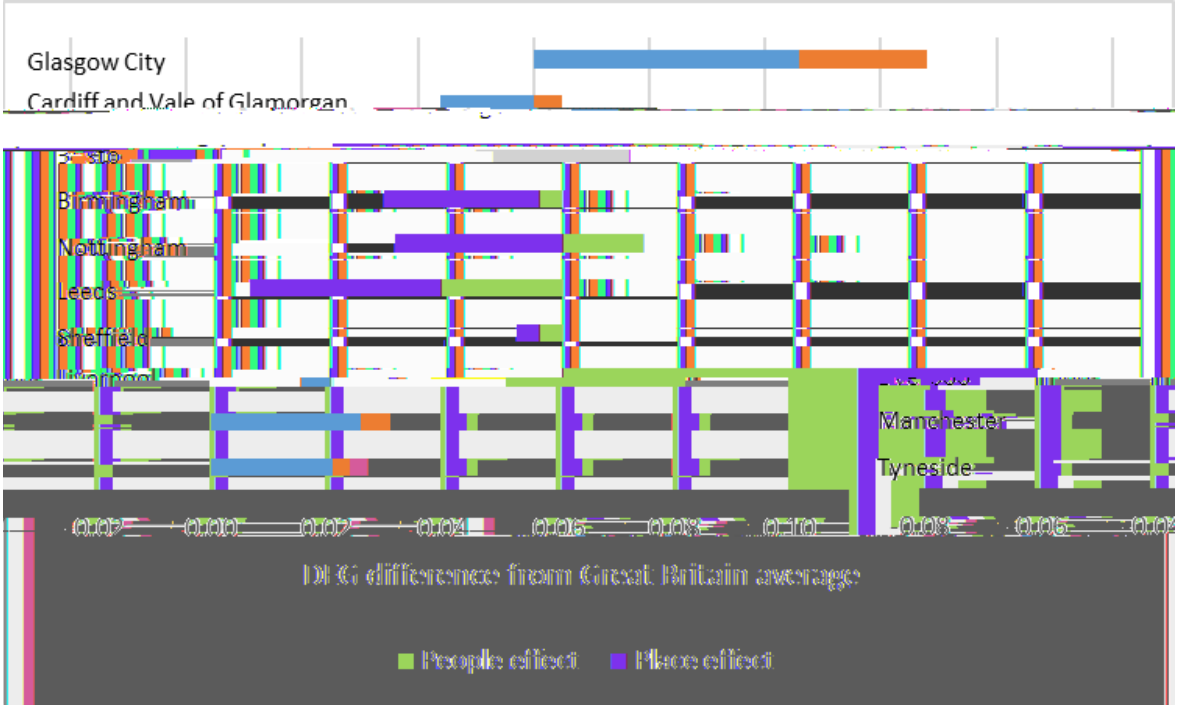
5 The geography of the DEG

An important feature of the DEG is that there is substantial variation across the country. Over the period 2014-2019, the DEG was 31.5pp in Great Britain as a whole but ranged from 6.9pp in Buckinghamshire to 42.5pp in North Lanarkshire. The map in Figure 5.1 illustrates this geographic variation; areas that have a higher than average DEG (red on the map), are concentrated in Scotland, Wales and the north of England while areas that have a lower than average DEG (green on the map), are concentrated in the south of England.

Figure 5.2

Meanwhile, Nottingham would have an above average DEG based on its population but actually has a below average DEG due to strongly favourable place effects.

Figure 5.3 - Breakdown of the DEG in core cities



5.3 Explaining the place effects

The next step in the analysis is to use area-level data to explain the place effects (orange components in Figure 5.3). To do this, we identify factors found in the literature to affect the employment prospects of disabled people and combine data from a wide range of sources to measure these factors at ITL3 level. These factors can be categorised as relating to labour demand, labour supply and policy. The factors we include are:[9]

[9] See Appendix B for data sources and variable specifications

6 Unpacking trends in the DEG

The last decade has seen some dramatic changes in the working age population of the UK. Worsening health and an increase in the prevalence of disability have put pressure on the UK workforce. Despite this, employment rates have continued to rise (as seen in Chapter 3), and yet increasing levels of economic inactivity in the years since the pandemic are now a cause for concern.

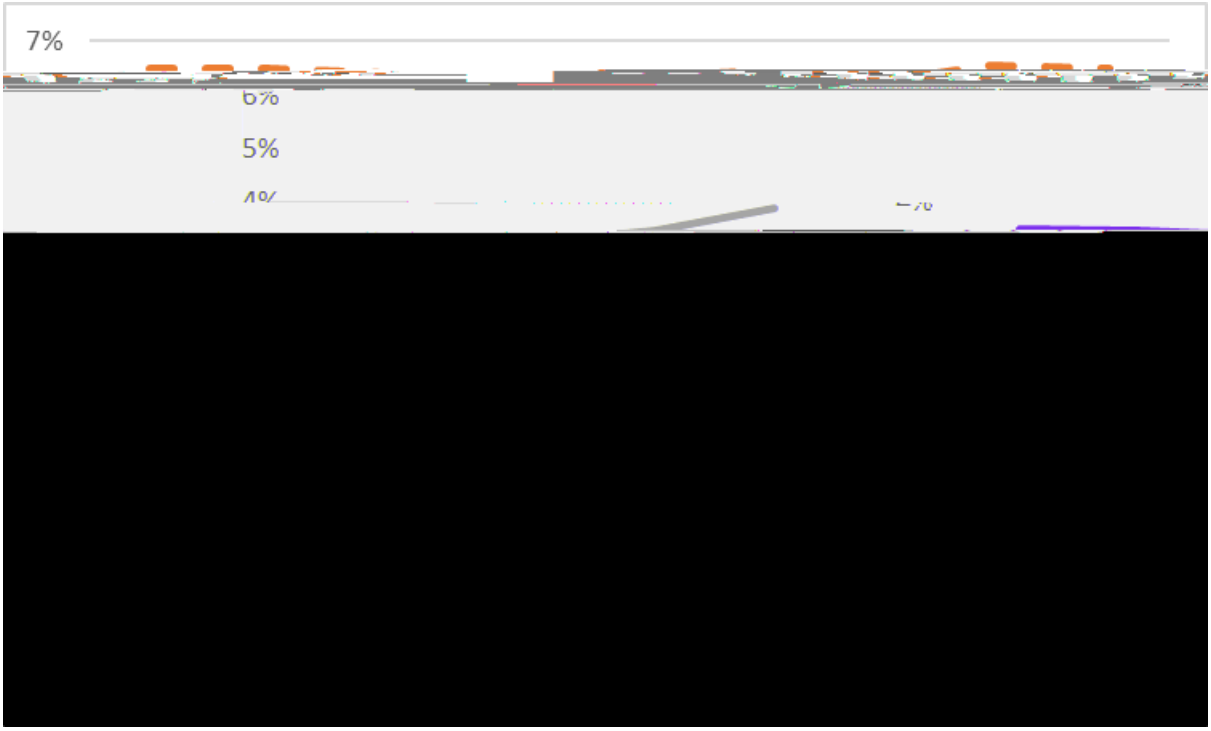
Against this background, we unpack the trends in disability and employment since 2014. We initially look at the employment rates of disabled and non-disabled people separately, before bringing them together to explore trends in the DEG, and then finally consider the overall employment rate. We particularly examine the changing composition of disability, and notably the shift towards less severe mental health conditions. It is known that disability increased the most among employed people (McCurdy, 2022) and there have been suggestions that greater reporting of less severe health issues inflates the measured employment rate of disabled people (Wass and Jones, 2020). To investigate this possibility we use the information in the APS on 13 separate health conditions and their severity to project what would have happened had the composition of health conditions not changed. We also assess the contribution of other factors by including a set of socio-demographic characteristics (notably education as in Chapter 4) known to affect employment.

While our analysis covers the full period 2014-2022, we should acknowledge concerns about the quality of the LFS data (on employment) since the start of the pandemic (2020 in our data). The issues relate to declining response rates (39% in 2019, falling to only 17% in 2024), with steeper falls among some demographic groups, and uncertainties in the population data used for weighting (Corlett and Slaughter, 2024). While the ONS is working on improvements,

at this point we can si

impairment involving a mental health condition only has more than doubled in the last ten years from 1.3% in 2014 to 3.0% in 2022. There has also been a substantial increase in the prevalence of more severe impairment due to mental health conditions only, from 1.0% to 1.8%. By contrast, the prevalence of disability due to physical health conditions has remained largely unchanged, although it is still the case that many more people are disabled due to physical health conditions than mental health conditions. However, the last decade has seen a rise in the number of disabled people reporting both physical and mental health conditions indicating that comorbidity is becoming a growing problem in the working age population.

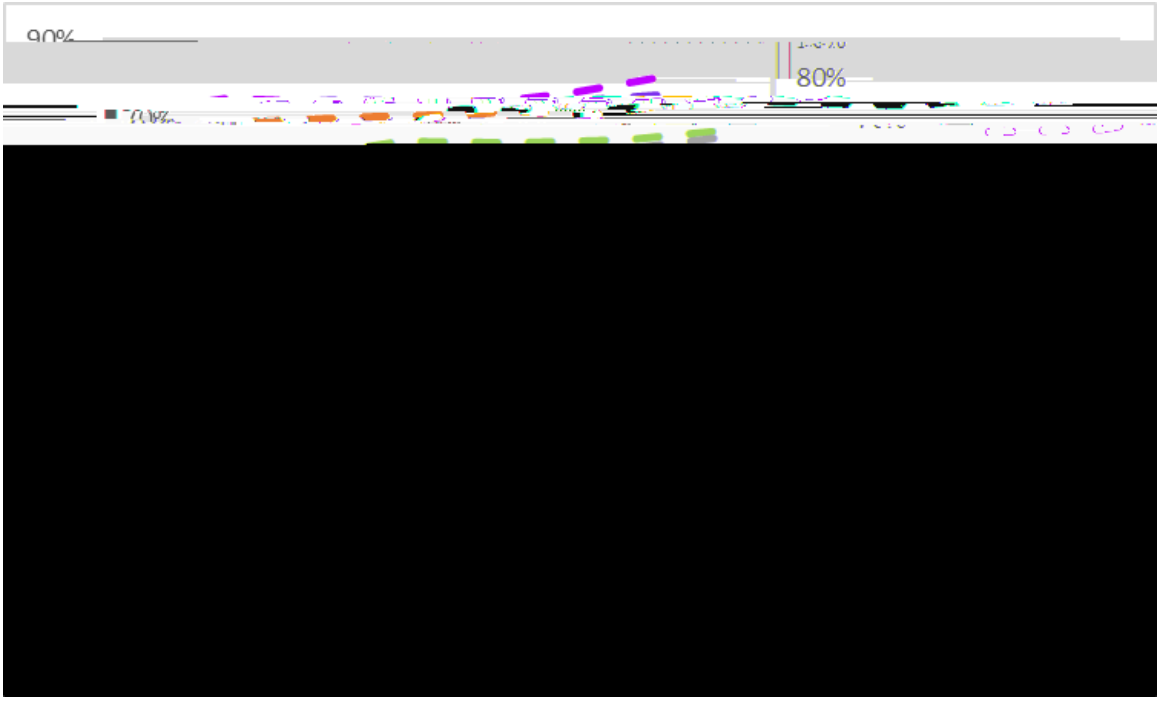
Figure 6.2 - Disability prevalence by severity of impairment and health condition (percentage of working age population)



Disability prevalence varies by age and sex: not surprisingly, older people are more likely to be disabled than younger people, but also females are more likely to be disabled than males. Moreover, these gaps have changed over time and Figure 6.3 shows the most striking aspect of these changes, among people with a less severe impairment and a mental health condition only. Younger people (particularly females) are most likely to be in this category and have

conditions (at the same severity). For people with both types of condition, the limiting factor is mental health. Thus the employment rate for those with both a mental and physical health condition (less severe) is similar to the rate for those with a less severe mental health condition only (48.6% in 2014 rising to 66.3% in 2022). As we will see below, the lower employment rates for mental health (combined with higher employment rates for less severe conditions) can help disentangle the effects of the changing composition of disability on the overall employment rate.

Figure 6.4 - Employment rates by severity of impairment and health condition

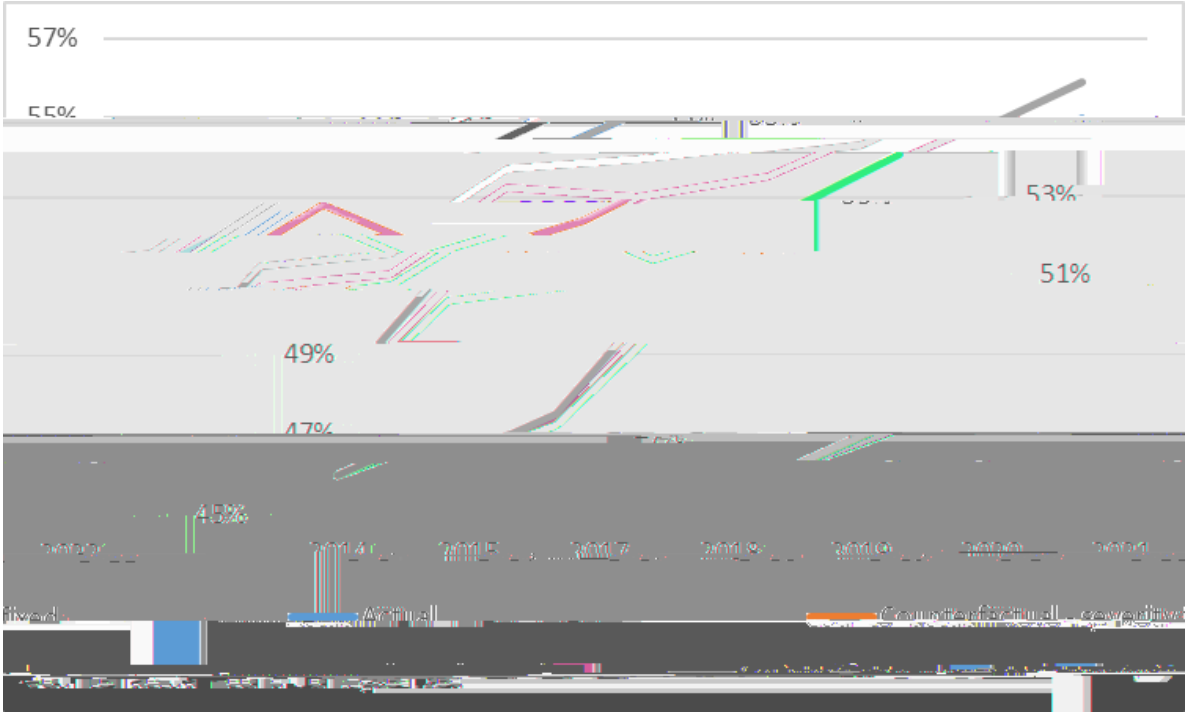


6.3 Unpacking the trends in the employment rates

Using a set of regression models that explain employment based on health conditions and severity, and a set of other key sociodemographic characteristics, we now unpack the employment trends further. This involves making projections (called counterfactual scenarios)

The negligible contribution of health to the increasing employment of disabled people may appear puzzling given the increasing prevalence of less severe mental health disability noted above. However, we can decompose the health effects further. The orange line in Figure 6.6 shows that the employment rate of disabled people would have been 0.9 pp lower in 2022 had the proportion of disabled people with more severe impairments remained unchanged at 2014 levels instead of falling (while allowing the distribution of health conditions between physical and mental health to change in line with actual proportions). However, if the distribution of health conditions was held at 2014 levels but severity was allowed to fall as it did, this would have resulted in the employment rate of disabled people increasing by a further 0.9 pp (the grey line). There are thus two opposing effects: declining severity, which raises employment, and increased prevalence of mental health conditions, which lowers employment compared with physical health conditions. The two effects cancel each other out resulting in no overall health effect on the employment rate of disabled people.

Figure 6.6 - Employment rate of disabled people: Breakdown of the health effect



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Returning to Figure6.5, we see that changes in education explain much of this growth. If average education levels of disabled people remained at 2014 levels, the employment rate would only have reached 52% in 2022 (the yellow line) compared with its actual level of 56% (the blue line) In other words, about 2.8pp of the 9.0pp growth in the employment rate of disabled people between 2014 and 2022 can be attributed to education. The rest is not explained by changes in any other of the characteristics of the disabled population (the orange line, which almost coincides with the yellow one).

Before moving to assess the overall effect on the DEG, we must also consider the effects of health, education and other characteristics on the employment rate of non-disabled people. A similar exercise to above shows that again changes in health have muted effect. In this case, however, this is due to the vast majority of non-disabled people being classified as having no health problems in each year. In the counterfactual where education is fixed at 2014 levels, the employment rate of non-disabled people would have been 0.9pp lower in 2022, only a third of the difference observed for disabled people.

To help understand the contribution of education to employment rates, Figure 6.7 illustrates how the working age population in the UK has become more educated as younger cohorts leave full time education with higher qualifications on average than their older counterparts. Both disabled and non-disabled people are more likely to have a degree in 2022 than in (h)77017-0.0

Figure 6.7 - Education levels by disability (percentage of working age population)

6.4 Unpacking the trends in the DEG

By putting all these counterfactuals together, we can estimate what the DEG would have looked like under different scenarios. Figure 6.8 confirms that while rising education levels

lower the employment rate would have been had there been no improvement in education levels (the yellow line).

Figure 6.9 - Overall employment rate: Counterfactual trends

6.6 Conclusion

The trends in disability and employment seen over the last decade may at first sight seem difficult to reconcile. There has been a sharp rise in disability prevalence but this has paradoxically been accompanied by increased employment, among both disabled and non disabled people, together with a shrinkage of the DEG. The suggestion that the upward trend in disabled people• . (+ ' * 4 (is) an artefact of more people identifying as disabled due to mild mental health conditions is not borne out by the data. While more disabled people are

Overall, therefore, changing health has not affected the employment of disabled people (or, less surprisingly, non-disabled people). As a result, the narrowing in the DEG cannot be attributed to the changing health composition of the population. Instead, education emerges as the key factor behind rising employment, especially of disabled people, and a fall in the DEG.

But while changes to health have not affected the separate employment rates of disabled and non-disabled people, they have played an important role in limiting overall employment growth in the UK, particularly since the start of the pandemic. Without the deterioration in population health, we estimate that the employment rate in 2022 would have been 1.3 pp higher than prepandemic, instead of remaining roughly the same. Without the expansion of education, the 2022 employment rate would have fallen back to 2017 levels.

7 Implications for policy

Despite some reduction in the DEG over the past decade, it remains stubbornly high overall) $. #$"# - ./$'' $) .*(Œ' !/ #$) • '* ' - .• While our analysis has not ev policies, we can identify the following priorities for policy and relate them to specific proposals from recent policy research (notably McCurdy and Murphy, 2024; and Phillips, 2024)

1. There should be long-term goal to eliminate the educational disparities between disabled and non-disabled people. Our estimates suggest this could close the DEG by 12%. It appears that improved education is already helping to close the DEG, explaining a third of the reduction since 2014 but there is much more to be done

2. The immediate focus should be on making sure all adults have some qualifications. The DEG is largest for people with no qualifications, eliminating this educational deficit could close the DEG by 6%. Since 2015, all young people in England must continue to participate in education until age 18. While this does not guarantee that everybody leaves full time education with a qualification, over time it should reduce the number of working age adults in this position and limit the intersectional disadvantage of being disabled and having no qualifications. However, significant extra support will almost certainly be needed given the very low pass rates among students retaking their failed English and maths GCSEs (McCurdy and Murphy, 2024). Further targeted investment will also be required to enable disabled people to attain higher level qualifications at the same rate as non-disabled people. Initiatives such as the Lifetime Skills Guarantee (offering funded Level 3 qualifications) can help but it is not sufficient simply to expand the supply of education and training to create opportunities for disabled people to study; many disabled students at the margins will need additional support to achieve these qualifications, relative to the support required by existing student caseloads.

For young people up to age 52, the support offered by local authorities through Education, Health and Care Plans should be strengthened.

3. Structural barriers, evident via the DEGs that exist among people with the same education levels, remain a significant challenge. As we have outlined, there are a number of reasons for these structural barriers, which call for specific policies to address discrimination and other demand-side factors. Given the evidence that some existing policies have not been effe

health disability is preventing overall employment from exceeding its pre-pandemic levels. Tackling emerging mental health problems among young people is key, for example by addressing the under-provision of Mental Health Support Teams in FE colleges (McCurdy and Murphy, 2024).

5. At the local level, policies to reduce spatial inequalities are also potential tools to narrow the DEG. Attracting high value investment in the knowledge sector (IT, finance, professional services and education) to left behind areas in Scotland, Wales and the north of England could help to boost the employment prospects of disabled people to a greater extent than their non-disabled counterparts, even if this employment is not concentrated in the most high-skilled occupations.

6. Policies to promote investment need to be accompanied by bespoke interventions that target the specific local barriers to disabled + * + ' • . (+ ' * 4. (Recent proposals to empower local leaders to develop work, health and skills plans offer a way forward, here although there are already some existing examples, such as Working Well in Manchester, Working Win in South Yorkshire and The into Work in the West Midlands (Phillips, 2024).[11] As part of the 2024 Budget, the government announced the Connect to Work supported employment programme for disabled people, which local authorities will be able to tailor to local needs.[12]

11

8 Conclusion

There is long standing interest in the UK in improving the employment opportunities of disabled people. In 2017, the previous UK government set a target to get one million more disabled people into work by 2027 (Department for Work and Pensions & Department of Health, 2017). The fact this target was achieved in 2022 might be taken as evidence of rapid progress.[13]

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Measuring the changing nature of community over time and geography. Onward.

Appendix A - Membership of Advisory Group

Stephen Aldridge	Ministry of Housing, Communities & Local Governme

Appendix B

disability employment gap in the UK, but we also classified papers we deemed to be important for the project in other ways. For example, papers that addressed disability measurement issues. We included both quantitative and qualitative evidence from all countries, as well as theoretical and methodological papers. We grouped factors into four broad categories: supply side, demand side, policy, and other.

After classifying the literature from Econlit, we carried out a similar search of the Scopus database. Each team member was responsible for selecting and classifying a share of the search results based on titles and abstracts. The starting point was the Econlit classification but we added categories to the list of factors as needed, given the broader range of literature in Scopus.

Finally, as a team, we combined the Econlit and Scopus literature and refined the classification. Our final literature catalogue included 755 publications and 42 factors relevant for explaining the DEG. There are: 14 supply side factors e.g. age, education, preferences; 15 demanif07e ani (e a)-1

Studies), think tanks (e.g. the Resolution Foundation and Demos), and local government (e.g. Greater Manchester Combined Authority).

Appendix E- Taxonomy of factors affecting the DEG

The following typology of factors was derived from the literature review described in Appendix D.

SUPPLY
Age
Gender/sex
Ethnicity
Household composition/effects
Education
Experience/skills/training
Health/health shocks
Income/wealth/socio-economic status
Childhood experiences/family background
Preferences
Availability of healthcare
Family support/social networks
Heterogeneity of disability
Occupation type

POLICY
Employer subsidies/incentives
Disability insurance/benefits
Strictness of screening (in the benefits system)
National disability discrimination policy
Employment quotas
Active labour market policies

Appendix F – Classification of health conditions in APS

Description of condition	Mental or physical? (see Munford et al. 2016)
Problems or disabilities (including arthritis or rheumatism) connected with arms or hands	Physical
Problems or disabilities (including arthritis or rheumatism) connected withlegs or feet	Physical
Problems or disabilities (including arthritis or rheumatism) connected with back or neck	Physical
Difficulty in seeing (while wearing spectacles and contact lenses	Physical
Difficulty in hearing	[redacted]
A speech impediment	[redacted]
[redacted]	[redacted]
Chest or breathing problems, asthma, bronchitis	[redacted]
[redacted]	[redacted]