8 The disabled unemployed

The concept of special labour market disadvantage has been used quite widely in recent years to refer to those groups who experience more and/or longer unemployment than the average. Older workers are one such group, though it was not until the last decade that the disadvantage of age attracted any special measures and then only of a strictly limited nature. One group for whose labour market disadvantage a policy was developed was the unemployed who were disabled. But it relied heavily on parallel policies which ensured low levels of general unemployment and therefore high labour demand. When general unemployment rose, the weaknesses in the policy for the disabled unemployed were exposed.

The pre-war years
The pre-war social security arrangements made a clear distinction between those regarded as wholly incapacitated for work – in which case the Poor Law/Public Assistance or National Health Insurance would provide – and those whose disabilities were partial and who therefore had residual working capacity. Within this second category, there were three groups for whom some special provision was made.

Two of these were uncomfortably placed on the boundaries of the disability and unemployment provisions. In the case of war pensioners, their pensions were directly related to the severity of their disability and not to income. The assumption was that a partially disabled pensioner would be able to work and the pension would either supplement a wage that was below normal level because of the disability or would simply act as compensation for the hurt suffered. This seemed a legitimate arrangement as long as work was available but proved a difficulty at the time of the depression because some war
pensioners could neither get work nor support themselves on their pensions. The Blanesburgh Report (in 1927) noted that this group had particular difficulty in qualifying for Unemployment Insurance, because this required at least a minimum number of contributions while in work. The Unemployment Insurance authorities were sympathetic, but reluctant to modify their rules for a minority group, while the Ministry of Pensions (which was responsible for war pensions) did not want to make changes to the structure of pensions. This gap in war pension provision was not filled until 1943, in the middle of another war, when an Unemployability Supplement was introduced, payable when the equivalent civilian benefit was not available.

A similar situation arose under Workmen’s Compensation. This provided that a man or woman totally disabled from work due to industrial injury or illness, would receive half their average weekly wage prior to the injury up to a maximum fixed from time to time. Provision for partial incapacity took the form of an allowance fixed in relation to the wages earned prior to the industrial injury and the average amount the worker was able to earn after the accident. This could be commuted for a lump sum payment. Either way, the payment was likely to be inadequate if the worker was unemployed and had no insurance entitlement. No solution – other than means tested supplementation – was found for this until 1948 when a new improved Industrial Injuries Scheme was introduced.

The third group which attracted some attention was the blind. The main provision – from 1920 – was to permit blind persons to qualify for means tested old age pensions at the age of 50 rather than 70 years. In 1938, the qualifying age was reduced to 40 years. The assumption was that blindness after that age severely limited the possibility of training or re-training for employment and the most convenient way of meeting this problem administratively was to regard the older blind as prematurely retired. Young blind persons might qualify for local government assistance for training or through supplementation of low wages earned in blind workshops or in home employment.

Apart from these groups, disabled people with residual working capacity were expected to cope in the labour market or claim Unemployment Insurance. If they were not eligible for the latter, then they would be given Unemployment Assistance if they were regarded as potentially employable or Public Assistance if they were not.
The disabled unemployed and the post-war reforms

The disabled unemployed did not get a great deal out of the new post-war social security arrangements. Several improvements were embodied in the new Industrial Injuries Scheme. This now adopted the war pension approach to its new Disablement Benefit, that is, the level of weekly benefit would depend on the percentage of disability which resulted from injury at work. This would be paid whether or not the injured worker returned to employment and regardless of other income, since it was compensation for the injury rather than income replacement. In addition a Special Hardship Allowance was introduced to supplement wages which were lower than had been previously earned because of the industrial injury and an Unemployability Supplement would be available for an injured worker who was unemployed but did not have insurance rights. Also, in the post war years, war pensioners were given the equivalent of the Special Hardship Allowance, in the form of a Lower Standard of Occupation Allowance.

But on Beveridge’s recommendation, the right of the blind to obtain an old age pension prior to normal retirement age was withdrawn. Beveridge did comment on the need to consider a partial incapacity pension for the blind. He noted that:

Blindness may not prevent earning wholly and should not be treated on the assumption that it means total loss of earning power. Some kind of provision for partial incapacity is required.3

He made no specific recommendation, however, and the idea was not taken up in subsequent legislation.

The blind, from 1948 on, were to be treated in the same way as other disabled unemployed, who in turn were to be treated like all other unemployed. If they were not sufficiently disabled to qualify for a benefit for incapacity for work, and if they had paid contributions, they would receive Unemployment Benefit. If this ran out before a job was secured, they could receive means tested National Assistance. Those disabled before they could pay any or sufficient contributions relied on National Assistance throughout.

There was, however specific legislation which was intended to give disabled people access to employment opportunities. A committee on the rehabilitation and resettlement of disabled persons (the Tomlinson Committee) reported in 1943 on ways in which,
through energetic policies, the majority of disabled people could be ensured employment. It wrote:

In a highly industrialised country such as Britain, the number of separate occupations is so large and their demand on physical activity so varied, that it is possible to find an occupation within the physical capacity of all save a minority of the disabled. This does not mean that the problem is easy of solution; it means only that disablement need not be a bar to economic employment.4

On this basis, it was not necessary to make special social security provision on the assumption that disabled people would have difficulty in finding employment. Instead the Disabled Persons (Employment) Act (with a Northern Ireland equivalent) was enacted in 1944. It provided for the voluntary registration of disabled people. The most severely disabled would be placed in sheltered employment. Those capable of open employment would be assisted by specially appointed Disablement Rehabilitation Officers (DROs) and if necessary by a period in an Industrial Rehabilitation Unit – later renamed Employment Rehabilitation Centres. In addition, and this was seen as a key provision, every employer of 20 or more employees was required to employ at least three per cent of workers who were registered as disabled. This became known as the Quota Scheme. Those who chose not to register would be expected to compete in the labour market in the normal way.

**The period of high employment**

The twenty years of high employment that followed the war ought to have been an ideal period for the kind of programme envisaged by the Tomlinson Report, and to an extent it was. But it remained the case throughout that, being in poor physical or mental health, of limited intelligence or having a physical disability, increased the chances of figuring among the unemployment statistics, and, in particular, among the longer term unemployed who were dependent on National Assistance. A study undertaken by the Ministry of Labour in 1962 of a sample of all unemployed found that a quarter of them would be difficult to place in employment because of their physical condition or mental instability. The only other group which came near to this in proportional size was the 15 per cent who were difficult to place because they were over 55 years of age.5
For many of the disabled group, unemployment was prolonged. Almost every year from 1951 to 1965 the Annual Reports of the National Assistance Board (NAB) commented on their presence on benefit. They formed, the Board reported, the vast majority of those on benefit for six months or more. Some were registered as disabled, and many who were not, ‘were suffering from some disability which greatly reduced their prospects of regular work’.6 Others had been off work with fairly lengthy illnesses and were now recovered, but had not found work.

Towards the end of the 1950s, the NAB began to adopt a more active policy towards this group. It was not convinced that all of them needed to be unemployed in a period when jobs were available. A large proportion had low skills or had been classified by the Ministry of Labour as only fit for light work, but the NAB felt that ‘the longer they remain unemployed the greater is the tendency for them to accept such a life as a normal condition’.7 The Board therefore instituted a programme of medical reviews after the individual had been on benefit for six months. Some ceased to claim benefit before the date of the medical, including those who would have found work in this period anyway, and some were found fit to work and found employment soon after. Others, not registered as disabled, agreed to be registered in the hopes of facilitating employment, some were referred for employment rehabilitation and a proportion were found incapable of any work and reclassified as long term sick.8

In the 1960s, classification as unemployed or sick involved no change in income one way or another. However, being regarded as long term sick meant a removal of pressure to seek employment and of the requirement to register and show availability for work.

The effect of increased unemployment
Official figures for unemployment rates among disabled people have usually been restricted to the registered disabled. These are people who fulfilled the definition of disabled under the 1944 Act – that is someone who:

on account of injury, disease or congenital deformity, is substantially handicapped in obtaining or keeping employment, or in undertaking work on his own account of a kind which apart from that injury, disease or deformity would be suited to his age, experience and qualifications.
It was also necessary to show that the disablement would last for 12 months or more and that, though handicapped for employment, there was nevertheless a reasonable prospect of obtaining and keeping some form of employment, including sheltered employment.

Table 8.1 Rate of unemployment among the registered disabled, compared with the general unemployment rate. Selected years 1970-81. Great Britain

<table>
<thead>
<tr>
<th></th>
<th>Registered disabled</th>
<th>General rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>11.3</td>
<td>2.5</td>
</tr>
<tr>
<td>1975</td>
<td>12.0</td>
<td>4.1</td>
</tr>
<tr>
<td>1977(1)</td>
<td>14.0</td>
<td>6.3</td>
</tr>
<tr>
<td>1979(2)</td>
<td>13.3</td>
<td>6.0</td>
</tr>
<tr>
<td>1980(3)</td>
<td>13.0</td>
<td>6.2</td>
</tr>
<tr>
<td>1981(4)</td>
<td>16.0</td>
<td>10.3</td>
</tr>
</tbody>
</table>

1. October
2. January
3. September, rough figure
4. April


By restricting the unemployment figures to the registered disabled, there was a reasonable basis for the count, but it excluded persons who were registrable (in the view of Disablement Resettlement Officers (DROs)) but who preferred not to register. It also excluded people with lesser handicaps who might nevertheless be disadvantaged in the competition for employment when unemployment was high, and like all the unemployment figures, tended to under count married women. Thus the official figures could be regarded only as the minimum level of unemployment affected by disability.

Early figures have not been published, but the Manpower Services Commission (MSC) estimated in 1979 that from 1965, the unemployment rate for registered disabled people varied between 2 1/2 and 5 times the general unemployment rate. Table 8.1 shows the
rate in selected years from 1970. Annual figures are not always available. Instead there are month by month figures.

The fact that these minimum figures were so high suggested that the total problem of disabled unemployment was even more severe. It also has to be noted that the closing of the gap between the disabled and the general rate in the early 1980s was more the effect of large scale general unemployment than any relative improvement in the job opportunities of disabled people.

In addition to these high point in time figures, the disabled unemployed experienced another problem, a longer duration of unemployment than was generally the case. In 1979, for example, the MSC reported that while 24 per cent of all unemployed had been out of work for a year or longer, 60 per cent of registered disabled unemployed were among the long term unemployed.9 This higher figure was still persisting in 1981, when the median duration of unemployment for non-disabled unemployed was 25 weeks, but for the disabled, excluding those classified as awaiting sheltered employment, it was 50 weeks.10

To some extent, the lengthy duration of unemployment was a problem of age, that is, it affected those 55 years and over most severely. Even in this case, the position of the disabled older worker was worse than that of other older workers. Among the unemployed generally, 14.1 per cent were 55 and over in October 1981, whereas 27.3 per cent of the disabled unemployed were in this age group. Median unemployment duration for the over 55s who were not disabled was 40 weeks while the median duration for the disabled of this age group was 68 weeks.11

Table 8.2 Registered Disabled Unemployed (RDU) and Unregistered Disabled Unemployed (UDU) May, 1978-81. Great Britain

<table>
<thead>
<tr>
<th>Year</th>
<th>Open Employment RDU</th>
<th>Open Employment UDU</th>
<th>Sheltered Employment RDU</th>
<th>Sheltered Employment UDU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>59,749</td>
<td>67,870</td>
<td>9,828</td>
<td>3,988</td>
</tr>
<tr>
<td>1979</td>
<td>53,298</td>
<td>68,404</td>
<td>8,503</td>
<td>3,751</td>
</tr>
<tr>
<td>1980</td>
<td>52,661</td>
<td>77,917</td>
<td>7,891</td>
<td>3,688</td>
</tr>
<tr>
<td>1981</td>
<td>68,391</td>
<td>113,492</td>
<td>7,429</td>
<td>4,337</td>
</tr>
</tbody>
</table>

Source: Department of Employment Gazette, July 1978, 79, 80
From 1978 to 1981 figures for the unregistered disabled unemployed began to be published alongside those who were registered. These are shown in Table 8.2. This still did not provide a total of all disabled people who were unemployed because some did not contact the DRO, and thus get assessed as registrable, and others were less severely disabled than would warrant this assessment. Nevertheless, the figures did offer a fuller picture of those out of work.

The special employment measures for the disabled unemployed

As Chapter 7 showed, few programmes were developed to improve the employment opportunities of older workers. This has not been the case for disabled people. In 1976, the MSC took over the full responsibility for the special provisions for disabled people and in the next couple of years added to these. By 1978 there was a battery of measures in place – the Quota Scheme, access to employment rehabilitation, special consideration in the allocation of training places on TOPS courses, the attention of Disablement Resettlement Officers, financial support for sheltered employment, as well as a number of other special schemes. These last included grants for special aids for employment (tools and equipment); payments to employers to enable them to adapt their premises in order to recruit or retain a disabled person; fares to work for those who could not use public transport; a limited scheme to assist in setting up a business and a Job Introduction Scheme which paid a subsidy for six weeks to an employer taking on a disabled person.

In 1978, the MSC reviewed these programmes and declared that its ‘future strategy must be to help as far as possible to reduce the high rate of unemployment among disabled people and to reverse the present trend for increasing numbers of disabled people to become long term unemployed’. But it also issued a warning about the future. Judgements would have to be made about ‘how much of the available resources should be channelled towards disabled job seekers and how much they must concentrate on meeting general employment and training needs...’

By 1979, the MSC was already having doubts about one element of the package of special measures. The Quota Scheme was restricted to registered disabled people and the numbers registering had declined over the years. Apart from eligibility for the quota, there was no need to register because the DROs were prepared to give equal attention to

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unemployed people they regarded as registrable. This group were also given access to the range of special schemes. Some disabled people disliked the label ‘disabled’ for personal reasons, while others saw it as an impediment to employment. As long as they were not registered, they were free to present themselves to employers as they thought fit. Moreover, the quota itself was of declining value. In 1961, employers complied with the scheme to the full 3 per cent required. By 1978, employer compliance had fallen to 1.7 per cent.14 The MSC, indeed, pointed out that, with the decline in registrations, full compliance could not exceed the 2.1 per cent mark, even if the almost 495,000 then on the register were given work. By 1981, there had been a further decline in the register – to 460,000 – with a possible rate of 1.9 per cent for the quota. The actual rate by then was 1.5 per cent.15

In 1981, faced with high general unemployment, the MSC undertook another review of its programmes for the disabled unemployed. As Table 8.2 indicated, their numbers were increasing. But the report of the MSC review showed that the numbers benefiting from the special programmes were not large. In 1980/1 some 775 aids were issued under the Special Aids to Employment Scheme, 80 grants were made for the adaptation of premises, 240 people received fares to work, 11 grants were made to assist self-employment and 1,100 people were placed in employment though the Job Introduction Scheme, 60-70 per cent of whom retained their jobs at the end of the trial period.16

In the same period, some 4,100 disabled people completed training under either TOPS or the Youth Opportunities Programme, about 35 per cent of whom were in employment three months later. A larger number, 14,400, had been though employment rehabilitation and three months later 15 per cent were in employment and 15 per cent in further training.17 Of those eligible for assistance by DROs, an analysis in 1981 showed that 40 per cent had not seen a DRO or one of their assistants for a period of six months and 65 per cent had not been submitted for a job at any time during the past two years.18

The review found that three times as much resources were being expended on the job placement of disabled people as on the unemployed in general.19 Given the continued growth in unemployment and pressure to cut expenditure, the MSC ’s main concern now was how to get the best out of more limited resources and how to encourage employers to open up job opportunities to
disabled people. A new Fit for Work campaign was launched and a Code of Practice for employers published. A vain attempt was made to get rid of the Quota Scheme altogether, on the grounds that it could not be effectively operated either voluntarily or compulsorily. This idea was withdrawn because it aroused so much opposition, but no serious attempt was made to enforce the quota. A decision was taken, mainly on practical grounds, to expand sheltered employment only to a modest extent. High general unemployment and public expenditure cuts also meant a reduced market for the goods produced in sheltered work.

Within the MSC based services, the policy was to concentrate specialist provisions (for example, DRO time) on the more severely disabled. The MSC took the view that the whole service for the disabled unemployed would be reduced in effectiveness if it was spread too thinly. For the less disabled, there were to be efforts to ensure they received adequate attention from the mainstream services.20

The disabled unemployed and benefits
This brief description of the services for disabled unemployed people forms the context in which their benefit provision can be discussed. For the majority of the disabled unemployed, the benefit provision, and the rules under which it operates, was no different from that applying to all other unemployed people. Unemployment Benefit was available for those who met the requirements, supplemented by or followed by Supplementary Benefit where need was shown. This would be at the short term rate as long as the individual was classified as unemployed.

The effect of this was to apply to disabled unemployed – with their additional labour market disadvantages – the same policy of low benefits as a means of inducing an early return to work, which was thought appropriate for unemployed people without these disadvantages. There were however, two elements in the policy which could ease the situation. First were the extra SB allowances which could be claimed for heating and, where a need could be shown, for special diets and high laundry costs, as well as a small extra weekly allowance which was payable to blind people. Second were the lump sum Single Payments which could be claimed for special expenditure which could not be covered out of the weekly allowances. In both of
these cases, it was not necessary to be classified formally as a disabled person, so that those on SB as unemployed people were also eligible.

In addition, the claiming process for the more severely disabled person could be modified for both Unemployment Benefit and Supplementary Benefit. Normally the unemployed individual must sign on for either UB or Supplementary Benefit each fortnight to show availability for work. A disabled person who had difficulty in travelling could be permitted to claim by post. Someone who had been signing on fortnightly, had been out of work and receiving benefit for a year, and was handicapped in search for work by mental or physical disability, could be permitted to sign on quarterly. If the handicap was severe, the requirement to sign on could be waived altogether on the recommendation of a DRO. If this occurred, the individual might become eligible for the long term SB rate after 12 months on benefit, and the period of quarterly signing could be counted as part of the waiting time.

There was, as before, a certain amount of movement between benefits for unemployment and provision for those incapacitated for work. An individual might be reclassified as sick/disabled rather than unemployed. In this case, an entitlement to Invalidity Benefit might be established or a claim, sooner or later, to the long term SB Rate. However, this process could also operate in reverse.

Individuals on Sickness or Invalidity Benefit might be reclassified as fit for work – and therefore unemployed if no job was available – after examination by a Regional Medical Officer (RMO). This change of status could be made even where the RMO’s finding was that the claimant was ‘fit within limits’, i.e. capable of certain types of employment only, and even where no such work of this kind was available in the area. The change of status could then involve a drop in social security income from the long term benefits – Invalidity Benefit and the long term rate of Supplementary Benefit – to the short-term SB rate available to an unemployed person.

To some extent, as unemployment rose, it might be expected that there would be a greater propensity to reclassify an unemployed disabled person as unfit for work. But according to the Disability Alliance in 1980 it was receiving an increasing number of reports of disabled people being reclassified as unemployed.21 The Disability Alliance estimated that in 1981 between 30,000 and 80,000 claimants lost the right to Invalidity Benefit and that the procedures which determined the benefit rights were deficient in themselves and were,
in any case, based on rules unsuited to a period of high unemployment – for example the ‘fit within limits’ rule referred to above. Government, for its part, insisted that no change in policy had taken place.

One of the issues this raised was the need to get away from the sharp distinction between capacity to work and incapacity to work. But provision for partial incapacity could be found only in the War Pensions and Industrial Injuries Schemes. It will be recalled that Beveridge in 1942 had pointed out the desirability of considering a benefit for partial incapacity in the main scheme. This had never been taken up, but the idea was revived in the early 1980s. Reports from the Economist Intelligence Unit (EIU) on behalf of the Multiple Sclerosis Society and from the Social Security Advisory Committee put forward various options for the implementation of such a benefit. Some of these were geared to those with severe disabilities, but others would have included those with less serious conditions, but which nevertheless were a barrier to employment. The government acknowledged the need for a benefit of this kind, but took no immediate action.

**Being disabled and unemployed in 1985**

Disabled people in the labour market in 1985 had a higher rate of unemployment, a longer duration of unemployment and a greater likelihood of forming part of the long term unemployed than the average worker. As a result, the deficiencies in provision for the unemployed and, in particular, for the long term unemployed, fell particularly heavily upon them. This had always been the case, but the persistence of high unemployment had worsened their position in the labour market and raised many questions, not least about the suitability of a work incentive-based policy, relying on low benefit payments to spur a return to work, when applied to those with additional labour market disadvantages.

In 1978, the DHSS review of Supplementary Benefits, in recommending that the unemployed be given entitlement to the long term rate on the same basis as other non-pensioners, drew particular attention to the fact that many of those concerned had low skills or some disability and were ‘often the claimants experiencing the greatest hardship’. Similar concerns were expressed by the Social Security Advisory Committee in its first report in which it endorsed comments by its predecessors, the SBCs of both Great Britain and Northern
Ireland, who had drawn particular attention to those unemployed who were in poor health or partially disabled. However, except for those men who were 60 years and over, to whom the long term rate was extended, and the earlier age of eligibility for disabled people in the Job Release Scheme, the government in 1985 was offering no improvement in policies for the disabled unemployed.

References
11. Ibid., pp.10 and 15.
13. Ibid.
17. Ibid., pp.29 and 33.
18. Ibid., p.21.
19. Ibid., p.35.