

# ENSURING DISABILITY WORKFORCE REPORTING DRIVES ACTION

CBI response to the government's consultation on disability workforce reporting.

## Businesses want to attract and retain more people with disabilities

### Building an inclusive economy and a healthier nation makes moral and business sense

Employers want to make workplaces more inclusive to attract and retain more people with disabilities. They want to ensure that employees with disabilities feel supported and have the opportunity to progress and thrive in the workplace.

An inclusive economy and a healthier nation are key components of the CBI's economic vision, *Seize the Moment*, which sets out concrete prizes to reach for to help UK business and our people to prosper. The UK has an opportunity to reset the economy and build a more prosperous society where all talent is able to progress, and businesses are a vital part of that.

The moral and business case for creating more inclusive workplaces is watertight. Advancing diversity and inclusion in the workplace isn't just the right thing to do, it also makes economic and business sense. Estimates suggest that the UK economy could benefit from a £260 million boost if the proportion of disabled people in employment increased by 1%.<sup>1</sup> By investing in inclusion, businesses are primed to unlock talent, problem solving and creativity. And doing so will allow them to design and deliver products and services that represent the customers and communities they serve.

Employers understand that diverse workforces and inclusive workplaces are better at harnessing the skills and talents of a wider pool of people, which leads to higher employee satisfaction, more innovation, better understanding of customer preferences and greater productivity.<sup>2</sup> With widespread labour and skills shortages affecting numerous sectors and productivity growth stagnant for a decade, companies know that embedding diversity and inclusion into the business strategy is a major tool at their disposal to overcome these challenges. Getting diversity and inclusion right also creates a great competitive advantage for businesses. Companies that embrace good practices for employing and supporting more people with disabilities in their workforce outperform their peers on income and profit.<sup>3</sup>

Businesses have an important role to play in supporting employee health too. The COVID-19 pandemic has brought the health of the nation into sharper focus. Research finds that since the onset of COVID-19, 46% of employers have reported an increase in efforts to support workforce health.<sup>4</sup>

All businesses can benefit from an increased focus on health, with a strong correlation between health and job satisfaction, which in turn drives better business performance. Companies with the greatest focus on health benefit from up to 3.5% higher returns to

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<sup>1</sup> DWP, 2017, Improving Lives: The Future of Work, Health and Disability

<sup>2</sup> McKinsey and Company, 2020, Diversity Wins: How inclusion matters

<sup>3</sup> Accenture, AAPD and Disability: IN, 2018, Getting to Equal: the disability inclusion advantage

<sup>4</sup> CBI/McKinsey, 2021

shareholders, while businesses that are more health conscious have a better understanding of their workforce and what they can do to support their employees' health needs.<sup>5</sup>

## **If done well, disability workforce reporting can be a powerful mechanism to drive inclusion**

### **Businesses want to report the proportion of the workforce who identify as disabled**

Employers support the introduction of mandatory disability workforce reporting. This is because employers believe that disability workforce reporting done well could be a useful transparency mechanism that could create accountability for businesses. Although few employers publish the disability workforce data that they collect externally, they think that reporting this data could help to create accountability for businesses who need to do more to support employees with disabilities. If an employer asks their employees to disclose their disabilities, this is likely to create an employee expectation that the employer will then take actions to remove barriers to disability inclusion. It is likely that employees will want to know what employers plan to use the data for, how their data will be protected and how disclosing will benefit them.

The CBI believes that collecting and reporting the proportion of their workforce who identify as disabled will raise awareness among businesses about the importance of supporting employees with disabilities in the workplace. It will give them a clearer idea of how many people in the business identify as disabled, increasing the level of awareness of employee long term health issues and disabilities.

Collecting and publishing the proportion of the workforce that identifies as disabled is how employers think reporting will drive greater action. This is because they think that disability workforce reporting will help to create an evidence base for action. Reporting will provide employers with quantitative information that they could use to complement an action plan, outlining how they can better support disabled colleagues. For example, some large employers we spoke to said that collecting data on the proportion of employees who identify as disabled made it easier for them to identify where extra investment in the workplace environment was needed. For one particular firm, collecting disability workforce data helped them to identify that a significant proportion of their workforce had experienced hearing loss. This allowed them to make the business case for investment in organisation wide changes which would support these individuals.

### **Employees should have the choice to identify as disabled to be consistent with the inclusive cultures businesses aspire to build**

Successful implementation of disability workforce reporting will require a framework which allows employees to identify themselves as disabled. Due to societal stigma surrounding disability status, the definition of disability is sometimes contested. A dissonance exists between how some individuals identify themselves and how the law defines disability. It is wholly appropriate for the Equality Act to offer a definition that is as broad as possible, to ensure maximum protection to the greatest number of people. This can mean however, that not everyone who qualifies as disabled under the Equality Act identifies as disabled. Members told us that some of their employees who are neurodiverse and would qualify as disabled under the Equality Act, do not identify as disabled themselves.

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<sup>5</sup> CBI/McKinsey, 2021

To take account of the societal stigma surrounding disability status, businesses that are already collecting data on disability use the self-identification methodology. Although awareness of the voluntary disability reporting framework is low, businesses use a similar, if not identical, methodology for data collection. Employers, therefore, favour the self-identification reporting methodology outlined in the voluntary disability workforce reporting framework. To gather this data employers use HR systems and processes via self-service forms. Employers also use engagement surveys to collect this information, which are accompanied by extensive internal campaigns to explain why employees are being asked to disclose and how the data will be used.

Using the self-identification methodology for disability aligns with the approach taken by businesses for collecting data on all other questions relating to an individual's identity. To remain consistent with existing methods that have proved successful, employers want employees to have the choice to identify as disabled if mandatory disability workforce reporting were introduced.

Businesses recognise that low disclosure rates can be a barrier to meaningful data collection, and they are keen to take steps to improve them. Data in relation to disability within the workforce is difficult to obtain, not least because there is still stigma around disclosing a disability at work. Much like ethnicity reporting, disclosing a disability is an individual decision and there is no obligation for employees to do so. But there are steps businesses can and want to take to build employee confidence to disclose disabilities via self-service forms and engagement surveys at work to increase the information they have.

Communicating with employees about how their data will be stored and used, as well as what actions will be taken as a result, are important steps businesses are taking to improve disclosure rates. Businesses say that building up disclosure requires a concerted effort to encourage employees to share their data. Businesses we spoke to described running annual campaigns to boost disclosure via engagement surveys. Government will need to provide employers with sufficient time to drive up disclosure rates before requiring them to report.

### **Government must not implement a reporting mechanism that is divisive in the workplace and that could cause an employee relations problem**

During engagement for this consultation, employers stressed that the current methodology used by government would not be the appropriate one for them to use. The methodology used by the Government Statistical Service asks individuals to disclose their physical or mental health conditions or illnesses lasting or expected to last 12 months or more. The Government Statistical Service then uses this information to report the percentage of disabled people in the labour market.

Being required to identify employees as disabled based on conditions they disclose is not a methodology that employers would be able to use to collect disability workforce data as it would go against the culture of inclusion and trust that they are trying to build. Businesses believe that government should not require employers to collect disability workforce data in the way that government does it, as this would mean the employer identifying an employee as disabled who may not identify as disabled themselves. This could be detrimental to employee relations and go against the culture of disclosure and transparency that employers want to maintain and improve. Businesses told us that they want to create inclusive cultures built on trust, and part of this involves employees feeling like they can bring their full self to work and disclose with confidence. Improving voluntary employee disclosure rates is a good indicator that employees trust their employer and an important part of building an inclusive culture.

**Recommendation 1: Disability workforce information should be collected on a self-identification basis by employers.**

**To help drive action, government should create a comparable statistic that allows firms to benchmark their figures**

At present, businesses and government use different methodologies to establish who has a disability. This means that businesses cannot compare their disability workforce figure to data currently produced by the Government Statistical Service because a different methodology is used to collect the information in the first place. Businesses collect their data based on the identity their employees disclose.

Businesses who complete disability workforce reporting would benefit from being able to benchmark the data they report. To enable benchmarking government should publish an average figure for the proportion of working age people with disabilities, produced by the same self-identification method. Employers want to benchmark and contextualise their own data with a comparable statistic, as ultimately this will drive action by allowing them to measure their progress, making reporting meaningful. Reporting is less likely to drive action if businesses cannot benchmark their progress and anchor their reporting figures to a comparable demographic statistic.

To allow employers to compare their workforce figures to a comparable average, employers will need a separate benchmark that is formulated on the same basis as the data collection methodology used by the voluntary reporting framework. The CBI believes that the government should produce a societal average for the proportion of working-age people with disabilities, produced by the same self-identification methodology.

**Recommendation 2: To help drive action government should provide a society wide statistic using the same methodology as the voluntary reporting framework, to produce a figure that businesses can benchmark themselves to.**

**Reporting is more likely to drive change if it is accompanied by mandatory narratives**

Once government has produced a figure which businesses can benchmark from, reporting is more likely to be effective if it is also accompanied by mandatory narratives. Reporting on the proportion of employees who identify as disabled is a starting point. But achieving more inclusive workplaces and better experiences and outcomes for employees with disabilities requires well developed policies and practices, which are informed by a dialogue with employees with lived experience.

Headline figures should be accompanied by mandatory narratives where businesses can outline the actions and initiatives they have implemented to improve the inclusion of disabled colleagues in the workplace. Narrative explanations provide the opportunity to contextualise workforce figures, as well as helping employers to take a holistic view of the impact of their inclusive practices on the recruitment, retention and progression of disabled people.

Employers want to publish narratives to highlight the actions they take and the policies they implement to improve inclusive recruitment practices and the experiences of employees with disabilities. Narratives are useful because they can be used to publish additional optional statistics and information about the policies and practices being implemented to improve inclusivity. They can also help to track year on year progress. For example, narratives could be used to demonstrate progress on inclusion by discussing the results of employee engagement surveys, disability workforce reporting disclosure rates and the time taken to provide workplace adjustments to employees.

Government should support employers to implement disability workforce reporting in consistent and effective ways by providing guidance on how to report and suggesting what information might be relevant to include in narratives and how to get started for those businesses new to the process.

**Recommendation 3: Government should require businesses to publish an accompanying narrative with their headline disability workforce reporting figure.**

**Recommendation 4: Government should produce guidance on what a good practice narrative could include.**

## **Disability workforce reporting is a major step towards greater transparency, but other levers should be pulled by government to improve inclusion**

Businesses think there are benefits to disability workforce reporting, but they also think that reporting alone won't make workplaces more inclusive for disabled people. Reporting will provide businesses with an important base line of data, but to ensure that employers are then supported to use this data to drive positive change, government should raise awareness of the Disability Confident Scheme to drive further action on disability inclusivity.

Addressing the disability employment gap will require action by government outside the workplace too. The root causes of societal inequalities are complex and action across a range of services within society, not just in the workplace will be necessary to help disabled individuals obtain, retain and progress within employment.