

Submission to Women and Equalities Select Committee

Older workers inquiry

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About this consultation

The Women and Equalities Select Committee is running this inquiry into older workers in order to examine the effectiveness of the Department for Work and Pensions Fuller Working Lives strategy, and the role of employers in supporting this agenda.

Key points and recommendations

- With State Pension age rising, ensuring enough support for people to work longer – particularly those in lower-skilled roles – should be a top priority across Government.
- We continue to support the aims of the Fuller Working Lives strategy, and believe it has been a good first step towards improving employment outcomes for older workers.
- There are, however, still significant barriers that prevent older workers taking a full part in the labour market:
 - Age discrimination is still rife, and more needs to be done to combat the negative stereotypes of older workers. Recruitment practices in particular should be improved and the implementation of the Equality Act should be re-examined to ensure employers do not discriminate.
 - Lack of guidance – we recommend a ‘Career MOT at 50’ to help people evaluate their future career and learning options.
 - Increasing numbers of people have caring responsibilities, many of whom need greater support.
 - Training options are often few and far between, but are essential if people are to work for longer. We recommend the Government focusses policy on improving engagement among older workers, whether through public or employer funded provision.
 - All jobs should be made ‘flexible by default’, with the employer having to proactively demonstrate why a job cannot be done flexibly. This should include making the right to request available from the first day in a job.
 - The Government should introduce a statutory right to at least five days of Carers’ Leave, plus an additional period of unpaid leave.
 - There is also gender inequality, with 50+ women more likely to work in lower skilled roles than 50+ men. This often means part-time work, which in turn leads to lower investment in skills, lower pensions, and less access to flexible working (part-time working is not necessarily flexible).
- There should be a review of Fuller Working Lives policy specifically for workers in lower-skilled roles. It is they who find it hardest to keep working, and will need the most support as the State Pension age rises further.
- Long-term unemployment is a particular problem and our analysis clearly shows that the Work Programme has not performed satisfactorily for the over 50s. We recommend

the Government reviews the Work and Health Programme to ensure it is more effective than its predecessor scheme.

- As the Government conducts its review of the abolition of the Default Retirement Age, it should carefully consider the challenges facing older workers in the labour market and consider how it can work with businesses to improve practice around discussions of the future of work. Any moves to re-instate 'protected conversations' should be resisted.
- We recommend that either this Committee or the Education Select Committee examines the impact of 24+ Advanced Learning Loans in more detail, as they appear to have had a negative impact on participation in Further Education.
- There is also currently an ongoing debate about job quality. It is important that the barriers facing older workers are also considered as part of this, as it is an issue that affects many workers and needs wider attention.
- There is little evidence that financial subsidies for employers are successful in boosting labour market participation, at least a macroeconomic level. We believe there are more cost-effective measures that can be used, and money is better spent on labour supply (i.e. training for individuals) rather than subsidising demand.

1. Introduction

1.1 This is a timely inquiry and Age UK is pleased the Committee is examining this subject in more detail.

1.2 Helping people stay in the workforce for longer is becoming an increasingly important issue, in particular with the rising State Pension age (SPA), which is scheduled to increase to 67 from 2026-28, and possibly to a higher age in future.

1.3 However, there are still significant barriers facing many older workers, often preventing people from remaining in or re-entering employment. Our response discusses many of these in more detail.

2. Inquiry questions

Q1 – Is the Fuller Working Lives strategy a comprehensive response to the issues identified in the Altmann Review?

Q2 – What progress has been made to date by the Government's employer-led approach, and what are its strengths and limitations?

- 2.1 The original Business Champion for Older Workers' report, 'A new vision for older workers', was a positive step forward and helped to mainstream the issues faced by older workers. It was themed around the 'three Rs' of retain, retrain, and recruit, an approach which Age UK fully supports.ⁱ
- 2.2 The predominant focus of the Fuller Working Lives (FWL) strategy is on the 'retain' aspect, working with employers to ensure they value and provide opportunities for their older workers to keep working. Overall it has been a sensible, pragmatic response, based on what is deliverable with a low budget. We believe it has been fairly successful in its aim of increasing awareness of and engagement in this agenda among the business community. We have noticed a clear increase in appetite among employers for information, growing interest in the opportunities of an older workforce and, more generally, greater recognition of age in itself as being a barrier to work.
- 2.3 We would also like to compliment the DWP on its evidence collection and analysis: the 'FWL evidence base' is an excellent addition to the sources of information available on this topic.
- 2.4 The strength of the employer-led approach has been to directly engage a number of employers in improving their HR policies and practices towards their 50+ workers, which can make a real difference in the short term within these businesses. Such engaged businesses can also facilitate the FWL agenda beyond their own organisation through their networks and supply chains, and more widely by spreading good practice across their sectors. This can create a virtuous circle of reinforcement, which may eventually lead to social norms about older workers being altered. This, however, takes time and sustained engagement, and there is still much work to do in order to achieve this.
- 2.5 The major weakness of this approach is the difficulty of reaching a critical mass of organisations. While we commend the DWP for its outreach work, there are approximately 1.3 million employers in the UKⁱⁱ and it is simply not possible to reach anything more than a tiny minority by this means. Many (although not all) engaged employers are large businesses, or those with a direct interest e.g. operating in sectors with an ageing workforce. Changing cultural norms across the labour market is essential, and we believe that wider promoting of this agenda is likely to be best served by embedding the issue in the debate around 'good work', making sure that measures to improve job quality for older workers are included within this discussion, including those set out below. Employers are more likely to recognise and engage with this rather than more nuanced issues.

2.6 The Government should also recognise that there are some situations where people approaching their SPA are not realistically going to get back to work, for example where the individual has a health condition, a caring responsibility or is long-term unemployed. A key part of any reforms to the SPA must be to extend financial support for those people, so for example anyone claiming Carers Allowance within three years of SPA is entitled to early access to their State Pension or a higher level of benefit. Without this safeguard, some vulnerable people will be forced into a cycle of low income with no prospect of getting work, lasting until they hit their SPA.

2.7 It is also worth noting that the Scottish Government have been taking some steps to promote improvements in this area. They appointed a Cabinet Secretary with responsibility for “Fair Work”, supported by officials within a Fair Work, Employability and Skills directorate. They established an independent Fair Work Convention that developed a Fair Work Framework (see www.fairworkconvention.scot). One strand of the framework highlighted the opportunities not only for older people but also for organisations in having an age-diverse workforce, including a proportion of older workers. The Scottish Government then also committed in its Fairer Scotland Action Plan to “help those older people who want to keep working after they have reached state pension age.”

Q3 - What further steps should the Government consider in order to reduce barriers to later-life working?

2.8 With a rising State Pension age, it is important that there are sufficient statutory rights and support from employers to help keep people working. The following paragraphs look through some of the major barriers to older workers and suggest actions that might help.

Age discrimination

2.9 Age discrimination against older workers is still rife, in spite of it being illegal under the Equality Act 2010. The legislation was originally passed as the Employment Equality (age) Regulations 2006, so has had more than a decade to bed in, and it is disappointing that many employers continue to treat people differently because of they are older.

2.10 Ageism can manifest in several ways. We do still hear of instances of overt discrimination, for example one jobseeker contacted us saying she had been told “the law covers sex and race, but not age”, and another who said “I told them I was 62 they then said I was too old and they wouldn’t be able to find me any jobs. I told them I felt

this was discriminated against they said ok we'll take your details but we won't find you a job." However it is more common that ageism is very subtle, for example selecting older workers for redundancyⁱⁱⁱ, or takes place at a subconscious level, for example when a manager unthinkingly relies on a negative stereotype in making a decision.

2.11 Since the introduction of the 2006 regulations, there has been an impact on employer behaviour. The Government commissioned two Surveys of Employers' Policies Practices and Preferences Relating to Age – known as SEPPP1 (2006) and SEPPP2 (2010). An Age UK comparison of the two found there was some positive change leading to a reduction in advertised age-based job criteria (e.g. maximum recruitment ages), but more limited attitudinal changes, with older workers still often looked on unfavourably. The Default Retirement Age (DRA) was still in operation at this time and we believed this was acting as a drag on employer practice. Since being scrapped, and with other changes such as the FWL strategy and extension of the right to request flexible working, it is likely that employers' attitudes have improved further. We would welcome a third SEPPP survey to investigate this further, especially as the Department for Business, Energy and Industrial Strategy is currently reviewing the abolition of the DRA.

2.12 We also welcome the Supreme Court's decision to abolish Employment Tribunal fees. The fees were clearly restricting access to justice and reducing incentives for employers to comply with discrimination laws.

2.13 While we do not believe the age discrimination legislation needs to be changed at this point, there are measures that could make it tighter and improve compliance. For example, the early conciliation regime for employment disputes run by ACAS should be reviewed to ensure it operates in a balanced way that does not disadvantage employees. Also, (as discussed in Q4) age discrimination is most likely to occur in recruitment. The Government should look at how the FWL strategy can become more focussed on improving recruitment practice and breaking down the unconscious bias that often occurs against older job applicants.

2.14 The Government should also monitor case law emerging from the Tribunal system and courts, and seek to identify any emerging issues that may need legislative action.

Career MOT at 50

2.15 Age UK recently published a discussion paper exploring how a 'Career MOT at 50' could be created, building on the successful Mid Life Career Reviews that were piloted by the Business Department from 2013-15. Our paper aims to kick-start a discussion about how to ensure that people can remain work, as well as giving them a realistic

vision of how they can retire. To achieve the latter point, it also looks at ways in which a pension savings ‘nudge’ could be incorporated, which would allow people to ensure their saving is on-track.

2.16 We believe that this service should be offered to everyone at age 50, while there is still a considerable amount of working life ahead and it’s still worthwhile to retrain, and make a difference to pension saving levels. A similar intervention in someone’s late 50s or early 60s, as suggested by John Cridland in his review of the State Pension age, will be too late to help. The DWP should convene a stakeholder group to examine in detail how the MOT might work, including the pensions and careers advice industries.

Flexible working

2.17 If we are to meet the challenge of the ageing workforce, flexible working must become the norm, and be easy to access wherever required. Age UK has called for a system of ‘flexible by default’, where all jobs can be considered flexible unless the employer can demonstrate otherwise, which was previously supported by this Committee.

2.18 Older workers value flexibility for a variety of reasons – for example to deliver caring responsibilities, manage a health condition, or to wind down to retirement – and if people are to keep working for longer it is vital that more employers offer flexible working that genuinely meets the needs of their workforce, rather than just the employer’s convenience. If it does not serve the interests of the employee, then it cannot truly be considered flexible. Older workers’ views on flexibility are considered in more detail in our report ‘A means to many ends’, available on our website, which also makes a series of recommendations to Government and employers.^{iv}

2.19 Flexibility is more likely to be available to higher skilled, professional employees than to lower skilled, routine workers. This is likely to have a disproportionate impact on 50+ women who are more likely than men to work in lower-skilled roles.

2.20 Improving flexible working opportunities needs a combination of Government and employer action. As part of implementing a system of flexible by default, the Government should make the right to request flexibility start at ‘day one’ of employment, and should also explore whether an employer kite mark can be developed; employers need to consider how flexible working can operate most effectively for their employees within their business context, develop appropriate HR

policies, and train line managers, with a particular focus on low-skilled and routine employees.

Carers

- 2.21 Research we conducted for our report “Walking the tightrope”, available on our website,^v found that as little as five hours caring each week can impact a carer’s ability to stay in work, while more than ten hours has a marked negative effect. This illustrates the need to ensure that support from employers – underpinned by strong statutory rights – is available for people even with low level caring responsibilities
- 2.22 While carers may benefit from flexible working, there is more that can be done. We have argued for at least five days of paid emergency carers leave, with a longer period of subsequent unpaid leave; and to improve the support available for out-of-work carers, for example by better equipping JobCentre Plus Work Coaches to recognise the barriers to work that relate to caring.

Training

- 2.23 It is very important that people have the opportunity to re-train throughout their working lives, for example if they need to change careers due to a health condition. Over recent years, public expenditure on training and skills has declined and re-focussed on apprenticeships, to the exclusion of other options. This has led to reduced take-up of training by older workers, which is inconsistent with Government policies aimed at extending working lives.
- 2.24 Older workers do want to progress and learn new skills^{vi}. However often people do not take up the training that is on offer, largely because it does not meet their needs – training is often designed for younger people and older people appreciate learning in a different way, for example placing less emphasis on gaining formal qualifications.
- 2.25 We are concerned about the negative impact 24+ Advanced Learner Loans appear to have had on participation. In 2012/13, the year before they were introduced, there were 713,000 learners aged 45-59. By 2015/16 this has fallen to 467,000.^{vii} This has steepened the fall in participation - it is not clear why, but perhaps could be connected to older people being more averse to debt. We would like to see either this Committee or the Education Committee investigate their impact in more detail.

Q4 – What further steps need to be taken to reduce age discrimination in recruitment, and what evidence is there that an employer-led approach will be effective?

- 2.26 There are several ‘blind CV’ testing studies, which compare the success of older and younger applicants with the same backgrounds, which find older jobseekers to be disadvantaged. For example, a 2015 study by Anglia Ruskin University found that a 50 year old applicant was 4.2 times less likely to be offered an interview than a 28 year old. The difference was more pronounced for women who were 5.3 times less likely (for men the difference was 3.6 times). Perhaps most concerning, the study found no link between having an HR department or providing a written equalities policy.^{viii}
- 2.27 When out of work, older jobseekers suffer longer spells of unemployment than younger workers, with many dropping out of the labour market altogether rather than working again. Age UK believes reforms need to be made to back-to-work services to help tackle this (see Q5).
- 2.28 An employer-led approach plays an important role, for the same reasons as stated in paragraph 2.4. Age UK has worked with the Recruitment and Employment Confederation to produce a short ‘good practice’ guidance document for recruiters, which aims to strengthen this.^{ix} This aims to provide some accessible guidance for recruiting managers and agencies that can help improve their age-neutral recruitment techniques.
- 2.29 There is also a role for Government and other statutory bodies such as ACAS or the Equalities and Human Rights Commission to issue good practice guidance. Steering public perception of older workers away from the prevailing negative stereotypes is important, because
- 2.30 Finally, there needs to be more emphasis on helping applicants with application processes, particularly when they are online. Employers increasingly use online forms and technology that sifts through CVs searching for keywords or specific qualifications, which can hinder older applicants, especially if their IT skills are low. Employers need to do more to recognise the barriers that people face and help people through their (often one-size-fits-all) application processes.

Q5 – How successful are Government policies on re-training and re-entry likely to be in helping people stay in work or find new employment? Have relevant

recommendations on reforming Jobcentre Plus and welfare-to-work services been implemented?

2.31 Previous Government policies on helping older jobseekers back to work have largely been unsuccessful as demonstrated by our research into the Work Programme, summarised in paragraphs 2.32-2.34. However, since Jobcentre Plus launched Work Coaches and improved its individually-tailored regime there has not to our knowledge been a thorough investigation into the impact on Jobseekers Allowance claimants aged 50+. The Department for Work and Pensions should investigate this in detail, alongside the impact of Universal Credit on this group.

2.32 However, the DWP did recently publish an evaluation of older claimants (45+) volunteering to take part in the sector-based work academies and work experience programmes, finding that most people derived some benefit from doing so. The sector-based work academies programme was mostly successful with over half of participants moving into paid work at some point afterwards^x, although not necessarily sustainably.

2.33 Our own analysis has focussed on the Work Programme, with our most recent report being published in November 2016.^{xi} We found that the Work Programme has been less effective at helping the over 50s – especially the over 55s – than younger age groups. The over 55s are on average only about half as likely to find sustainable work through the programme as a typical participant aged under 55. This poor performance is directly related to the participant's age, rather than to other factors like health or disability.

2.34 We are concerned by the reduced budget available to providers under the Work and Health Programme. Many Work Programme providers failed to use their supply chain effectively to help their older clients, often due to budgetary constraints, and with a significantly reduced budget this is even less likely to happen, in spite of the obvious disadvantages.

2.35 Our report also made a series of recommendations that we believe will help older participants under the Work and Health Programme. The full list is in the report, but they include making changes to the payment structure and claimant journey for older jobseekers:

- The referral time for JSA claimants aged 55+ (who are particularly disadvantaged) should be reduced to six months. The evidence suggests early intervention would improve results significantly.
- Contractors should receive an extra payment for placing someone above this age in sustainable employment, regardless of their benefit background.

Q6 – Is there a place for employer incentives?

- 2.36 This is a good question. Employer financial incentives, which can take several forms such as a direct payment, a reduced National Insurance contributions linked to hiring or continuing to employ a particular group, or a training subsidy, seem superficially appealing. However, the evidence is far less clear cut, and on balance we conclude (somewhat regretfully) that there are more worthwhile avenues to pursue.
- 2.37 Most employer incentives used in the UK have been directed at younger people or small businesses. DWP qualitative research with employers on the impact of the Youth Contract found that employers were broadly positive, although it was still a minority who used the subsidy^{xii}. This did not, however, include any economic analysis, so we cannot adequately judge the effectiveness from this alone.
- 2.38 Generally, employers usually prioritise employing the ‘right person for the job’ rather than choosing someone who may appear ‘riskier’ using government subsidies.^{xiii}
- 2.39 Analysis of evidence relating specifically to older workers is limited. Age UK commissioned the Centre for Economic and Social Inclusion to do an analysis of long-term unemployment support, which although not examining wage incentives for older people directly found that “whilst ever a wage incentive is available for employers of 18-24 year olds it may act as a barrier to getting other groups into employment”.^{xiv}
- 2.40 There is also some evidence relating specifically to older workers in Finland and Belgium. The study concluded there was not a significant impact and the subsidies do not boost employment across the workforce as a whole, although there was some evidence of them helping prevent early retirement. Furthermore, there was a lot of deadweight cost, which suggests that they would not be the most cost-effective method of improving employment opportunities.^{xv}
- 2.41 Furthermore, an Institute for Public Policy Research report showed that although 67 per cent of employers recruit from among the long-term unemployed, only 13 per cent did so because of Government policy.^{xvi} There is similar evidence from a German study of subsidies across different groups.^{xvii}
- 2.42 There is also an apprenticeship grant for small employers taking on 16-24 year old apprentices, which can total up to £1,500. While we are unaware of any evaluation of this, it is possible that a grant that is directly targeted at a specific group could be effective if combined with employer engagement work.

2.43 The inverse of many of these financial incentives is the Apprenticeship Levy, as it penalises (large) employers who do not use apprentices. The impact on employer behaviour, in particular whether it affects the number of older apprentices.

2.44 A different type of non-financial 'incentive' such as a kite mark could also be considered. We believe there would be value in developing a kite mark for flexible working, which could advertise on a neutral basis that the employer welcomed requests for flexibility. However we are doubtful that a kite mark centred around 'age' alone would be helpful, as it could have the unintended consequence of reinforcing negative stereotypes of older workers.

How should Government and employers respond to and improve age diversity in the workforce? How could the prospects of older workers be improved in the context of the Taylor review of modern working practices?

2.45 A multi-faceted approach is needed. Many of the negative stereotypes are self-reinforcing, for example if an employer does not offer good quality training the older worker is less likely to take it. Improving age diversity should focus on overcoming stereotypes, with different approaches such as training managers.

2.46 It is also helpful if employers can create a positive, open culture. Some discussions can appear 'difficult' for the employer, for example many report not wanting to talk about future working plans with someone approaching SPA. The Government and its agencies need to help normalise these discussions and encourage employers to follow good practice. Any suggestions of a 'protected conversation' by business groups should be resisted.

2.47 The Taylor Review focussed on the so-called 'gig economy', but has wider implications for the debate about job quality. It is important that discussions about older workers are considered a core part of this discussion – this rarely happens at present.

Is the Government's approach addressing the different needs of women, carers, people with long-term health conditions and disabilities and BME groups among the older workforce?

2.48 Each of the groups identified in the question face specific challenges in working longer. The Government's approach considers some more strongly than others, and we would like to see specific outcomes monitored across all disadvantaged groups.

ⁱ Age UK has also suggested adding the '3 Ps' to supplement the '3 Rs': Psychological (e.g. organisational culture and the day-to-day working environment); Practical (e.g. how the organisation develops and implements HR policies, and aligns the skills and experience – as well as the aspirations – of its 50+ employees with its organisational objectives); Personal (e.g. ensuring that people have 'good' jobs, which will help people work longer).

ⁱⁱ House of Commons Library Briefing Paper Number 06152, Business statistics, 23 November 2016

ⁱⁱⁱ Age UK analysis of the redundancy figures (2013) – older workers are more likely to be made redundant and have lower rates of subsequent re-employment.

^{iv} [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_sept12_a_means_to_many_ends_older_workers_experiences_of_flexible_working.pdf)

[communities/rb_sept12_a_means_to_many_ends_older_workers_experiences_of_flexible_working.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_sept12_a_means_to_many_ends_older_workers_experiences_of_flexible_working.pdf)

^v https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_july16_walking_the_tightrope.pdf

^{vi} Institute for Employment Studies (2017), Fulfilling work: what do older workers value about work and why?, Centre for Ageing Better

^{vii} FE data service, participation in FE and skills statistics

^{viii} Drydakis N (2015), Measuring age discrimination in the UK, Lord Ashcroft International Business School, Anglia Ruskin University.

^{ix} https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_15_age_opportunity_best_practice_guide_for_recruiters.pdf

^x DWP (2017), Sector-based work academies and work experience trials for older claimants, RR938

^{xi} Age UK (2016), Helping older jobseekers back to work: lessons for the Work and Health Programme, available at https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/active-communities/rb_nov16_work_and_health_programme.pdf

^{xii} DWP (2014) Evaluation of the youth contract wage incentive, wave 2 research

^{xiii} See for example, Snape, D. (1998). Recruiting Long-Term Unemployed People, DWP Research Report No. 76; or for comparable research see the CIPD and Resolution Foundation report 'Weighing up the wage floor: employer responses to the National Living Wage (2016), which finds that employers would not prioritise younger people simply because their wages would be lower.

^{xiv} Centre for Economic And Social Inclusion (2014), Employment support for unemployed older people https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/active-communities/crs_june14_employment_support_for_unemployed_older_people.pdf

^{xv} Bookman B (2015), The effects of wage subsidies for older workers, IZA

^{xvi} IPPR (2015), European employers' perspectives on long-term unemployment, recruitment and public employment services

^{xvii} Schunemann, Lechner, Wunsch (2013), Do Long-Term Unemployed Workers Benefit from Targeted Wage Subsidies? <http://onlinelibrary.wiley.com/doi/10.1111/geer.12040/full>, German Economic Review