National Assembly for Wales

Enterprise and Business Committee

Employment opportunities for older people

Evidence from Age Cymru – EOP 02

1. Introduction

1.1 Age Cymru is the leading national charity working to improve the lives of all older people in Wales. We believe older people should be able to lead healthy and fulfilled lives, have adequate income, access to high quality services and the opportunity to shape their own future. We seek to provide a strong voice for all older people in Wales and to raise awareness of the issues of importance to them.

2. Context

2.1 We are pleased to respond to the Enterprise and Business Committee's inquiry into employment opportunities for older people. This is an important topic which has major implications for the financial wellbeing of older people and future pensioner poverty levels.

2.2 More people are working for longer than ever before. For some this is through choice, while for others a combination of economic factors and policies such as the raising of the State Pension Age mean that continuing to work is a financial imperative. Following the abolition of the default retirement age in 2011, employees can no longer be forced to retire just because they turn 65.

2.3 Nevertheless, remaining in work or finding new employment once considered 'older' is still a significant challenge for many people. Despite being illegal under the Equality Act 2010, age discrimination is still rife and older workers – typically those aged 50 and over – still face barriers in accessing work and training.

2.4 An ageing population may bring challenges but it is also a notable success and a significant opportunity. To fully grasp this opportunity we must put aside outdated assumptions and recognise the skills and value that older people bring as employees and contributors to wider society and to the economy.

2.5 Older workers may also need to think differently about work and their own retirement aspirations than they would have done in the past. This might include consideration of their motivation to continue in work and where their skills could best be used. Because individual motivation will vary, the same roles, salaries and training or re-training opportunities will not be appropriate for everyone. Employers and governments should resist focusing on generic working practices or development programmes, such as assuming older employees will need to improve their I.T. skills.

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3. Employment and unemployment rates

3.1 Because of a combination of factors more people are continuing to work in older age with just under 1.1 million people currently working past this age in the UK.[1] In Wales, 53,000 people aged 65 and over are currently employed, an increase of 14% over the year to March 2014. Just over 9% of this age group is in employment in Wales.[2]

3.2 Over recent months the employment rate in the UK has increased significantly to the highest level since early 2005. However, over the same period the unemployment rate for men aged 50 and over fell by several percentage points less than for men in younger age groups and the number of unemployed women aged 50 and over was largely unchanged.[3] This suggests particular difficulties in finding work for these groups and for older women in particular, though the gradual increase in female State Pension Age may also be having an effect.

3.3 People aged 50 and over also tend to be unemployed for longer than other age groups. Data on the number of people claiming Job Seekers Allowance (JSA) in Wales (the 'Claimant Count') shows that 41% of people in this age group have been claiming for more than 12 months, compared to 34% of those aged 25-49 and 18.5% or people 18-24.[4] The average spell of unemployment for someone aged 50-59 lasts 3.4 months longer than for someone aged 18-24, and 2.1 months longer than for a 35-49 year old.[5]

3.4 The reasons for this are individual and varied. They include ageism among employers, outdated qualifications, and for some people a lack of IT skills or declining self-confidence. For the country this is a waste of skills, and for the individual it is often devastating in relation to personal finances, health and self-esteem.

4. Employment support

4.1 Part of the picture is that older jobseekers often find they are unable to access adequate back-to-work support. Until recently, older unemployed people have not been seen as a priority group for support and Jobcentre Plus advisers have lacked knowledge of the specific issues facing older workers, for example how to minimise the effects of age discrimination or help with online job searching. However there are now indications that the DWP is broadening its focus and putting more emphasis on older workers. For example, in Blaenau Gwent Job centre Plus has been working with older people as part of an 'entrenched worklessness' programme.

4.2 Nevertheless figures show that the Work Programme, the UK Government's main back-to-work scheme for the long-term unemployed is failing older job-seekers. The proportion of people that are supported into sustained jobs by Work Programme providers generally declines with age, but drops steeply between the 45-49 age group and the 50-54 age group. This group has fewer successful job outcomes than younger workers, with the over

[1] Office for National Statistics, Labour market statistics August 2014
[2] Office for National Statistics, Regional Labour Market Statistical Bulletin, August 2014
[3] Office for National Statistics, Labour market statistics August 2014
[4] Office for National Statistics, Regional Labour Market Statistical Bulletin, August 2014
[5] Economic & Labour Market Review (2010), Explaining exits from unemployment in the UK, 2006-9

50s in Wales experiencing 6.5% success rates compared to 11% for the whole population and 15% amongst the 18 – 24s.[6]

4.3 This disparity is the case across the UK as a whole, and overall older participants' rates would have to improve by over 90% in order to match the under 55s average.[7] The data does not suggest that the low performance is caused by higher incidence of disability or particular health conditions among older people, and research analysis has concluded that age is in itself a barrier to work.[8]

4.4 The same research made recommendations about the support requirements of older jobseekers. Because they are a diverse group, with varied skills, employment histories and no typical journey into long-term unemployment, they have a diverse range of support needs and require tailored provision. However, there are also some cross-cutting issues identified which affect many older jobseekers. The research found that changes in health circumstances were common and could affect the type of work older jobseekers could consider. Ageism and the competitive nature of the job market both present overarching barriers to employment. Overall, it concluded that older jobseekers often face amplified barriers as compared to other jobseekers and so benefit from more intensive employment support.[9]

4.5 There is no specific employment support available to older people from the Welsh Government. The flagship Jobs Growth Wales programme is only available to young people and we have concerns over recent changes to funding for apprenticeships which have further disadvantaged older workers. Earlier in the year organisations which provide apprenticeships were informed that over 25's are no longer eligible for fully funded Level 2 and Level 3 apprenticeship programmes from the Welsh Government.

4.6 There is a need for the Welsh Government to target its resources, and we do not dispute the need to provide support to younger job seekers, but we question whether this needs to be to the disadvantage of other age groups. The withdrawal of funding for apprenticeships is especially lamentable as it introduces a disincentive for employers to employ some older people and will make it more difficult for older workers to retrain and learn new skills.

4.7 The Strategy for Older People in Wales recognises that *"a focus on retaining older workers is important for economic prosperity in Wales"*, and sets the following outcome for 2023: *"**Employment** - older people who want to work are able to do so and can access help with re-skilling and retraining."* It is difficult to square this with the withdrawal of access to funding for some apprenticeships in the absence of any alternative targeted support.

5. Age discrimination in employment

[6] Welsh Affairs Select Committee (2013), The Work Programme in Wales
[7] Age UK analysis of the DWP's Work Programme data, published September 2013
[8] Age UK & Centre for Economic & Social Inclusion (2014), Employment support for unemployed older people.
[9] Ibid.

5.1 There are indications that age discrimination in employment remains widespread despite the introduction of the Equality Act 2010 (which absorbed the Employment Equality (Age) Regulations 2006). 40% of workers aged 50 and over in the UK believe they have been disadvantaged at work for appearing too old.[10] Polling by Age Cymru in 2010 found that 71% of people in Wales believed older people were discriminated against on the grounds of their age in employment, while 1 in 5 people (21%) between the ages of 50 and 64 believed they had personally experienced discrimination in employment because of their age.[11]

5.2 The abolition of the Default Retirement Age (DRA) by the UK Government in 2011 was a major step forward in providing equal rights for older employees. The DRA allowed employers to force people to retire at age 65 regardless of their wishes, competency and performance. It also served to illustrate the accepted nature of age discrimination in this aspect of life.

5.3 However, despite these legislative changes, taking age into account in employment decisions is still not certain to be illegal. The law allows for age discrimination where it can be 'objectively justified' by an employer as *'a proportionate means of achieving a legitimate aim'.* Legal judgments have also found that when employees are treated differently because of their age, the employer's actions must support a social policy objective, rather than simply their own private interests. Although this is intended to be difficult to prove, and should only happen rarely, it effectively means that the employee's interest can be overruled in some circumstances.

5.4 A common misconception which is one of the causes of age discrimination is that people become less productive in the workplace as they age. However, a growing evidence base increasingly proves this view as erroneous. The majority of research finds either a lack of relationship between productivity and age, or that older workers are at least as productive as their younger colleagues. Even in physically demanding situations, for example on a factory production line, a number of studies have found older workers to be just as productive.[12]

5.5 A final challenge in relation to age discrimination is the decision taken in 2013 to introduce fees in Employment Tribunals for the first time. People bringing an age discrimination claim now have to pay an initial fee of £250, followed by £950 if the claim goes to a hearing. This has the potential to price people out of the justice system, and allow employers to evade punishment for discriminatory acts. Though this is not devolved we believe the Committee should consider the impact this could have on eliminating age discrimination in employment.

6. The Strategy for Older People

6.1 As discussed elsewhere in this response, the Strategy for Older People in Wales (SfOP) acknowledges employment as an issue, sets tackling this by 2023 as an outcome and

[10] CIPD/CMI (2010), Managing an ageing workforce.
[11] ICM Opinion poll for Age Cymru, February 2010.
[12] Age UK (2014), Productivity and age briefing
http://www.ageuk.org.uk/PageFiles/12808/Age%20and%20productivity%20briefing%20(March%202014).pdf

outlines policy and strategy drivers which will help to achieve it. Employment and skills have been included in the Strategy since it was first developed in 2003 and are a major reason why it uses an entry age of 50.

6.2 The SfOP refers to an Older People's Skills Strategy being developed which could be a positive development, though it has not yet been published. It also sets a number of indicators which the Welsh Government will monitor through the life of the Strategy in relation to employment, and we would like to see the first update on these since the launch of this iteration of the SfOP (in May 2013) will be published during 2015.

6.3 The reality is that the SfOP has no resources of its own and relies on shared commitment from other departments of the Welsh Government to realise its aims. This is a consistent barrier to the implementation of the Strategy across a number of policy areas. Therefore it is difficult, and potentially unfair, to evaluate the effectiveness of the SfOP in assisting older people into work. What recent policy decisions around funded apprenticeships, and the wider lack of coverage of older people in employment schemes and economic policies such as the Tackling Poverty Action Plan, demonstrate is that the SfOP is often hindered or undermined by the decisions and prioritisation of other Welsh Government departments.

6.4 This is a challenge faced by all cross-cutting government strategies without significant resources of their own. It demonstrates the importance of aligning the priorities and resources of different departments and achieving their buy-in to delivering key outcomes.

6.5 Unfortunately, the recently published (and delayed) delivery plan for the Strategy adds very little of the detail on how outcomes will be achieved that we had hoped for, and notably lacks actions in relation to employment of older people to match the commitments and outcomes set by the original Strategy document published in 2013.

7. The impact of working on individuals

7.1 When working is a positive choice made by an individual there are generally few disadvantages. In fact, various sources of evidence show that remaining contributors to the economy or labour markets, through employment or in a voluntary capacity, is linked to a range of health and social benefits for individuals in later life. However, a combination of economic factors and policies such as the raising of the State Pension Age has meant that continuing to work is a financial imperative for some people who had hoped to retire earlier. Where people are forced to continue working for purely financial reasons, sometimes in inappropriate jobs or without appropriate support from their employer, the outcomes are unlikely to be so beneficial.

7.2 Employer support will be important for some older workers. Flexible working practices are increasingly important to older workers and the economy as a whole because of increased caring responsibilities or health needs as the UK population becomes older. Some workers also indicate a preference to wind down to retirement by working part-time or flexible hours, which can benefit both individuals and employers if they use the opportunity to use existing employees to mentor and train other staff. The proportion of workers aged

50 and over using some form of flexible working rose from 30% to 38% between 2005 and 2010.[13]

7.3 As the workforce ages more people will need to use differentiated working patterns, so increasing awareness of the benefits of flexibility among employers and individuals is important. These include increased productivity and improved employee retention.

7.4 An additional factor to consider is the 'family care gap', as identified by the Institute for Public Policy Research.[14] By 2017 there will be more people needing care than the number of adult children able to provide it. This additional strain on relatives' time and resources emphasises the importance of ensuring that everyone has access to flexible working.

7.5 We welcome the legal change enacted by the UK Government in June 2014 which means that all employees (with more than six months' service) now have the right to request flexible working. Previously this legal right had existed only for parents and carers.

7.6 We believe that all jobs should be 'flexible by default' by 2020. This means that employees could assume they can work flexibly unless the employer can justify otherwise, using the existing business reasons for rejecting requests for flexibility. We believe this would change attitudes towards flexible work.

8. Impact on other groups

8.1 At the time the Default Retirement Age was abolished opponents of the move cited a common misconception that longer working lives would prevent younger people from gaining employment and progressing their careers. Known to economists as the 'lump of labour fallacy', the view that older workers 'block' the employment chances of younger people is based on a false assumption that there is a fixed number of jobs in the economy. This assumption has previously been used to argue against the entry of women into the labour market or to shorten the working week in order to reduce unemployment (a government policy in France in the 1990s). However there is no evidence to support this view. The reality is that more individuals working for longer results in growing consumer spending power and economic activity, which feeds through into the creation of more jobs in the economy.[15]

8.2 This is not to say that it is not legitimate to seek to address youth unemployment. It is clearly the case that younger workers have had a difficult time in the labour market during the economic downturn since 2008. However, this is not caused by older workers or delayed retirement. In fact, there is often a correlation between high employment rates for older and younger workers, and the truth is that, regardless of the type of work, a strong economy is the key ingredient for anyone to be in employment. In reality older and younger jobseekers are unlikely to be in direct competition for the same jobs and the majority of older people continuing working are remaining in their existing jobs rather than

[13] Age UK (2012), A means to many ends: older workers' experiences of flexible working
[14] IPPR (2014), The generation strain: Collective solutions to care in an ageing society
[15] Saga and Cebr (2014), The Saga Generations: Supporting employment across the UK economy.

seeking new ones.[16] A 2011 article from The Economist on this subject concluded: "*The idea that society can become more prosperous by paying more of its citizens to be idle is clearly nonsensical.*"[17]

[16] ONS (2012), Older workers in the labour market.
[17] The Economist (9 April 2011), p.13