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ready, willing and able

employment opportunities for older people

jobs for older people



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## Section one

# introduction

This report follows *The Eighty Percent Solution*, published last year, which looked at the implications of the government's hopes for eventually achieving an employment rate of eighty percent. The government has already succeeded in moving the UK much closer to full employment, and we believe that further progress is a realistic prospect. This is a fundamental trade union aspiration, worthwhile for its own sake: our whole history teaches us that unemployment causes poverty and exclusion, misery and fear; fighting it is at the heart of our identity.

A note on *Dependency ratios, international evidence* is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11977-f0.cfm>

We also argued that an eighty percent employment rate would be instrumental in financing a new pension settlement. The fact of increasing longevity means that a new settlement is needed; the 'dependency ratio' of pensioners to workers fell in the twentieth century and will fall further in the twenty-first as the 'baby boom' generation retires. This is a global phenomenon, and the UK is not as badly affected as many other countries, but it is still a problem.

It is sometimes argued that, to cope with this problem, the state pension age (SPA) must rise. This rather misses the point - dependency ratios depend on people's ages when they actually leave work, not the SPA. As we show in this report, a majority of workers leave employment before SPA, in some cases a long time before. The current SPA does not guarantee that these people will stay in work till 60/65, so it seems unlikely that a higher age would mean that they would work till they were 67 or 68.

What is more, increasing the SPA may lead to lower public spending on pensions - but higher spending on other services and benefits. As the Pensions Commission has pointed out: "if pensionable ages rise and average retirement ages do not, even the reduction in pension expenditure may be offset by other non-pension benefit expenditure (such as Incapacity Benefit and Jobseeker's Allowance)." (Pensions Commission, 2005, 328)

For the TUC, the key objective is to help workers who leave employment earlier than they would ideally have wanted, well before they reach the State Pension Age, and with inadequate pensions as a consequence. A *voluntary* higher average age of retirement is a positive goal, regardless of state pension age reform, and is compatible with the TUC's objective of flexible retirement. A system in which people can 'step down' as they near retirement will depend heavily on measures to promote the employment of older people, and this report looks at what can be done.

## introduction

The Pensions Commission's second report asked how average retirement ages could be raised, but it concentrated on financial incentives. Issues like age discrimination legislation, training and education and health promotion were considered, but not developed in any detail. (Pensions Commission, 2005, cap 8) This is not surprising – the Commission was charged with proposing reforms of pensions, not of labour market policy – but it does mean that there is a gap in overall policy.

This report addresses that gap. Here we look at the position of workers aged between 50 and 65 who want to stay in (or return to) paid employment. We look at policies to increase their employment rates, help them keep jobs, and to help those who have left employment to return. As so many older workers are disabled, and such a very high proportion of disabled people are over 50, we pay particular attention to measures relating to the employment of disabled people, and this report presents a (brief) summary of the TUC's response to the recent Green Paper on Incapacity Benefit reform.

## Section two

# prioritising jobs for older people

### Why this is a priority for governments

All European governments are concerned about the implications of their ageing populations. As the Pensions Commission has pointed out, (Pensions Commission, 2004, x) demographic change means that at least one of four things must happen:

- More pensioners will live in poverty;
- Taxes and National Insurance Contributions will rise (or other public spending will be cut);
- Each generation will have to save more;
- Average retirement ages will rise.

None of these is a particularly enticing prospect, and helping workers to postpone their exit from employment could make the first option less likely and the others easier to manage. One reason why the government has adopted an aspiration of an eighty percent employment rate is the Department for Work and Pensions' calculation that this level "would virtually fully offset the rise in the dependency ratio between now and 2050," (DWP, 2005b, 26) and a major element of the government's strategy for hitting this target is an increase by 1 million in the number of older workers. (DWP, 2006a, 3) Similarly, the European Union has a Lisbon strategy target: to raise the employment rate of 55 – 64 year olds to 50% by 2010.

It is inevitable that employment support for over-50s is going to become more and more important. In the future active labour market programmes will increasingly concentrate on this age group for the simple reason that there will be more of them, and fewer younger people – by 2016 the number of people under 50 will fall by 2%, while the number aged 50 – 69 will rise 17%. (DWP, 2005a, 17)

Demographic imperatives also lie behind the government's new emphasis on employment for disabled people and people with health problems; of people aged between 50 and state pension age, 40 – 45 percent have suffered from a health problem for at least a year and poor health is the commonest reason for having left one's job. (Cappellari, Dorsett and Haile, 17 and 2) Over half of all Incapacity Benefit and Severe Disablement Allowance beneficiaries are aged over 50:

## why this is important

### IB and SDA Beneficiaries by age of claimant, November 2005

Age	Number (000s)	Proportion
Unknown age	0.01	:
16-17	5.02	0.3%
18-24	76.82	4.3%
25-34	172.89	9.7%
35-44	333.94	18.8%
45-49	215.69	12.1%
50-54	267.43	15.0%
55-59	401.19	22.5%
60-64	278.22	15.6%
65 and over	29.08	1.6%
<b>Total</b>	<b>1780.3</b>	<b>100%</b>

(DWP, 2006b)

### Why this is a priority for individuals

We can see why promoting employment for over-50s is a social priority, but is this fair to the individuals concerned? For trade unionists, the right to a retirement is one of our historic achievements, and we would not want to throw it away. But the case is altered if there are older people who have not really chosen retirement and face poverty and exclusion as a result. This would justify a substantial effort to help older people who want to remain in (or return to) employment.

The evidence strongly suggests that there is a large group of older people who have left employment involuntarily, and are coping with low incomes as a result, facing poverty and social exclusion. In 2000, *Winning the Generation Game*, an important report from the Performance and Innovation Unit, quoted research showing that 40% of retired men and 20% of retired women had retired earlier than they expected, and that, in two thirds of cases, this was instigated by the employer. Even when early retirement seems voluntary this may result from severely constrained choices – another survey found that half of those retiring early said it was their choice, but only a quarter said they had voluntarily accepted a good deal. (Op cit, 21) The Unit concluded, “it is not safe to assume that any more than one-third of the increase in worklessness in this age group is due to fully voluntary early retirement.” (Ibid, 22)

Another influential report, by Christina Beatty and Stephen Fothergill, looked at ‘detached’ men aged 50 – 64, and found that just 31% described themselves as ‘retired from work altogether’. 38% described themselves as sick or disabled, and another 15% as unemployed. (Beatty and Fothergill, 4) This report suggested that there are two very different groups of non-employed older people:



- A group of retired professionals and white collar workers, with good pensions, not looking for full-time jobs, though they may want part-time work as they 'downshift'. This group tends to get its income from personal and occupational pensions, rather than benefits. The PIU report estimated that just 12% of all non-workers aged 50 to 60/65 could be characterised as 'early retired, affluent professionals.' (Op cit, Box 3.1)
- Former manual workers are nearly all more likely to be non-employed due to redundancy or ill health/disability. They tend to rely on benefits more than personal or company pensions. "Many of these former manual workers would still like a job, but hardly any think there is a realistic chance of getting one." (Beatty and Fothergill, 7)

The Office for National Statistics' labour market division has found that 41% of older men who previously worked as managers and administrators described themselves as inactive due to early retirement, compared to only 14% of plant and machine operators, and concluded that "there may well be at least two distinct groups of inactive older men. The first is the professional worker who has retired voluntarily, and the second is someone who has moved into inactivity, possibly via unemployment, and who is now long-term sick or disabled." (Barham, 301)

When we consider the position of older men in particular, one reason for this picture may be the fact that they are more likely to work in the industries that have been in decline for thirty years, and may have "at best a constrained choice to retire early." (Campbell, 40)

Most discussions about involuntary early retirement have focused on men; and it is true that men are more likely to be in this position; nonetheless, it affects large numbers of women as well. A major study found that forty percent of men and twenty percent of women taking voluntary early retirement between 1989 and 1994 actually retired earlier than they expected. (Disney, Grundy and Johnson, 40)

The picture of a significant group of non-employed people who face serious poverty has received important confirmation from the English Longitudinal Study of Ageing, a large-scale survey of people aged 50 and over, whose results are only now becoming available: "these findings confirm the previous analysis of main activity status that showed that those who were not in employment, particularly those unemployed or sick or disabled were the most likely to face exclusion," especially if the main income source was pensions or benefits; and those whose main sources of income were employment and self-employment were least likely to be excluded on all dimensions. (Barnes et al, 30)

These results strongly suggest that measures to help older workers retain jobs or return to employment will benefit the individuals concerned – so long as the emphasis is on support, rather than coercion.

## why this is important

### Reverie or reality?

There may be good reasons for wanting to get jobs for older people, but is this a practical proposition? The Pensions Commission has been cautious about this 'high participation' strategy: a significant minority, they believe, will continue to be unavailable for paid work because of their unpaid caring responsibilities, another sizeable minority will continue to be sick and disabled and a significant group will always choose to retire early. (Pensions Commission, 2004, 42)

The TUC does not find this argument persuasive. Flexible working arrangements and other support could help more informal carers to combine work and caring, (TUC, 2005, 22) successful government pilots suggest that there is considerable scope for helping disabled people (many of them over 50) into jobs, (ibid, 22 - 4) many people currently classified as 'early retired' would actually prefer to be in employment (ibid, 24 - 6) and there is considerable scope for helping older workers who *want* to remain in employment. (Ibid, 27 - 31)

One advantage we have in proposing policies in this area is that a reasonably long timescale can be used. The TUC calculates that, to prevent any deterioration in the dependency ratio, a million extra workers are needed by 2015, an extra two million by 2024 and an extra three million by 2042. (Ibid, 19) The policies to achieve this must, of course, be in addition to those needed to compensate for any loss of jobs due to the stage of the business cycle.

This is a tough target, but achievable: total employment has risen by two million since 1997. It has been pointed out (Walker, 689) that, if in 2030 workers are still retiring at the same age as now, then over-45s will account for 38.7% of the workforce; but if by then retirement ages have risen back to their 1970 level, this figure will rise to 46.1% - a strong indication of the implications of helping older people to stay in paid work.

The Pensions Commission has argued that increases in state pension age, over and above the increase to 65 already planned for women, should not be introduced till after that process is completed in 2020, and that there should be a policy of 'significant notice' of increases in the state pension age (of at least 15 years) to allow people time to plan for these changes. (Pensions Commission, 2005, 12 - 14) Against this background, alternative policies to increase the employment rate and help older workers remain in employment can be planned over a similar timescale.

In the sections that follow we look at the facts about older people and employment, and then at how best to achieve a higher employment rate. We examine both 'pull' and 'push' factors, and looking at long-term and short-term policies and pay special attention to the demand side: employers' attitudes and policies towards older workers.

Section three

# older people and employment

## Economic status

Economic statistics distinguish a number of types of labour market status. Firstly, there is a distinction between people who are *economically active* and those who are *economically inactive*. Economically active people are either *employed* or *unemployed*. People can be economically inactive for many different reasons; common ones are *sickness/disability*, *family/caring responsibilities* and being a *full-time student*. There is a clear age-related pattern to the status of both men and women:

### Men's economic status by age Dec 2005 – Feb 2006, (000s)

	All aged 16 & over	All aged 16 - 59/64	16 - 17	18 - 24	25 - 34	35 - 49	50 - 64	65+
<b>Economically active</b>	16,457	16,063	368	2,145	3,596	6,019	3,935	394
	70.6%	83.5%	45.8%	78.4%	92.8%	91.7%	74.7%	9.7%
<b>Economically inactive</b>	6,843	3,184	435	590	280	547	1,332	3,659
	29.4%	16.5%	54.2%	21.6%	7.2%	8.3%	25.3%	90.3%
<b>Employed</b>	15,557	15,173	259	1,873	3,439	5,798	3,803	384
	66.8%	78.8%	32.3%	68.5%	88.7%	88.3%	72.2%	9.5%
					<b>25 - 49</b>		<b>50+</b>	
<b>Unemployed</b>	900	890	108	272	378		142	
	5.5%	5.5%	29.5%	12.7%	3.9%		3.3%	

### Women's economic status by age Dec 2005 – Feb 2006, (000s)

	All aged 16 & over	All aged 16 - 59/64	16 - 17	18 - 24	25 - 34	35 - 49	50 - 59	60+
<b>Economically active</b>	13,941	13,177	376	1,841	2,982	5,302	2,677	764
	56.4%	73.5%	49.3%	68.8%	75.9%	78.9%	69.9%	11.2%
<b>Economically inactive</b>	10,777	4,742	386	833	949	1,419	1,154	6,035
	43.6%	26.5%	50.7%	31.2%	24.1%	21.1%	30.1%	88.8%
<b>Employed</b>	13,282	12,533	298	1,660	2,843	5,119	2,613	749
	53.7%	69.9%	39.1%	62.1%	72.3%	76.2%	68.2%	11.0%
					<b>25 - 49</b>		<b>50+</b>	
<b>Unemployed</b>	659	644	77	180	322		79	
	4.7%	4.9%	20.6%	9.8%	3.9%		2.3%	

(ONS, 2006b, 20, 25, 26 and 30)

We can see quite clearly why people aged between twenty-five and fifty are often labelled 'prime age' in labour market discussions. For both men and women the proportion of those aged between 50 and state pension age who

## older people and employment

are employed is significantly lower – but still well over fifty percent. The lower employment rate for older workers translates into a higher economic inactivity rate, *not* a higher unemployment rate.

### Employment rates

By European standards the UK has a high employment rate for older workers. In some economies lower employment rates have reflected, until recently, lower normal pension ages. France, for example, has had until recently a normal pension age of 60 for men. In other countries, such as German, early retirement for older manual workers has been regarded as a useful mechanism for coping with industrial re-structuring. In other cases older married women are less likely to be active in the labour market, though the attitudes that have produced this result are changing rapidly. The UK's employment rate for prime age workers is much more in line with the average:

A briefing, *Employment rates for older men and women*, which gives a gender breakdown is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11978-f0.cfm>

### Employment rates (%), men and women, 2<sup>nd</sup> quarter 2005, ranked by rates for 50 - 64

	15 - 24	25 - 49	50 - 59	50 - 64
Sweden	40.2	83.9	81.2	73.6
Denmark	62.0	84.2	80.6	67.4
<b>UK</b>	<b>53.0</b>	<b>81.5</b>	<b>73.8</b>	<b>64.6</b>
Finland	44.0	82.4	72.2	62.6
Portugal	36.0	82.2	66.3	59.0
Ireland	46.3	79.2	64.7	58.8
Netherlands	65.2	83.8	69.5	57.5
Germany	41.2	77.8	69.6	55.9
<b>EU15</b>	<b>39.3</b>	<b>78.5</b>	<b>66.0</b>	<b>54.8</b>
France	30.2	80.4	66.7	53.7
Spain	37.8	75.7	59.5	51.4
Greece	25.3	75.8	58.7	50.6
Luxembourg	25.0	82.1	60.6	47.7
Austria	51.6	84.0	62.9	46.7
Belgium	26.6	80.0	56.7	46.2
Italy	26.1	73.5	54.8	43.6

(Eurostat data)

Treating workers aged between 50 and state pension age as a single group disguises the fact that economic inactivity rates are quite low for people in their early fifties, but rise rapidly in the last few years before state pension age:

### Economic inactivity rates by age, UK, spring 2004

Age	Economic inactivity rate	
	Men	Women
50	10.0%	22.7%
51	12.9%	21.4%
52	13.6%	23.6%
53	14.8%	25.8%
54	17.1%	28.1%
55	17.4%	31.3%
56	20.2%	33.9%
57	23.5%	38.7%
58	24.8%	41.2%
59	28.7%	44.5%
60	35.7%	59.6%
61	41.8%	64.5%
62	43.3%	71.0%
63	46.8%	76.4%
64	56.1%	81.8%
65	76.0%	86.5%
66	78.0%	88.3%
67	83.0%	89.4%
68	87.1%	93.8%
69	88.6%	92.2%
70	91.4%	94.1%
71	92.3%	96.6%
72	92.2%	97.3%

(ONS, 2005b, 31)

A briefing on *The average age at which people exit from the labour force - European comparisons* is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11979-f0.cfm>

The average age at which people actually exit from the labour force – 63 – reflects this, and is quite high by European standards. The picture changes over time, and is different for men and women. If we look at men’s employment rates, these fell during the 1980s and early 1990s, but have since been rising again. Older women’s employment rates have, for the most part, been rising (though not as quickly as for younger women):

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### Employment rates for people aged 50 to state pension age, GB, 1979 - 2004

Year	Employment rate	
	Men	Women
1979	84.3%	56.9%
1980	80.9%	56.4%
1981	77.6%	55.8%
1982	73.8%	55.2%
1983	71.1%	54.2%
1984	70.0%	54.7%
1985	69.6%	54.9%
1986	68.4%	55.4%
1987	67.6%	56.0%
1988	68.6%	55.9%
1989	69.7%	57.8%
1990	70.1%	58.8%
1991	68.9%	58.6%
1992	66.3%	59.3%
1993	64.2%	59.2%
1994	64.4%	60.1%
1995	65.0%	60.8%
1996	65.9%	60.7%
1997	67.3%	61.0%
1998	68.0%	62.5%
1999	68.6%	63.1%
2000	68.8%	64.2%
2001	70.3%	65.3%
2002	69.9%	65.6%
2003	71.8%	67.6%
2004	71.9%	67.9%

(ONS, 2005b, 31)

The number of older people in work has increased by one and a half million since 1997, (Age Concern, 2006, 10) but still there is room for progress. If we add up the figures in the tables on economic status, we can see that there are 2,486,000 economically inactive men and women aged between 50 and state pension age, and another 221,000 are unemployed. More than a third of non-employed men and women in this age group want a job, and even amongst those with less than five years to state pension age the proportion is above a quarter:

### Active job search, by age and gender

	Men				Women			Total
	50-54	55-59	60-64	Total	50-54	55-59	Total	
<b>Yes</b>	14%	11%	4%	9%	12%	3%	7%	8%
<b>No, but would like work</b>	42%	27%	24%	30%	30%	22%	26%	28%
<b>No and would not like work</b>	44%	60%	71%	61%	57%	74%	67%	64%

(Humphrey et al, 97)

This translates to about a quarter of a million people actively looking for work, and another three quarters of a million who may not be looking at present, but could be candidates for extra help, more than a million altogether. We often hear the suggestion that what is needed is to return to the level of male employment we used to have in this age group; and returning to the male 50 – 65 employment rate of 1979 does indeed translate into a little bit over the government’s target for one million jobs from this group. But we can calculate from these data that there are actually only about 575,000 men who want jobs – the rest of the million older workers who want jobs are women. We cannot look back to the past for the policies of the future; achieving the government’s aspiration of an eighty percent employment rate depends on older women being helped to get jobs as well.

By European standards the proportion of this age group who are economically inactive in the UK is quite low, but we do have a remarkably high proportion of economically inactive people who say they want jobs, strongly suggesting that, in the UK, employment programmes for older people need to address those who are economically inactive as well as those who are formally unemployed:

A briefing, *Economically inactive in different countries*, is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11980-f0.cfm>

A briefing, *Proportion of economically inactive people who say they want jobs*, is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11981-f0.cfm>

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### Proportion of the inactive population who want a job, by age (%), men and women, 2<sup>nd</sup> quarter 2005, ranked by 50 - 64

	15 - 24	25 - 49	50 - 59	50 - 64
<b>Austria</b>	31.7	44.2	21.9	14.3
<b>UK</b>	<b>20.7</b>	<b>30.2</b>	<b>20.4</b>	<b>14.0</b>
<b>Spain</b>	12.5	28.4	17.8	13.5
<b>Sweden</b>	18.7	18.7	11.3	9.6
<b>Finland</b>	25.9	19.3	13.0	8.8
<b>EU15</b>	<b>13.1</b>	<b>27.5</b>	<b>11.3</b>	<b>7.8</b>
<b>Germany</b>	10.3	23.4	12.7	6.8
<b>Netherlands</b>	29.3	26.2	9.7	6.8
<b>Italy</b>	25.2	41.3	9.8	6.7
<b>Ireland</b>	10.0	14.5	6.5	5.2
<b>Belgium</b>	6.0	11.5	5.3	4.8
<b>Denmark</b>	32.9	35.1	9.1	4.6
<b>Portugal</b>	2.7	12.6	4.5	2.9
<b>France</b>	2.5	13.6	3.6	2.1
<b>Greece</b>	1.8	4.8	1.5	1.1
<b>Luxembourg</b>	:	4.0	:	:

(Eurostat data)

Indeed, while policy makers have focused on declining employment rates for older people, one way of looking at the issue is to notice the trends over time in the age at which workers become economically inactive. This has been falling for half a century, but was particularly notable in the 1980s and early 1990s:

### Estimates of the average age of transition to inactivity among older workers

	1950	1960	1970	1980	1990	1995	Decrease
<b>Men</b>	67.2	66.2	65.4	64.6	63.2	62.7	- 4.5
<b>Women</b>	63.9	62.7	62.4	62	60.5	59.7	- 4.2

(Auer and Fortuny, 14 – 15)

## Health and disability

Employment outcomes are very closely linked to disability for older people. Compared to the average for both the EU and the OECD older people in the UK are more likely to be economically inactive because of disability, and this is especially true for men in their early 60s. (OECD, 2004, 75) Older workers who are not disabled have very similar employment rates to non-disabled prime age workers, but there is a significant decline for older disabled people. What is more, the disadvantage faced by disabled people increases for older groups – while the employment of prime age disabled people is 71% of that for



their non-disabled coevals, this ratio worsens for older groups, and is just 52% for those aged 60 – 64:

### Employment rate: by health status and age, UK, 2003/04

Age	Employment rate	
	<i>With a long-standing illness, disability or infirmity</i>	<i>No long-standing illness, disability or infirmity</i>
25–49	60.67%	85.39%
50–54	57.79%	87.15%
55–59	50.06%	78.47%
60–64	25.75%	49.51%
65–69	7.88%	16.93%
70–74	3.33%	7.50%

(ONS, 2005b, 35)

### Qualifications

A key characteristic of older workers is that they are more likely than other workers to have no qualifications. This may be due, in large part, to changes in the education system, and should not be taken as indicating that older workers are less skilled. Nonetheless, this is a serious barrier to employment for older people who want to keep or return to employment:

### Men's highest qualifications, by age, GB, 2003/04

	16 - 19	20 - 24	25 - 29	30 - 39	40 - 49	50 - 64	All men
Degree or equivalent	..	14%	29%	22%	20%	17%	18%
Higher education (below degree level)	..	6%	8%	9%	9%	9%	8%
A level or equivalent	28%	38%	23%	25%	30%	32%	29%
GCSE grades A*–C or equivalent	42%	22%	17%	19%	15%	10%	18%
Other qualification	11%	12%	14%	15%	13%	13%	13%
No qualification	17%	7%	8%	9%	12%	20%	13%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%

### Women's highest qualifications, by age, GB, 2003/04

	16 - 19	20 - 24	25 - 29	30 - 39	40 - 49	50 - 64	All women
Degree or equivalent	..	16%	29%	20%	17%	11%	16%
Higher education (below degree level)	1%	7%	9%	10%	12%	12%	10%
A level or equivalent	31%	35%	20%	16%	15%	12%	18%
GCSE grades A*–C or equivalent	45%	24%	21%	29%	27%	20%	27%
Other qualification	8%	9%	12%	14%	14%	18%	14%
No qualification	13%	8%	8%	11%	16%	28%	15%
<b>Total</b>	100%	100%	100%	100%	100%	100%	100%

(ONS, 2005c, 41)

## older people and employment

### Worklessness

The government has identified worklessness as a major cause of poverty and exclusion – people who live in households where none of the adults is in paid employment are much more likely to be poor than people who live in households where at least one of the adults is employed. (HMT, 2001, 9 – 20)  
This is a significant problem for older people:

### Labour market status of couples where both partners are aged 50 and over, UK, spring 2004

Labour market status	Proportion
Neither partner working	48%
Both partners in employment	30%
Only male partner working	14%
Only female partner working	8%

(Whiting, 290)

### Pay

A briefing on *Average wages in 2005* with a breakdown for men and women, full-time and part-time, is available on the TUC website, at <http://www.tuc.org.uk/welfare/tuc-11982-f0.cfm>

Older workers also have lower earnings than other groups of workers. In 2005 the median gross annual pay of older workers was 5% below the median for all employees, and was just 84% of the median pay for workers in their 40s:

### Median gross annual pay by age, UK, 2005

Age	Median pay
All employees	£18,961
18-21	£8,983
22-29	£17,413
30-39	£21,546
40-49	£21,298
50+	£17,937

(ONS, 2005a, table 20.7a)

## Section four

# employers and older workers

## Discrimination

The first requirement for the employment of older people is a group of employers who are willing to recruit or retain them. The National Audit Office has called age discrimination a 'significant problem', noting that "around half of respondents to the Government's consultation on age discrimination reported that they had either been discriminated against themselves at work on the grounds of age, or had witnessed it happening to others, and a survey conducted by MORI in 2002 revealed that age was the most common form of discrimination at work experienced by respondents." (NAO, 1 & 25)

A review of UK research papers found that "employers often hold stereotypical views about older workers and that these influence recruitment, training and promotion practices. The stereotypes found to have the closest relationship with actual employment practices are: older workers are hard to train; do not want to train; lack creativity; are too cautious; cannot do heavy physical work; have fewer accidents and; dislike taking orders from younger workers." (Walker, 691)

Another study drew very negative conclusions about employers' attitudes: "it appears that employers devalue older workers' contributions: the marginal product is perceived to be low; it contributes little to the productivity of the organisation; and pay at around the national minimum is indicative of that low regard." (Loretto and White, 2004, 22)

A recent survey of more than 2,000 employers found 56% had an equal opportunities policy covering age, and 49% carried out monitoring covering age, but only 5% had taken action as a result. Significant minorities had recruitment practices which were either discriminatory or risked indirect discrimination:

- 6% specified age ranges in their advertisements;
- 49% had a maximum recruitment age; and
- 8% "said that certain ages counted against applicants: those disadvantaged tended to be under 22 and aged 60 and over." (Metcalf and Meadows, 2006, 5)

There is evidence of a widespread belief that people have been discriminated against on the grounds of age. The government's evaluation of the voluntary code of practice on age discrimination, published in 2001, found that around a quarter of older people thought they had been discriminated against on the

## employers and older workers

grounds of age, with discrimination in getting a new job or a job interview being the most commonly mentioned problem. (DWP, 2001, 9)

More people say they have faced age discrimination (29%) than any other type, with those over 55 being almost twice as likely to have this as any other type of discrimination. Nearly 30% of people think there is more discrimination against older people today than there was five years ago. (Age Concern, 2005, 14) In a study of unemployed people's beliefs about their barriers to employment, Derbyshire Unemployed Workers' Centres found that a quarter of their interviewees said that discrimination because they were too old was one of the problems they faced. (DUWC, 2003, 17) A Scottish study, based on interviews in 2003 with 64 over-50s (including employees, unemployed people and IB recipients) found "a firm belief within all the group discussions, that employers practiced ageism. Around a third of participants reported personal experience of age discrimination in employers' recruitment practices." (Loretto and White, 9)

In terms of public policy, employers' attitudes are also important because the success or failure of active labour market programmes can hang upon the extent to which they succeed in winning employers' engagement. The recent review of the Job Retention and Rehabilitation Pilot for sick workers, for instance, found that one reason for its limited impact was that some employers avoided contact with JRRP staff, and were unwilling to make adjustments such as gradual returns to work.

"Staff thought that some employers were less supportive or did not want to continue employing employees whose health condition was undiagnosed and the duration of their absence was unknown. One observation was that employers could be unsupportive where employees had conditions such as Chronic Fatigue Syndrome or mental health problems, because they did not understand these conditions and their effects on individuals. ... It was felt that some employers were not knowledgeable about sickness absence management and vocational rehabilitation, and that this was a major constraint." (Farrell et al, 103)

### Public policies against age discrimination

Given the importance of employers' decisions, discriminatory attitudes are a serious problem. There is a Code of Practice on Age Discrimination in Employment, but awareness of it is low among employers. (Moss and Arrowsmith, 40) The TUC has made as much use of this Code as possible, and unions have argued that voluntarism is not enough - a statutory right to non-discrimination is needed. This was achieved through the EU Framework Directive on Equal Treatment in Employment and Occupation, which then had to be implemented through UK legislation.

A TUC *Briefing* on the Regulations is available at <http://www.tuc.org.uk/equality/tuc-11775-f0.cfm> The TUC is producing a 'Know Your Rights' leaflet on the Regulations, and is organising a major joint project with the CIPD, funded by the DTI, that will lead to the production of a detailed guide, and a major conference, later in 2006.

Regulations on age discrimination in employment (the Age Regulations) are due to come into force on 1 October 2006, and will cover all employers, training providers, unions, professional and employer associations and occupational pension schemes. Discrimination in employment and training will be outlawed, including in recruitment, promotion, development, termination, and pay and other conditions. This is obviously an important step forward, and one for which the TUC has long campaigned.

Unfortunately, there is considerable uncertainty about the validity under EU law of a number of exclusions enshrined in the regulations – including retirement ages, pay linked to minimum wage rates, employers' redundancy schemes, service-related benefits and pension scheme rules. The extent of these exceptions, and the uncertainty about whether they are valid under EU law will inevitably lead to a delay of some years before their scope is established. Furthermore, while more employers seem aware of the legislation than knew about the voluntary Code of Practice, they do not know about it in any detail. When asked:

- 66% said they knew about the legislation,
- 28% thought they knew when it was coming into effect, and
- 7% got the date right. (Metcalf and Meadows, 134)

Even if there were no question marks against the Age Regulations unions would not be able to leave everything to the law. As a review of international experience in this area for the Australian Council of Trade Unions and the Business Council of Australia found: "age discrimination legislation is important but not sufficient in itself to prevent discrimination towards older workers - there needs to be widespread understanding and appreciation of the legislation and its implications ... there is a need for a substantial shift in attitudes across a wide front regarding the benefits older workers bring to the workforce and the benefits of older workers remaining engaged - i.e. there is a need for far reaching cultural change." (Encel, s 5)

As in other areas of discrimination, we need to use anti-discrimination legislation and other channels of persuasion at the same time. In addition to seeking improvements to the Age Regulations, unions will use them to the fullest extent possible. For workers without the benefit of a union's support effective enforcement machinery will be a necessity, and the Commission on Equality and Human Rights will have a vital task in making sure the new anti-discrimination legislation works. This has certainly been the experience in the Netherlands, where the National Office Against Age Discrimination has made a significant difference, (Taylor, 2002, 15) and this has also been the experience of Britain's anti-discrimination laws on race, sex and disability.

But we also need a presence within individual workplaces, and unions can make a difference. As the ACTU-BCA report argued:

## employers and older workers

“It is also evident that efforts to raise participation are more likely to be successful if they include cooperation between and among government, employers and trade unions. This reflects the fact that there is a wide range of factors contributing to current trends. No single policy or initiative is therefore likely to produce a sustained lift in mature-aged participation rates. In addition to policy responsibilities in regard to retirement income and the like, government can play a constructive role by acting as sponsor, facilitator and coordinator of more broadly based initiatives. Employer and trade union groups should be encouraged to develop comprehensive policies on age and employment.” (Encel, s 5)

The next section therefore presents a business case for employing older workers, arguments union representatives can use in persuading employers not to discriminate. We briefly set out some arguments unions can use, and then present some of the evidence to counter negative stereotypes about older workers.

## Section five

# the sense of age diversity

The self-interested case for equality rests on five pillars.

### Human capital

Good employers will have made an investment in their employees. Wasting this asset by losing the workers or allowing it to deteriorate by not investing in training for older members of staff would be a strategic error.

“Some employers are reassessing the consequences of early exit. It is being seen by some as a waste of experience and human resources and of the investment they have made in the workforce. Others see roles for older workers in training younger people, or in preventing skill shortages.” (Walker, 690)

### Workforce planning

Many industries recruited heavily among the baby boom generation, developing key skills and expertise in these staff. As this generation passes through its middle age companies that practice age discrimination will exacerbate a skills shortage problem that could cause significant difficulties in any case.

If services employment continues to grow in the UK then workers with interpersonal skills may find that they can charge a growing premium as demand begins to outpace supply; as these skills are often linked to experience, employers who retain their older workers may find that they don't have to spend so much on buying-in this expertise. (Disney and Hawkes, 9)

Avoiding age discrimination should form an element of a rational workforce planning to minimise the difficulties caused by people with key skills and knowledge leaving within a short space of time.

### Legal requirements

There are better reasons for good employment practices, but employers often list compliance with legal requirements as one of the main drivers of HR policy. This is, after all, one reason why unions put so much effort into campaigning for improved statutory rights for workers.

## age diversity

### Recruitment and retention

No employer can pre-judge who is going to be the right person for the job, and it is as likely to be an older worker as a younger one. Companies that do not discriminate will also be more likely to hang on to valued older workers than those with a reputation for believing crude stereotypes.

### Reputation

Workers of all ages are more likely to believe an employer who claims that 'our employees are our biggest asset' when they can see that older staff are genuinely valued. Most employers will also find that a reputation as a fair employer will also enhance their reputation as good local corporate citizens.

### Diversity

In an ageing society older workers aren't a problem, they are a vital source of market intelligence. For most organisations, older people will be an increasingly important market; and for all organisations they will be a vital part of the communities in which they operate.

Employers who exclude older workers will be less likely to have a full picture of the outside world. Those who value their older workers, on the other hand, and listen to what they can say, will be more likely to be in tune with changing demands and expectations. With effective management, organisations that promote older employees' participation will even be able to anticipate change.

Across the service sector, older customers may well demand that the staff they deal with are also older.



Section six

# facts to counter prejudices

By far the most important fact is the one that is staring employers in the face: workers are getting older, and they are going to have to learn to manage this older workforce. And they are going to have to learn quickly, the proportion of workers aged over 50 is growing quickly *now*:

## Different age groups as a proportion of all those over 16 in employment

	16-17	18-24	25-34	35-49	50-64(m) 50-59(f)	65+(m ) 60+(f)
Spring 1992	2.6%	14.9%	25.6%	35.6%	18.1%	3.2%
Spring 1998	2.6%	12.0%	26.1%	36.2%	20.2%	2.9%
Spring 2005	2.2%	12.1%	21.9%	37.8%	22.2%	3.7%

(ONS, 2006a, table 6)

## The stereotypes are wrong

Of course, none of these arguments will carry much weight with an employer who accepts the negative stereotypes about older workers.

But these stereotypes are at best misleading, and more usually false. Of course it is undeniable that age is linked to poor health and some loss of physical strength and cognitive abilities. The mistake is to assume that a worker's age can be translated directly into their ability to do their job; the differences between individuals are simply too great for this assumption to be reliable. As Juhani Ilmarinen (Finnish Institute of Occupational Health, a world-leader in this field) has noted, a healthy 65 year-old who has engaged in regular physical exercise since they were 45 is likely to have kept their physical capacity "nearly unchanged", and to be fitter than younger colleagues who have not exercised. (Ilmarinen, 546)

Improvements in medicine have meant that people maintain their ability to perform in their jobs for longer, and physical and mental decline is not usually significant till well over current state pension age. The Seattle Longitudinal Study has found that "reliably replicable average age decrements in most psychometric abilities do not occur prior to age 60" and "even at age 81 fewer than half of all observed individuals have shown reliable decremental change over the preceding 7 years." (Penn State, 2006)

## facts vs. prejudices

The European Foundation for the Improvement of Living and Working Conditions concluded that “Although older people have more difficulty in solving new and complex problems, more established and automatic cognitive abilities actually increase, as knowledge and experience grows. For most people, intelligence remains stable until the age of 80.” (EFILWC, 2006)

Although older people have different attitudes to training from younger colleagues (they have fewer qualifications, for instance, and this affects attitudes for all age groups) they are not resistant to learning new skills per se. A large study of manufacturing workers and voluntary development activities found that older workers who had participated in each type of development in the study were just as positive as younger colleagues. (Warr and Birdi, 1998) Many of the differences between older and younger workers are an effect of their cohort, not their age: in ten years’ time older workers will be better educated - without any need for new policies, the proportion of older workers who have no qualifications is going to come down. (Auer and Fortuny, 32) Contrary to the stereotype, older people have positive attitudes to IT skills – a Scottish study, for instance, found that over-50s were very positive about learning IT skills, though some non-employed people had had difficulties with utterly inappropriate JCP – provided courses. (Loretto and White, 15)

Studies have found that older workers have *different* pattern of absence, not a worse one. One study found that, with advancing age, they took longer spells of absence but fewer of them, and fewer of the short spells that are particularly difficult for organisations to manage. (Sharp, 1994) A study using Australian insurance claims data found that, as they grew older, workers did not become more likely to suffer industrial diseases and accidents. The total number of claims for each age group roughly reflected the numbers in the labour force:

### Claims comparisons, Australia, 2001 - 2004

Age Group	Total Claims	Total Claim Cost (\$)	Average cost per claim (\$)
15 or less	116	480,186	4,140
15 - 20	9545	41,408,811	4,338
21 - 25	24160	17,687,489	732
26 - 30	23560	243,182,699	10,322
31 - 35	25806	326,792,618	12,663
36 - 40	23333	347,705,670	14,902
41 - 45	24904	392,021,285	15,741
46 - 50	21793	351,564,049	16,132
51 - 55	18442	303,044,589	16,432
56 - 60	12725	206,870,890	16,257
61 - 65	5919	79,672,046	13,460
66 - 70	1281	14,075,905	10,988
70 +	496	4,046,126	8,158

(Ahrens, 4)

The study also found that older and younger workers have very much the same types of injuries:

**Common injuries by age, Australia, 2001 - 2004**

21-25 yrs	51-55 yrs
1. Sprains & Strains	1. Sprains & Strains
2. Lacerations	2. Lacerations
3. Musculoskeletal Disorders	3. Musculoskeletal Disorders
4. Environmental Exposure	4. Fracture/Dislocation
5. Fracture/Dislocation	5. Mental Disorders

(Ahrens, 5)

An argument often used by older workers themselves is quite valid – experience can enable workers to compensate for declining powers. (See for instance Warr, 1994) In the 1990s, a study of typists of various ages found that younger typists performed better in speed tests, but, in a work environment, by looking further ahead and processing longer chunks of material, their older colleagues managed to achieve the same speeds. In another study, older bus drivers had better safety records than their younger colleagues, despite slower reaction times, probably because of their judgement and patience. (Auer and Fortuny, 23)

Even where age does have an effect, reasonable adjustments to work organisation or the use of special equipment or adaptations can enable older workers to continue in their jobs. The Disability Discrimination Act has taught us the significance of reasonable adjustments as a way of enabling disabled people to take up or stay in jobs that were previously assumed to be out of the question. Older workers who need a reasonable adjustment will often have a right to it under the DDA, but even where this does not apply good employers will see the advantages of this approach. The ILO has set out why it is irrational to make judgements about older workers’ potential without considering adjustments:

“Evidence proves that the productive potential of the older people does not appear to be substantially impaired by ageing per se. A decline in performance may be falsely attributed to age, when in fact it may be due to skill obsolescence or a burn out phenomenon which may occur at any age and can be remedied through training practices.” (Auer and Fortuny, 23)

Overall, the position is best summarised by the Faculty of Occupational Medicine of the Royal College of Physicians:

“Although natural ageing does result in physiological change, which can affect work capacity especially in motor and visual bodily systems, cognition is not significantly impaired in the age ranges that span working life. Variation in performance within a specific age group far exceeds the change in performance associated with ageing. In addition, older workers often have accumulated experience or learned strategies that may be valuable in contributing to

## facts vs. prejudices

business success. The published literature does not support the popular misconception that work performance declines with age. Older workers are noted to perform generally more consistently and to deliver higher quality, matching the performance of younger colleagues. In practice, despite an age related decline in physical strength, stamina, memory and information processing, this rarely impairs work performance. Older workers may use knowledge, skills, experience, anticipation, motivation and other strategies to maintain their performance. Older workers also bring the benefits of often being more conscientious, loyal, reliable and hard working and having well developed inter-personal skills.

“Although older workers may be less adaptable or able to accept change, training design and methods of introduction can easily overcome this. Older workers may have longer absences from work due to illness (as common medical problems increase with age), but this may be offset by a tendency to fewer short-term spells of absence (which are often more disruptive). On balance older workers do not have more absence from the workplace than workers of other ages. Older workers are also less prone to accidents. Lower staff turnover in the older age groups has financial benefits in reduced recruitment costs, and also in terms of better returns from training initiatives.” (Faculty of Occupational Medicine, 3)

## Age management

The strong business case for good practice, the international spread of anti-discrimination legislation and the implications of demographic change are leading to the emergence of what is increasingly known as ‘age management’. A good definition of this emerged from the European Social Fund Equal@Work project: “Age Management is concerned with supporting employability and keeping the workforce skilled, motivated and able-bodied.” (European Commission, 2006) Trade union officials can use the ideas developed in discussions about Age Management to argue for equal treatment for older workers.

A recent article expanded on what an Age Management approach might involve:

“rather than the present reactive stance adopted by most employers, an integrated age management strategy would be the most effective approach. This should encompass both preventative measures (such as life-long training and job redesign) and remedial ones (such as special training for older workers). Its focus would be on the whole working life and not only on its later part, with the chief aim of neutralising the present negative ways that ageing impacts on employment prospects.” (Walker, 692)

The government’s Age Positive website has very useful advice, including the following “top tips for being Age Positive”:

<http://www.agepositive.gov.uk/top tips.cfm>

1. *Learn from the good practice of Age Positive champions by removing age limits from recruitment advertisements. Avoid using words like "young" or "mature".*
2. *Use a mixed age interview panel in the selection process wherever possible.*
3. *Promote on the basis of measurable performance and demonstrated potential rather than age.*
4. *Offer employees of all ages the opportunity to train and develop themselves - encourage reluctant older and younger workers by using, as role models, employees who have benefited from training.*
5. *Base redundancy decisions on objective, job-related criteria. Automatically making workers over a certain age redundant, or operating a last-in-first-out system will lead to a loss of key knowledge, skills and corporate memory.*
6. *Agree a fair and consistent retirement policy with employees. Offer pre-retirement support and, where possible, consider flexible or extended retirement options.*

Two related disciplines that can be drawn upon in developing age management policies (and on which unions have significant experience) are health and safety and disability discrimination. It is a mistake to make assumptions about the health of older workers, but it would also be a mistake to ignore the problems that are more likely to be faced by older workers, such as poorer vision and hearing, cardiovascular and musculoskeletal problems. A good Age Management policy will be to treat such concerns, not as grounds for discrimination, but as prompts for adjustments. Employers and unions with experience in carrying out individualised risk assessments will understand the importance of adjustments such as providing better task lighting than the general level, post menopausal health issues for women, re-designing tasks to deal with posture problems for workers with arthritis or exemptions from compulsory shift work.

The discussion of adjustments indicates why disability equality policies may be relevant. Measures to promote disability equality are likely to be of value to older workers because there is such a significant overlap between disabled people and older people:

**Working age disabled people in different age groups, GB, spring 2005**

16-24	25-34	35-49	50-59/64	All aged 16-59/64
606	901	2,329	2,972	6,808
(8.9%)	(13.2%)	(34.2%)	(43.7%)	100%

(DRC, 2006, 8)

## facts vs. prejudices

Many older workers will have a right to reasonable adjustments under the Disability Discrimination Act. If they are disabled people as defined by the Act (people with an impairment that has a significant long-term adverse impact on their ability to carry out normal day-to-day activities) they have a right not to be discriminated against in any job they do or apply for because of their disability, and employers and potential employers have to consider making reasonable adjustments when a disabled person would otherwise be put at a substantial disadvantage.

The sorts of adjustments that can be required include physical changes to the workplace or changes to policies and practices. Many physical changes are simple and low cost, like changing the height of a door handle so that a wheelchair user can reach it, keeping aisles clutter-free and putting handrails up staircases; and so too are the changes to policies that can be required, such as allowing someone time off for treatment, providing work-related information in an accessible format such as large print, Braille or audio tape and holding interviews in an accessible location. There is a very good TUC guide to *The Disability Discrimination Act and Your Business* made up of fact sheets on the law, understanding disability and a practical accessibility checklist.

Many older workers will be disabled people for the purposes of the DDA, and have a right to adjustments. But even where they are not, good practice – and good Age Management – will be to consider requests for adjustments and introduce them where the request is reasonable. Best practice is to make sure that work stations, equipment and practices are accessible to as wide a range of workers as possible, including older and disabled members of staff.

## Section seven

# government policies

### Push and pull factors

The business case for age management will make more and more sense as the workforce ages, and anti-discrimination legislation will also discourage unfair employment practices. Government policies should support this trend. Firstly, the government should promote age management as good practice, and become an exemplar itself. In addition, the government must intervene to enable workers who want to stay in employment to do so. In this section we look at short and long-term policies that could make a difference.

The most important recent official study of the reasons why people leave work before state pension age discerned 'push' factors (reasons that lead to involuntary early retirement) and 'pull' factors (those that encourage early retirement). The most important were push factors: ill health and redundancy (and to a lesser extent, caring responsibilities), but some pull factors, such as income/security and quality of the job, were also important. (Humphrey et al, 41 - 58)

We know that a secure pension income can make non-employment more attractive to workers, and some policy-makers have concluded that employment policy for older people should therefore concentrate on making it more difficult for people in this age group to access state benefits, especially Incapacity Benefit. But the experience of the most draconian reform of disability benefits in the last twenty years (the 1995 replacement of Invalidity Benefit with Incapacity Benefit) suggests that, while changes of this sort may significantly reduce the number of claimants, they have little impact on employment rates. Compared with IVB, IB is more difficult to claim and the rates of benefit are lower for most claimants. An econometric analysis of the impact of this reform using the British Household Panel Survey was unable to find a significant effect on disabled people's economic activity, (Disney, Emmerson, and Wakefield, 2003) and at least one of the authors has concluded that there is "no evidence of an impact of the 1995 legislation on economic activity among older people of working age. The reduction in the increase in claims among older men of working age may again be related to the more buoyant demand for labour in the late 1990s." (Disney and Hawkes, 64)

The inability to show that restricting access to benefits will improve people's ability to get jobs is one reason why the TUC response to the government's recent Green Paper on the reform of Incapacity Benefit has argued that more emphasis should be put on support than compulsion, and we have argued

## government policies

especially strongly against proposals that IB claimants should be required to be available for employment. (TUC, 2006b, 7)

Another dead-end would be job creation in particular industries, deemed to be particularly suitable for older workers. In the past older workers were concentrated in manufacturing, but nowadays they account for similar proportions of workers in all industries, and it is very difficult to pick out an industry that should be favoured:

### Older employees in different industry sectors

	Proportion aged 50 and over
Agriculture and fishing	20.8%
Energy and water	23.5%
Manufacturing	25.9%
Construction	26.4%
Distribution, hotels & restaurants	19.4%
Transport & communication	25.1%
Banking, finance & insurance etc	19.7%
Public admin, education & health	28.5%
Other services	23.9%
All industries	24.3%

(DTI, 2005, 5)

## What works

What would work? In the TUC response to the Green Paper on welfare reform we suggested three themes for Jobcentre Plus intervention:

- **Assessment** of people's needs should be carried out quickly, and should recognise individual needs. Employability can be lost quickly when someone does not have a job, and employers become increasingly cautious about recruitment the longer someone has been out of work. Jobcentre Plus (and, before it, the Employment Service) have a tendency to assess people to find out which pre-existing JCP programme or service will be least ill-fitting; this approach leads to the most vulnerable and disadvantaged gaining least from JCP services.
- **Continuing help** after someone has got a job. Very often people lose their new jobs quite quickly, but speedy intervention by a Personal Adviser can help make sure that a temporary problem does not become a route out of employment. This support should not be limited to work-related problems – personal issues can just as easily be the reason why someone feels unable to stay in a job. This should be particularly helpful for older people because we know that PAs have been especially successful with older workers; the experience of ND50 was that they “provided a personalised service and encouraged and motivated customers.” (Moss and Arrowsmith, 27)



- **Good jobs** – evaluations of the New Deal have shown that jobs that fit in with people’s aspirations are much more likely to last. This is especially important for groups like older people, who have more choice about whether jobs are acceptable. Research in 2003 with a group of Scottish older people found that they particularly resented being ‘fobbed off’ with jobs that weren’t appropriate for their skills and experience. (Loretto and White, 12 – 13)

To this list, we would add, as specifically relevant to older people, an emphasis on **early intervention**. An econometric analysis of data from the Longitudinal Labour Force Survey found that older people’s moves in and out of employment, unemployment and economic activity are “both state dependent and duration dependent.” (Cappellari, Dorsett and Haile, 60) This means that, once older people have become economically inactive they are at risk of being trapped in inactivity, and the problem gets worse the longer they have been in this position. This means that there is a very strong argument for investing in support for older people as soon as they become economically inactive; and, moreover, older people’s tendency to ‘state dependence’ works both ways – when in employment they tend to stay in employment, so early intervention is likely to be an investment that is repaid quickly.

This approach, which emphasises how the service should be run, rather than proposing particular programmes, is very much in line with what older people themselves have said they think would be helpful. Their comments emphasise the importance of helpful Personal Advisers, accurate information, supportive employers and peer-group support. Their suggestions for specific programmes are very modest and in line with what JCP already offer – work experience, training for skills in demand in the local labour market and in job-search skills. (NAO, 8)

The TUC is cautious about proposing specific programmes, as the evaluation of a pilot project that might have been expected to be particularly helpful for older people has been sobering. The Job Retention and Rehabilitation Pilot ran in six areas from 2003 to 2005, and offered people with a health condition or impairment help with workplace problems they faced and/or services to address their health condition; nearly a third of those who took part in this project were aged 50 or over. This pilot found no statistically significant difference in employment outcomes between those who took part and a control group who did not receive any intervention. For those people who, when they started in the programme thought they had a good chance of holding on to their job and people with mental health problems the control group actually had better results. (Purdon et al, 35 - 54)

This result indicates how difficult it is to design active labour market programmes for the most disadvantaged groups of people – there are many factors that can influence the results, and the context in which policies are introduced can make a great deal of difference. But, taking into account the

## government policies

need for caution, one policy approach that seems to bear fruit is the use of targeted subsidies, both for individuals and for employers.

We now have substantial experience of the Employment Credit, offering £60 a week for a year to people who move from economic inactivity to a job paying under £15,000, operated from 2000 as part of the New Deal 50plus, and from 2003 as part of the Working Tax Credit. One of the impacts has been that it has helped people move into jobs that ensure they are significantly better off than they were on benefits, even without the Credit, (Atkinson et al, 31) and evaluation of the ND50+ programme found that the Credit did motivate people to look for jobs more effectively and gave them increased confidence in their jobsearch. (Moss and Arrowsmith, 29) Similarly, the Pathways to Work programme's Return to Work Credit, worth £40 a week for up to a year, has been the most popular element of this tremendously successful programme (Where PtW has been piloted twice as many Incapacity Benefit claimants have found jobs as in other areas, and up to six times as many people are taking up provision such as rehabilitation or the New Deal.) One of the TUC's strong recommendations, therefore, is that the expansion nationwide of Pathways to Work (announced in the Green Paper *A New Deal for Welfare*) should continue to include the Return to Work Credit.

We also have plenty of experience of employer subsidies. Payments to employers have a very mixed record, but one of the most successful is the Access to Work scheme, which provides financial support for employers who face extra costs as a result of employing a disabled person. Access to Work is very successful – for every individual helped by the scheme there is a net benefit to the Exchequer of almost £1,400, and to the economy of almost £3,000; the government has increased spending on this programme from £14.6m in 1997-8 to £60m in 2006-7. (Commons, 2006)

In Singapore, the Tripartite Committee on Employability of Older Workers recently published its interim report, proposing the creation of an *Advantage* scheme, offering up to S\$300,000 (£103,000) to employers through training grants, job redesign grants, placement services and a retention incentive. (Ministry of Manpower, 2006)

Despite the increase in resources for Access to Work that has taken place under the current government, there continues to be more demand for AtW than the budget for the scheme can support, which probably explains why, like its predecessor, the government has refused to publicise it. As a result, few disabled people know about that Access to Work exists, and employer awareness is probably at an even lower level. The TUC has for some time called for the expansion of Access to Work, and this would also benefit older workers, given the overlap with disability.

In the USA 'transitional jobs' (a time-limited subsidised job that is combined with training and other services designed to overcome barriers to employment) have had very good results. Reviews of transitional jobs programmes have

found high employment rates for people who completed them (between 64 and 94 percent) and substantial increases in income – both compared with participants’ income before they joined the programmes and in comparison with similarly placed people who did not join. (Baider and Frank, 5)

## The longer term

The deep-rooted problems that make the employment status of older people ‘state dependent and duration dependent’ necessitate long-term planning of reforms. A review of Joseph Rowntree Foundation research in this area emphasised the importance of the inter-relation of different factors, tracing difficulties back to “a complex set of factors that have developed in the course of their working lives, which interact with the limited opportunities available to them in their later working years.” (Hirsch, 2) In the TUC’s judgement, one of the key lessons from this work is the priority it gives to “sustaining working lives, rather than just ‘rescuing’ workers who have dropped out of work ... rescue is so difficult. Once someone has stopped work after the age of about 45, their chances of ever working again are remarkably low: panel evidence suggests, for example, that only a small minority of men of this age will return to work once they have become economically inactive.” (Ibid, 3)

In the remainder of this report we consider long-term reforms in four areas: training, health and safety and work/life balance.

### Training

Training can be a problem for older workers. For some time now demand has been increasing only for skilled workers, which suggests that older people who do not gain and maintain new skills will find stable employment much less attainable. Disney and Hawkes, using Family Expenditure Survey data, have shown that unskilled men aged 50 – 54 are very susceptible to changes in the employment rate, losing jobs quickly in the recessions of the early 1980s and 90s; the same problem affects skilled men aged 55 – 59. They argue that this indicates that there are two overlapping dimensions of vulnerability to fluctuations in demand for labour: lack of skill and age. Young skilled workers are thus the least likely to be hit by the business cycle, and older unskilled workers the most likely. (Disney and Hawkes, 2003, *passim*)

To promote employment for older people we must work in both dimensions, dealing with problems like discrimination which they face because of their age and those that are indirectly linked to it, such as low levels of qualifications and poorer access to training. Government policies should be able to make a significant difference, both through the education and training the government funds itself, and its ability to influence employers’ policies.

The European Commission has pointed out how important it is to take the long view here: “employability at later stages of working life is still to a large

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degree determined by investments in human capital earlier in life. This suggests that the issue of early school leavers must be addressed, and human capital investment and mobility during people's careers must be enhanced." (European Commission, 2005, 57) As the Leitch review of skills has pointed out, over 70 per cent of our 2020 workforce has already finished compulsory education (HMT, 2005, 8); the skills of older workers in the middle of this century will depend on decisions we make now about lifelong learning.

Disney and Hawkes, looking at the issue from another angle, have pointed out that for employer and employee alike, the comparatively short time to go till retirement may make investment in training look unattractive. (Disney and Hawkes, 2003, *passim*) This suggests the utility of training subsidies for older workers and their employers, as in the existing Government policy to fund free training for disadvantaged older workers who gained level 2 qualifications some time ago, and which might now be outdated.

## Health and safety

The authors of a recent study of Incapacity Benefit claimants were struck by the way in which "people's accounts of either getting back to work or of staying on benefit were dominated by discussions about health." (Sainsbury and Davidson, 72) They concluded that the first question their study suggested for policy makers was "can the onset or deterioration of health problems be avoided"? (Ibid, 16) A long-term approach is the key to answering this question; services need to be built up over the coming decades, promoting health at all stages in people's lives.

One of the key elements of the much-admired Finnish approach to 'maintaining work ability' has been a commitment to the promotion of well being at work, including fitness programmes and enhanced occupational health provision. Ilmarinen has pointed out that regular physical exercise can keep a worker's physical capacity "nearly unchanged" between the ages of 45 and 65, and pointed to four reforms that can enable ageing workers to maintain their work ability:

- Training supervisors in age management,
- Good ergonomic practice,
- Workplace exercise programmes, and
- Training in new technology. (Ilmarinen, 546)

The government's foresight panel has emphasised that healthy ageing is a whole-lifecycle issue. A key target group for preventing osteoporosis, for instance, is young girls, because bone density in old age is highest when it has been as high as possible on entering adulthood. The Whitehall II study of the mortality of British civil servants famously found that job strain earlier in life is linked to developing coronary heart disease and common mental health problems, and that psychosocial factors in the home and the community are

also linked to disease development. (Marmot and Brunner, 2004) As the World Health Organisation has explained, intervention throughout the life-course can make a very significant difference to health when older:

“The functional capacity of our biological systems (e.g. muscular strength, cardiovascular performance, respiratory capacity etc.) increases during the first years of life, reaches its peak in early adulthood and naturally declines thereafter. ... The slope of decline, however, is largely determined by external factors throughout the life course. The natural decline in cardiac or respiratory function, for example, can be accelerated by smoking, leaving the individual with lower functional capacity than would normally be expected for his/her age. ... The difference in decline in functional capacity between two individuals is often only evident later in life when a sharper descent may result in disability. Health and activity in older age are therefore a summary of the living circumstances and actions of an individual during the whole life span.” (Stein and Moritz, 4)

The TUC therefore strongly supports the Foresight Panel’s call for “information and education to promote healthy ageing across the whole of people’s lives.” (Foresight, 8) Regular health screening, workplace and community-based health and wellbeing programmes, ‘plain English’ sources of advice and information and extra resources for health and safety – if we want the benefit of such advances to be felt by older workers, we need to make sure they are available for *everyone*.

### **Work-life balance**

Policies addressing major changes in the structure of people’s lives are never going to succeed if they are framed as commands that the incoming tide should reverse itself. The evidence that retirement is popular *and expected* is very strong; it is a part of life that most people have expected to enjoy since the mid-twentieth century or earlier, and the days when many workers resisted or resented retirement are long gone. The baby boom generation now retiring has, throughout its life so far demonstrated a commitment to its personal liberty and is unlikely to change in old age. (This is an argument developed Phillipson, 2004.)

The TUC believes that policies aimed at supporting people who want to continue working, rather than coercing those who do not, are not only right, they are also practical – nothing else goes with the grain of popular desires. Many people will not want to drop out of the labour market completely as soon as they reach their mid fifties, but they may well do so if the only alternative is to remain in their existing jobs.

That is why the campaign for work-life balance is as important for older workers as it is for those who need to share their time between work and family. Flexible working arrangements that allow older workers to move to

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reduced hours or partial retirement may actually help many to stay in employment till much later in life.

Specific policies that might help create greater flexibility include:

- Requiring employers to survey their employees to establish the age profile of their workforce, and then consider with those workers and their representatives what policies would help workers to remain in employment for as long as they would want ideally.
- Extending to all employees the right to request flexible working arrangements. This would challenge the assumption that flexible working is only for women, and enable workers coming up to retirement to 'downshift' gradually.
- A right to retraining for older workers, with paid time off work to learn new skills. Judicious subsidies could encourage employers to welcome this.
- DWP advice on retirement planning, offered periodically, starting several years ahead of state pension age.
- A new idea is Slivers of Time a web-based service bringing together people who can only be available for work at irregular times and organisations who need extra workers unexpectedly or for peak periods.
- Partial retirement – the ability to move to reduced hours, and supplement lower wages with a part-time pension. Finland and Sweden have introduced part-time sick pay for workers suffering from long-term ill health – workers who have been off ill for a long time can return to pay on a part-time basis, and receive partial sick pay as well.

[www.sliversoftime.com](http://www.sliversoftime.com)

Section eight

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