

# Moving Towards Inclusion

A Picture of Disadvantage in the South West

Older Workers

March 2003



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## 1. WHAT IS AN 'OLDER WORKER'? - DEFINITION

For the purposes of this section of the report, an 'older worker' is one aged 50 to 64. There have been discussions in the past about the discrimination experienced by workers in their 40s, and for women, the age of 35 is considered by some a potential barrier to employment. However, it is generally accepted for statistical purposes that 50 is the age at which retirement first becomes a possibility, or health related problems set in, and therefore disengagement from the labour market becomes more likely. Those who are over the age of 50 tend to be unemployed and are likely to be without work for longer periods than their younger counterparts.

People aged 50-64 represent:

1/3rd of people of working age;

1/5th of those actually in work;

1/10th of those on employer and government training programmes.

(Source: Third Age Employment Network (TAEN), 2002)

For many excluded older people, access to relevant, sensitive and timely adult education raises self-esteem and confidence and as a consequence also creates opportunities to consider future employment prospects.

A Government report, *Winning the Generation Game* (Cabinet Office, April 2000), put the cost of the drop in the employment rate of the over 50s since 1979 at about £16 billion a year in lost Gross Domestic Product and £3-5 billion in extra benefits and lost taxes. A third of people aged 50 to State Pension Age in Britain are inactive or displaced from the labour market.

At 68%, the employment rate for the over 50s falls short of the overall employment rate of 75%. For those over 50, there is a comprehensive range of back-to-work help including New Deal 50 Plus, New Deal 25 Plus and the New Deal for Disabled People. The employment rate for the over 50s has increased each year for the last four years. Through New Deal 50 Plus alone, since April 2000, almost 62,000 people over 50 have been helped back to work.

## 2. A CHANGE IN THE CULTURE OF 'WORK'

The demographics of the working population is a current preoccupation of governments across Europe, who are grappling to develop policies that encourage men and women in the older age brackets to remain in the labour market. A work culture has now developed that leads to an expectation of early retirement. Jobs are no longer 'for life'. Performance-related pay, longer working hours, more extreme pressures resulting from greater personal accountability – these have all contributed towards the view that, health willing, there should be a period of 25-30 years remaining in which to enjoy the fruits of intensive labours. There are, of course, occupational and gender differences. Professional and managerial staff are much more likely to retire early, and women, who have lower earning capacity over a working lifetime, are less likely, along with those who are self-employed and those in manual occupations.

A greater percentage of those aged 50+ still within the labour market are working on a self-employed basis than those in younger age groups. This applies across both manual and managerial occupations. This may be influenced by the move towards early retirement, but there is a lack of evidence on the *different reasons* for continuing self-employment. It is possible that those in managerial occupations are encouraged by early retirement or large redundancy payments from managerial lay-offs, whilst those in manual occupations still work because of low incomes and inadequate pension provision.

There is some debate about the effects of leaving the labour market on different age and occupational groups, particularly in relation to increasing levels of stress and feelings of financial security. The Economic and Social Research Council (ESRC) report, *Fit and Fifty?* (2000), suggests that groups are affected in opposing ways. Levels of stress appear to decrease when leaving managerial and professional occupations, but increase when leaving manual or unskilled work. However, it is those in the former group who feel the greater loss in terms of financial security. This is probably due to the level of benefit available to those previously employed in low-skilled work.

### 3. THE DEMOGRAPHIC PROFILE IN THE SOUTH WEST REGION

This issue is particularly relevant for the South West as it has a larger percentage of older people than any other region in England. 19% of the population is over the age of 65, with a further 21% over 45. The South West is forecast to experience the biggest age shift of any region – the proportion of over 60s is estimated to rise from 21% in 1997 to 28% in 2021.

The percentage of the population in working age groups between 50 and retirement age in the South West is just above the average for Great Britain. Certain areas within the region have a percentage of the population in the older working age brackets well above the national figures.

#### *Mid-Year Population Estimates 2001 - Older Working Age*

	Aged 50– 54 years	%*	Aged 55– 59 years	%*	Aged 60– 64 years	%*	Total Aged 50-64	% of total SW Region Populat- ion aged 50-64
Bath and NE Somerset	11,862	7.0	10,111	6.0	8,315	4.9	30,288	3.3
Bournemouth	10,268	6.3	9,032	5.5	7,689	4.7	26,989	2.9
Bristol	22,240	5.8	18,492	4.9	15,655	4.1	56,387	6.1
Cornwall and Isles of Scilly	40,535	8.1	36,516	7.3	30,201	6.0	107,252	11.5
Devon	53,206	7.5	48,389	6.9	40,780	5.8	142,375	15.3
Dorset	29,240	7.5	27,219	7.0	23,249	5.9	79,708	8.6
Gloucestershire	40,941	7.2	35,134	6.2	28,696	5.1	104,771	11.3
North Somerset	14,732	7.8	13,056	6.9	10,455	5.5	38,243	4.1
Plymouth	15,933	6.6	13,777	5.7	11,598	4.8	41,308	4.4
Poole	9,828	7.1	8,595	6.2	7,278	5.3	25,701	2.8
Somerset	37,811	7.6	32,327	6.5	27,122	5.4	97,260	10.5
South Gloucestershire	17,114	7.0	15,321	6.2	12,184	5.0	44,619	4.8
Swindon	11,366	6.3	9,323	5.2	7,937	4.4	28,626	3.1
Torbay	9,311	7.2	8,915	6.9	7,731	5.9	25,957	2.8
Wiltshire	31,243	7.2	26,247	6.1	21,824	5.0	79,314	8.5
South West	355,630	7.2	312,454	6.3	260,714	5.3	928,798	100.0
Great Britain	3,915,472	6.9	3,296,597	5.8	2,806,028	4.9	10,018,097	

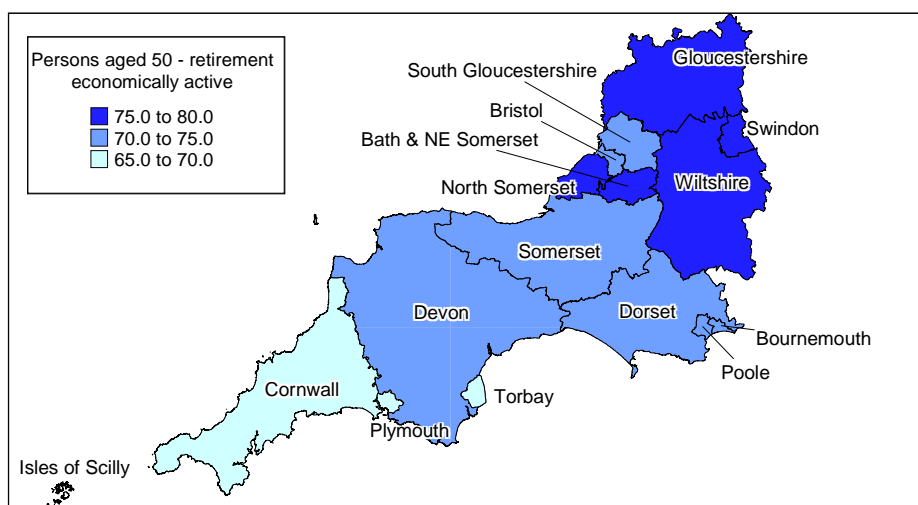
\*as a % of total population

Source: ONS 2002

## 4 ECONOMIC ACTIVITY AND EMPLOYMENT

Economic activity rates amongst those between age 50 and retirement age are also above the national average, up to four percentage points higher for females in this category. However, economic activity rates amongst those aged 50 to retirement vary from more than 79% in Wiltshire to the east of the region, down to 66.7% in Plymouth and just over 68% in Torbay and Cornwall (compared to a national average of 69.9%).

### *Economic Activity of Persons Aged 50 to Retirement*



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Source: LFS 2000

### *Economic Activity Rates 2000*

	All working age	50-retirement age	Males - working age	Males - 50-retirement age	Females working age	Females 50-retirement age
Bath and North East Somerset	83.7	77.0	87.2	77.5	79.8	76.3
Bournemouth	77.1	72.7	82.3	74.0	71.5	70.7
Bristol	80.7	73.2	85.1	74.3	75.7	71.5
Cornwall and Isles of Scilly	74.3	68.2	80.1	70.2	67.9	65.5
Devon	81.4	71.9	85.6	73.9	76.9	69.1
Dorset	82.5	74.4	88.7	79.1	75.8	68.2
Gloucestershire	85.5	77.8	88.9	80.9	81.6	73.6
North Somerset	82.3	77.2	87.4	77.5	76.5	76.7
Plymouth	77.3	66.7	81.8	73.2	72.3	58.5
Poole	81.1	73.3	86.0	75.9	75.8	70.1
Somerset	83.2	74.3	87.3	78.9	78.7	68.3
South Gloucestershire	86.3	72.5	89.4	72.2	82.9	73.0
Swindon	85.7	77.5	90.9	80.5	79.7	73.4
Torbay	78.1	68.1	81.2	69.5	74.9	66.4
Wiltshire	84.7	79.4	91.7	83.3	77.1	74.1
South West	81.8	73.7	86.5	76.4	76.6	70.0
Great Britain	78.6	69.9	84.1	72.6	72.5	66.0

Source: LFS 2000

To assess how far the low rates of activity represent a potentially untapped workforce, it is necessary to examine why older people are inactive. This might be through domestic responsibilities, sickness or retirement. Or it might be that they would prefer to have work but are concerned that there are too few jobs for their age group, that they will be discriminated against at interview or that their benefit status may be affected. Many older workers – most particularly men - are concentrated in traditional industries, so as these decline, more older workers than any other group find themselves facing redundancy.

#### 4.1 The full time/part time split and the older worker

	% in employment working full time - working age	% in employment working full time - aged 50+	% in employment working part- time - working age	% in employment working part- time - aged 50+
Bath and North East Somerset	69.3	58.3	30.7	41.7
Bournemouth	75.3	68.6	24.6	31.4
Bristol	72.3	61.0	27.7	39.0
Cornwall and Isles of Scilly	72.4	67.0	27.6	33.0
Devon	71.6	61.5	28.4	38.5
Dorset	70.6	63.2	29.4	36.8
Gloucestershire	73.9	68.5	26.1	31.5
North Somerset	72.0	62.0	28.0	38.0
Plymouth	70.2	62.8	29.8	37.2
Poole	76.0	62.9	24.0	37.1
Somerset	72.3	66.1	27.7	33.9
South Gloucestershire	74.4	65.9	25.4	34.1
Swindon	80.2	73.9	19.8	26.1
Torbay	72.8	60.9	27.1	39.1
Wiltshire	76.1	65.6	23.9	34.4
South West	73.1	64.6	26.9	35.4
Great Britain	76.5	68.6	23.5	31.3

Source LFS 2000/01

Overall, there is a smaller percentage of people aged 50+ in full time employment in the South West than nationally. Conversely, there is a larger percentage of older people in part-time work. However, the regional figure hides wide variations at county and unitary authority level. In Swindon, 73.9% of those aged over 50 are working full time, more than 15 percentage points higher than Bath & NE Somerset (58.3%) and the Great Britain average (68.6).

Generally older people are more likely than the working age population as a whole to work on a part time basis. This is likely to be a gender-based difference. Data shows that women aged 50+ are more likely to be working than their male counterparts, but there are concerns relating to the type of work they are doing (low status, low wage) the hours they work and security of employment.

It is the reduction in economic activity amongst older males that has become the central issue for labour market policy-makers in at the beginning of the 21<sup>st</sup> century, however.

In 1979, analysis of the Labour Force Survey (LFS) showed that 84% of men over the age of 50 were working. By the year 2000, that figure had gone down to 69%. These figures, when taken further in a report by the London School of Economics, equate to 600,000 more men and 200,000 more women over 50 in the labour market, if the older men worked at the level of 1979 and if older women had shared in the increase in work for younger women.

The reasons why older males in particular are not in work include:

- more people retiring early and having access to private pension schemes;
- early retirement policies enacted by firms wishing to shed labour and save on future pension costs;
- a shift in the labour market profile within particular regions and the consequent rise in long term unemployment and long-term sickness amongst older males.

According to Richard in *Why Have Older Men Stopped Working for Britain?* (The State of Working Britain, 1999), the economic activity rate for 60-64 year olds fell from 80% to 50% in the last two decades of the last century, whilst the economic activity rate for 55-59 year olds fell from 90% to 75% over the same period. By the mid-1990s, around 25% of 60-64 year old males and 20% of 55-59 year old males were in receipt of Invalidity Benefit. Only one third of 60 year old males were in employment.

Disney suggests that it is misleading to suggest that the main reason for this decline in older workers' labour market participation is a decision by older workers to retire early. He concludes that disengagement from the labour market often involves more than one factor, such as long-term sickness and unemployment and that a swift route out of employment is mainly 'at the behest of employers rather than as the outcome of an individual decision-making process'. This is particularly interesting in the light of recent events in the pension funds market, as it becomes clear that many company plans are not going to provide anticipated returns.

## 5. DAMAGING PRECONCEPTIONS AND DISCRIMINATION

### 5.1 Discrimination

Discrimination on the grounds of age is hard to measure – more so than discrimination on the basis of gender or ethnic background perhaps. It may be that the discrimination is not deliberate, a response to stereotypes that must be challenged – for example the perception of older people as more resistant to change or lacking in up to date technical skills.

The Third Age Employment Network (TAEN) in their paper, *Experience of Age Discrimination: the evidence*, highlight the myriad reports which can now be used as background to any work on the problems of those aged over 50 in the labour market:

- *Norwich Union Survey*, March 2002: A survey of 300 employers showed 75% did not employ anyone over 60. However, 80% of the same employers thought over 60s could make a valued contribution to the work force;
- *Institute of Directors (IOD) Report*, May 2000: From a survey sample of 500 IOD members:
  - half had workforces with less than 10% over age 50 and 10% had no employees over 50;
  - however, two-thirds thought that they had 'age-friendly' policies and supported in-principle legislation on age diversity;
- *Eden Brown employee survey*, October 2001: Survey of 1,150 employees indicated that age discrimination at work was more common than discrimination on grounds of gender or race;
- *Industrial Relations Service (IRS)*, July 2001: A survey of 105 firms employing over 1 million people. Concluded that the voluntary *Code of Practice on Age Diversity in Employment* had not changed the employment picture for older workers, that there is little or no training for over-50s and that half of employees retire early;
- *Chartered Institute of Personnel Development (CIPD) Age Discrimination at Work*, January 2001: In a survey of over 1,000 people the Chartered Institute of Personnel and Development found that:
  - One in eight workers had been discouraged from applying for jobs on grounds of age;
  - One in four thinks that employers are not interested in employing people over age 40;
- *Silicon Research Services*, October 2000: In a study of the IT industry, two-thirds of a sample of 1,400 IT professionals thought they would be unable to get a job past age 45;
- *Union Network International*: the authors, concluded that ageism is "rife". Although two-thirds of IT firms have difficulty recruiting, ageism was assessed as having an impact after age 35;
- *NOP Monitoring the Code*, June 2000: In its monitoring of the impact of the voluntary Code of Practice on Age Diversity in Employment for the Department for Education and Employment (DfEE), NOP found that:

- 85% of over-50s believed that there is discrimination against older workers;
  - over 95% of employers believed that they had 'age friendly' employment policies and saw no need to change to meet the principles of the Code of Practice;
  - 20% of over-50s said that they had had direct experience of age discrimination.
- *Office for National Statistics (ONS), Social Focus on Older People 1999*: This is one volume of a series of publications examining the life experiences of different groups in society, and it [looks at the](#) experiences, lifestyles and attitudes of people aged 50 or over. It reports that only one in ten of those made redundant over the age of 45 ever returns to a job. This compares with 60% of under-45s, who find a new job within three months.

## 5.2 How discrimination affects motivation

Older people experiencing discrimination in the labour market can be quickly disillusioned about their prospects, and rapidly become economically inactive. TAEN describes research undertaken at Sheffield Hallam University that shows that 25% of over-50s want full-time work and looked for it when they were first out of work. However, a year later only 2% were actively looking for work as a direct result of the barriers they had experienced (Sheffield Hallam University).

A survey of employers by the Institute of Directors (IOD 2000) showed that in 50% of companies, those over the age of 50 made up less than 10% of the workforce, although they represented 30% of people of working age. Norwich Union research, highlighted by TAEN, indicated that 75% of UK Companies have no employees over 60.

As discussed in *Skills Issues in the South West (SLIM 2002)*, there is increasing evidence, albeit mainly anecdotal, to suggest significant discrimination against older workers in anything but the lowest-earning occupations once they have left the labour market, even following re-training. Problems are most likely to arise for those made redundant from a middle-management position or skilled engineering posts. Expensive retraining can be wasted if the available opportunities go to younger people perceived as more 'dynamic'. However, there is evidence to suggest that age discrimination works in reverse when the worker is self-employed, with those – most particularly in skilled trades such as plumbing – in the older age brackets having the advantage over their younger counterparts.

There have been many discussions in recent years relating to increased life expectancy and its potential impact on the labour market and retirement and pensions. Not all those discussions have included the views of older people themselves. Indeed, in 2001, Age Concern undertook research which concluded that not one regional body had a structure in place to enable proper consultation with older people – about whether they work, want to work, what their skills may be and how they could continue to contribute to the regional economy.

## 6. TAKING ACCOUNT OF AGE – THE SOUTH WEST REGIONAL ASSEMBLY

In January 2002, the South West Regional Assembly set up a Steering Group 'to introduce older people to regional issues and explore the best way of involving older people in policy making'. In August 2002, TAEN published a report undertaken for the South West Regional Assembly entitled *Taking Account of Age – Retaining Older People in the Workforce – Training and Retaining Older Workers*. TAEN 'champions the contribution that age diversity in employment makes to business success and a healthy society and campaigns for better opportunities for older people to learn, work and earn.' They contribute to UK public policy formation, and as such were ideally positioned to undertake the work, which looked at the attitudes of employers and older people themselves to work and training for older workers.

The report undertakes an assessment of the number of currently inactive older people that might consider going back to work should suitable jobs be available, and those over the state pension age that would still like to earn additional income. The author concludes that this potential labour source could consist of more than 200,000 50-59/64 year olds and more than 150,000 aged over 60/65. The sample size is small as the work was undertaken in a very short period of time. However, some useful general points can be pulled together:

- Generally, older people in the South West are interested in becoming involved in the development of regional plans;
- Currently, a slightly higher percentage of older people are aware of regional organisations such as the Regional Development Agency (RDA) and Local Learning and Skills Councils (LLSCs);

(The response to both these questions could be heavily influenced by the sample selected to receive the questionnaire);

- Most employers do not have a specific policy for older workers and operate general opportunities policies;
- Some employers have taken positive steps to 'include' older people in the workforce by removing age limits on recruitment and abolishing mandatory retirement at 65;
- Training and development is made available to all staff regardless of age.

The report also examines the perceived advantages and disadvantages of the older person in the workforce:

### *Advantages*

- Greater experience of work and life, better coping skills, reliability;
- Loyalty, attendance, enthusiasm, motivation;
- Higher level communication skills.

### *Disadvantages*

- Health issues;
- Lacking skills in new techniques/technology;
- Resistance to change;
- Less flexible;
- Potential imbalance in age profile of employees.

## **7. QUALIFICATIONS AND TRAINING**

### **7.1 The importance of qualifications**

Levels of qualifications appear to impact on whether or not older people will have a place in the workforce. Only 50% of unqualified men over the age of 50 are working (Employment Policy Institute).

The LFS shows that qualifications decrease with age. Nationally, approximately 40% of non-working men over the age of 50 have no formal qualifications, and women over 50 have three times fewer qualifications than men.

### **7.2 Qualifications of the older workforce in the South West Region**

The LFS indicates that the older age bracket is generally less well qualified than the working age population as a whole, although those aged over 50 are more likely to have a Trade Apprenticeship or 'other' qualification. In the SW Region 21.3 % of those aged over 50 have no qualifications at all, compared to 12.6% of the total working population. However, figures in all qualification categories across the region indicate that the South West is better qualified than the national average.

When sub-regional (county and unitary authority) figures are examined, it is clear that there are significantly different experiences for older people in different parts of the region. For example, in Devon, North Somerset and South Gloucestershire, the percentage of those with no qualifications aged 50+ is between four and seven percentage points lower than the regional average and more than ten percentage points lower than the Great Britain average. However, in Plymouth, Swindon and Bristol, the opposite is true, with percentages well above the regional average. Indeed the figure for Plymouth (28.7%) is 1.5 percentage points higher than the national average.

A report by the New Policy Institute quoted by TAEN indicates that training levels decrease with age - there is a 50% reduction for over-50s compared to 35-50 year olds.

As discussed in *Skills Issues in the South West* (SLIM 2002), older people do not participate in training whilst in employment to the same extent as younger age groups. The LFS indicates that a much smaller percentage of employees over 50 had participated in training in the previous 13 weeks, compared to those under 50. The South West Training & Enterprise Council survey *Perspectives on Individuals Learning & Employment* conducted just prior to the establishment of Learning & Skills Councils indicates that older people consider themselves to be in less need of ongoing training than younger workers. Findings from the research concluded that workers aged over 50 were one of the groups least likely to undertake training.

However, statistics showing the number of people over 50 taking part in government training programmes indicate that they are more committed and achieve better results, even though they start with lower levels of formal qualifications.

On a more positive note, however, the numbers of workers aged over 50 undertaking some form of training was increasing at a rate above the average and it could therefore be said that the gap in participation rates was closing slightly.

### 7.3 Participation in Adult Learning

The National Institute of Adult Continuing Education (NIACE) in its briefing to Learning & Skills Councils, *Meeting the Needs of Older Learners* (June 2002), examines the current situation for older learners against the backdrop of increased overall participation in adult learning over the past five years. Nationally, where overall participation has increased across all age groups it is the older learners who have benefited the least. There was an 8% increase in the 55-64 age group compared to a 12% increase in 35-54 age group, and past retirement age rates drop below 3%.

Almost 10% of students in the further education sector in 1999/2000 were aged 56 or over. This is still a considerable under-representation. In higher education, only 0.4% of first year full-time undergraduates in 1999/2000 were aged 50 or over, 15.5% of part-time equivalents. The Open University does experience some success in attracting older learners and in the period 1994 to 1999/2000 the percentage of students aged over 50 enrolled as undergraduates with the university increased from 12.2% to 16.3%.

Government policy is to attract older people in to lifelong learning, yet the availability of student loans is denied to those aged over 55.

#### *Older People in Adult Learning*

Area	Persons aged 50+ - taught and non-taught Adult Learning	Persons aged 50+ - No Adult Learning	Persons aged 50+ - No Adult Learning as % SW Total	Men aged 50+ - taught and non-taught Adult Learning	Men aged 50+ - No Adult Learning	Women aged 50+ - taught and non-taught Adult Learning	Women aged 50+ - No Adult Learning
Bath and North East Somerset	18,000	23,000	2.7	9,000	9,000	9,000	14,000
Bournemouth	10,000	29,000	3.4	5,000	11,000	5,000	18,000
Bristol	32,000	63,000	7.3	15,000	27,000	17,000	36,000
Cornwall and Isles of Scilly	42,000	100,000	11.6	22,000	42,000	21,000	58,000
Devon	78,000	128,000	14.9	41,000	54,000	37,000	74,000
Dorset	42,000	76,000	8.8	20,000	30,000	22,000	45,000
Gloucestershire	50,000	104,000	12.1	26,000	41,000	24,000	63,000
North Somerset	21,000	28,000	3.3	11,000	10,000	11,000	18,000
Plymouth	18,000	43,000	5.0	10,000	16,000	8,000	27,000
Poole	13,000	24,000	2.8	6,000	9,000	7,000	15,000
Somerset	48,000	91,000	10.6	25,000	34,000	24,000	58,000
South Gloucestershire	21,000	35,000	4.1	10,000	14,000	11,000	20,000
Swindon	13,000	24,000	2.8	7,000	10,000	6,000	14,000
Torbay	12,000	23,000	2.7	6,000	9,000	6,000	15,000
Wiltshire	43,000	68,000	7.9	23,000	28,000	20,000	40,000
South West	463,000	859,000		235,000	345,000	228,000	514,000
Great Britain	3,890,000	11,023,000		1,960,000	4,669,000	1,930,000	6,354,000

Source: LFS 2000/01

The table above shows the numbers of those aged over 50 and their participation or non-participation in adult learning. Obviously, the numbers involved reflect the size and age of population within a given area. But overall it is clear that nearly twice as many older people **do not** participate in any form of adult learning than do, although in some areas

the difference is not so great – most obviously Bath and NE Somerset and North Somerset.

From a policy perspective, the largest numbers of older people who are not engaged in adult learning are in Devon, Cornwall and the Isles of Scilly and Gloucestershire. In each of those areas the numbers not participating in any form of learning outnumber those who do by more than 50,000.

## **8. THE IMPACT OF INCAPACITY AND DISABILITY**

Work undertaken by Sheffield Hallam University highlighted by TAEN calculates that there are more than 1.5 million over-50s on incapacity-related benefit. However, researchers estimate that approximately 75% of those people say that there are some types of work they could do. Addressing this issue and encouraging employers to consider applicants with health problems becomes more crucial as numbers on long-term sickness and disability benefit have increased by 300% since the mid-90s. Over the same period, health statistics from the NHS have shown improvement.

From the perspective of the social inclusion agenda, there appears to be a direct correlation between low skills and sickness benefit. The LFS shows that amongst the age group 45-64, 48% of men classified as 'unskilled' have a limiting disability compared to 17% of 'professional' men. NHS statistics examine the incidence of depressive disorders, and these are 50% higher amongst non-workers rising as the age group gets older and/or qualification levels are lower. In addition, overall life expectancy in poor neighbourhoods is eight years less than in wealthy neighbourhoods (ONS).

## 9. INCOME POVERTY AND THE OLDER WORKFORCE

There are direct links between apparent age discrimination in the labour market and *income* poverty. Examination of DSS statistics shows that 57% of workless people are in households without occupational pensions and 40% of them are in the lowest fifth of income distribution, with an average income of £72 per week. To compound this, the majority of occupational pensions are only in the range £3,000 to £7,000 a year. This compares to the top fifth whose income from all sources amounts to more than £30,000 per annum (Department for Work and Pensions (DWP)).

### 9.1 Pensions and early retirement

Patrick Grattan, in *A Short Guide to Pensions, Retirement and Work* (TAEN, October 2002), examines the ways in which older people can continue within the labour market whilst still enjoying income from a pension.

This is particularly relevant at a time when many employees are leaving the public sector on early retirement, or are being encouraged to take 'voluntary' early retirement from private sector companies restructuring (downsizing) their workforce. It is clear that to encourage older people to continue to make their skills available to employers a greater flexibility in the rules relating to pensions and work is required. However, any changes need to be consistent with the need to ensure that the rules do not further encourage more people to leave the labour market early.

In July 2002, the Secretary of State for Work and Pensions said in a speech to the TUC Pensions Conference:

*'Many people resent the sheer cliff edge between work and retirement - that on Friday they are deemed to be valuable members of the workforce but the following Monday they are shuffled off into retirement.'*

*"We need to give people real opportunities and incentives to enable people to stay in the work place for longer - where they want to. As well as getting rid of the perverse incentives to retire even when it might suit people to carry on working, perhaps part-time, for longer.'*

He continued

*'Reform should be based on the principles of ... removing perverse incentives by aligning pensions policy with the employment and active ageing agenda.'*

TAEN point out that the Government's current view is that any greater benefits accruing at this stage may lead to a greater number of people utilising their pension fund early, resulting in a greater dependence on the already stretched state pension in their later years. There is, however, an alternative view which suggests that opening up a flexibility between earned and pension income will lead to more people deferring or reducing the draw-down of their pension fund and thus saving more for old age.

In addition, the current rules relating to the combination of state benefits with supplementary earnings means that the threshold at which it is worthwhile for older people to continue working acts as a major deterrent to many older people who would like to move from welfare to work.

## 10. THE EFFECT OF POSITIVE ACTION

TAEN offers some examples of positive action undertaken by employers to include older people in the workforce and the results achieved.

- The Halifax Building Society increased profits by £130,000 at six Branches which operated a pilot trial with an older workforce (Halifax for Employers' Forum on Age (EFA));
- The Nationwide Building Society saved £7million in staff turnover costs by widening the recruitment age (Nationwide for EFA);
- B&Q's Macclesfield store, staffed entirely by people over age 50, achieved 18% more profit, 39% less absenteeism and 59% less shrinkage than benchmarked stores (B&Q).

Self-employment may be an option for some older people. TAEN refers to research undertaken by Warwick Business School which shows that small businesses started by people aged over 50 are twice as likely to succeed as businesses started by younger people.

## **11. NATIONAL AND REGIONAL PROGRAMMES SUPPORTING OLDER WORKERS**

The research report undertaken for the South West Regional Assembly, *Taking Account of Age Retaining Older People in the Workforce - Training and Retaining Older Workers*, examines the ways in which national and regional programmes support older workers in the South West region.

### **11.1 The PRIME Initiative (managed by Age Concern England)**

In Bristol, the Brave Enterprise Agency delivers the PRIME initiative. PRIME is a national programme, backed by the Prince of Wales, whose objective is to encourage and enable those over the age of 50 to set up in business for themselves. Local organisations work in partnership with PRIME to offer advice on business start up, business plans, cash flow forecasts, and launch, with a mentor available for the first three years. Over the past year the PRIME network has spread rapidly, resulting in PRIME local providers being based throughout the region.

### **11.2 Somerset Learning & Skills Council (LSC)**

In Somerset, equality and diversity is mainstreamed through all strategies and the organisation is committed to ensuring 'inclusiveness' regardless of gender, ethnicity, disability or age as part of the learning and workforce development agenda. Although the LSC does not currently have as part of its programme any project aimed solely at older workers, during 2001-02, a project called 'Bitesize' involving all six Somerset colleges provided one to two- hour, free taster courses to under represented groups, including the 'vulnerable elderly' and 'older' potential learners. The courses were often run as outreach provision in village halls, medical centres, day centres, or a mobile learning bus. One college provided taster sessions called 'Silver Surfers' which aimed to deliver basic IT skills to this 'older' cohort. The evaluation of the project includes a significant number of learners 50+, many of whom have signed up to further learning/updating skills as a result of this project.

### **11.3 Bournemouth, Dorset and Poole Learning and Skills Council**

As a result of work undertaken by NIACE in 1998 and 1999, Bournemouth, Dorset and Poole LSC developed a strategic plan which envisaged three main themes for development:

- Those over 50 years of age who are in employment or seeking employment who have specific skills needs;
- Those over 50 years of age who are in the voluntary sector or about to join the voluntary sector whose skills need to be matched to the new requirements;
- Those over 50 years of age who are not actively seeking employment but who have a social need to be a valued member of their community.

To meet the objectives and delivery of the first theme, a pilot 'Older & Bolder' project in Dorset recently completed its work to develop a programme offering opportunities for people in Dorset aged 50+ 'to continue learning, working and earning, and to create a

network of Dorset partners which is committed to promoting learning and employment opportunities for those aged 50+.’ (TAEN, 2002).

#### 11.4 Third Age Challenge

Swindon in Wiltshire is home to the Third Age Challenge Ltd Older Worker Local Strategy (OWLS) group. This group includes representatives of large and small employers, local and national government, education, and the older workers themselves. The purpose of the OWLS group was to develop a strategy to ‘encourage positive age related human resource management’. The group aim to:

- Provide professional resources for older people to manage their own job search and career development;
- Raise awareness through conferences/networking and consultancy with employers;
- Liaise with local/national government on age related issues.

The Third Age Challenge also run Third Age Achievers Awards which recognise the achievements of employed or community volunteers, those in self employment or vocational learning and those actively looking for work. A *Directory of Age Friendly Organisations* in Swindon has also been published.

#### 11.5 The Freshstart Trust

This programme, based in Bristol, offers support to people over the age of forty who aim to enter or re-enter employment. One-to-one sessions are available, along with a training programme, ‘Older people into work – steps to employability’. The project is currently funded through the European Social Fund (ESF). Referrals to the organisation are made predominantly from Jobcentre Plus throughout Bristol and the surrounding area.

#### 11.6 Jobcentre Plus and New Deal 50plus

New Deal 50plus started nationally in April 2000 and is open to all over-50s on any kind of benefit, not just the registered unemployed. Unlike the New Deal for Young People, it is not compulsory.

New Deal 50plus includes advice, a training allowance and an 'employment credit' to help people move from benefits to jobs without being worse off. It includes support for self-employment. Over 60,000 people have now taken advantage of the employment credit to move from welfare to work

#### ***Number of clients on New Deal 50plus in the South West region***

<b>Jobcentre Plus District</b>	<b>Jun-01</b>	<b>Sep-01</b>	<b>Dec-01</b>	<b>Mar-02</b>	<b>Jun-02</b>
Cornwall	76	32	24	54	39
Devon	77	83	40	74	74
Dorset	29	30	21	27	28
Gloucestershire	16	24	7	14	16
Somerset	17	36	22	28	18
West of England	58	60	28	47	42
Wiltshire	16	17	9	14	20
<b>Total</b>	<b>289</b>	<b>282</b>	<b>151</b>	<b>258</b>	<b>237</b>

Source: Jobcentre Plus Regional Office 2002

In April 2002, Jobcentre Plus came into being, combining the old Employment Service and Benefits Agency. It provides one service to all those of working age, regardless of what kind of benefit they are on. This means that the client group of over-50s jumps from 200,000 to over 1.5 million.

## 12. GOVERNMENT STRATEGY & LEGISLATION

### 12.1 Code of Practice

A voluntary *Code of Practice on Age Diversity in Employment* (DfEE) was introduced in 1999. It sets out principles on the recruitment, selection, promotion, training, redundancy and retirement of employees without using age as a criterion for these decisions. The impact of the *Code* on employers' actions has been small, mainly because employers believe that they are following age diverse employment policies already.

In April 2000, the Performance and Innovation Unit (PIU) in the Cabinet Office published a report called *Winning the Generation Game*. It made 75 recommendations to Government on policy towards older people, on changing the culture and stereotypes, on Government as an employer, on benefits and pensions, and on encouragement for training, work and volunteering.

Formal legislation on age discrimination in employment and training must be introduced by 2006 in line with a European Union Directive published in 2000 (Council Directive 2000/78/EC). This will bring the UK into line with age discrimination laws which have been in place in Ireland since 1999 and in the US since 1967.

The first phase of Consultation on Legislation took place in early 2002. The key issues which emerged are:

- Whether the legislation on age should be backed by the same powers of enforcement and a suitable Commission as exists for gender, race and disability;
- The extent of possible exemptions to a general ban on direct and indirect forms of age discrimination;
- Whether normal retirement ages set by employers should be allowed or should be banned.

An important factor in the drafting of effective legislation is the balance between human rights and economic efficiency.

### 12.2 The global approach

Work undertaken by the Joseph Rowntree Foundation (JRF), *Age discrimination legislation: choices for the UK* (July 2001), looks at the experiences of age discrimination legislation enacted in other countries – most specifically in three countries where it has been in force for some time. These are Australia, Canada and the United States. A significant finding of the study was that actual evidence of the overall effect of such legislation is, in most cases, weak. However, it was confident of the following findings:

- In the United States the legislation had a positive effect on rates of employment amongst older workers, although this was generally due to leaving jobs at an older age rather than an increase in the number of older workers being taken into employment;
- There was a noticeable change in employer behaviour in countries adopting legislation. Explicit discrimination has been reduced, but the results are not as significant as those following anti-discrimination legislation relating to women or

ethnic minority communities. This may change over time, as the legislation becomes more ingrained in recruitment and employment policy;

- There is no real evidence that forcing employers to scrap the imposition of mandatory retirement ages impacts negatively on recruitment of older workers.

The report, *New policies for older workers* (JRF, 2002) looks at the employment patterns of older workers in Australia, Finland, Germany, Japan, the Netherlands and the USA, and policy responses adopted. The project examined a broad range of policy areas: pension reform, equality, social security and labour market policy. The research found that the employment of older workers is becoming more important in all the countries that were part of the study, and that all the countries have adopted policies to target older workers, and encourage them into the labour market. These include:

- removing incentives to early retirement;
- encouraging later retirement and flexible retirement;
- legislation against age discrimination;
- awareness-raising campaigns and advice and guidance for employers;
- training programmes aimed at older workers;
- employment placements;
- support for intermediate labour markets;
- 'employment incentive' schemes.

From the perspective of regional policy development, the overwhelming message from this work was that policies targeting older workers are not being integrated in a way that might lead to the greatest changes in attitude towards older workers – changes in employer attitude and worker attitude. Policies developed do not have an immediate radical affect. Retirement patterns have not changed significantly in those countries that have abolished the mandatory retirement age, and policies such as employment subsidies have had only a limited success.

The research concludes that there should be a:

*'much greater integration of public policies towards older workers, with better links to other policy areas and greater recognition of the diverse needs of older workers' with a 'greater emphasis on removing age barriers from existing initiatives, rather than developing special schemes for older workers'.*