

Older people and employment: is government policy effective?

Submission to the Women and Equalities Committee

Chartered Institute of Personnel and Development (CIPD)

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Background

The CIPD is the professional body for HR and people development. We are a not-for-profit organisation that champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. We have more than 140,000 members across the world, provide thought leadership through independent research on the world of work, and offer professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Contents:

Executive summary	4
Is the Fuller Working Lives strategy a comprehensive response to the issues identified in the Altmann Review?	6
What further steps should the Government consider in order to reduce barriers to later-life working?	9
What further steps need to be taken to reduce age discrimination in recruitment, and what evidence is there that an employer-led approach will be effective?	10
How successful are Government policies on re-training and re-entry likely to be in helping people stay in work or find new employment? Have relevant recommendations on reforming Jobcentre Plus and welfare-to-work services been implemented?	11
How should Government and employers respond to and improve age diversity in the workforce? How could the prospects of older workers be improved in the context of the Taylor review of modern working practices?	13
Is the Government's approach addressing the different needs of women, carers, people with long-term health conditions and disabilities and BME groups among the older workforce?	17

Executive summary

Introduction

We believe that employers who don't actively seek to recruit and retain older workers will miss out on the talent and skills of a significant and growing proportion of the UK population.

Our calculations suggest that if only 40% of those currently in their thirties and forties remain employed in their fifties and sixties, we could face a labour supply gap of over 1 million people. Younger workers can to some extent fill this shortcoming, but they may not always have the level of skills required to replace more experienced workers and employers need to develop more inclusive employment practices to ensure they can attract and retain a diverse workforce.

We welcome the Government's commitment to not only support longer working lives, but also ensuring that they are fulfilling. However, employers also have a critical role to play. Employers must lead from the top, with company boards raising awareness across their organisations and developing a long-term strategy. In particular we believe that HR professionals are uniquely placed to assess their organisation's people management approach and culture, ensuring that they are building a workplace which is attractive to and inclusive of older workers.

On the Fuller Working Lives strategy

- We are encouraged, in particular, by the following elements of the Fuller Working Lives strategy:
 - o Engagement with multiple stakeholders, especially with older workers themselves
 - o Sectoral approach to implementation
 - o Gathering and dissemination of good practice examples
 - o Focus on carers
- We recommend that Fit for Work and Access to Work services feature more prominently in the FWL strategy as they could support older workers and those with long-term health problems return to and stay in work.
- We believe there needs to be greater coordination across departments with an interest in the FWL strategy to ensure messages to employers are consistent.

On how to reduce barriers to later life working

We recommend the Government:

- Launches an Age Confident campaign to raise awareness and understanding among employers about the benefits of employing older workers and signpost available support and tools.
- Helps increase the uptake and range of flexible working opportunities across the economy through working in partnership with employers, professional bodies, unions and other stakeholders at a national and local level.



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- Provides basic, locally-delivered HR support to SMEs to build the people management 'basics' small businesses need for sustainable growth.

On supporting people with re-training and re-entry to work

We recommend the Government:

- Allocates 5% of the £23bn Productivity Fund towards supporting skills development and life-long learning.
- Pilots a revised version of the Individual Learning Accounts, based on co-investment by employers and employees and combined with a high-quality careers advice offer.
- Working with employers and the National Careers Service, introduce a mid-life career MOT and review.
- Gradually roll-out nationwide Steps Ahead Mentoring, a CIPD-run volunteer programme that matched CIPD members with jobseekers to help them improve their employability skills, boost their confidence and find work.

1. IS THE FULLER WORKING LIVES STRATEGY A COMPREHENSIVE RESPONSE TO THE ISSUES IDENTIFIED IN THE ALTMANN REVIEW?

- 1.1. We are encouraged by the **engagement with multiple stakeholders**, especially with older workers themselves. Also important is working with organisations that can reach SMEs, such as business growth hubs and LEPs. HR professionals also play a critical role through employer-led action.
- 1.2. Implementation of the strategy should maintain a **sector focus**, as raised by the Business Strategy Group. Table 1 shows which industries are not only highly reliant on older workers (both in terms of making up a large proportion and number of the workforce), but are also relatively bad at retaining them¹. Education, health and social work, and public administration and defence are likely to face the biggest challenges.

Table 1: Industry dashboard showing which industries are not only highly reliant on older workers but also struggle to retain them

Industry group	% aged over 50	Number aged over 50	% fall in employment age 60-64 relative to 45-49	Relative rank of industry
Education	36.7	1,241,940	-53.1	1
Health and social work	36.2	1,559,676	-52.0	2
Public admin and defence	33.1	617,015	-68.4	3
Transport and storage	39.0	560,982	-51.1	4
Manufacturing	33.8	1,041,542	-52.7	5
Construction	33.1	733,035	-53.0	6
Water supply, sewage...	36.5	75,149	-53.8	7
Mining and quarrying	34.6	43,507	-57.7	8
Financial and insurance activities	22.6	251,816	-72.0	9
Information and communications	25.0	281,480	-68.0	10

¹ Our 2015 analysis of Labour Force Survey data in a joint ILC-UK and CIPD policy report, [Avoiding the demographic crunch: Labour supply and the ageing workforce](#), led to us producing an industry dashboard

- 1.3. We are encouraged by the focus on creating new partnerships and gathering examples of good practice. One of the main challenges is how to get the useful resources and guidance which have been produced by many different stakeholders out to employers, especially small businesses. With our reach to more 145,000 HR professionals, and regional reach via our network of over 50 local CIPD branches, the CIPD could support dissemination efforts. HR professionals in our network could help inform content for an online portal providing information to aid employers in recruitment and retention.
- 1.4. Evaluation of back to work support is key to ensure investment is correctly channeled.
- 1.5. We are encouraged by the focus on carers in the practical actions. Working carers face specific challenges, meaning that both the carers and their employers require support (see p.18). With the number of carers in the UK set to grow, it is essential more action is taken to enable people to stay in or re-enter the workforce.
- 1.6. We agree that financial awareness through work is important for a fulfilling later life. We have produced reports and guides to show how financial concerns can affect employee mental and physical health and the impact that this has on business performance².
- 1.7. Although called out in Baroness Altmann's review, the Fit for Work and Access to Work do not feature as prominently in the FWL strategy. The Fit for Work service could support older workers and give workers with long-term health problems the support they need to stay in or return to work.
- 1.8. The Fit for Work Service could provide more preventative and targeted occupational health advice, as well as support and guidance in relation to reasonable adjustments, for certain sectors, employee groups and occupations. It could link up with other services such as Access to Work and develop a more specialist and tailored offering to help employers to manage the health risks of older workers and the support they need to stay in or return to work.

² [CIPD employee financial well-being](#)

- 1.9. The introduction of wider tax incentives could strengthen the incentives for employers to introduce health interventions to support healthy ageing (beyond that available through the Fit for Work service, when people are already likely to have been off sick for at least four weeks).
- 1.10. There is need for greater coordination across the different departments that have interest and insight in different aspects of FWL. If they are all communicating to employers on different issues related to FWL, messages may become confusing.

2. WHAT FURTHER STEPS SHOULD THE GOVERNMENT CONSIDER IN ORDER TO REDUCE BARRIERS TO LATER-LIFE WORKING?

- 2.1. Launch an “Age Confident” campaign and a wider, national rollout of a ‘mid-life career’ review. Older workers can experience prejudice and stereotypical attitudes from employers, colleagues and society in general, relating to their flexibility, health, ability to learn and their skills and qualification levels. An ‘Age Confident’ campaign, as proposed by Baroness Altmann CBE, would raise awareness and understanding among employers about the benefits of employing older workers and signpost available support and tools³.
- 2.2. Help increase the uptake and range of flexible working opportunities across the economy by supporting innovative campaigns run by professional and sector bodies and social enterprises. Flexible working⁴ is a critical aspect of workplace inclusion, as it can broaden access to work and facilitate progression for underrepresented groups, including older workers. However, although over the past 15 years flexible working provision has increased, the range of flexible working arrangements offered is often narrow, and largely restricted to part-time working and flexi-time, and actual uptake has changed little. Workers’ needs will change over time, and outdated views of what flexible working is and who it’s for need to be addressed. We have resources for employers that could help with Baroness Altmann’s proposal of good practice guides for small employers⁵.
- 2.3. Ensure SMEs have the support they need to properly manage their workforce. People management capability needs to be a key component of support for their growth and sustainability. The CIPD, supported by JP Morgan Chase Foundation, has piloted the provision of basic, locally delivered HR support to SMEs in three locations, with evaluation evidence highlighting the positive role that face-to-face advice, facilitated by strong local institutions, can play in helping to build the people management ‘basics’ small businesses need for sustainable growth.

³ [Policy briefing *Creating more fulfilling lives for older workers*](#)

⁴ [CIPD Employee Outlook: flexible working](#)

⁵ [CIPD flexible working factsheet](#)

3. WHAT FURTHER STEPS NEED TO BE TAKEN TO REDUCE AGE DISCRIMINATION IN RECRUITMENT, AND WHAT EVIDENCE IS THERE THAN AN EMPLOYER-LED APPROACH WILL BE EFFECTIVE?

3.1. Recent evidence from behavioural science shows that small changes to how an employer frames a job advert can have a disproportionate effect on who applies and, subsequently, how they perform on the job. In addition, there may be biases at play regarding the hiring decision. Steps must be taken to tackle affinity bias, which leads people to like those who are similar to them or someone they know; the exposure effect, which causes individuals to like things they have been exposed to; and status quo bias which may cause employers to feel more comfortable to look for candidates who are similar to candidates they have hired before.

3.2. From a candidate perspective, those from disadvantaged or minority groups may be particularly prone to experiencing pressure. The research here is clear: when someone's membership of a disadvantaged or minority group is highlighted to them, this may negatively impact their performance in the assessment process.

3.3. Practical recommendations include⁶:

- Test the wording of your job adverts to see how it affects who applies.
- Personalise your outreach efforts to encourage applicants.
- Group and anonymise CVs when reviewing them.
- Pre-commit to a set of interview questions that are directly related to performance on the job.
- Focus interviews on collecting information, not making the decision.
- Make sure tests are relevant to the job and fit for purpose.

⁶ [A head for hiring: The behavioural science of recruitment and selection](#)

4. HOW SUCCESSFUL ARE GOVERNMENT POLICIES ON RE-TRAINING AND RE-ENTRY LIKELY TO BE IN HELPING PEOPLE STAY IN WORK OR FIND NEW EMPLOYMENT? HAVE RELEVANT RECOMMENDATIONS ON REFORMING JOBCENTRE PLUS AND WELFARE-TO-WORK SERVICES BEEN IMPLEMENTED?

- 4.1. We have recommended that the Government allocates 5% of the £23bn Productivity Fund towards supporting skills development and life-long learning.
- 4.2. This will help plug the institutional gap in the provision of training and development for workers outside of the vocational education system and will help improve individual outcomes and macro-economic benefits⁷. The main barriers to adults undertaking further learning include lack of time and a lack of resources to pay for training. Other issues are lack of information on the types of training available, the benefits and the return on investment of different courses⁸.
- 4.3. The Government should consider piloting a revised version of the Individual Learning Accounts (ILAs), but with much greater scope for co-investment between employer and employee, combined with a high quality careers advice offer. In addition, people aged 50 and above should be able to access a mid-life career MOT and review which should be facilitated by employers and by the Government using online support and through the National Careers Service.
- 4.4. In the UK ILAs were originally developed to encourage individual investment in skills development. They were discontinued in England in 2001 because of a number of problems, including fraudulent behaviour and over-subscription. However, evaluation from Scotland, where they are still active, suggests that lessons were learned and adjustments made, including much more stringent

⁷ [From 'inadequate' to 'outstanding': making the UK's skills system world class](#),

⁸ OECD. (2013) Lifelong learning and adults. In: Education today 2013: the OECD perspective. Paris: OECD Publishing.

vetting of providers and a more flexible system, extending to cover high-level and professional qualifications, capable of better meeting demand.

- 4.5. Personal learning accounts have been used in a number of countries, including Sweden, the Netherlands, Austria, Ireland, Canada and the United States. In the US, since 2001 a number of states have piloted Lifelong Learning Accounts (LiLAs), which are based on a co-investment model by employees and employers. Evaluation evidence has found that they lead to greater take-up and investment in training and better matching of skills development between individual and business need.
- 4.6. CIPD also supports the recommendation in the recent Independent Review of the State Pension age, that people should be able to access a mid-life career MOT and review which should be facilitated by employers and by the Government using online support, also through the National Careers Service.

CIPD's Steps Ahead Mentoring programme for young and older jobseekers and parents and carers returning to work

- 4.7. We are leveraging the unique skills, insight and expertise of our CIPD members (HR professionals) to support young and older jobseekers and parents and carers returning to work. We have been partnering with Jobcentre Plus to raise awareness of the support available and connecting with jobseekers on the ground via Jobcentre Plus office work coaches.
- 4.8. The programme offers jobseekers 6-8 one-to-one mentoring sessions (via phone, video chat or face-to-face) with a local volunteer Steps Ahead mentor (all CIPD members) to help them improve their employability skills, boost their confidence and find work. The majority of mentees are referred by their local Jobcentre Work Coach and 7 in 10 of those who complete the mentoring process find work.

4.9. In 2015 a pilot programme to support jobseekers aged 50+ was run, supporting 22 jobseekers aged 50+ in Bristol, Bath and Gloucester. NIACE partnered with CIPD to explore the impact of the Steps Ahead 50+ programme pilot⁹. A range of case studies were produced – 5 mentors and 3 mentees.

4.10. This pilot led to CIPD securing some DWP Flexible Support Funding in West London to extend Steps Ahead support to up to 60 jobseekers aged 50+. The programme launched in May 2017 and so far 35 50+ jobseekers have registered and of the 13 that have completed the process so far, 6 (46%) have found employment as a result of the mentoring, however it's still fairly early in the programme to draw concrete conclusions.

4.11. We are keen to expand this support nationwide, via a gradual rollout, and have been talking to DWP about potential funding including linking in with the Fuller Working Lives team. We recommend that given the success of the project, Government should use a Steps Ahead-type service as part of its efforts to facilitate older peoples' return to work. We would be very happy to talk further about this.

⁹ In 2015 we ran a similar programme with Timewise for women returners, and would be happy to share further insight on request.

5. HOW SHOULD GOVERNMENT AND EMPLOYERS RESPOND TO AND IMPROVE AGE DIVERSITY IN THE WORKFORCE? HOW COULD THE PROSPECTS OF OLDER WORKERS BE IMPROVED IN THE CONTEXT OF THE TAYLOR REVIEW OF MODERN WORKING PRACTICES?

5.1. Our research has uncovered eight ways employers and policy makers can improve age diversity in the workplace and create an age-inclusive culture:

5.1.1. **Understanding the workforce:** employers should know the make-up of their workforce from their workforce data.

5.1.2. **Inclusive recruitment:** employers must ensure that they do not, intentionally or otherwise, exclude relevant talent from their recruitment processes. This means, for example, that they do not screen out candidates by requiring unnecessary qualifications that could discriminate against older or younger candidates, for example requiring that people are university graduates when a degree-level qualification is not actually needed to do the job.

5.1.3. **Building an inclusive and age-diverse culture:** policies will be ineffective unless the employer introduces them within the context of fostering an age-diverse culture that values all age groups. Employers need to think through how certain policies and programmes targeted at one age group will impact on the whole workforce, and what kind of practices will encourage a culture that celebrates diversity across all age groups. Employers should not tolerate any form of bias based on age, and training for managers and employees on unconscious bias can be one way of countering prejudice against older (and younger) people.

5.1.4. **Improve the capability of line managers:** a worker's decision to leave their employer can be the result of a failure on the part of managers to appropriately understand the needs of those they are responsible for. They need to understand an individual's situation and work to address barriers to work.

- 5.1.5. Invest in training, development and performance management:** all employees, regardless of age, need training to keep their skills up to date and enable them to progress and develop their career. Older workers are less likely than their younger colleagues to take part in training, either because they are not offered opportunities to train, they are not encouraged to take part or because they fail to put themselves forward for training opportunities. Opportunities to retrain and develop skills is a vital part of ensuring workers continue to feel motivated and challenged in their role.
- 5.1.6. Support employee health and well-being:** poor health is one of the biggest reasons for economic inactivity amongst those in their fifties, but many people may be able to continue working if they get appropriate support. In physically demanding jobs, workers may want to retrain or reskill to stay with their employer or in the wider labour market. Employers should also offer access to varied forms of support, including occupational health advisers, health checks, and counselling services where appropriate.
- 5.1.7. Move towards more flexible working:** employers should provide flexibility for workers who are more likely to have ill health, caring responsibilities and other commitments to improve staff retention. Changes and/or reductions to people's working arrangements can help them manage their competing priorities and have a positive impact on their health and well-being. While employees currently have a right to request flexible working, employers do not have to grant it, but, we argue they must be duty-bound to accept the request unless they can show that it could cause irrefutable damage to the business.

5.1.8. Offer phased retirement options: As Ros Altmann highlighted in her review, employees may feel they face all-or-nothing ‘cliff-edge’ retirement. The policies that employers have in place to help ease older workers’ transition into retirement are crucial for supporting their ability to retire at a time, and in a way, that suits them. Everyone’s circumstances and attitudes towards retirement are different and arrangements should be tailored to individual needs as far as possible. Managers may be reluctant to raise retirement issues with employees for fear of falling foul of anti-age discrimination law, but it is important that managers feel able to have an open and honest discussion to support older workers. Arrangements such as phased retirement, and positive discussions about people’s retirement plans, can encourage forward planning. It is key that line managers do not make assumptions about someone’s retirement intentions or if they want to be ‘winding down’ to retirement.

The trend for older workers to become self-employed

5.2. Over-50s account for a significant proportion of overall self-employment in the UK (42.9%)¹⁰. Since 2009, the number of self-employed people aged over 50 has risen by around 500,000, compared to a rise of 289,000 self-employed workers aged 16–49. For those aged over 65, more than half of the increase in employment has been the result of self-employment.

5.3. By age 70, just 10% of people are in work, many of whom are self-employed. The sharp drop in employment is due to a range of factors, with ill health and caring for family members significant determinants of economic inactivity amongst people in their early to mid-50s, while ‘retirement’ underpins the majority of inactivity amongst those in their sixties.

¹⁰ [CIPD & ILC-UK Labour supply and the ageing workforce](#)

6. IS THE GOVERNMENT’S APPROACH ADDRESSING THE DIFFERENT NEEDS OF WOMEN, CARERS, PEOPLE WITH LONG-TERM HEALTH CONDITIONS AND DISABILITIES AND BME GROUPS AMONG THE OLDER WORKFORCE?

BAME groups

6.1. In December 2017 we will be publishing new research examining enablers and barriers to BAME employee career progression. Initial data analysis of a survey of 1,200 UK employees (700 BAME; 500 White British) has revealed some significant differences by age, seniority and gender. We would be happy to share an early draft of this report.

People with long-term health conditions and disabilities

6.2. Some of our recommendations in response to the Green Paper are:

6.2.1. As suggested by Baroness Altmann, the CIPD recommends that a ‘mid-life career review’ tool should be introduced for all workers, as part of a life-long learning approach. In order to ensure that disabled people and people with health conditions can progress in work, government could consider designing and piloting a career review, in the context of a lifelong learning approach, which incorporates clear provision to take account of health and disability considerations as part of employees’ wider career progression. Employers would need to monitor the progress and outcomes of such an approach at board level and ensure that it was integrated into its diversity and inclusion strategy and monitoring.

6.2.2. We also believe that there is scope for the Fit for Work Service to provide more preventative and targeted occupational health advice, as well as support and guidance in relation to reasonable adjustments, for certain sectors, employee groups and occupations.

Working carers

6.3. We welcome the intention to provide on-line resources for working carers, and would encourage the Government to work with existing not-for-profit and membership organisations to develop these materials and utilise great resources already in existence. The CIPD has conducted research to help employers better support working carers which we would be happy to discuss further. With the increasing prevalence of caring responsibilities, it is essential that employer support for carers is normalised.

6.4. Together with Westfield Health we examined how to [create an enabling future for carers in the workplace](#), finding that too few employers are prepared for the increased number of employees who will be working carers. The report contains practical recommendations for both employers and policy makers:

- Foster an open and inclusive culture where employees feel supported and empowered
- Train line managers so that they understand the demands that working carers experience and are aware of the support available to them and have the confidence to have sensitive conversations with employees and empower them to tailor their working arrangements to suit their individual caring needs wherever possible.
- Government, should encourage wider debate about the importance of supporting working carers.
- There needs to be more action by government to encourage more active promotion of flexible working by employers to their workforce.
- Government should develop a stronger evidence base and act as a repository of good practice case studies showcasing how employers can accommodate working carer