Age and Employment - A Picture of the East Midlands

A report prepared by emda and NIACE

East Midlands Later Life Forum

2010

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AGE AND EMPLOYMENT

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1. Introduction

The Government's response to the Elbourne Review ‘Empowering engagement: a stronger voice for older people’ announced plans to improve the quality of life of older people through their closer engagement with Government at all levels. A key aspect of this was to establish a UK Advisory Forum on Ageing and a Forum in each region, which would both feed in and influence the UK Forum and influence design and delivery of services for older people in the region.

Tackling Poverty and Promote Greater Independence and Wellbeing in Later Life was published in 2007 and focused on the quality of life in the UK, seeking to make the most of the opportunities offered by longer life, and driving forward the necessary cultural and behavioural changes to ensure that the specific needs of the older population are given due priority. The target group is everyone 50 and over, around one third of the population and rising. This group has diverse needs and aspirations, which will change during the life course – one of which is the continued ability to make a contribution to society, in particular through employment.

The East Midlands Later Life Forum was established in 2009 with a clear vision to enhance the quality of life, improve engagement and increase economic wellbeing and opportunities for current and future older people living in the East Midlands.

It set itself five clear objectives:

- **Develop a comprehensive evidence base** by conducting research into good practice and engagement with older people across the region so to identify gaps in provision.
- **Promote awareness** of the impact and implications of the demographic change across the region to increase understanding among partners and key
decision makers’ especially in strategic policy and planning and in joining up delivery of services to ensure achievement of outcomes.

- **Communicate effectively**, bringing together key partners to be a strong, uniting influence to tackle later life issues within the region, preventing duplication and maximising impact on the five PSA 17 indicators. To represent the region’s voice with DWP to inform policy development

- **Influence** a wide range of public, private and independent agencies on issues of ageing, valuing older people as a resource, and of the importance of the social and economic well-being of older people. This includes, influencing the inclusion of the later life indicators in LAAs, where appropriate.

- **Engaging and Involving** older people across the region to ensure their views are represented within the Government’s Later Life agenda.

Work is a key concern for people in their fifties and sixties – they may often have caring responsibilities or concerns about their own health status, and many face difficult decisions about when to retire. The Government has sought to encourage and help older people to work, which has in turn been an important contributor to the Government’s aim of an 80 per cent employment rate.

A priority therefore for the Forum has been to improve the economic wellbeing and employability of older workers and so a Working Group was established to look at employment and the later life agenda with specific focus on influencing employer and integrated employment and skills. This publication draws together key information from a selection of established research to assist partners and stakeholders based in the East Midlands to consider the Later Life agenda when developing future policies and strategies.
2. Demography

The East Midlands is a large, active and diverse region, with 4.4 million people and over 260,000 businesses. It benefits from a geographical location at the heart of the UK with strong links to London and the south east and to the northern regions. From the Peak District National Park through the dynamic cities of Nottingham, Derby and Leicester to the Lincolnshire coast and the counties of Rutland and Northamptonshire, the region has plenty to offer.

Within the region there are differences in the relative proportions of older workers living and working in local areas. In some areas this may lead to labour market inefficiencies, while in others the social care implications, for example, may be a policy priority. The importance of facilitating local approaches to the ageing agenda should not be under-stated.

2.1 Demographic characteristics of the East Midlands

In the East Midlands there were an estimated 300 thousand people aged 50 and over in 2007, projected to rise to 1,500 thousand in 2017 giving an increase of over 20 per cent, the largest projected increase of any region. Population forecasts suggest that the number of people of current state pensionable age and older will be one and a half times larger than the population under 16 by 2028. The growth of the pensionable age group in the East Midlands overall could have significant implications for dependency in the region. Within the region, this could affect Lincolnshire and Rutland the most, whilst Nottingham, Leicester and Derby Cities could all see a decrease in aged dependency ratios.

Leicester City has the youngest overall age profile, with the highest proportion of residents in the school age group, at 19.6%, the second highest in the working age group, at 66.3%, and the second lowest proportion in the pensionable age group, at 14%; Lincolnshire has the oldest age profile, with 23.9% of its resident population in the pensionable age group and the lowest proportion in the working age group, at 59.9%.
E Midlands Changing Demographics
Projected Population Trends: 2006 - 2026: In thousands

Older people need to be supported to remain economically active and barriers to learning and employment will need to be addressed. Although they have increased markedly in recent years, the economic activity and employment rates of those over 50 still remain significantly below the average for the working age population. In addition, it is well-documented that the onset of disability increases with age, and that over 33% of people aged between 50 and retirement age are disabled. This will particularly affect the rural parts of the East Midlands. Many of these rural communities are experiencing a marked growth in the number of older people moving in whilst younger people are migrating to urban centres.

2.2 Population Growth: sub-regional differences
Population growth is expected to occur in two different age groups – those of working age and those of pensionable age. The working age group is expected to grow in Northamptonshire while the pensionable age group is expected to grow.
in Lincolnshire and rural areas.¹ The East Midlands population is already older than the UK average, and is set to rise at a faster pace (16 per cent compared to 10 percent nationally). The structure of the East Midlands population by age and gender is fairly similar to the profile for England.

In general terms, with the exception of the three cities, the south of the region has a younger age profile, whilst the north and east of the region generally has an older population.

### 2.3 Regional Migration

Inward migration to the region, both from within the UK and overseas, has contributed to a more diverse and younger population in the East Midlands. International migration has acted to slow population ageing in areas such as Lincolnshire. In 2006 the net balance of domestic migration (immigration minus emigration) was 8,000, and the net balance of international migration was 16,000. However, the most recent data suggests that net migration is levelling off.²

### 3. The Impact of Demographic Change for Employers and Individuals

“Demographic drivers appear to be more predictable than other factors as they are based on ongoing long-term trends. This means a greater certainty can be attached to the need to confront the socio-economic challenges and skill demands arising from these developments.” (UKCES 2010).

The demographic changes outlined in section 2 above will have a number of consequences for both businesses and older people within the East Midlands. The key point highlighted by UKCES is that these are predictable changes that can be planned for, unlike many other factors that affect businesses.

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¹ Ibid.
² Ibid.
3.1 A changing workforce structure

The graph below illustrates the national changes in the population of 16-24 year olds and 55-64 year olds:

![State Pension Age – Population](image)

In the East Midlands the national trend is even more pronounced: the region has the fastest growing older population in the country and a rapidly ageing workforce. Between 2008 and 2029, the population of pensionable age in the region is due to increase by over a half (53%). The comparable rate for the school age population is 4.8 per cent and for the working population 2.1 per cent.

3.2 What this means for employers

The demographic changes and the ageing workforce mean that there will not be a pool of younger workers on whom employers can rely to fill vacancies. In addition, immigration restrictions may reduce the supply of labour in both skilled and unskilled jobs currently filled by migrants. (UKCES 2010)

Employers will need to use skills of people of all ages and there are a number of business reasons for retaining or employing older workers. Retaining existing workers reduces costs to businesses. An East Midlands Development Agency (emda) survey of skills at work found that in the East Midlands 28.8% of jobs could only be done well after spending more than two years in post. (emda, 2010)
Retaining even a proportion of the existing workforce would significantly reduce these costs. For example, the need to retain the skills of mature workers (including managers and key specialist/technical staff) as a means of tackling skills shortages has been recognised in some sectors in the East Midlands such as in the engineering sector through MEIRG and successor programmes.

Even in industries in which overall job numbers are declining, there is substantial replacement demand which means there are significant job opportunities in these occupations as well as in occupations that are expanding. (UKCES 2008) By retaining more staff, skills of existing workers can be retained and recruitment costs reduced.

Older workers can bring different skills to workplaces that are beneficial to businesses. For example, recent research amongst retailers across the UK highlighted differences in skills, qualities and attributes between young and old applicants for shop floor roles. Young applicants were seen as lacking the work ethic, attitude to work, verbal communication and customer handling skills. (UKCES 2010: 51)

Older people also are consumers: an ageing population presents business and employment opportunities that arise from meeting its varied needs. These include leisure activities relating to the preferences of older groups, personal care and assistance, advanced technologies to assist independent living. (UKCES 2010: 97). A workforce that is representative of, and understands the needs of older consumers helps businesses respond to this changing market. There are increasing numbers of employers of all sizes who are recognising the business benefits of retaining and actively recruiting older employees:

*This year 17% of new starters are 50 or over and there’s been a reduction in staff turnover. 25% of employees have been with us for 25 years or more, which helps minimise new recruitment and training costs. We changed our recruitment...*
process to remove all personal details seen by interviewers, which helps us focus on the person rather than the age. (Spokesperson, British Energy)

Older workers pass on vital skills and give practical support to new employees. This has helped us improve training by involving experienced workers in the company’s apprenticeship scheme. (Spokesperson, South Wales Forgemasters)

Older people tend to stay with us for longer and help us to provide a balanced framework for team working. Since focusing on developing all our staff, absences have dropped, attendance is more stable and we have a lower turnover of staff. (Human Resources Manager, Rachel's Organic Dairy)

The common thread through all of these examples is the way in which the management of an ageing workforce is integrated into, and central to, other business and human resource planning issues.

3.3 What this means for individuals
The closure of final salary pension schemes, and the reduced financial benefits from them, coupled with the raising of the state pension age and equalisation of the age at which women retire, will lead to an increased need for individuals to earn money for a longer period of their lives.

In addition, the abolition of the statutory retirement age will result in more individualised responses to retirement. There is likely to be a shift in both the age at which people retire and in the way in which they manage the transition from work to retirement, with more demand for phased or staged retirement rather than the current ‘single event’ retirement. This phased retirement will be accompanied by a growth in demand for flexible and part-time working from older adults. (Berry, 2010:17)

The employment rate of older people has been rising steadily the past 10 years with the employment rate of younger people being broadly static. Although people aged over 60 still account only the relatively small proportion of the overall
workforce (8%), the number of people aged over 60 in employment has grown by over 40% since 2002, (UKCES 2010:19).

As well as employers needing to change attitudes to older workers, for some individuals changes in attitude to working in later life also may need to change. For example, in some industries and sectors there is a tacit assumption amongst older workers that ‘winding down’ and opportunities for early retirement during restructuring are the norm. Also older workers themselves need to be more receptive to training: examples such as the one below can illustrate that age is not a barrier to training or continued employment:

*We have found that older workers who receive job-related training reach the same skill standards as younger workers. A 69 year old team leader trained to operate a forklift, taking a four day induction course and passing a practical and written exam - exactly the same as everyone else in the company.*

(Spokesperson, Beacon Foods)

4. Implications for learning and skills

“The workforce in the East Midlands is ageing, in line with the rest of England. Most of the workforce of 2020 is already employed; the population growth for 16-19 year olds in the region has already started to flatten off and will reduce within five years.” (LSC, 2009)

Although the LSC was superseded by the Skills Funding Agency in 2010, its workforce analysis is still pertinent. Learning and skills have a key role to play in the retention and retraining of the existing workforce and in enabling older adults to enter new forms of employment or occupation, yet currently training at work drops off dramatically for older people leaving them far less supported than they should be to sustain their employment, (Schuller 2009). Training participation rates of 50-65 year old working individuals are significantly lower than those of their younger colleagues. Whilst 67.5% of 20-34 year olds participated in training in 2006, the proportion was only 57% for those aged 50-65.
The ageing workforce in the East Midlands provides both challenges and opportunities for the delivery of work-based learning. For providers of learning and skills, the demographic changes to the workforce may create a potentially large demand for learning provision that will enable existing workers to up-date their skills in their current roles, together with the opportunity to develop new and creative programmes that will support older workers in changing jobs and occupations later in life. There are a number of areas in which learning and skills can make a key contribution:

4.1 Retaining and Retraining
Retaining older workers will be of increasing importance to employers for the business reasons outlined in earlier sections. Also in order to meet legislative changes to employment rights, and to manage the expected increase in workers wishing to continue in employment, employers will need to re-think some of previous strategies relating to older workers, such as using retirement or early retirement as a way of re-structuring the workforce. (Sayce 2010). Training and developing for older workers can be a cost-effective way of filling skills gaps and vacancies as it enables the employer to build an older workers experience and skills. Evidence suggests that older workers are not always aware of opportunities that are open to them or assume they are for younger workers.

Re-training older workers to facilitate career and occupational change is an important response to an ageing workforce. ICT and digital skills are vital in most jobs, with 77% of workers using ICT in their job (Morris, 2009). Older adults, particularly those with low qualifications, are less likely to have ICT and digital skills which will place them at a disadvantage in finding in securing work. ICT and digital skills related to real work environments will be a crucial aspect. Career change amongst people aged over 50 appears to be increasing. A recent YouGov survey found that 30% of people have changed career in later life, (YouGov, 2010). Of those who made a career change their motivation included:

- 29%: to take on a new challenge,
• 27%: to pursue a long-held ambition or gain income from personal skill
• 21%: as a result of being made redundant (27% for men and 16% are women).

Self-employment is increasingly an option for older workers with 18% of working people aged between 50 and state retirement age being self-employed, (ONS 2009). Research by PRIME, (the Prince’s Initiative for Mature Enterprise) shows that business survival rates are almost four times better for the 50+ age group than for younger people. Access to training and business start-up advice specifically geared to the 50+ population seeking to start in their own businesses would be a cost-effective way of supporting enterprise.

4.2 Policy Changes
Information, advice and guidance will be an essential element in ensuring that older workers understand what training is available to them. The role of trade unions, union learning representatives and other champions of learning in the workplace are crucial in terms of encouraging older workers to take training or develop new skills.

Changes in learning and skills policy are required to re-direct funding for the retraining and up-skilling older workers. The current policy on learning and skills favours earlier life stages. Total expenditure from public, private and employer resources, per capita of the population, is £8,045 for those aged between 18 to 24 and £86 for those aged 50 to 75. Given the significant demographic changes a rebalancing of resources for learning and skills is required and training and education opportunities should be greatly enhanced for those over 50 (Schuller, 2009).

5. Age and Equality
The Employment Equality (Age) Regulations 2006 cover all employees and workers of any age, protecting them from age discrimination in employment and vocational training. All aspects of employment (or prospective employment) are
protected from age discrimination, including recruitment, employment terms and conditions, promotions, transfers, dismissals and training.

5.1 Discrimination and Disadvantage
Some older workers face multiple disadvantages (e.g. caring responsibilities, health conditions and lack of opportunities) and the impact of these are cumulative, particularly in the case of those claiming Incapacity Benefit (IB) and Job-Seekers Allowance (JSA) as well as for non-registered job seekers. The age distribution of current IB claimants shows that 50 plus groups are over-represented and the length of time spent by them on benefits appears to be rising. As indicated above, economic and social discrimination and disadvantage can lead to costs for individual businesses, for example through legal challenges, and for society as a whole, through the costs of responding to problems associated with poverty and marginalisation.

Different diversity groups experience different kinds of discrimination and disadvantage, and there is by no means a simple correlation between the two. In fact, everyone is at risk of experiencing some form of discrimination or disadvantage during their lives, if only by virtue of being young and then becoming elderly. For many people, multiple forms of discrimination are the norm – for example, being elderly, female, and black. Every kind of configuration has economic and social ramifications and can affect the life experiences and opportunities of individuals both positively and negatively. The challenge for businesses and those seeking to promote the business case is to develop policies and programmes that meet the needs of people regardless of how such configurations are drawn.

5.2 Equality Act 2010
The Equality Act became law in October 2010. The Act aims to harmonise, consolidate and enhance discrimination legislation. It covers the same groups that were protected by existing equality legislation, including Age. The Act protects people of all ages. However, different treatment because of age is not
unlawful direct or indirect discrimination if you can justify it, i.e. if you can demonstrate that it is a proportionate means of meeting a legitimate aim.

There are some important changes for employers regarding age and a summary of these can be found on the ACAS website. http://www.acas.org.uk

In 2012 the ban on age discrimination in the provision of goods, facilities, services and public functions will come into effect. For example, for anyone aged over 18, the Act contains a new law providing protection from discrimination based on age when using goods and services i.e. shop or use facilities like swimming pools or libraries.

5.3 The benefits of Diversity
A lack of representation of different age groups within a business can lead to a loss of experience and knowledge, a loss of different viewpoints, creativity, and innovation, and a risk of failing to appeal to wider customer and service user bases; More widely, within communities and the region as a whole youth unemployment poses challenges in terms of social cohesion and wellbeing, as well as placing extra strain on public finances.

6. Responding to the Issues
Effective retention, deployment and management of older workers cannot be separated from other aspects of human resource management within an organisation. Nevertheless as in other areas of HR practice, there are specialist skills and knowledge required.

6.1 Age Management
The Age and Employment Network (TAEN) use the term ‘age management’ to describe an integrated, multi-disciplinary approach to addressing an age diverse workforce. TAEN argue that age management practices, as adopted in a number
of European countries, are central to enabling organisations to adapt to an ageing workforce.

“The explicit purpose of an age management approach must be to enable workers to extend their working lives by directing them towards work which they are fit and able to do, which is itself achieved by maintaining skills, developing careers, taking care of health and fitness and enhancing work capacity generally.” (TAEN, 2010)

Age management encompasses a number of inter-related aspects of human resource management:
- Job recruitment
- Learning, training and lifelong learning
- Career development
- Flexible working time and practices
- Health protection, promotion and workplace design
- Redeployment
- Employment exit and transitions to retirement
- Changing attitudes of all staff including older workers themselves
- Ergonomics and job design (Streeting & Ball, 2009)

6.2 Creating flexibility of employment
A key factor for both employers and older employees is the flexibility of employment that can be offered. With an increasing individualised response to retirement, driven by legislation, pension values, financial need and possible care responsibility, flexibility in employment can be both beneficial for employers and employees.

This can include job sharing, compressed hours, term time only, seasonal variations in contract, flexible shift patterns, and job redesign. Flexible work schemes are currently provided by some employers, largely for younger workers, particularly in relation to childcare responsibilities. Employers recognise the
business benefits in terms of retaining skilled staff, reducing recruitment costs as well as meeting statutory responsibilities in relation to employees request for flexible working. This is an area where existing practice developed for one sector of the workforce could be extended to all workers.

6.3 Volunteering
Volunteering by older people has increased in recent years, and those that do can often bring with them considerable experience. Some companies encourage their older workers moving towards retirement to consider taking up volunteering. A recent study of volunteering by older people suggested that organisations need to ‘think laterally’ so that older volunteers are given sufficiently challenging work to do, making the most of their skills and experience. Volunteering can be part of a flexible employment package outlined in paragraph 6.2 above.

6.4 Learning and skills policies.
Learning and skills policies need to recognise demographic changes taking place in the workforce. The announcement in the Comprehensive Spending Review in October 2010 of additional adult apprenticeships is welcome. A further shift in policy is required to actively encourage the retraining of people aged over 50 to enable them to take on new roles in their current employment; to enable changes to occupation; to start- self-employment or to re-enter the labour market.

In order to enable workers to make informed choices, relevant and accessible information and advice and guidance services are required. Clearly this is a key role for the recently reconfigured Next Step adult careers service but also for other organisations working with older adults.

6.5 Mainstreaming Age Demography.
An ageing workforce is not “tomorrow's problem”; it is a current issue that needs to be integrated into all aspects of workforce management by employers, by public policy makers and by learning and skills providers.
References


Accessed 12/8/10


YouGov, (2010)??