

Business, Energy and Industrial Strategy Committee Inquiry: Post-pandemic economic growth: UK labour markets

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1. About the Centre for Ageing Better

- 1.1. The Centre for Ageing Better is a charitable foundation funded by The National Lottery Community Fund and part of the government's What Works Network. Charity Registration Number: 1160741
- 1.2. We are pioneering ways to make ageing better a reality for everyone. We aim to inspire and inform those in power to tackle the inequalities faced by older people, call out and challenge ageism in all its forms and encourage the widespread take-up of brilliant ideas and approaches that help people to age better.

2. Summary of evidence

- 2.1. Demographic change is [often framed inherently negatively](#) as a “crisis”, and increasing numbers of older people as a “burden”. This can be hugely damaging to individuals and society, and it is not demographic change in and of itself that is the ‘problem’, but an inability to support older workers to remain in work or find new work. [Evidence shows](#) that good quality work is important for an individual's health and wellbeing. It is also crucial that older workers can work up to retirement – where possible – in order to ensure their financial security in retirement.
 - 2.2. We know that 50+ workers play a fundamental role in the labour market, with large increases in the number of UK workers aged 50+ participating in the economy in the twenty years leading up to the start of the pandemic. However, the pandemic has reversed this upward trend and large numbers of workers aged 50+ have fallen out of the labour market entirely – despite some of these people still wanting to work. Government and employers both have a role to play in ensuring that older workers can stay in work and find new work when its needed.
- 1.1. Any post-pandemic economic recovery must be premised on the idea that this vital part of our workforce needs supporting. There is a strong business case for employers to [adopt age-friendly working practices](#) in order to improve their recruitment and retention of older workers. In doing so employers can reap the benefits of [increased productivity](#), [lower turnover](#) and being frontrunners in filling labour shortage gaps with an oft-forgotten but very important part of the labour force.
 - 1.2. The economy can also benefit from better utilising the older workforce. HMT figures show that a 1% increase in the number of 50-64 year olds in work [could increase GDP by around £5.7 billion a year](#). There is also international [evidence showing](#) that countries with high employment rates for older workers are also likely to have high employment rates for younger workers.

2. What impact is the ageing population already having on employment rates and labour productivity?

- 2.1. According to [ONS Labour Force Survey data](#) between 2000 and the last quarter of 2019 – just before the pandemic – we have seen a 50% increase in the number of UK workers aged 50-64 and an almost tripling of the number of workers aged over 65. The older workforce has therefore long been an important and growing part of the labour market and any post-pandemic growth is likely to rely on ensuring that those aged 50+ can both remain in current employment and find new employment where needed and desired.
- 2.2. However, since the start of the pandemic we have seen a reversal of these long-term trends. Large numbers of workers aged 50+ have fallen out of the labour market entirely during the pandemic, with the employment rate of people 50-64 failing to recover to pre-pandemic levels despite this being the case for other age groups. The 50-64 age group are moving in large numbers into economic inactivity rather than unemployment: the proportion of people aged 50-64 who are neither in work nor looking for work now sits at 27%, up from 25.5% in Jan-March 2020. This means that there are more than a quarter of a million (253,000) people in their 50s and early 60s who are economically inactive.
- 2.3. The employment gap between older workers and younger workers is widening. There is now a 15 percentage point gap between those aged 35-49 who are in work (85.5%) and the 50-64 in-work group (70.9%).
- 2.4. Ageing Better's research with employers shows that despite these changes in employment rates, [many employers do see the business benefits of employing older workers](#). Almost four in five (79%) employers agreed older workers brought increased knowledge and skills sharing to their role. Despite this just one in six employers (16%) said they are very likely to develop age-friendly policies in the year following being asked. Government therefore has a crucial role to play in encouraging and supporting employers to think and act on how to make the most of our ageing workforce. There also needs to be a renewed focus on improving employment support for older workers who have become unemployed or have dropped out of the labour market entirely. With the right support, many could return.

3. How can Government help maintain the employability of older workers who wish to remain in work?

- 3.1. It is important to maintain and improve the employability of workers who are already in work as well as those who have fallen out of work – whether on a shorter or longer-term basis.

In-work skills development

- 3.2. Supporting workers who are currently employed to continuously develop their skills, knowledge and employability can both help them to remain in work and improve resilience if they are made redundant. In many cases the onus is on

the employer to offer such opportunities - but the evidence suggests that older workers are offered these opportunities less frequently than younger workers. [Recent data shows](#) that just under a sixth (14%) of 50-64 year olds receive job-related training compared to almost a quarter (23%) of 18-24 year olds. Training is a key part of job satisfaction, which in turn is good for productivity and keeping people in the labour market. There is [also strong evidence](#) that repetitive/uninteresting work impacts job satisfaction, and learning new skills boosts it.

3.3. To promote in-work skills development, employers should:

- Ensure that training and development opportunities are open and available to all staff, regardless of age
- Make sure older workers have variety in their work and the opportunity to learn new skills

3.4. To promote in-work skills development, government should:

- Extend adult skills funding to give all older workers an entitlement to funding for a qualification, or modules, up to and including level 3 regardless of income, employment status or prior qualification level. This should be advertised widely in HMRC and DWP.

Mid-life MOTs

3.5. Government should also encourage wider uptake of [mid-life MOTs](#) by employers. Really effective mid-life support covers more than just pensions and finances – it gives people space to reflect on what they want from the future and think about their aspirations for their careers and the rest of their lives.

3.6. However, we know that these conversations can be hard to have. [Our own polling](#) shows that only 21% of workers over 50 felt they could talk openly about adjusting their role to their needs, only 20% felt they could talk openly about retirement plans and just under a quarter of over 50s felt they could talk about future careers with their manager.

3.7. To enable older workers to take stock and plan for their futures, government should:

- Encourage employers to offer a mid-life MOT, which encompasses careers and life aspirations, not just finances and retirement planning.

Redundancy and Retraining Support

3.8. It's also crucial that employees who are at risk of redundancy are given support to navigate that process and find new work if they are made redundant.

3.9. The Centre for Ageing Better has been working for many months with over-50s who have been made redundant in the Manufacturing and Automotive

sector in the West Midlands. Our aim is to co-design more effective ways to support people in this age group experiencing redundancy to return to work.

3.10. We have found this group needs support in the following key areas:

- Emotional readiness – dealing with the sense of loss and making plans for the future
- Building confidence – focusing on the skills and experience they have and learning how to present that to employers
- Practical skills – enabling them to job hunt effectively – in some cases for the first time in many years – including working on CVs and interview technique
- Early intervention – offering support before employment is finished to help smooth the transition

3.11. These key areas have all been explored through a group coaching model which we will now pilot and evaluate over the next few years.

Support for the unemployed and economically inactive

3.12. [Older workers were more likely to be made redundant](#) during the pandemic and – once redundant – less likely to be re-employed than younger workers. For those made redundant during the pandemic, workers younger than 50 were almost twice as likely as those aged 50 or over to find a new job within six months. As stated earlier, many older workers are leaving the labour market entirely and becoming economically inactive, [with a particularly pronounced increase amongst those who are part-time, self-employed and over the age of 60](#).

3.13. We are currently working in partnership with Greater Manchester Combined Authority and the Department for Work and Pensions to develop a new approach to supporting those aged 50+ who are economically inactive back into work. Over the next 2 years we will pilot an approach to enable this group to reflect upon and improve their skills and move closer towards employment.

3.14. Government therefore needs to do more to help those who find themselves unemployed. To achieve this there is a need for targeted, individualised back-to-work support for over 50s to address the particular challenges this group faces in the labour market, including ageism.

3.15. Government can achieve this by:

- Consistent and robust messaging that workers aged over 50 are as entitled to support as younger workers
- Providing a specialised support offer – with extra time and specially trained advisors – to claimants aged 50 and over recognising the particular circumstances of this age group.

- Setting minimum standards for contractors in relation to the 50+ group as part of their KPIs

4. What are the barriers facing older people in the workplace, including pension aged workers, and how should these be addressed?

4.1. The key barriers facing older people in the workplace include but are not limited to:

- Managing new or existing health conditions and age-related changes (e.g. MSK, mental health and menopause)
- Ageism – in recruitment and in workplace cultures and practices
- New or changing care responsibilities – e.g. children, grandchildren, and or parents

4.2. The key things that government could do to improve workplaces for older workers include:

- Legislating without delay for day one flexible working rights, carers leave and a single enforcement body.
- Extending automatic pension enrolment so that it can be triggered by achieving the earnings threshold through multiple part-time jobs and not just a single job; this will benefit anyone working part-time and will be particularly beneficial to older women.
- [Facilitating employer action to become 'age-friendly'](#); ending bias against older workers when recruiting; supporting staff with health conditions; creating a culture where people of all ages work well together; introducing more flexible working; and encouraging career development at all ages.

Addressing ageism in the workplace

4.3. Ageism manifests in the workplace in a variety of ways. To date our work has focused on age bias in the recruitment process. [Our research](#) shows that 36% of people aged 50-69 feel they would be at a disadvantage during the recruitment process due to their age. This can happen at any stage of the recruitment process and can have a hugely negative impact on older workers including putting them off applying for jobs in future, undermining their confidence and making it difficult for them to find a job that matches their needs. Government and employers therefore need to take action to tackle ageism in recruitment and the workplace more generally.

4.4. We recommend that Government should:

- Clearly communicate to employers and the public that existing anti-discrimination legislation applies equally to all employees regardless of age.

- Encourage employers to collect and analyse open and transparent data about their workforce, focusing in particular on age.

4.5. We recommend that Employers should:

- Challenge any negative perceptions and assumptions made in the workplace about older workers and explicitly celebrate contributions of workers of all ages
- Use age-neutral images and language in recruitment adverts and job descriptions
- Use structured panel interviews or assessments and pre-defined questions and scoring mechanisms
- Reduce explicit and implicit age cues in application process through using standardised processes, e.g., an application form rather than a CV
- Avoid stereotypes about older people by ensuring staff have the necessary skills to minimise bias and avoid discrimination in the interview process

Improving flexibility in the workplace

4.6. Flexible working practices such as compressed hours or remote working, are important to older workers because they can help balance work with other demands such as health conditions and caring responsibilities. Flexible working is [the number one factor](#) that would enable more older workers to remain in work for longer, and health conditions and caring responsibilities are the two biggest reasons that older workers leave the labour market.

4.7. We have created a toolkit for employers interested in improving their flexible working offer which can be found [here](#). It highlights that flexible working is central to maximising the benefits of our ageing workforce and sets out a simple 3 stage process that employers can take to start developing or further develop flexible working in their organisation. Our independent evaluation has shown that both older employees and line managers have found flexible working to be hugely beneficial – both from an individual perspective in terms of work-life balance but also from an organisational perspective on productivity.

4.8. It's also important to advertise jobs as flexible. One way in which this can be done is to include a statement around flexible working within job. Very few employers currently do this – [just 5.5% of job adverts have any reference to flexible working in them](#) according to a recent survey – and in doing so are potentially missing out on a huge untapped pool of older workers. By including a statement about willingness to offer flexible working employers can show to prospective employees that they are committed to it as a practice and open a conversation for someone who might need it. Research has also shown that clearly highlighting other benefits in job advertisements can be very appealing to older workers (and indeed workers of all ages).

4.9. We recommend that Government should:

- Encourage employers to move towards an assumption of flexibility, and narrow the grounds on which businesses can refuse a flexible working request
- Bring vital elements of the Employment Bill before Parliament without delay, including the ability to request flexible working from day one of employment, and the creation of a single enforcement body for employment rights

Health support in the workplace

4.10. The slower onset and unseen nature of many of the age-related conditions older workers could potentially develop means they are far too frequently overlooked and left unaddressed, with disastrous consequences for people's health and ability to work.

4.11. Expanding access to the Access to Work Fund and a strong onus on employers to make reasonable adjustments will enable older workers to manage their health more effectively. It signals that older workers are valued and will encourage more people to stay in work. In contrast, unsuitable roles, lack of support and [excessive job demands can exacerbate stress and physical conditions](#), driving over 50s to leave work altogether.

4.12. Often small changes can make a significant difference but lack of a positive culture and inconsistent access to support mean too many employees are not benefiting from them. Our research strongly points to the importance of an empathetic and supportive culture if employees are to discuss their condition, access practical or emotional support and seek ongoing support for changing needs.

4.13. Given the importance of older workers for the UK's productivity to bridge the skills gap and meet the country's labour market demands, Government and employer action must be a priority.

4.14. We recommend that:

- Government and employers should promote the existing Access to Work scheme to older workers and people with slow-onset conditions who may not consider themselves eligible for support.
- Employers should create an open and supportive culture around managing health conditions at work. Employers should support older workers and disabled workers to disclose their condition or work in and create a supportive environment where they can discuss their condition. This could include physical and mental health awareness training with their peers and health specialists to reduce absenteeism and deterioration of the condition.

- Government should introduce the right to request flexible working from day one of employment and introduce a right to return to work after a health-related absence.
 - Government should encourage employers to move towards an assumption of flexibility and narrow the business reasons that can be used to refuse a request for flexible working. Government should require large employers to publish their flexible working policies and state whether a job is being advertised flexibly.
 - Government should support employers to develop effective early warning, preventive and management interventions for age-related impairments such as musculoskeletal conditions. There is a major gap when it comes to workplace-based prevention and management of slow-onset conditions. Employers should ensure that the support employers provide is sustained over time for workers with fluctuating health conditions.
 - Government should better integrate health and employment support, with joined-up commissioning, that recognises the interdependence of these services for those returning to their job after a period of absence.
 - Employers should make sure all staff have access to occupational health and wellbeing support and Government should explore ways to extend coverage of occupational health and wellbeing support to smaller employers and self-employed people, for example through an NHS-led support offer, new insurance products, co-financing models or other innovations.
- 4.15. There is a clear gender divide when it comes to health in the workplace. While there are many more women over 50 in work than there were 20 years ago – an [increase from 53% to 68% of women aged 50-64](#) – this number is still 9 percentage points behind men (69% to 77%). And by the time they are 65, even more women have dropped out of the workplace with under a third of women (32%) still in employment compared to 41% of men.
- 4.16. Our evidence shows that women are spending more of their lives in ill-health with [improvements in disability-free life expectancy for women are reversing](#). We also found that conditions of the musculoskeletal system are more common in women than men at every age and menopause is known to worsen these conditions.
- 4.17. Ill-health forcing women out of the workplace early can have a significant impact on their financial security in later life. [The life-time gender earnings gap stands at 41%](#), and the average man earns £643,000 over his working life compared to the average woman at £380,000. Men's greater pension contributions, tax relief, and higher employer contributions, means the difference in men's and women's earnings translates to an even wider pensions gap. The average pension pot of a woman aged 45 to 54 is less

than one third of a man's, and for a woman aged 65 one fifth. On top of this, long periods out of work for unpaid family caring means women receive £29,000 less than men in state pension over a 20-year period. There is also the fact that women are three times more likely to be working part-time compared to men which results in lower wages, savings and pensions contributions. Consequently, many women approaching later life risk either being dependent on a partner or family, or financial hardship.

- 4.18. Menopause continues to be a largely ignored issue as most women feel they cannot discuss it at work – research suggests that [44% of women experience worsened mental health due to menopause](#) but many do not want to disclose difficulties to their line manager (particularly when the line manager is male or younger). The Centre for Ageing Better's guide to becoming an age-friendly employer outlines principles that can make the workforce more inclusive and supportive. It is vital that employers are aware of the needs their employees might have and are committed to accommodating them. Making our workplaces age-friendly is crucial in adapting to our shifting demographics, and we must ensure that health and wellbeing needs of older women at work are considered in designing age-friendly workplaces.
- 4.19. As such, government should ensure any policy changes related to health at work ensure the conditions that impact on women are reflected.