

Government Programmes on Employment and Age

Changes in our population and social demographics are having a major impact on the UK workforce. To be managed well, it requires action by workers, employers and Government. This Briefing describes what the Government is doing.

The employment rate of people aged 50 to state pension age has risen to 72% from a low of 64% in the mid-1990s. For the previous 30 years it had been in decline despite rapid growth in life expectancy.

In the past 10 years the number of over-50s in work has increased by 1.4 million, including a sharp rise in employment of people over state pension age. As a result, two-thirds of the growth in employment under Labour has been people over age 50. The progress was most marked in the South and East and amongst the better qualified.

This does not mean the end of age barriers in the labour market:

- The employment rate of over-50s is still 11% lower than for the under-50s;
- Most of the job opportunities for over-50s are low-paid and low-skilled.

Because of the increase in the older population the number of over-50s who are 'economically inactive' (the official term for those not working) has not fallen.

Surveys show age discrimination is the most commonly experienced barrier to opportunities in work and learning. It remains harder for an older person, once out of work, to get back into work.

From 2002, sharp falls in financial markets, together with declines in the value and security of occupational pensions, have created a greater imperative for many to remain in work longer than they might otherwise have chosen.

Strategy

Government policy on older people, including on employment and learning opportunities, was set out in March 2005 in *Opportunity Age, Meeting the Challenges of Ageing in the 21st Century*. This is now updated as part of the new Public Service Agreements (PSAs) announced in October 2007 with the Comprehensive Spending Review for 2008-2011.

The Department for Work and Pensions (DWP) leads on employment and age. The Minister of State at the DWP heads up Government work on older people and the DWP runs the *Opportunity Age Strategy Partnership Group* (OASPG). This group includes a range of Government departments and organisations outside government, including TAEN. *The Welfare to Work Division* of DWP has a unit promoting the Age Positive employment programme.

The Government Equalities Office (GEO) is a unit reporting to Harriet Harman. It is the sponsor for the Equality and Human Rights Commission which has statutory responsibility for supporting and enforcing the Age Regulations.

There is a Cabinet Committee on Communities and Equalities chaired by the Minister for the Cabinet Office. This incorporates the role of the Cabinet Committee on Older People which existed up to August 2007.

The Departments for Industry, Universities and Science (DIUS) and for Business, Enterprise and Regulatory Reform (BERR), the Treasury and the Department of Health (DH) all have important roles.

See separate chart page for the responsibilities of various Government departments and agencies.

This Briefing does not cover arrangements in Scotland, Wales and Northern Ireland.

UK Employment Rate

The Government has an ambition to achieve an employment rate of 80%. This compares with 75% now. The employment rate of those aged 50 to state pension age is 72%, whilst that for 25-49 year-olds is already 80%. The employment rate of under-25s is falling as more people are staying in education. So a major part of the improvement will have to be made up of workers over age 50. This will mean an additional one million people over age 50 in work, half of whom may be under 65 and half over 65. It would imply a rise of three years in the average age of retirement - from the average of about 61 years now.

The state pension age for women will rise from 60 to 65 by 2020. The Government has indicated that state pension age will have to rise thereafter, suggesting an increase to 68 by 2040.

Age Legislation

Following several years of consultation and preparatory work, the **Employment Equality (Age) Regulations 2006** were passed by Parliament and came into force on 1 October 2006. This is the first time that the UK has had legislation on age discrimination. For the previous seven years there had been a Voluntary Code of Conduct for employers.

Fuller briefing information on the age legislation is available from www.taen.org.uk/resources and www.agebusters.org.uk, the TAEN site dedicated to the legislation. The legislation covers age discrimination in employment and training. It does not cover discrimination in goods and services, for example: health, transport or financial services. Its scope is therefore narrower than most other anti-discrimination legislation.

The Regulations also contain a significant range of exemptions for Government employment, retirement and pension policies based on age criteria. This includes the controversial introduction of a normal retirement age of 65, though this does not exclude the potential for employers to keep employees on after that age if they wish to do so.

The Equality and Human Rights Commission came into being in October 2007 with responsibility for promoting and enforcing all anti-discrimination legislation, including the Age Regulations. It took over the responsibilities and roles of the Equal Opportunities Commission, Commission for Racial Equality and Disability Rights Commission. (Contact telephone no. 020 3117 0235 or see www.equalityhumanrights.com).

The introduction of the legislation has not resulted in a flood of cases coming to Employment Tribunals as some had predicted. It has, however, had a fundamental influence on attitudes and awareness as compared to the situation when there was only a Voluntary Code.

A total of 972 claims were reported in the ACAS and Employment Tribunal Service annual reports; but only 135 had been disposed of by the end of March 2007. Of those, 38% had been withdrawn, 41% settled with the help of ACAS and 8% struck out. Only 17 cases had gone to Tribunal. None was successful.

Be Ready Campaign

The **Be Ready Campaign** started in May 2005, targeted at employers. A handbook is available and a large amount of information on a CD-ROM. See www.agepositive.gov.uk for more details. The Age Positive team at the Department for Work and Pensions runs promotions, events, training and issues publications. This is part of a team on Extending Working Life which straddles both the work and pensions sides of the DWP.

Local Services 1 : Welfare to Work and Jobcentre Plus

Jobcentre Plus is charged with supporting people from welfare into work and the administration of benefits. Employment is not a devolved subject so these services apply to the four nations of the UK. Since 1997 **New Deals** have been the central welfare to work programme, with a strong focus on under-25s and disabled people.

In the period 1999-2006 there was New Deal 50+ which provided effective back to work help for over 100,000 people. In the first three years of this scheme an 'employment credit' paid to those taking on a modestly paid job was especially successful.

By 2007, the New Deal package for all adults over age 25 had been more or less standardised with no special features for older age groups, despite the greater barriers they face. The New Deal 50+ is not technically dead, but in reality most job seekers are not likely to find it still active in many parts of the country. Proposals for wider reform of welfare to work programmes have had to be put on hold because of limited funds.

Nearly 50% of the 2.7 million people on incapacity benefit (IB) are over age 50. The numbers dwarf the numbers of registered unemployed people. A **Pathways to Work** scheme has been gradually put

in place since 2004 and now covers half the country. It is an intensive programme to help new IB recipients avoid becoming long-term benefit recipients. In addition to this, the IB system will be replaced by an **Employment and Support Allowance** (ESA) in a widespread reform of help for people with a work-limiting disability, many of whom are over age 50.

Local Services 2 : Regional Policies

The regional dimension of Government policy and delivery is important but made complicated by the stream of initiatives and the range of public bodies.

Nine English **Regional Development Agencies** (RDAs) are mandated to produce coherent Economic Development Strategies, participate in **Regional Skills Partnerships**, push forward both an enterprise and social exclusion agenda and promote regional economic planning and growth in the English Regions. Engaging the under-used skills of older people in the regional economy is a part of that agenda.

Local Employment Partnerships with employers and new regional **Commissions for Employment and Skills** are being created.

Employment Zones and **Cities Strategies** tackle areas with poor employment and social conditions.

There is an extensive system of targets captured in Regional Economic Performance Public Service Agreements (PSAs) and Local Area Agreements (LAAs) with local authorities. These call for greater attention to the economic and employment needs of older workers.

Local Services 3 : Lifelong Learning and Training.

Opportunities to train are integral to lifelong career management. Many Government statements promote the importance of lifelong learning and the need for workforce training for all ages. The Leitch Report (*World Class Skills*, December 2006) said that the demographics of the workforce made this essential and proposed more ambitious qualifications targets for adults.

Major current reforms in skills and adult learning provision aim to increase employer leadership of skills delivery. Employer-led **Commissions for Employment and Skills** (absorbing the Sector Skills Councils – see below) will play a central role.

An employers' **Skills Pledge** will commit them to a workforce with a minimum level of qualifications and the **Train to Gain** scheme will focus on the workplace. At a slower pace, the introduction of individual **Skills Accounts** will increase personal control over learning choices.

In practice, the current imperative to raise the performance of school leavers and the qualifications of new entrants into the workforce means that opportunities and funding for mature learners are getting lower priority. The numbers of over-50 learners has gone into sharp reverse in the last two years, having grown in the previous decade. Adult learning courses, popular with older learners, are under pressure. There are very limited opportunities to gain funding for training for anyone over age 30 who already has a minimum of five GCSEs, unless arranged via an employer. **Apprenticeships** for under-19s are expanding fast but not being extended to adults.

The national **Learning and Skills Council** (LSC), based in Coventry and with its English regional structure, is responsible for all post-16 education and adult learning except Higher Education. It manages a budget of £11 billion, but £7 billion of that is for 16-19 education. It only operates in England, as education is a devolved subject.

Delivery of adult learning is through Further Education Colleges, Adult and Community Learning and other providers. Twenty-five employer-led **Sector Skills Councils**, working with the Sector **Skills Development Agency** (SSDA), are being given an increased role in determining new patterns of qualifications which meet employer needs.

Local Services 4 : Career Guidance

Much career advice is delivered through informal personal networks and in the workplace. There are two Government services: **nextstep** information, advice and guidance (IAG) partnerships operate in all the LSC areas; and **learnirect** centres provide information and access to training opportunities.

These are the main sources of advice for individuals, along with career development in the workplace. They are the only part of the public learning services that regularly publish a measure of the proportion of their service users who are over age 50.

The Government plans to bring these various sources together in one universal careers service. Details have not yet been settled.

Local Services 5 : Enterprise

Self-employment is more common with age, representing nearly one in five of the over-50s in work. The **Enterprise Directorate** (formerly known as the Small Business Service), part of BERR (formerly the Department of Trade and Industry) run Government policies on self-employment. At local level there are **Business Links** (BL), responsible for all services for business start-up, self-employment and growth of small and medium-sized enterprises.

Local Services 6 : Local Government

The Government programmes for employment and skills translate into targets for Local Authorities via the Regional Development Agencies. The new October 2007 Public Service Agreements will drive updating of Local Area Agreements which set out what is expected of local authorities.

Several PSAs describe Government policy aims relevant to age and employment, and to equal opportunities and well-being in later life. Local Authorities will have targets for employment, reduced worklessness, increased enterprise and skills of the working age population, as well as for the education of under-19s. For fuller PSA detail see: www.hm-treasury.gov.uk/pbr_csrlpsa

Health and Work

In *Health, Work and Well-being – Caring for our Future* (October 2005), the DWP and Department of Health set out a strategy to help people avoid work-related health problems and to provide support to people out of work to manage their health conditions and return to work. It laid emphasis on the role work can play in improving health, reducing health inequalities and offering better opportunities. The strongly negative impact of involuntary worklessness was recognised. All this is especially relevant for the 50+ population.

In March 2007, the DWP announced there would be a review of the health of the working age population to assess current health levels and to provide a benchmark against which to measure future workplace health improvements.

Fuller TAEN *Briefings* on work and health are: *Health and the Working Age Population* and *Key Facts on Health, Employment and Age* available at: www.taen.org.uk/resources/health

Volunteering

There are local volunteer bureaux and **Community Service Volunteers** (CSV) in many areas. The Retired and Senior Volunteer Programme (RSVP) is a free-standing programme within CSV, which encourages those aged 50+ to volunteer in their local area in England, Scotland and Wales. Such roles can be a stepping-stone to paid work.

The European Union

UK policies are in line with those of the EU. The EU is committed to targets agreed in Lisbon and Stockholm to increase the employment rate of over-55s and to raise the average retirement age. The UK and three other EU countries are already ahead of both targets. However, there appears to be little prospect of these being achieved by 2010 in the EU overall.

TAEN
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TAEN – The Age and Employment Network

Our mission is to promote an effective job market which works for people in mid and later life, for employers and for the economy.

TAEN's role is to interpret demographic change and help people and organisations build advantage from it. We work to remove age barriers to opportunity.

We do this by explaining, consulting, sharing, advising and pioneering ideas and action.

We work with TAEN's members; people seeking jobs, career change and fresh learning; employers and recruitment agencies; trades unions, advice agencies and community groups; public agencies and policy bodies; colleges, trainers and researchers; and the media.

For more information or details of our other publications, please visit our website at www.taen.org.uk or email us at info@taen.org.uk

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Age and Employment: Government Organisation

Cabinet Office/No 10

Cabinet Sub-Committee Communities and Equality
Chair: Ed Miliband, Minister for the Cabinet Office
Cabinet Strategy Unit

Welsh Office
Scottish Executive
Northern Ireland Office

Government Departments

DCLG (Communities and Local Government)
Hazel Blears, Secretary of State
John Healey (Local Government)

DIUS (Innovation, Universities and Skills)
John Denham, Secretary of State
Bill Rammell (Further Education, Lifelong Learning)
David Lammy (Adult Skills)

DWP (Work and Pensions)
James Purnell, Secretary of State
Stephen Timms (Employment, Welfare Reform)
Mike O'Brien (Pensions, Older People)
Lord McKenzie (Health and Work)
Anne McGuire (Disability)

BERR (Business, Enterprise and Regulatory Reform)
John Hutton, Secretary of State
Pat McFadden (Employment Relations)

Community Cohesion
Race, Religion and Belief

Adult Learning
and Skills Strategy
Qualifications

Extending Working Life
Pensions and Retirement
'Opportunity Age' agenda

Regional Development
Employment Relations
Small Business

English Government Offices for the Regions (GORs)

Sector Skills Councils
Sector Skills Development Agency (SSDA)

Jobcentre Plus
Welfare to Work Programmes
- *New Deal*
- *Pathways to Work*
Benefits

Regional Development Agencies (RDAs)
Local Business Links

Commissions for Employment and Skills

The Pension Service

ACAS

Learning and Skills Council (LSC)
Post-19 Further Education
Adult and Community Learning
Adult Advice & Guidance - *nextstep*
University for Industry (Ufi) - *learnirect*

Government Equalities Office
Harriet Harman, Cabinet Minister for Equality
Barbara Follett (Equality)

Equality and Human Rights Commission

S e r v i c e P r o v i d e r s

E m p l o y e r s , j o b s e e k e r s a n d l e a r n e r s