



## **Who's hurting and what's helping? Tackling unemployment after the recession.**

### **The TAEN and Social Market Foundation Age and Employment Conference, sponsored by Reed in Partnership. 8 March 2010.**

On the eve of the general election campaign, Work and Pensions Secretary Yvette Cooper announced Government moves to allocate £10 million to support back to work measures for older workers, unveiled before Christmas, at a joint TAEN and Social Market Foundation conference in south London in March.

Joining the minister were Lord David Freud, Conservative shadow minister for welfare reform, and Professor Steve Webb, Liberal Democrats Work and Pensions spokesman, along with key practitioners in the employment field and welfare to work providers, who shared their views on tackling unemployment among older workers after the recession. Reed in Partnership sponsored the conference.

With public and political attention focused primarily on the plight of the young unemployed and the raft of Government interventions brought in to tackle the problem, delegates took the debate further to look at what can be done to mitigate the pain of unemployment among 50+ workers, as well as those over 25, and also explore which approaches can help older workers after the recession.

Other conference speakers were: Ian Mulheirn, SMF Director; Chris Ball, TAEN Chief Executive; Chris Melvin, Chief Executive of Reed in Partnership; Dave Simmonds OBE, Chief Executive of the Centre for Economic and Social Inclusion; Rob Murdoch, Chair of the Employment Related Services Association; Kate Bell, Head of Policy and Research at Gingerbread; Laurie Russell, Chief Executive of The Wise Group; and John Philpott, Chief Economist at the Chartered Institute of Personnel and Development.

Announcing the Government allocation, **Yvette Cooper** said the money was needed to help make sure the recession did not create a 'lost generation' of older workers as had happened in the 1980s and 90s.

The extra support was justified for three reasons, she explained:

- Once out of work, many older adults find it harder to get back into employment.
- The link with pensions and maintaining work in the years leading up to retirement.
- The likelihood that long-term unemployment would lead to some older adults dropping out of the labour market altogether.

Older workers, Yvette Cooper explained, were vital to the economy and this would increase as current demographic trends continue. Although much of the Government's job support measures were focused on NEETs (those not in employment, education or training), older workers in high unemployment areas also benefited from the Future Jobs Fund and other initiatives, she said.

Measures announced in the *Building Britain's Recovery: Achieving Full Employment* White Paper published in December include:

- More training for Jobcentre Plus personal advisers on working with 50+ jobseekers.
- Extra time for personal advisers working with older clients.
- Widening access for people aged 50+ to work trials.
- Specialist back-to-work help for certain categories of 50+ jobseekers.
- Extra work with employers to recruit and retain older jobseekers and workers.
- Fast tracking of some 50+plus jobseekers to Flexible New Deal support.

The measures come into effect in April.

Responding to a question from TAEN, Yvette Cooper confirmed that the £10 million was 'new money' which could be released because unemployment had grown at a much lower rate and was expected to reach a lower peak than originally feared.

Yvette Cooper said the issue of older people and work was important for everyone: "Older people are playing a larger role in our economy and workforce, and with a growing number in the labour market it is right that we do everything to make this work."

Before announcing the extra £10 million package to provide tailored support for older workers, the minister recalled that in past recessions much of the worst damage was done in later years as the economy was recovering.

"In the 1990s unemployment rose for a year after the recession ended, and the number of older people on long- term sickness benefits soared for several more years. In the 1980s unemployment rose for many years after the recession finished. We must not let that happen again."

That was why now was not the time to cut back on support for the economy and the labour market: "If we are to help older workers avoid becoming another lost generation, we need to increase the personalised support and help they get, not cut it back next year as the Opposition would like to do.

"That is why we are spending £2 billion in this financial year and another £3 billion in the coming year. We have taken the decision to support the recovery and we are not prepared to put that at risk by cutting back now." She said It was also vital to recognise how important the impact of the recession was older workers' pension provision. "In previous recessions, if a company went bust, it could have a huge impact on older workers as they would have little time left to make up the lost contributions. People today take for granted the better pension protection that this Government put in place to guard against under-funded schemes.

"We are also doing far more to help women and other people who face disadvantages in the labour market. From April the changes we have introduced will establish greater equality for women across the basic state pension within a single generation.

"As a result, 90 per cent of women aged 50 will qualify for the full basic state pension when they reach state pension age. That compares to just half today, so we will have helped almost half a million extra women by 2025, some by as much as £4,500.

"But we also need to make sure that older workers can stay in the labour market (not being forced to) but in a way that gives them more choice about how and when they retire. Half of all those who retired between the ages of 50 and 69 would have preferred to work longer if they could have accessed flexible or part-time work."

Older people want to work longer, but they also want to spend time with their grandchildren, she said. "Most people's lives today don't fit into the outdated model where you work full-time, taking on increasing responsibilities until you drop off a cliff and into retirement.

"And that's also why we want to look again at fixed retirement ages, which are increasingly out of kilter with many older workers' expectations. At the DWP we've already scrapped fixed retirement ages and by April every other government department will have followed our lead."

Employers such as Asda, JD Wetherspoons, Marks & Spencer, and the Co-op Group, said Yvette Cooper, were already using older workers without the need for a fixed retirement age.

Outlining the Conservatives' radical jobs and welfare plans for government, **Lord Freud** said its work programme was central to party thinking. It would simplify Labour's 'numerous and piecemeal' programmes into one single back-to-work programme for every unemployed person, including the 2.6m claiming incapacity benefits.

The Conservatives' *Getting Britain Working* project was David Cameron's bold plan to tackle Labour's 'jobs crisis', said Lord Freud, creating hundreds of thousands of opportunities to help people back into work.

Support would be based on individual need rather than the benefit they are claiming. Private and voluntary providers delivering the work programme would only be paid when someone gets and keeps a job. The programme would be paid for by reallocating funding from Labour's New Deals, Train to Gain and other 'failing' schemes.

During Labour's 'recession', Lord Freud told delegates, unemployment rose by some of the highest increases on record: "Even though the recession is over, the Government predicts unemployment will continue to rise so we need to give people even more help to get back into work. That's why we will introduce four new programmes to supplement the work programme to help get Britain working again, including building a network of business mentors, offering substantial loans to would-be entrepreneurs, supporting self-employment and franchising as a route back into work."

Developing the Conservatives' approach to work and welfare, Lord Freud told the audience: "What we are trying to do is create as few programmes as possible into eventually hopefully one and then individualising that programme. Rather than have special initiatives here, special initiatives there and a few million scattered around, we are trying to design a structure that will actually work for the individual."

Provision for the post-25 older worker was based on the main work programme, said Lord Freud. Support already in place across the political parties meant that "the groundwork has been laid over the last three years which will allow the kind of programmes we want to be put through at a rapid rate."

"The Welfare Reform Act is in place and we don't need new legislation. In other words, the rebuilding of welfare to work has started and is underway."

The central difference between the Conservative approach and the Government approach was the drive towards a single programme. 'The last time I counted there were about 32 Government programmes though I accept that some of them are being phased out. Our programme essentially absorbs the Flexible New Deal and the Pathways programme and what that does is scrap the idea that Government can define people and the support they need in the category they happen to be on. If we do get people, ideally, on one programme that will allow providers to individualise their services.

"The idea is that everyone transfers through the programme with some different timings depending on need and economic circumstances. We anticipate the former incapacity benefits people will come through quite quickly and put through people who have been cycling round the system and those who have been cyclically unemployed. In all of this there is the risk of forcing people into the first job that comes up when actually it is important that they get the best job available.

"The other big difference is that there is a heavy emphasis on the sustainability agenda. We could be looking after a client up to three years after they've taken a job. With employee mentoring we're talking about a very different business model. The link between getting a job and getting training has been a disaster and we want to tie in the training agenda very much into this process."

Losing your job, suggested Lord Freud, offered a great opportunity to run your own business but under Labour this dream had simply collapsed. "The last available figures show that only about 12,000 unemployed people have moved into self-employment and that is a real waste. There are some problems with self-employment, the most important one is that it can sustain failure and you can be using your skills in a failing or declining industry. Instead, we want to encourage people to enter the new industries. We are trying to create a business model where the mentor is judged and paid for by results. Providers will get paid when your mentee is successful.

"Today I have not talked about older workers as such but the important thing is to get the structure right whether people are young or old and a system that is flexible. If we do get this right we will see remarkable outcomes in decades to come and a revolution in reactivating people who have been out of the economy."

The Liberal Democrat **Steve Webb** said it was rare in politics to talk about work and older people. "But these are important issues. It is soul-destroying to meet a younger person who has never worked, but I find it more destroying to meet an older person who can work and sees no prospect of ever doing so again."

Central to his party's approach was that work programmes should put the individual first while a default retirement age was simply wrong. "Fundamentally, it has to be wrong. It is not just about being 65. If you are an employer and someone aged 62 comes through the door do you say you can't get rid of them?"

"I know there is a lot of talk about changing the culture not only at government level and changing the statutory framework, but we have to go beyond that and accept flexible working across the board. This can be an issue in some small businesses but flexible working should be the norm."

But elsewhere the good news for Steve Webb was that in a few years the labour market would have to make big changes to accommodate older workers.

"A positive attitude to older workers may be happening anyway because employers need them. But in five to ten years that attitude will be more the norm. We have to get in early when people lose their jobs. When you sign on at the Jobcentre you can wait 12 months before intensive support kicks in. We believe that if you identify the high risk person on day one then you can give intensive support very early."

Looking at carers' responsibilities, Steve Webb said the typical age of a grandparent carer was 49, not someone in their 60s and 70s. Many may want to carry on caring but others would welcome a flexible attitude to opportunities in paid work. "A lot of carers want to work and not always be full-time carers, but they will need that flexibility to carry on working. That's the route to a committed workforce."

Proper training and retraining were critical for older workers and so was the right employer support, he said. He wanted the end of employers questioning whether it was worth training someone aged 62. People also wanted more choice, including the ability to draw on the lump-sum element of their pension. "This is their own money and they should be able to spend it their way, whether it's on a world cruise or retrain for a new career."

Opening the panel discussion on *Intergenerational fairness in the recession: Has the government got the balance right on support for young people and older worker?*, the SMF's **Ian Mulheirn** said the latest ILO unemployment figures produced for the UK up to January were, at 2.46m, a lot lower than expected a year ago.

But despite this apparent 'plateauing' there remained main risks around unemployment, including the possibility of a 'jobs light' recovery with employers hoarding labour, and the switch to part-time work.

"One thing we can be sure is that for those hardest hit in the recession we are not out of the woods by a long way. The challenge for policy makers is how we avoid unemployment and the issue today is how we help both young and older workers."

He acknowledged that the Government had done a lot for young workers with its several billion pounds support package. "That has been a good thing but it does seem to me that the older worker has been slightly neglected, and there are reasons why we might want to worry about them. Many move off the unemployment register more slowly than younger workers, jeopardising their chances of getting back to work and sustaining their living standards, undermining their skills which society needs to get us out of recession and the immediate financial impact on families." Two-thirds of those over 25 and unemployed were head of the household.

“Unemployment can be a real life-changing event,” said Ian Mulheirn, “and for those over 25 it is the danger of becoming a millstone round the economy’s neck.

‘Youth unemployment is a big problem, but so is unemployment for older people. Its impact on other policy goals, such as poverty reduction, is also in danger of being overlooked. But it’s not good economics, and it certainly isn’t fair, for policy makers to prioritise the young at the expense of others in the labour market.’

**Chris Melvin**, Chief Executive of Reed in Partnership, which delivers New Deal welfare to work programmes, looked at research comparing past experiences of unemployment in the early 1990s with today. “The key factor today is that ageism is less of an issue in unemployment. Age discrimination legislation brought in since the last recession has been a significant factor in this change of attitude. Then employers stripped out layers of older management and clearly that is unlawful today.

“However, there is also evidence that younger people have been disproportionately affected by losing their job in the current recession. I think it is right that the Government has spent proportionately more money on programmes for young people, but now is the time they might want to help all unemployed people and not just those under 25.”

Evidence shows that young people are given a much better choice of a personalised work programme, and it was right that this choice is extended to all those who suffer long term unemployment of 12 months or over.

“It is also right that issues of earlier government interventions and developing life skills should be made available to older workers hit by the recession.”

Part of Reed in Partnership’s work among the long-term older unemployed focuses on those thinking about their career goals. “More than a million people who work part time would like to work full time. But unlike the last recession, there are more people on Jobseeker’s Allowance looking for work rather than on invalidity benefits and that is having a beneficial impact on the economy.”

Chris Melvin’s final question to conference was around job creation and the choice of older people wanting to work longer because of the need to build up their pension and the impact that has on young people in the labour market. “How do you create jobs for both age groups? As we move from a capitalist society to a ‘people society’, the emphasis is on how to make jobs worthwhile. Employers remain concerned about costs and we need to get in a position where the new jobs also create wealth.”

**Chris Ball**, TAEN Chief Executive, said the current focus on Government policies to support the young lay in the determination not to relive the mass unemployment of the 1980s. But he agreed that demographic change these days was a much more significant issue.

“The UK population is due to grow to 71 million and the number of 65+ people are expected to double to 16 million by 2030. We should not see this as ‘a problem’, but demographic changes raise many issues in relation to pensions and the ability of people to support themselves.”

He referred to the TAEN *Survey of Jobseekers Aged 50+*, which showed increasing numbers of people were “desperate” to find work during the recession. In past recessions, it had been commonplace to reduce headcounts by encouraging early

retirement. In the industrial restructuring of the 1980s many thousands of older men had lost their jobs and found it hard to return to work. Many were actively encouraged to apply for incapacity benefits, effectively accepting that they would not work again.

Whilst these overtly ageist approaches to downsizing were now less in evidence, 50+ jobseekers experienced continuing problems. There was a marked difference in the speed at which younger and older workers were able to recover from redundancy: 40 per cent of younger workers were back at work within three months while the figure for older workers was only 19 per cent.

He commented: "This represents a huge differential in recovery rates. An older person is far more profoundly affected by the experience of redundancy than a younger person. Age discrimination is still out there in the labour market and while the services provided by Jobcentre Plus have improved, older jobseekers face a struggle. The last thing an older person wants is a spell of long-term unemployment, because this can blight his or her job prospects. Those that are able to return, generally do so at lower rates of pay than they previously enjoyed."

According to Chris Ball, Government support for older workers had not gone far enough. "It is understandable they have targeted the young but Government also has to focus on the older worker. A one-dimensional approach has been a mistake. We should encourage employers to invest in a person's employability.

"Training can be highly specific to the job in hand and older people might lack confidence in interview skills. They are also likely to have dependants so the social impact of unemployment is huge. Apprenticeships for older workers do exist but they're often under-publicised. There are large numbers of older people who are unemployed and under-employed. We really need to reshape policies and make a concerted attempt to focus support on them," he said.

**Kate Bell**, Head of Policy and Research of Gingerbread, the single parent charity, said that while 70 per cent of single parents are in work, one in four children in poverty lived in a household without a wage earner.

"People often think about teenagers as typical single parents but the average age for a single parent is 36. Many of them are not in work but the employability of single parents rises significantly when their children start to grow up. So what does this say about the balance of younger and older workers? What it means is that there needs to be an evening-up of Government intervention with the right type of support for older workers.

"Many single workers worry about work being available and re-entering the job market after a period bringing up children. They want the right support and advice, together with the right training."

Kate Bell said she would like to see older workers benefit from schemes adopted by M&S and Barclaycard, which offer two weeks' work experience to those who have been out of the labour market.

"The cost of unemployment to single parents is not just about money and similar calculations, but also the scarring impact it can have on their children."

**Dave Simmonds**, Chief Executive of the Centre for Economic and Social Inclusion, provoked controversy when he suggested that in the current recession the older age groups had fared pretty well.

Opening the discussion on the topic: *What more should the state do for older workers? Can anything be done to mitigate the impact of unemployment on older workers?*, he said that in the last recession industries closed, early retirement was encouraged “and it was basically pain across the age groups. The older age group was hit a lot harder.”

But this time round “there has been an amount of labour hoarding with employers hanging on to people who have the right skills and attitudes until, hopefully, the upswing. This has obviously hit younger people looking for work. Back in the last recession, 273,000 over-50s claimed the equivalent of Jobseeker’s Allowance, now the figure was down to 104,000.

“We also need to see things in perspective. Of those people flowing into long- term unemployment in the last recession 30 per cent signing on claimed long- term unemployment – this time the highest so far has been 20 per cent while currently the figure is 15 per cent.”

Looking at the current employment picture, Dave Simmonds said in the last recession 62 per cent of older workers were in employment and now it was 72 per cent. “In fact, the employment rate of the older worker has been increasing during the recession, in comparison with those young people not in higher education.”

But he acknowledged that while there had been positive news for the older worker since the last recession, “these figures have been hiding the harsh reality of those over 50, specifically the one million who are on incapacity benefit.

“A lot of this is for health reasons but we also know there are high numbers who have been pushed out of work because of past policy. What’s more, we know the position of low qualified, disadvantaged people, irrespective of their age.”

While the shift from Incapacity Benefit to Jobseeker’s Allowance would accelerate over the next few years, he said it was right to question the nature of the Jobseeker’s Allowance regime for the older age range. “For the over-50s we have to question the emphasis on work at any costs. I don’t think that is appropriate for the older worker and we need to move towards a more personalised, sophisticated approach.”

According to Dave Simmonds, self -employment might help the skilled older person but not those with low qualifications.

“We must never give up on a balanced workforce and, of course, all the demographics are shifting in that direction. In the last ten years employers have been responding to that agenda. The recruitment industry is gearing up to provide more support for the older professional worker and that should be encouraged. I don’t think Jobcentre Plus is yet geared up to deal with this group though admittedly it does have other priorities.”

But Dave Simmonds said his biggest worry concerned the older, low qualified adult on invalidity benefits living in an area of high unemployment. “There are very tough questions on how we continue to support them. It is about giving them qualifications but asking them at their age to go back to college or into apprenticeships is a very tough call.”

**Rob Murdoch**, Chair of the Employment Related Services Association, said he did not totally share Dave Simmonds' comments about the future for older workers. More of them were in work but the biggest concern was the rise in 50+ workers in long-term Jobseeker's Allowance programmes and those not bothering to claim.

"As the workforce gets older the 50+ range in the economy becomes more important. It is true that one of the success stories behind economy activity concerns those working after pension age. This includes another 85,000 people and underlies the economic value these people bring to our economy. The demographic reach of the 50+ workforce has to reach 31 per cent in 2023 and that means another 3.8 million people need to be working.'

Looking at a two-year project in the South East working with the 50+ age group, involving more than 1,000 people and 353 organisations, Rob Murdoch said one of its main findings was that over 80 per cent of employers with older workers identified benefits for their businesses.

"Many companies had not realised that older workers have training needs and the real value of the project focused on fairly inexpensive, short, on-the-job training programmes. The most effective route was for personal and tailored mentoring support. Two-thirds of the individuals said training had helped their work and half planned to do further training. Tailored career advice for these older workers meant increased productivity and a better work-life balance."

Rob Murdoch's advice to the careers service was that "it is not just there for younger people. People should not have to wait 12 months to get personal and tailored support. We also need to change the language we use when talking about older people. Positive language has to be actively marketed to both employers and older workers themselves."

**Laurie Russell**, Chief Executive of The Wise Group and Chair of the Scottish Enterprise Council, said ageing was one of the biggest global issues. "We need to tackle the issue of workers of all ages who are able to be active in the economy in different ways."

Failure to act meant facing the big issue of pensions. "If we carry on encouraging people over 50 to retire we will be supporting a workforce of 30 and 35 years in retirement. But why shouldn't these people make a contribution to the economy if they want to and why can't it be in such a way that brings social benefits and helps the environment? I think that payoff will be of help.

"If I was going through an agenda of what helps older people, the first point I would make is that you can't have more apprentices for younger people if you don't have older people as their mentors. Their knowledge and know-how are part of what a young person gets from an apprenticeship scheme. There is a big role here for people who have that knowledge. From my experience of the engineering world there has been a growth of retired people who have come in and passed on their skills to the young.

He also wanted to see more older men get involved in the growing health and social care sector. "I know it can sound strange that people tend to see social care as predominantly a female world but I would like to see it attracting many more men."

There was also the issue of the digital divide and people who are not as IT literate as they might be. "This is an issue for older workers and I am reminded of a recent Microsoft study that said 79 per cent of all jobs now require computer skills."

Laurie Russell also supported the idea of older adults running their own businesses. "They don't need to feel that the only work worth thinking of is in a full-time paid job. There can be combinations of part-time work, self-employment and volunteering or people coming together to work in small groups.

"There are lots of jobs that could be done and there are lots of people out there who would like to do these jobs. People like fixing cars and bikes, this interests young people and that can lead to a spin-off."

**John Philpott**, CIPD Chief Economist, warned that it was too early to start writing the history of the end of the recession. The economy began to pick up last year but there were now signs that the picture was deteriorating.

Turning to Government policy, John Philpott said it was fair to conclude that older workers have had a raw deal while, as usual, youth employment received the most attention.

"All recessions focus on youth unemployment, partly because of social concerns about crime and delinquency. If we go back to the late 70s and 80s the big unemployment programmes were in YOPs (Youth Opportunities Programme) and YTS (Youth Training Scheme). In the mid 80s anyone unemployed in their 50s was seen as past it and advised to either take early retirement or go on to Incapacity Benefit. So there is nothing new about the present situation.

"But exit rates of unemployment of older people are much lower and that could be a starting point to give greater resources to older workers. The last time people talked about the lost generation was in the 90s when youth unemployment was falling and yet the government was still concentrating on it."

According to John Philpott, "we need to start readdressing that balance. Clearly one way of doing that would be to extend the youth guarantee to everyone on Jobseeker's Allowance for six months or a year. That would be the simplest way. In essence that is probably the best approach for tackling people on welfare. At the CIPD we argue that flexible working should be extended to all employees and if that is a bridge too far there is certainly a way to extend that to older workers who might benefit from it.

"This is not CIPD policy but I believe there should be a tougher test on employers if they refuse older workers training. There has to be greater proof if they want to refuse it. With the rise in National Insurance contributions one idea would be for employers to pay less if they can prove they have an age diverse workforce."

John Philpott's final message was a sobering one: "With spending restraints round the corner nobody today has mentioned the issue of costs. But I think a lot of aspirations will be frustrated over the next few years."