



Intergenerational Futures All Party Parliamentary Group



Inquiry into Intergenerational Fairness and Employment

Committee Room 19, House of Commons

9.30am-11.30am, Tuesday 13 October 2009

Minutes

Introduction

Baroness Greengross welcomed members and guests to the last of the three inquiry meetings at which the Group is hearing oral evidence.

Steve Webb, Liberal Democrat Shadow Secretary of State for Work and Pensions

We should not assume there is, or will be, conflict between the generations. All age groups have a greater commonality of interest than many people assume. Older people need young, well skilled people to join the workforce to provide financial support for public services.

Flexible working should be made accessible to all. It helps people at different times in their lives and making it available to all would avoid any potential resentment that might otherwise arise.

There will be trade offs between different age groups and there are difficult issues to address, but we can make things work better for everyone. There are four key issues: unfunded public sector pensions, working past the state pension retirement age, the position of women and young people.

It is unfair that the unfunded pensions of this generation will have to be paid for by the next generation. It is not necessarily wrong in principle that decisions taken now will have cost implications for future generations, but such decisions should be transparent, costed and some provision should be made now to help pay for them. We are not putting by money now to pay for the pensions of the current NHS workforce, let alone tomorrow's NHS pensioners, and this is dishonest. As an employer, the Government is not meeting the cost of its pension provision. It should assess the cost in a realistic way and make provision for it.

If we let people remain in the workplace beyond pension age, it will not stop young people being employed. Flexible working can help keep older people in the labour market and they can complement younger workers. The default retirement age is a nonsense and should end.

We are still a long way from gender equality in terms of pensions and in the labour market. Women as carers are performing socially essential roles. We are "all in this together". Supporting women as carers goes would go some way to reducing the financial penalty they now incur.

We should not wait ten months to help young people who cannot find work. A year is a very long time in the life of a young person. We should identify as early as possible those at risk of unemployment and provide them with support. The Liberal Democrats want support for young unemployed people to start after three months. In the long term it would save money.

We should not assume conflict between age groups and we can avoid this by reinforcing a sense of mutuality in society.

Questions

Baroness Howe expressed concern about the expectation that male and female retirement ages will be equalised more quickly, particularly given that women tend to have a lower retirement income. She also emphasised the importance of ensuring that the rising generation have the skills needed to succeed in the workplace. **Steve Webb** agreed that raising women's retirement age by 5 years in a decade was pretty fast and it could be damaging if this were to happen faster. The value of the state retirement pension is the key issue. If it isn't set at a reasonable level, other problems will follow. Women tend to earn less, so relying on personal pension provision will not solve the gender inequality problem. We need to ensure that women receive a full, basic pension and that it is worth having. **Baroness Howe** said women purchasing annuities receive less because of the expectation they will live longer. **Steve Webb** agreed and said he would prefer the basic state pension to be set at a reasonable level, rather than rely on more generous annuities.

John Leech asked how employers could be encouraged to allow older workers to carry on past the default retirement age. **Steve Webb** said once this becomes the norm, it will not be questioned. Employers are not being asked to continue to employ people who are unfit to work: it would be a fair and reasonable requirement focussing on whether an employee could do the job, rather than the employee's age.

Alan Hatton-Yeo noted that many people are concerned about the impact of long term unemployment on young people, but workers over the age of 50 also experience stress as a result of long term unemployment. **Steve Webb** agreed and said the same approach should be taken regardless of age. We need intelligent intervention. Intensive support can make a real difference to someone with low skills, whereas other people with good skills may move smoothly between jobs.

Baroness Thomas asked if the Liberal Democrat proposals would make life more difficult for employers running small businesses, many of whom feel oppressed by the weight of regulation. **Steve Webb** agreed a balance needs to be struck and we cannot expect a small business to bear a disproportionate burden. We need to recognise there is a collective burden and promote enlightened self-interest. It is in employers' interests to treat their staff well: it is likely to boost recruitment, retention and productivity.

Theresa May, Conservative Shadow Secretary of State for Work and Pensions and Minister for Women.

Getting young people into the workforce is an important part of the recently launched Conservative plan for "Getting Britain Working" and accords with the Group's focus on intergenerational fairness in the field of employment. Although there are those who say we should put these issues on the back burner because of current economic conditions, actually the conditions make these issues more urgent.

We should also not allow stereotyping to continue. The Conservative "welfare to work" programme is about intervening earlier than at present and across a wider range of people, including the 6.2m people receiving Incapacity Benefit. Many of them want to work, but have not been given sufficient support to enable them to do so. We want to refer them to specialists who will help them overcome the barriers they face.

Young people will receive support after six months. Being out of work does have a disproportionate effect if it is at the start of a person's working life. We do not want negative attitudes to work to become entrenched at an early age. The Youth Action Programme includes apprenticeships, pre-apprenticeships, more places at FE Colleges and the provision of 10,000 more university places. Work Pairings, where young people work with a sole trader to learn from them, and Work for Yourself, a scheme to support people who want to be self-employed, will also improve access to the workforce. We also want to support volunteering, both as a way of helping

young people to develop skills and to utilise the skills of older people. Work Clubs will help through the provision of information, advice and training.

Flexibility in the workplace began in response to the needs of working women with children, but could benefit a larger number of people, especially older people towards the end of their working lives. It could help older people to remain in the workforce for longer. It could also help people with long term chronic condition, making the difference which enables them to be in work rather than out of work.

We need to consider further the attitude of employers to the right to request flexible working. One problem appears to be that some middle managers find it difficult to cope with management by outcomes rather than by hours in the office. We need to address this. The evidence shows that flexible working and home working leads to increases in productivity.

We also need to address cultural attitudes towards older people in the workplace and reshape expectations. As recently announced, we would bring forward the equalisation of the state retirement ages for men and women. To date work has been seen as a linear path towards retirement, but we may need to think in terms of curve shaped careers. Many people will have to work longer for financial reasons. We should see retirement as a process rather than an event. This will entail addressing skills and training issues. Some people will not be able to carry on doing the same sort of work after the age of 65, so they will need to retrain to remain in the workforce. Cultural attitudes on the part of employers and employees will need to change.

Questions

John Leech asked whether the Conservative Party would abolish the default retirement age and stop employers forcing older workers retire. **Theresa May** said the Conservative Party welcomed the Government's decision to bring forward the review of the default retirement age, but they are aware of employers' concerns about this issue. **John Leech** suggested there is a danger that if we do not prevent employers forcing older people to retire, some employers will continue to do so. **Theresa May** agreed that employers should look at someone's ability to do the job. Some employers do not enforce a default retirement age now, but if we simply abolish the default retirement age, it will not necessarily lead to enlightened attitudes: it's a question of changing cultural norms.

Baroness Thomas expressed support for many of the suggestions made by Theresa May, but suggested these are difficult to achieve through legislation and many small businesses may lack the management skills to achieve them. We need to think about how we can improve practice without requiring SMEs to take on more legal advice. **Theresa May** said that many small companies manage these issues very well, if informally, and many large companies have resources to deal with them. Problems are more likely to arise in medium sized companies and these employers worry about being taken to employment tribunals and compliance. It is not easy, but we should be able to achieve a great deal by changing attitudes rather than using legislation.

Alan Hatton-Yeo welcomed the recognition of the need for significant cultural changes and management by outcome and asked Ms May to comment on salary and pensions being awarded by length of service rather than being based on outcomes. **Theresa May** said different employers have different packages and some do relate to length of service rather than outcome. She would not want employers to be required to take a particular view believing it is for employers to structure rewards within their workplace, but we need to encourage a recognition of the value of other approaches. There is for example plenty of evidence that flexible working increases productivity and yet many employers resist it.

Baroness Greengross suggested there is a vital need to improve management training. At present many managers are worried about employing young people or old people or disabled people because they do not understand that appraisals and performance reviews can be built into contracts. She asked what the Conservatives would do about this. **Theresa May** said the

Conservative Party has identified this as an issue that needs to be addressed, along with the need to change cultural attitudes, but it has not yet decided how best this can be achieved. Government's role should certainly be to set the scene and to lead by example, by using different approaches in the public sector.

Sue Collins, Principal Policy & Public Affairs Manager, the Joseph Rowntree Foundation.

The Joseph Rowntree Foundation (JRF) has for over a century sought to understand the roots of social problems. As a provider of housing and social care it has a unique insight into many of the issues being addressed by the inquiry. The JRF has also been able to draw on the evidence gathered at two public consultation events in York and Bradford earlier in 2009 with very diverse audiences. The discussion at those consultation events focused on how we can create an age-friendly society and best prepare for later life.

Intergenerational fairness has two dimensions. First it requires equity between contemporary and future generations, for example by designing affordable welfare systems that will not disadvantage future generations. The Government has shown some commitment to this objective in trying to design a new social care system. Second, it requires equity between different generations in the present. Examples of intergenerational unfairness now might include the disproportionate balance of wealth that has accrued to older people in the form of housing equity; while young people may enjoy stronger IT literacy giving them an advantage in employment terms. The JRF has set up a working group to look at this issue.

Intergenerational fairness should be considered in the context of fairness more broadly, including fairness between genders, people with different ethnic backgrounds and those with unequal access to education and wealth. There are, for example, significant problems in respect of intergenerational fairness and access to social care because of current unequal wealth.

We need to balance employment and caring responsibilities so that people do not exit the workforce early.

The problems of the "sandwich generation" – people caring for young people and older relatives – has received some attention. These "multiple carers" need to balance their caring responsibilities with work, and flexible working could help them achieve this more easily in the future. At the moment, however, we need to recognise there is a continuing need for state and community support.

Some concern has been expressed about single people experiencing unfairness because of the support being extended to carers, but they benefit from a being part of a supportive society.

We need to challenge negative assumptions about older people and about the potential for intergenerational conflict. Policy makers need to dig deeper to arrive at the truth and to recognise that communities may operate differently. We heard evidence, for example, that young Pakistani people regard supporting their older people as a form of "payback" that is taken for granted.

We should also challenge the assumption that benefits flow simply from young to older people. This fails to take into account the support from older people for younger members of their families and the mutual care which exists.

There is very little evidence of conflict between the generations, for example, in terms of older people keeping younger people out of the workforce.

We know that employment can promote well being and social engagement and this is important for people of every age.

Measures to tackle intergenerational conflict should only be introduced when there is clear

evidence that such conflict exists. Many age groups face similar problems and efforts to address them can help people of all ages.

Recognition that “one size” services do not necessarily best meet all needs has led to the segregation of services for different age groups, which can isolate them and waste resources. The JRF consultation groups suggested there should be greater provision of joint services to meet common needs and that these could promote intergenerational contact and better mutual understanding, leading to stronger social solidarity.

Intergenerational fairness does mean that risks need to be pooled. The JRF would like to see social solidarity based on empathy and a greater recognition of common challenges. Older people can provide good examples for young people. We need greater flexibility in working practice and a more flexible approach to retirement. Other measures, such as encouraging volunteering, have a useful role to play and we need to think more broadly about bringing these different issues together.

Questions

Alan Hatton-Yeo expressed interest in the view that policy makers contribute to making things worse as a result of inaccurate assumptions, for example, the fear that older people and young people are potential threats to each other. **Sue Collins** said Bradford provided an interesting example of very positive attitudes between generations. All ages have huge mythologies around “fear of others” and we need to challenge these.

Baroness Thomas asked if special difficulties were being created by current economic difficulties or whether we are just facing more of the same problems, for example, the expectation that unemployment will get worse before it gets better. **Sue Collins** said that in the short term there is a danger that economic conditions could make conflict between the generations more likely, so we need to address issues urgently, such as reaching agreement on the state pension. In twenty years time, the workplace will look very different. At the moment, the focus is on paid employment, but older people are providing huge amounts of care that is not sufficiently recognised. In the future we may think more in terms of exchanging skills.

John Leech suggested we need to think more flexibly in terms of the provision of services to ensure that there are no gaps in provision between services for young and older people. **Sue** said it is possible to pool budgets, but attitudes need to change; at present there is still a fault line between health and social care providers and budgets, which makes meeting users’ needs more difficult. We need more creative thinking about service provision.

Baroness Howe asked how we can ensure that policymakers and employers are sufficiently alert to these issues. **Sue Collins** suggested it was necessary for Government to define equity and fairness between the generations. If we do not agree on this, then a lot of social issues that arise will remain unresolved.

Baroness Greengross referred to the concept of “pooled risk” and asked how the potential tensions that can arise within a workplace – for example, between young women with opportunities for flexible working because of their childcare responsibilities and older single women without these opportunities – can best be addressed. **Sue Collins** said the JRF has been looking at pooling risks more generally, for example in terms of paying for social care and pensions and the transfer of wealth between generations. A lot of discussion does not take account of the support of older people for younger people.

Anne Madden, Head of Education, Skills & Employability, Equalities and Human Rights Commission

The Equalities and Human Rights Commission (EHRC) is an independent statutory body charged with eliminating discrimination and promoting equality across the seven protected grounds (age,

disability, gender, race, religion and belief, sexual orientation and gender reassignment). We are also charged with protecting human rights and building good relations.

Work and employment is known to deliver life chances. Helping to ensure that people of all ages have better and more equal chances to secure work of their choice is central to our equality and fairness agenda.

One might argue that the case for intergenerational fairness in employment is self evident on social and moral grounds. We believe it is, but there are also legal drivers to help achieve it, such as the Equality Bill. This should help equalise access to work across all age ranges.

Demographic and economic conditions are also helping deliver change. We have a declining birth rate and an ageing population, so we need more older people to remain in work to provide financial support for pensions, health and social care. The UK Commission for Employment and Skills has estimated there will be 2 million new jobs by 2020, but if we are to remain economically competitive people of all ages will need to improve their skills.

The third case for change is that more people of all ages want to work. Attitudes to work have changed significantly. Our “Working Better” project showed that people want to work; they also need to work for financial reasons. We found that a quarter of retired men and a third of women had incomes that were less than adequate. Some 32% of 65-69 year old men and 20% of women above the state pension age would like paid work.

There are excessive stereotypes about what different age groups want and can offer and we need to challenge these to enable older people to continue working. For example, the conventional wisdom is that older people want to “ease down” to retirement. In fact we found that twice as many older people wanted promotion and higher levels of responsibility than wanted to downshift. Nearly a quarter of people aged 56-59 are still providing financial support for their children, as are 10% of people aged 70-75. Similarly the conventional wisdom is that older workers do not want to learn new skills. We found that a third of workers aged 60-64 had undertaken training in the last three years, as had 44% of 56-59 year olds. Young people are similarly subject to stereotypes. Our survey found that rather than being driven by ambition to work long hours, many young people give priority to flexible working and achieving work-life balance.

Policy and workplace practices are still based on inaccurate stereotypes. We need to rethink them to keep pace with changing attitudes. We are now developing policies that depend on older people working longer, but we have not yet put in place the policies to support them. For example, older people do not have the right to request flexible working. Skills funding is targeted at young people and first qualifications. As a result, older workers face difficulties upgrading their skills. The way we work needs to change to reflect the increasing diversity of the working populations.

We also need to look further at the commonality of issues across all generations: people of all ages want and need flexibility, high quality work and access to skills. We should not segment generations and we need to level the playing field. Flexibility is the key to opening access across all ages. It works for employers and employees and the right to request flexible working should be available to all across the lifecourse. We hope to encourage greater provision of flexible working and on 16 October the EHRC is publishing a managers’ guide to flexible working.

We also need a skills strategy that provides equal access across the lifecourse and we need better quality work. The “long hours” culture is bad for everyone. Low income workers have to work longer, but find it more difficult and often retire first.

It is easy to make the business case for flexible working, but we need to make the business case for intergenerational fairness. Employers have to see the benefit for them. This can be achieved. For example, the benefits of team working, which involves different age groups, is already recognised and many companies recognise the value of having employees who reflect their

customer base. McDonalds' "family contracts", which allow different generations of a family to share a job, provides an example of positive intergenerational working practice.

Questions

Baroness Howe expressed interest in the counter-intuitiveness of Anne's evidence, for example, the evidence that many older workers continue to seek promotion and more responsibility. She asked how we can best challenge these inaccurate stereotypes quickly. She suggested better information and encouraging more volunteering might be helpful. **Anne Madden** said it is a difficult time to be expanding programmes but we need to act now if we are to maintain our international competitiveness. The BRIC countries are producing highly skilled workers more quickly than we are so we cannot afford to be complacent. We need to increase the skills of people in and out work. Economic arguments attract the most attention, so we probably need to focus on these if we are to change workplace attitudes and practices quickly.

Sheila Wild, Head of Age & Earnings Inequalities for the EHRC commented that it is a fallacy that it is easier for large businesses to introduce flexible working. Having spoken to many employers in organisations of all sizes, it is clear that flexible working works best where employers and employees communicate well. It is possible that a means of changing cultural attitudes towards performance issues and retirement ages would be to encourage employers to have conversations with their employees about these issues.

Alan Hatton-Yeo welcomed the recognition of the need to overcome inaccurate stereotyping and asked how this could best be achieved. **Anne Madden** said the EHRC worked on the basis of promoting the findings of evidence-based reports.

Baroness Greengross referred to the recent launch by the Prime Minister of the "Big Conversation" which involves senior executives of successful companies providing high quality work placements for disadvantaged young people, as a brilliant example of intergenerational cooperation.

Baroness Thomas referred to the need to improve technical education in the UK if we are to our manufacturing sector is to remain internationally competitive. **Anne Madden** agreed and said it would help ensure a more balanced economy. **Sheila Wild** suggested an aging population would require more tradespeople. **Baroness Greengross** suggested we need to improve the status of tradespeople and referred to the high regard in which engineers are held in Germany. **Baroness Thomas** noted that the involvement of many small, local contractors on the Olympic site was leading to a greater recognition of more open and flexible working practices and would leave a legacy in the minds of both employers and employees.

Baroness Howe said that small businesses are the seed bed of the businesses of the future, yet they often seem themselves as over-burdened victims. She asked how we and Government can give them more support and encourage them to be partners in this process of change. Baroness Howe also suggested we need to marry people with skills, with those who need them in successful mentoring partnerships. However, the latest Apprenticeship Bill requires potential apprentices to have 5 good GCSEs before they can access apprenticeships. This may be necessary in the short-term, but access needs to be widened especially among women. **Anne Madden** said apprentices are defined as employees so positive action cannot be taken in respect of them. The EHRC would like to see apprenticeships become more widely available to a range of ability groups.

Baroness Greengross thanked all the witnesses for their evidence and brought the meeting to a close.

CLC, October, 2009

The members of the inquiry team are: Baroness Greengross, Alan Hatton-Yeo of the Beth Johnson Foundation, Baroness Howe of Idlicote, John Leech MP and Roger Turner of Unite.