

## **Ageing and employment: looking back, looking forward**

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### **Introduction**

TAEN -The Age and Employment Network, formerly known as the Third Age Employment Network was started in 1998 as a not-for-profit enterprise and registered charity to find ways of making the labour market operate more effectively for people in mid- and later life. It is sponsored by and co-located with Help the Aged. Its members now include over 250 organisations, made up of employers, training providers, colleges, recruitment and employment agencies, voluntary and community organisations, public agencies at national, regional and local level, individuals, unions, employment lawyers, think tanks and others. Drawing on their experience, TAEN is able to play an influential part in all relevant public policy work.

In this article I look first of all back over the changes that have taken place in the eight years that TAEN has been operating. I then look at some of the major themes that must underpin plans for extending working life and for changing the pattern of retirement.

### **1998-2006: the changing perspective**

The momentum for the foundation of TAEN was the feeling of frustration felt by many people who found themselves cast on the shelf well before they thought they were ready to be put there. Nobody else seemed to be interested in their fate. We were still in an era that Adair Turner and his colleagues on the Pensions Commission were subsequently to describe as a 'fool's paradise' (Pensions Commission, 2004).

Unlike the previous Conservative government, after coming to power in 1997 the Labour government started to take an interest in age and employment. New Deal 50 plus was in preparation to add to the New Deal for Young People. A Code of Good Practice on age and employment was issued. However, all this hardly registered on the Richter scale of political and business interest. Youth was a leitmotif of New Labour and ending youth unemployment an understandable central objective.

Now, at the time of writing in 2006, there is a very different perspective. There is widespread recognition that age and demographics is an important dimension of the labour market, that patterns and stages of life and work are changing.

### ***Strong employment record***

By 1998 the 30-year decline in employment of over-50s men had halted. The extent to which the employment rate had actually started to improve from the mid-1990s was so small that it had not registered widely.

Since then there has been an impressive record of steady growth in employment for all ages and in particular of the over-50s. Two out of three people contributing to the increase in the labour force to its current all-time high are over 50, including the fastest recorded growth among those over state pension age. The population in the 50-64 age cohort has been rising since 1998. This means that of the 1.2 million increase in workers over 50, some 800,000 represent absorption of the increased population of people over the age of 50, while the additional 400,000 represent an increase in the employment rate of people over the age of 50 from 64% to almost 71%.

Meanwhile, there has been a continuing change in the gender balance of the workforce. There was a massive drop in the employment rate of men over the age of 50 from the 1970s to the mid-1990s. Employment of women of all ages was increasing. The rate of increase of over-50s women was slower – if the growth had been as rapid as the growth among under-50s, there would be 250,000 more women over 50 in work by now. An interesting future issue will be to see how patterns of work among women now reaching their 50s and 60s are influenced by their career experience as younger women, which is quite different from their mothers' generation.

However, because of the increasing population in this age group, the improved employment position does not mean that the numbers of people over 50 who are 'economically inactive' (to use the jargon) have fallen. They have risen slightly.

Most of the improvement in employment has been in sectors such as retailing and financial services in low-skilled or routine employment. This has not met the need for quality work using the wide range of skills and experience of people who have 25+ years' career behind them and do not want 'any old job' (see below).

Nevertheless, the employment trends do create a different context from the late 1990s. Progress has been made – age and employment is a significant rather than a hidden issue.

### ***Employer action***

Action by employers has clearly contributed to the improvement in the unemployment rate of the over-50s. By definition more people are being retained or recruited in their 50s and 60s than was the case in the 1990s. The cost of early voluntary redundancy (one of the main drivers for earlier retirement ages in the 1980s and 1990s) has become prohibitive for over-stretched pension funds, although exception is still made for a minority of senior executives as an aid to succession management.

A considerable body of good practice in all age recruitment and retention has built up (see the government's Age Positive website for some examples from employers large and small – [www.agepositive.gov.uk](http://www.agepositive.gov.uk)). The Employers Forum on Age (EFA) members have set one such example (see [www.efa.org.uk](http://www.efa.org.uk)), although the EFA itself has avoided any suggestion that its members subscribe to certain employment standards or represent a more open door for older jobseekers. None of this existed in the 1990s.

The change should not, however, be exaggerated. The gap between statements of intent and day-to-day practice remains great. In large businesses the good intentions of corporate human resource departments do not translate overnight into operational practice by line management. Awareness of demographic change is limited. Senior management remains convinced that older workers cost more, are less productive and are sick more often. No amount of direct factual evidence to the contrary makes much dent in entrenched stereotypical thinking.

The views of the Confederation of British Industry (CBI) on retirement ages and legislation carry an implicit assumption that older workers are more problematic to manage than younger workers. Yet there is a body of positive qualitative and quantitative evidence on the commercial benefit to companies that have deliberately broadened the age profile of their workforce. No company has yet reported disastrous consequences of employing more people over 50; rather they have reported a win-win situation for employees and employer.

The position of the majority of UK businesses that have less than 50 employees is paradoxical. There is considerable evidence that they are less 'ageist' than large businesses and public sector employers where grade-equals-status-equals-age rules. They will normally employ the best person for the job without a thought for age. At the same time, they may be unconscious of age legislation and such matters as fixed retirement ages.

### ***Life expectancy, health and wealth***

Another change in the past few years is that we have become aware of the increased speed in the growth of life expectancy. With the benefit of hindsight we were all (including the actuarial profession) sleep walking for a few decades. The Pensions Commission administered a reality check in its first report in October 2004. Admittedly, the pace of improvement in mortality rates has recently accelerated. But forecasts of future life expectancy have been accelerating even faster in 2005. It is now hard to disentangle what is real change and what is speed of revision of forecasts.

Policy issues on age and employment are ill served by the evidence base and confusion surrounding life expectancy forecasts. Average life expectancy at birth and average life expectancy at age 65 are misunderstood and frequently confused (average life expectancy at birth factors in the one in 10 who people die by the age of 65). Even broadsheet newsprint, not to mention the tabloid scare headlines, reports hopelessly misleading messages about life expectancy. Life expectancy among middle-aged people is widely underestimated by most people and is not factored into their decision making. Official statements about average life expectancy are not believed, in part on the understandable grounds that none of us knows where we fall relative to the average. A

separate discussion is needed on how to generate a more realistic view of potential life expectancy, and on how to relate data on average life expectancies to individual mortality risk, which is what matters for each of us.

Meanwhile health is improving. It is regularly observed that today's 70-year-olds are yesterday's 60-year-olds and are behaving accordingly. The scope for more years of working life, whether paid or unpaid, is enhanced compared with previous generations. The duration of healthy old age is increasing roughly in parallel with actual life expectancy, although the experts cannot agree how close the parallel is. In part, this is because health is a self-defined and reported condition, unlike death.

One important area that has remained unchanged over the past eight years is inequality of life expectancy and old age in different socio-economic groups. Despite nine years of Labour government, most social and economic indices do not show any narrowing of gaps, whether in educational attainment, income and asset accumulation, health or life expectancy. The poor, including lone parents and older people, have become less poor and have been aided in this by the tax credit system, but the better-off have continued to become better off at a faster rate, thus widening the gap. This is very significant for policy on age and employment because the circumstances of those with resources and choice are so different from those without.

Those who retire earliest (because of good final salary pension schemes) are the best off in retirement, while those who retire latest (manual and unqualified workers with no savings who carry on until state pension age) are least well off in retirement. A total of 36% of all current occupational pension payments are made to those who have not yet reached state pension age. It seems perverse that those who retire earliest are rewarded for that. It would make better economic and social sense if those who worked longer were rewarded more for their efforts in retirement.

### ***Retirement incomes***

There is also a new reality about the economics of retirement income. Rightly or wrongly, it is now accepted that we cannot expect to see again the rates of return on investment in the stock and bond markets that prevailed for most of the last 30 years of the 20th century.

Whether we call it a 'pension crisis' or not, the world has changed since 1998, despite the partial recovery from the stock market drop of 2000-02. It is widely expected that the era of final salary pension schemes is ending and will not be rebuilt, unless it is for a small elite of directors and public sector workers. The most common alternative is defined contribution schemes. On current calculations they yield a retirement income half what they would have done five years ago because of lower returns and increased life expectancy. It changes one's perspective to be told at the age of 60 that a pension scheme that you thought would give you £12,000 a year will now only give you £6,000.

In addition, there is a whole new perspective on pension risks. Most people with employer pensions genuinely thought that they were risk-free. It is only in the past few years that we have discovered that there is no such thing as a risk-free pension scheme.

This leads to a new and understandable doubt about how to plan for retirement. The high rates of return up to 2000 shielded us all from the reality of pension economics – they allowed the pensions industry to take a handsome cut for running our pensions while still giving most of us on such schemes a good deal. Lower returns have brought home that around half the total value of a private pension scheme will be used up on remunerating the pension manager, leaving insufficient to pay an acceptable level of pension. The economics of small or average-sized pension schemes run by the private sector, as opposed to the government, no longer make sense. This is what the Pensions Commission has had to grapple with, leading to its proposal of a National Pensions Savings Scheme.

### ***State pensions***

In the early days of the Labour administration, there was widespread support for the move to a means-tested state pension system. Concentrating public funds on those who most needed support made sense. The system of a standard state pension, more or less adequate to support a simple life in retirement, had operated since Beveridge and the 1940s (Beveridge, 1942), and was reckoned to have run its course. The 1996 Commission for Social Justice set out an agenda for New Labour for what was originally known as negative income tax but became tax or pension credits.

The new selective benefits and pension route has proved a classic example of a good policy purpose undermined by delivery problems such as:

- administrative machinery that could not cope;
- incomprehensibility to the general public and specifically to those who most need it;
- spread of means testing on a massive scale that had not been envisaged;
- the decline of the basic pension to a risible level relative to average earnings.

The options are to stand by the New Labour means-tested model or to revert to the universal model of state safety net for those who do not have their own resources. This is at the heart of how the government responds to the recommendations of the Pensions Commission, with Chancellor of the Exchequer Gordon Brown maintaining the validity of the means-tested selective model and Prime Minister Tony Blair advocating a return to the universal model, albeit adjusted to suit women as well as men. Both have routes create difficulties around incentivising personal savings for retirement. One way or the other there is a transitional period from dependence on the state to self-reliance. Savers are either penalised for saving by having a universal pension taxed away, or the means-tested pension recipient is penalised for saving by phasing out a means-tested benefit for those who do not need it.

### ***Welfare reform***

In the late 1990s, there was little realisation just what a massive move there had been in the pattern of welfare payments with a ten-fold growth in sickness benefit recipients. TAEN and Steve Fothergill of Sheffield Hallam University started to talk about the 'hidden unemployed'. The government, media and business seemed unable to realise (and are still unable to realise to a great extent) that the unemployment rate is no longer a good guide to the labour market or the state of the economy. There were eight people over the age of 50 dependent on Incapacity Benefit for every one registered unemployed. There

were (and are) more over-50s on Incapacity Benefit than on the entire unemployment register.

It is symptomatic that when New Deal 50 plus was introduced David Blunkett, then responsible for education and employment, decided not to impose any form of compulsion to participate beyond an initial interview. Was there any reason to treat the over-50s differently from the under-50s? Many over-50s jobseekers would argue so, given their experience of trying to find work appropriate to their skills and experience.

Now, in 2006, the flow of people onto Incapacity Benefit is declining. There have been good results from pilots to provide in-depth help to people on Incapacity Benefit to get back to work. The Department of Work and Pensions believes that a million of the 2.7 million people on Incapacity Benefit would like to be working. There is recognition that the focus of policy should be on what people can do rather than what they cannot do, and that only a modest proportion of people are unable to do any kind of work.

Mental illness is the largest single cause for being on Incapacity Benefit. This is probably the hardest area to tackle, most prone to prejudice and fear on the part of employers, and most hard to assess for sustained work capability over time.

One consequence of the increased role of Incapacity Benefit is that the distinction in the welfare system between pre- and post-state pension age is not very significant. There are differences in the regime, in particular in some sense of obligation to try to find work (which may strengthen in future). But many, especially men in locations where up to 50% of over-50s are 'on the sick', slide fairly seamlessly over to the pension system from the welfare system. The greater significance of state pension age is for those who are healthy, in work but without savings or potential retirement income, who have no option but to work until they can claim a pension.

### ***Age legislation***

In 1998 there was little or no prospect of age legislation comparable to existing legislation on gender, 'race' and disability discrimination, despite evidence that age was the most commonly experienced barrier to opportunity in work and learning. Labour figures made some commitments to legislation prior to 1990, but age legislation did not make it into the election manifesto and the government subsequently vigorously defended a voluntarist approach, with a code of conduct for employers.

We owe it to Jorge Haider of Austria that we now have age discrimination legislation in the UK. The emergence of power sharing in government with his right-wing party sent a shiver through the European Union (EU). There was a sudden willingness to agree an Anti-Discrimination Directive in autumn 2000 on 'race', disability, age, religion/belief and sexual orientation. The vastly different attitudes to these subjects among member states were put aside in the interests of being seen to take action. Whether the UK government agreed to this against its better judgement or because it could see that the voluntarist approach to age was having little impact is not known. It did take the lead in arguing that age legislation had all sorts of difficult consequences and that member states should therefore have six years in which to transpose it to national law, unlike the other topics that had to be actioned within a three-year period.

Bodies like TAEN roundly criticised this delay, which meant that for a further six years people would have no redress against direct age barriers in work as the great majority of employers would not change age-based practices until the 11th hour or until after the legislation came into force.

There has, however, been an upside. While any issue remains unresolved, it remains to a degree in the limelight; once settled, everyone loses interest. So we have had six years, three rounds of government consultation, a flow of academic and other studies and debate on age discrimination legislation. The extreme contrast to this approach is that of France, where a one-line announcement in the Official Journal added age legislation to French law without anyone taking a jot of notice. The result in the UK has been to put a spotlight on many of the issues of the interaction of age and employment/training. It has been instructive because thinking has moved on since 2000. The terms of the Directive, in particular Article 6 on potential age-based employment decisions that might be justifiable, looks very dated and no longer relevant.

Some may criticise this as an example of the UK 'gold plating' EU legislation and making everything more complicated than it need be. It has certainly consumed a good deal of time of the leading organisations involved. TAEN's view is that it has been a constructive part of the culture change, although so far one limited to a small group of experts.

It is often asked whether age is different from the other forms of discrimination on which we have legislation. This question will be relevant when we have a new Commission on Equality and Human Rights in 2007, replacing the existing Equal Opportunities Commission, Commission for Racial Equality and Disability Rights Commission, and taking on responsibility for the three new equality strands including age. An obvious observation is that age changes with time while other characteristics do not.

What the work on legislation in recent years has shown is that, despite widespread experience of age-based barriers and their impact on people's lives, there is less public involvement than in issues of 'race', gender or disability. Response to government consultations has been limited. There is nothing like the broad front of disability organisations that worked so hard in the 1990s to achieve disability legislation and that continue to work on its improvement. Many of those whose prospects are curtailed by age-based decisions accept it as their lot or conclude that they have 'had their turn'. There is no major head of steam from those excluded. As much as anything, the case for legislation comes from the economic imperative for change. It is not so much an equality issue as a business and economic change that legislation will help drive forward. In this the balance is different from the existing equalities legislation.

## **2006-12: what next?**

The government has set out an 'aspiration' (not a target) to raise the employment rate of people of working age from the current 75% to 80% by an unspecified date. Given that the employment rate of 25- to 49-year-olds is on average already over 80%, this means raising the participation rate of those currently under-represented. That includes neighbourhoods of high social and economic deprivation, minority ethnic groups, disabled

people and the over-50s. There will be more people in the population aged over 50 and fewer under 50. Achieving the government's aspiration requires at least another one million people over 50 in work on top of the 1.2 million already added. This appears to us eminently achievable, subject to the overall state of the economy and avoidance of a major recession. The 2006 government forecasts of the workforce show the majority of the growth in the next 15 years being workers in their 50s and 60s.

The big issue is whether it is going to be achieved in a way that brings satisfaction and reward to workers, employers and the economy. Most of the issues addressed in the second half of this chapter relate to that. TAEN believes that there are a series of preconditions that have to be met if longer working lives are to be fruitful and a positive contribution to adequate retirement quality of life. If not, the tabloid headline 'forced to work till you drop' may be nearer the mark.

In the discourse of labour markets and public policy, the participants, including the present author, are almost entirely people with degree level qualifications. They may not think themselves rich, but they have mostly experienced variety in their working lives, they know how to seek out opportunity and change and they often have some form of occupational pension to look forward to. Life may not be a bed of roses and for some health, family and financial problems will be major worries. But collectively they cannot put themselves in the shoes of those whose working lives have been largely repetitive, boring, unrewarding personally and financially, and outside their own control. Often those without choice or personal autonomy live in a dysfunctional personal environment and there is little or no tradition of seeking out help and advice from unknown sources.

TAEN is acutely conscious that policies and ideas about work and its place in life imply moral judgements about what is good for other people and generalisations about wide segments of society. The rest of this chapter discusses some of the tricky issues about making the job market a better place for people in mid- and later working life. Cultural and attitudinal change will have to take place among individuals, companies and government to achieve this. Discussion of these changes necessarily takes place at a high level of generality. We should not forget that each individual's set of circumstances is different, and it is the diversity of people, not age cohort stereotypes, that matter.

### ***Personal barriers: does age confer any special status?***

There is plenty of evidence of age barriers in recruitment or advancement in work resulting from employer attitudes. But there is also evidence that employers find it hard to recruit people in their 50s or 60s. They say that it is the attitude of the jobseeker that is the main barrier.

This touches on one of the dilemmas in making a success of the job market in mid-life. What should jobseekers be prepared to accept? What should be expected of them, whether their background is manual and elementary occupations or professional and managerial grades?

It is easier with 20-year-olds. Go out and do temporary work, gain any kind of experience (it's all good for you), don't do nothing – (although there is a separate issue about the scope of the labour market to provide jobs that are challenging for the ever-increasing

number of graduate-level entrants). Get a foot in the door and work on the principle that one thing can lead to another.

Should we expect the over-50s to do the same? How should we judge what they should be prepared to do? It is clear that those who are most flexible about what they are prepared to do are most likely to get back into work. Those who start by defining all the things they are not prepared to do are least likely to ever work again. Those who approach Jobcentres convinced that they cannot help them with jobs to match their qualifications and experience will find it hard to get help.

If we take equality of treatment regardless of age to its logical conclusion, there is no reason why employers should treat someone with 30 years of work and life experience behind them differently just because they are 50. Age does not confer any special status. Employers like enthusiasm and commitment to turn a hand to whatever needs to be done, not an outlook based on what the world owes us because of who we are. Should we admire, as I have, the ex-army officer packing frozen chicken legs in a food plant (“sheer hell”) in the West Country because that’s all that was going and he needed to work?

However, common sense says that people deserve to have jobs that use their skills and experience. It is wrong that so many immigrant workers, women and disabled people are under-employed in jobs far below their qualification level. The same is true of older people who should not have to accept under-employment just because of their age. They are not the same as school leavers. They have a different financial threshold of how much they need to be paid to make work worthwhile, as compared with a 20-year-old. After decades of working life they have earned a right to be considered. They have a different risk profile as retirement approaches compared with 20-year-olds.

Many of the most frustrated non-workers in their 50s and 60s are indeed the most qualified. They know that lack of management and professional skills is always cited as one of the key constraints on British business. Yet their chances of getting back into a management job comparable to their last job are close to zero. They know that, despite the progress in the employment rate described above, putting their date of birth on the CV is fatal.

Added to that, duration out of work becomes a self-fulfilling and self-reinforcing barrier with the passage of time. In theory, a few years’ break in employment could be seen as a stimulus to a new career with a new and fresh perspective. Instead, a period away from the workforce means not getting an interview.

These are issues throughout the workforce, whether at a highly skilled or relatively elementary level. The initial training and work experience of each of us has a formative influence on our perception of ourselves, even if we later go on to do different things. Once an assembly line fitter, always an assembly line fitter. This may go some way to explain the impact of self-identity and self-esteem in limiting imagination about career change. The majority of non-working men over 50 would not consider working in the sectors where job growth is currently strong – retailing, personal services and call centres.

These are not easy issues to resolve but progress is needed to free up the labour market so that those who have been formed by their initial training 30 years ago can respond to today's labour market. In summary, the way forward has to be a subtle mix on the part of the jobseeker, aiming for jobs that make good use of skills and experience but not ruling too much out, at least as a stepping-stone. An important contribution can come from career advice and reskilling (see below).

Today nearly 100% of those in temporary work are under the age of 30. We would like to see the growth of a tradition of 'temping' at all ages. Interim management and consulting are both a kind of temping and are common among professional people in later careers. More widespread temping would create flexibility for employer and employee to test new work environments, to act as a stepping-stone to longer-term employment, and to break the gulf between the economically inactive and the workplace.

### ***Personal barriers: the role of career advice***

When older people seek advice about what to do next in their life it is usually done informally, among friends and colleagues. Few people have heard of the government provision of adult career advice. As already mentioned, many people, especially those who most need it, are unwilling, not to say incapable, of making a cold call contact with an unknown person or agency. Again, this is more true of men than women. A regular experience on the TAEN information line is talking to a woman ringing on behalf of her husband who cannot face calling.

Those who extend their working life are most commonly people who continue in the same line of work. The majority of those working after state pension age are in the same kind of job as they did earlier. This seems paradoxical when what so many people want is change, a move away from work they have done for long enough or for too long. When people say they want to retire, they more commonly mean they want to do something different. Career advice should come into play for those who do not want to go on doing the same thing and instead seek change. Given the limited numbers of people who manage to launch a new career in mid-life, there is much scope for improvement.

TAEN's belief is that individual choice rather than force of circumstance should play the main part in making a success of longer and varied working lives. This demands a change in the world of career advice. It should be as natural for a 40- or 50-year-old to seek career advice as for an 18-year-old. It is already considered natural for people coming out of the armed forces because the natural span of a military career is shorter and there are well-established agencies to help the transition to a second career. It should be equally natural for us all, but this will take time to achieve.

How much this should depend on government-run services is a matter for debate. Perhaps the natural growth of informal systems in work and social settings will be the main way forward. The problem with the work setting is that life and work options (beyond dedication to current employer) are often a taboo subject. Work-based career planning seldom focuses on the potential to work and develop elsewhere. The irony is that workplaces that do this achieve a higher retention and satisfaction rating, contrary to expectation.

The Jobcentre is the largest single career advice service in the country. It is inevitably a formula-, rule- and target-driven organisation, but full of committed front-line workers who operate in difficult circumstances, often with individual cases that go way beyond their remit (or pay). It runs a range of courses for jobseekers. The fear is that too many jobseekers are cycled through programmes that presume that they are open to fresh fields of work when in fact they are not. Is there a need for a programme that seeks to move those with a fixed mindset on what they can do on to a fresh starting point – admittedly easier said than done. This is territory fraught with the dangers of telling people what is good for them.

### ***Quality of work and work environment***

An important employer contribution of this changing career scene must relate to the quality of work offered. This covers:

- the basic truths of good operational management that makes all the difference to job satisfaction, whatever the job (the largest single reason for quitting or not returning, especially in the public sector, is dissatisfaction with management and frequent reorganisations and initiatives);
- the potential to advance, as a quid pro quo, for accepting an entry-level job at a modest level;
- proactive occupational health policies, job design and work environments to promote good health in mid- and later life, rather than damage it;
- terms and conditions of work that match business need with the desires and priorities of people in the middle stages of life.

There is huge potential for development in this area. Ill health is the most common cause of early retirement. Yet work in appropriate circumstances is also one of the strongest promoters of good health. Those who extend their working life tend to live longer.

The great majority of jobs taken up by over-50s are low-skilled and modestly paid. Supermarket work is the obvious example. There may be nothing wrong with that and it is the reality of the job market. Given creative employment practices, it can meet the needs of people who are not looking for jobs at the same level of pressure and responsibility as in the past, as well as offer flexible working hours. But it leaves unresolved the issue of all those who aspire to use higher-level skills and experience. It also plays to the conventional image of low-paid female employment rather than catering for women who need to build a stronger financial position for themselves in mid-life in preparation for retirement.

### ***Retraining, re-skilling for a fresh start***

Demographic change and longer working lives present a new challenge to the pattern of lifelong learning. It is a challenge that has not yet been widely understood. If working lives last longer, then the need for change and variety through their course grows. Not many people will want to be a postman or postwoman, teacher, plumber, welder or manager for 40 years or more at a stretch. At the same time, the life span of many skills is foreshortening as technological change accelerates. What people want out of working life also changes over time.

From this it is evident that the model of foundation learning and training up to age 19 or the early 20s to last a lifetime is outdated. Encouragingly, there are more adults engaged in some form of learning, mainly part-time community-based learning that does not lead to qualifications, than in the mid-1990s. It is not known how many of these learners are motivated by employability rather than 'leisure' pursuits; it is not always easy to segment learners in this way.

Despite this, we still live with a model of government and employer-supported foundation learning to last a lifetime. The budget of adult learning funded by the government is fixed by what is left over after the needs of the under-19s have been met. There is a strong and rightful push to increase participation in learning up to age 19, but this is at the expense of adult learning. For every new learner under-19 in government-funded learning there are 10 fewer adult learners because of the ratio of full-time to part-time costs.

Further education learners of all ages do benefit from some government subsidy. But adult learning grants are limited to those under 30 and funding of apprenticeships is limited to under-25s. The numbers of people in mid-career gaining new qualifications are insignificant. The amount of employer funding of training after 25, with the exception of statutory Health and Safety and job induction training, is minimal. The take-up of the training grant in New Deal 50 plus has been way below expectations, partly because it only applies once people have started a new job and no longer have the time to do it.

So, retraining for a new career in mid- and later life (including for women returners) is almost entirely limited to those who can afford to pay for it and have the wherewithal to live while they are doing it. There are a very few exceptions, such as the Department for Education and Skills' scheme to fund training of maths and science teachers because of the shortage of supply, and the Learning and Skills Council scheme to train welders to become gas fitters because of a shortage of the latter some years ago.

To undertake re-skilling as a step to a new career also requires a reasonable assurance of a job at the end of it. It has been the experience of some that they dedicate the effort and resources to training only to find at the end that it is no easier to get a job because of their age and/ or lack of prior experience.

Neither government nor employers can afford to pay for all the training that adults may want to do. Efforts to improve performance of schools and meet targets for school leavers, and to expand the higher education sector, have much higher political priority than adult learning. But unless we make a major shift in the balance of our efforts, the demographics of the workforce are going to catch us out. Ministerial talk of a globally competitive workforce will be whistling in the wind.

Making this change also means rethinking the relevance of courses and qualification design for all ages. Learning undertaken by adults is most commonly based on courses and qualifications designed for under-19s. The whole skills agenda is based on a qualification system built up from foundation learning. There has been a lot of work on accreditation of prior learning and informal learning. But there is a massive mismatch between adults in mid-career and the scheme of full National Vocational Qualifications. The potential of many people in mid-life to take up a new occupation or return to a former

one, for example, nursing, is impeded by a long, laborious gold-plated approach. The motive for this, quality assurance, is laudable but it is having major unintended consequences for the training of adults.

This has to be addressed in order to achieve a fruitful prolongation of working life. It is a familiar sensation that neither we nor our employer can imagine what job we could do, other than the one we are doing now. This is the familiar career dead end. Learning of almost any kind is one route out of the cul-de-sac.

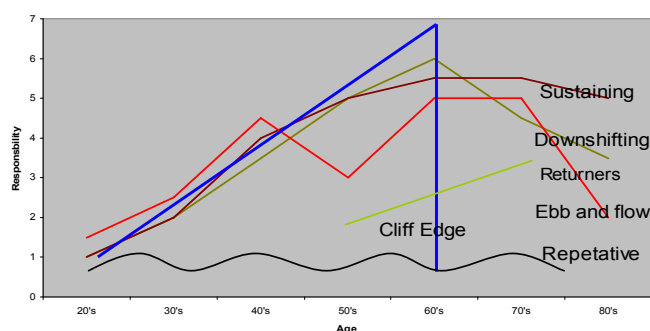
***The status syndrome in large organisations – the variable career pattern***

TAEN’s aim is to replace the cliff-edge view of work and retirement with an variable, undulating pattern. The cliff edge implies that we climb through a hierarchy until reaching the highest point when we fall off the edge into retirement. This was nurtured by final salary pension schemes, which are now fading away.

An intrinsic and healthy part of working life is the ambition to increase earnings, to compete and advance up a career and power ladder. It is hard to imagine that this could be entirely separated from status, grade and age. Most of us need to earn more; choice over work–life balance and lifestyle is the privilege of a small minority.

Yet implicit in demographic change and longer working life is a more fluid situation. Changing pension and tax rules will make it easier to mix and match work and leisure and downshift without ending working life. In the US about a third of all people take a bridging job between their main career and full retirement.

**New career patterns and life stages**



There is a great deal of talk about flexible working in the UK. The evidence so far shows that there has been limited movement. Those who engage in job shares, part-time working, career breaks or study leave are seen as less committed and ambitious, even though there are more examples showing that these are win-win arrangements for business and employees.

We have a long way to travel to diminish the importance of hierarchies and create undulating careers. These ideas are profoundly counter-cultural in large public and private

sector businesses. But there are characteristics for some people (certainly not all) in the second half of their careers on which we can build, for example:

- a desire to get back to 'front-line work', doing something practical, making something, as opposed to the years spent in people management and organisational change;
- a greater interest in flexible working and a more balanced view of the role of work alongside the other dimensions of life;
- a more settled view of where we want to get to and what we want to get out of working life – perhaps a realistic acceptance of our potential;
- a strong attachment to the social role of working life;
- a reduction, for some, of the financial pressures of bringing up a family and paying a mortgage.

It was exactly some of these characteristics that DIY retailer B&Q tapped into with its scheme to man stores (it was very largely men) with over-50s. TAEN hopes that the next few years will see an increasing number of examples of businesses exploiting this kind of outlook and making inroads into current company hierarchical culture. But this should not be at the expense of opportunity for others who are ambitious to build a first or second career aged 50 and who will resent the idea that the model just described is the only one available.

### ***The government's role***

The main hazard in the next few years is that the government will take the lengthening of working life and later retirement for granted. Increased employment of over-50s has been happening very nicely over the past eight years with limited intervention by government, apart from the crucial element of macroeconomic stability and growth. Expenditure on New Deal 50 plus and adult learning in mid-life has been small change compared to the programmes for young people, lone parents and minority ethnic groups. Health and education budgets are politically preponderant and public expenditure is tightening. The budget cuts in adult learning have already been described above. The Department for Work and Pensions received the worst budget settlement in 2005 of any government department. Plans for welfare to work programmes have been put back as a result. So all government programmes that can bolster rewarding longer working lives are low down the pecking order.

There will be a fundamental review of public expenditure in 2006-07. The Chancellor of the Exchequer, Gordon Brown, has set out five big themes for this. One of them is the impact of demographic change and an ageing population. One element of that will be to ask seriously what the consequences of demographic change are for spending priorities. It needs thinking through.

Over 20% of the UK workforce work in the public sector. The decision reached in October 2005 with public sector unions to retain pension age of 60 for all existing employees, while understandable, creates an unsustainable gulf between the public and private sector. Public sector workers will continue to retire earlier than others because they can access a risk-free, final salary pension based on employer contributions, regardless of their increasing life expectancy. To the extent that central and local government cannot afford

this, the tax-paying population will fund it. It would appear imperative that public and private sectors are more closely aligned and that incentives to extend working life and save more apply across the whole economy.

It will also be for government to make a success of the new legislation on age discrimination. This means backing it up with clear guidance and good dispute resolution procedures so that only essential cases end up in employment tribunals. There must be a high quality and resourced body to promote the legislation, provide advice to the general public and to employers, and to support redress for those who have suffered from unacceptable employment practices.

## **Conclusion**

So, in summary, TAEN looks forward to 2012 when it hopes to see:

- at least a million more people over 50 in work, many of whom will be over state pension age;
- a decline in the use of fixed retirement ages by employers, so that in practice when we retire is a matter of mutual agreement between employer and employee (as it already is for many);
- a spread of flexible pathways from main career to full retirement with gradual transitions in ways that will benefit both employer and employee;
- the declining significance of state pension age as a single point defining the end of working life and beginning of retirement as choice about when people take the state pension becomes common;
- a secure and stable settlement of state and private pension systems that is comprehensible to the public and gives a clear incentive to save rather than spend everything now;
- many more businesses where the age profile of the workforce more closely matches the age profile of its customers;
- a modest flow of employment tribunal cases on age discrimination because the great majority of organisations will respond to the new legislative framework and legal action will be last resort;
- a sea change in the culture of advice, debate, and choice on mid-life career change;
- a great expansion of opportunities in the workplace and in government programmes to train in flexible ways, either to return to a former occupation or start a new one.

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