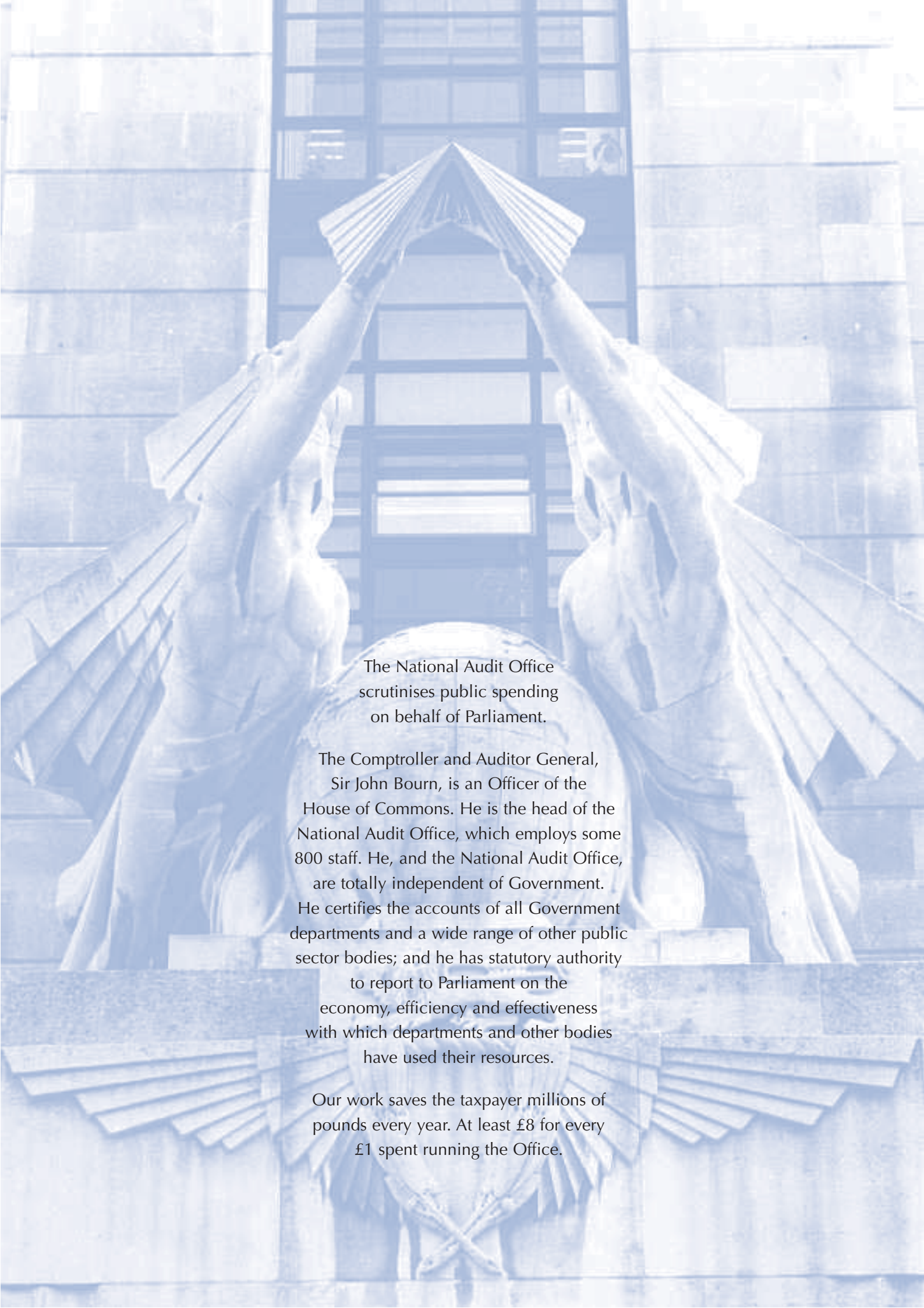


# Welfare to Work: Tackling the Barriers to the Employment of Older People

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL  
HC 1026 Session 2003-2004: 15 September 2004







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**This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.**

**John Bourn**  
**Comptroller and Auditor General**

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**6 September 2004**

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# Preface

Of the 2.7 million people between 50 and the state pension age who are not working, it is estimated that between 700,000 and one million would like to work. There are individual, business and economic benefits from having an economically active older population. The employment rate for older people fell sharply during the early 1980s but has risen steadily since 1993. Although the gap has narrowed in recent years, it remains below that for the working population as a whole. Employment rates for older people from ethnic minorities and for older people in parts of the country such as the North East and Wales are lower still. For many, early departure from the labour market or failure to get a job can lead to increased poverty, insecurity and social exclusion.

The Government's Welfare to Work strategy aims to assist the long-term unemployed and other disadvantaged groups move closer to the labour market and compete for work. This report examines how the Government has been helping older people to overcome barriers to employment. We looked at the impact of national programmes and carried out an in-depth examination of local services in three different parts of the country: Heanor in Derbyshire, Newcastle East and Wembley in the London Borough of Brent, all areas with relatively low levels of employment amongst the over 50s.

Older people are just one of a number of priority groups for the Department for Work and Pensions and Jobcentre Plus, alongside people with disabilities, those from ethnic minorities and lone parents. Although we examined services for customers over 50, many of our findings and conclusions are also relevant to these other groups.

Overall we found that good progress has been made in increasing the overall employment rate for older people despite a range of barriers. The main findings are:

- the employment rate of those over 50 has progressively increased since 1993, and the gap with the employment rate of all working age people is narrowing;
- substantial regional and local variations exist in employment rates for older people and the number who are economically inactive;
- 1.3 million people over 50 are claiming incapacity benefits<sup>1</sup>, and the Department is piloting new approaches to assist some of these people to return to work;
- the New Deal 50 Plus has helped around 120,000 into work at an estimated cost of £270 million. But there has yet to be a full economic evaluation to assess the effectiveness of the scheme, taking account of whether people would have found jobs anyway;
- older people remain under-represented in most forms of training and education and there is a need for renewed efforts to increase participation;
- age discrimination remains a significant problem. The Government is moving from a voluntary to a compulsory approach although there is a risk that firms will have insufficient time to prepare for legislation due in 2006;
- there is scope to improve joint working between government agencies, employers and the voluntary sector at local level, and services need to be more flexible and better publicised to ensure they are effective.

To maintain progress and improve the overall position of older people in the labour market, the Government needs to tackle regional and local variations. Our recommendations, set out at the end of the Executive Summary, are intended to help it to do so.

<sup>1</sup> Incapacity benefits is a generic term covering contributory Incapacity Benefit; Income Support, on the grounds of incapacity; and Severe Disablement Allowance.

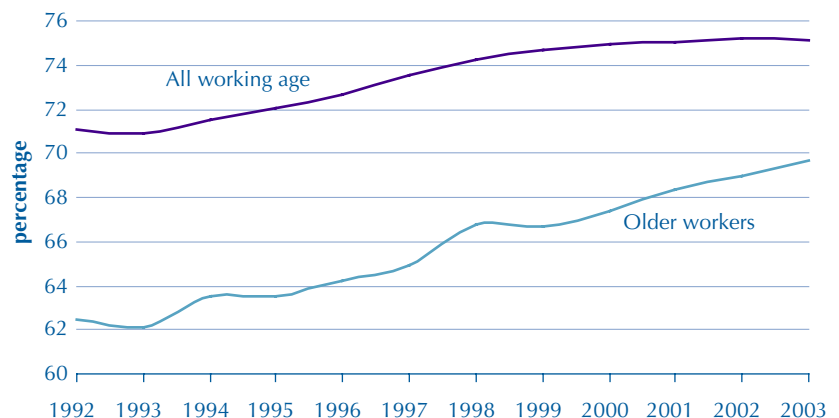
# executive summary

- 1 The United Kingdom's population is getting older. Whilst it is good that people are living longer, there are significant implications for the economy, with the likelihood of increased expenditure on health and other forms of care, and pressure on pension schemes.

## The over 50s are under-represented in the labour market

- 2 The employment rate for working age people aged over 50 has always been lower than the working age population as a whole. Although the employment rate of those over 50 has progressively increased since 1993, there remains concern about the low number of this age group in work<sup>2</sup> and the disadvantages they face in the labour market. Despite skills shortages and low unemployment, the proportion of older people in paid work remains significantly below that of all working age people, although the gap is narrowing (**Figure 1**).

### 1 The proportion of older people in work is lower than that of working age people in general



Source: Labour Force Survey

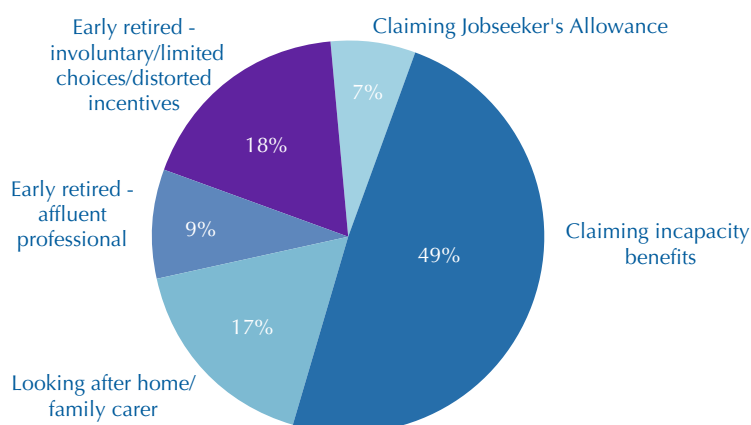
- 3 The circumstances of the 2.7 million people aged between 50 and state pension age who were not in work in 2003 varied greatly. Between 700,000<sup>3</sup> and one million<sup>4</sup> would like to work, of which 200,000 are looking actively. At the same time, around half are on incapacity benefits (**Figure 2 overleaf**). Within this national picture, there are significant regional and local variations, with high proportions of people on incapacity benefits in the North East and Wales, and a relatively high proportion of people early retired in the South East.

<sup>2</sup> For the purposes of this report we use the Government's definition of 'older people' as those over 50.

<sup>3</sup> Labour Force Survey, Spring 2003.

<sup>4</sup> Factors affecting labour market participation of older workers, Research report 200, Department for Work and Pensions, 2003.

## 2 Half of those between 50 and state pension age not in work are claiming incapacity benefits



Source: Labour Force Survey

## The employment of older people is an international issue

- 4 Relatively low levels of labour market participation by older people are common to many OECD countries. The United Kingdom's record compares favourably with other countries.

## Barriers to employment faced by older people

- 5 Of the 2.7 million people between 50 and state pension age not working, it is estimated that between 700,000 and one million would like to work. People aged over 50 can experience a wide range of barriers to work (**Figure 3**). Some such as age discrimination are linked to age, whereas others such as low skills can be experienced by anyone. Increasing employment in recent years has meant that those relatively easy to place have found jobs. Thus, an increasing proportion of those remaining out of work are harder to help as they face a number of barriers.
- 6 Improving the position of the over 50s in the labour market and tackling age discrimination in the workplace are key parts of the Government's Welfare to Work strategy. Although the Department for Work and Pensions has lead responsibility for improving the employment position of older people and other disadvantaged groups, other government bodies have important responsibilities (**Figure 4**).

## There are benefits in an economically active older population

- 7 There are individual and business benefits from the employment of older people. For many, being out of work can result in poverty, insecurity and social exclusion; working can help combat these. Benefits for employers arise, for example, from the reliability of older workers which can lead to lower staff turnover, greater productivity and skills retention. It is estimated that the relatively lower level of employment among older workers costs the economy £19-£31 billion a year in lost output and taxes and increased welfare payments.



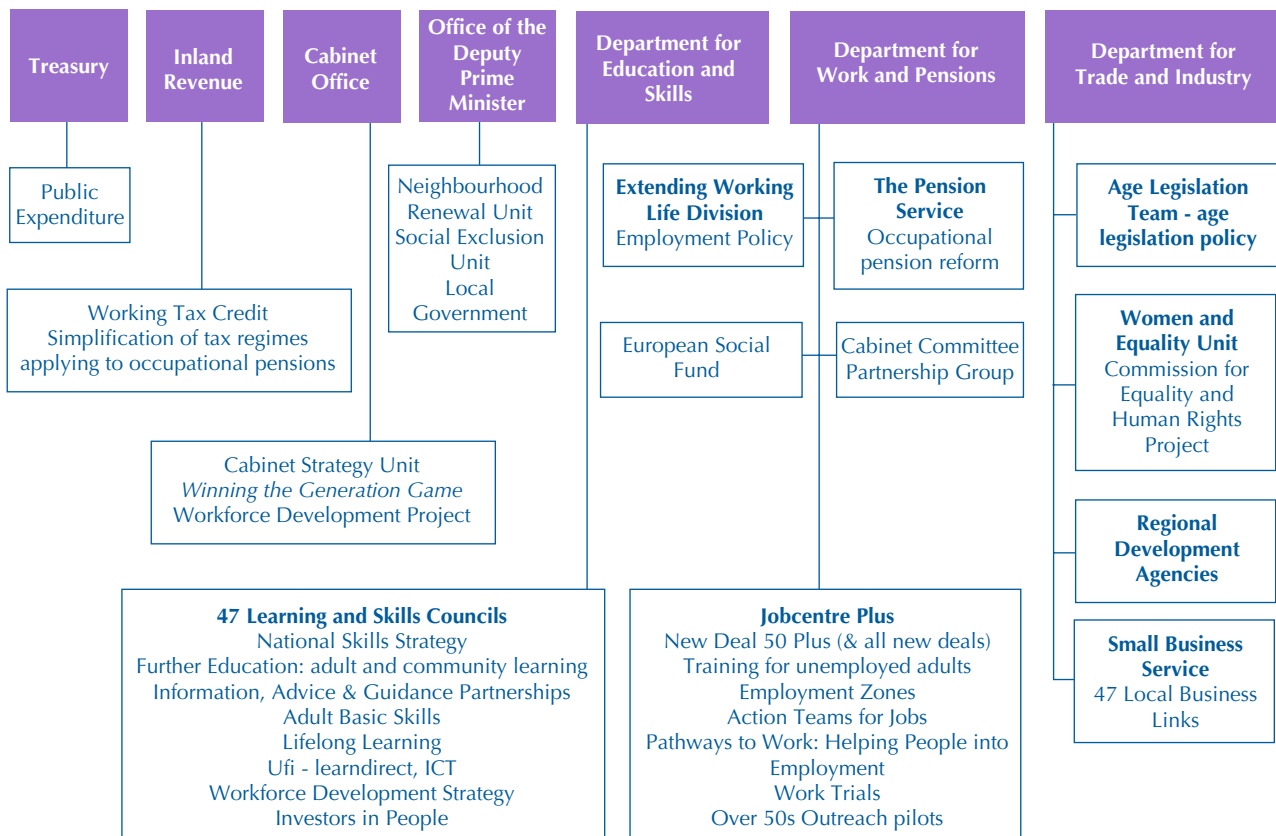
### 3 People aged 50 plus experience a range of barriers to employment



Health condition or disability  
 Caring responsibilities  
 Lack of recent or relevant work experience  
 Benefit disincentives  
 Lack of qualifications and vocational skills  
 Other financial barriers  
 Low basic skills  
 Transport difficulties  
 Lack of confidence, particularly in the ability to find work  
 Local labour market conditions  
 Attitudes to employment  
 Employer perceptions and age discrimination

Source: National Audit Office analysis of published research

### 4 Several government departments have roles in helping older people overcome barriers to employment



Source: National Audit Office, adapted from the Third Age Employment Network



## The Government is helping older people overcome barriers to work

- 8 The Government is helping older people into work in a number of ways designed to tackle different barriers (Figure 5). These reflect, in part, what older people say they need (Figure 6 overleaf). For example, there are programmes to improve self-confidence and interpersonal skills; to provide work experience and financial incentives for older people to re-enter the labour market; to support older people into self-employment; and to improve qualifications and vocational skills. The Government is also working with employers to raise their awareness of the benefits of employing an age diverse workforce and tackle age discrimination, and has recently introduced proposals to increase the opportunity and incentives for people to work longer. Progress to date is summarised in the paragraphs below.

## Good progress has been made towards achieving the Department for Work and Pensions' Public Service Agreement targets

- 9 The Department for Work and Pensions has the following Public Service Agreement targets for the employment of older people:

### Department for Work and Pensions Public Service Agreement targets:

Over the three years to 2004, to increase the employment rate of people aged 50 and over, taking account of the economic cycle, and to reduce the difference between their employment rate and the overall employment rate of working age people.<sup>5</sup>

The Department has a similar target over the three years to 2006.

## 5 The Government is helping older people into employment in a variety of ways

Government intervention	Organisations involved	Progress to date
Targets to increase older worker employment rate	Department for Work and Pensions	The Department is likely to achieve its 2001-2004 Public Service Agreement target for increasing the employment rate of older people, before taking account of the economic cycle. Jobcentre Plus and some other government agencies also have targets that cover older people.
New Deal 50 Plus	Jobcentre Plus	To the end of December 2003, the programme had helped at least 120,000 people into work at an estimated cost of £270 million.
Employment programmes to help those on incapacity benefits	Jobcentre Plus, its local delivery partners and the NHS	The Department has recognised existing initiatives have not been very successful in helping those on incapacity benefits return to work and is piloting new approaches - "Pathways to work" - in seven locations.
Self-employment	Department for Trade and Industry, Small Business Service, Jobcentre Plus	The Government provides support for PRIME (formerly known as the Prince's Initiative for Mature Enterprise) which, in its first three years, has helped more than 7,000 people over 50 interested in working for themselves and established and supported over 700 new businesses and 900 new jobs.
Other employment programmes	Jobcentre Plus and its local delivery partners	To the end of December 2003, other employment programmes have helped around 170,000 older people into work at an estimated cost of £420 million.
Over 50s Outreach	A range of organisations	The Department has recognised that many economically inactive over 50s do not use the services offered by Jobcentre Plus and is piloting the use of other organisations to promote back-to-work help in seven locations.
Training and education	Department for Education and Skills, Learning and Skills Council, local training and education providers, Jobcentre Plus	There is no reason to expect that levels of participation in education and training should be the same across all age groups. Although participation by older people has risen in recent years, their rate of participation remains below that for younger age groups. Local Learning and Skills Councils are required to address inequality in participation, retention and achievement in education and training by setting targets for under-represented or under-achieving groups. The Councils offer a range of programmes to help improve the employability of older people.
Information, advice and guidance	Learning and Skills Council, Jobcentre Plus, Information, Advice and Guidance Partnerships	Although there is no reason to expect that use of information, advice and guidance services should be the same for all age groups, older people make less use of these services than younger people. The Learning and Skills Council intends to re-launch Information, Advice and Guidance Partnerships in August 2004.
Regional employment issues	Regional Development Agencies	To date, the responses of Regional Development Agencies to age diversity and the ageing population have been mixed.
Combating age discrimination	Department for Trade and Industry, Department for Work and Pensions	In the past 5 years, the Government has launched a number of initiatives aimed at raising employers' awareness, promoting age diversity in employment and paving the way for the introduction of age discrimination legislation in 2006.
Flexible retirement and extending working life	Department for Work and Pensions, Inland Revenue	The Government has proposed a range of measures to promote flexible retirement and extend working life. These will be introduced between 2005 and 2010.



## 6 Older people have identified a number of forms of support they require to help overcome barriers to employment and learning

- **Skills assessment** including help in identifying: existing and transferable skills, aptitudes and experience, and relating these to the current labour market; previously unrealised potential; and preferred learning styles.
- **Accessible, personally relevant, up-to-date and sufficiently detailed information** to assist career choice; to identify suitable local opportunities (jobs, learning, volunteering); and to locate local organisations that can help.
- **Advisers who are prepared to listen and motivate** and offer help and support in regaining lost confidence and self-esteem. Many older clients are reassured by dealing with older advisers.
- **Adviser continuity and feedback** so that older people can return to see the same person and do not have to repeat their story. Older people welcome feedback and 'tracking' of progress because these show that agencies are interested and genuinely care.
- Help with such areas as **personal presentation, writing CVs, interview techniques, job-search and self-advocacy.**
- **Training opportunities** that provide them with skills required by the local labour market, and which they can afford.
- **Work trials, work sampling and work experience** so that they can try out their skills, find out about unfamiliar occupations and prove themselves to employers.
- **Peer group support** to provide motivation and encouragement.
- **In-work support** particularly at transition points in their employment (e.g. when they start working and when financial incentives are withdrawn).
- **Work with employers** to confront and overturn age discrimination by employers.

*Source: Challenging age: information advice and guidance for older age groups, Department for Education and Skills, 2003; A review of what works for clients aged over 50, Research report, Department for Work and Pensions, 2003; research undertaken by MORI for the National Audit Office*

- 10 The Department is likely to achieve its 2001-2004 target. Although government programmes have had an impact, the full extent of their contribution to improving the number of over 50s in work is unclear. The buoyant economy will have had some effect, although the Department has been unable to assess its impact. Demographic changes, for example the increase in women in work, are also driving up employment rates. In addition, the difficulties experienced by private pension funds associated with falling equities markets and the tightening of regulations concerning ill-health related retirement in public pensions programmes may also have played a part.
- 11 Although the Department for Work and Pensions has responsibility for improving the employment position of older people, the Cabinet Committee on Older People, established to co-ordinate policy on issues relating to older people, has an important leadership and co-ordinating role as initiatives are spread across several departments and agencies. But the priority given by the Department for Work and Pensions to older workers, and its related Public Service Agreement targets, has not been shared by other departments.

- 12** Jobcentre Plus - an agency of the Department for Work and Pensions - has targets for placing people in work, but they are not set for individual client groups (although there are underpinning planning assumptions for each client group category, which are published in the Jobcentre Plus Business Plan). Instead, each office has an overall points target, and scores towards it reflect the priority Ministers attach to helping different client groups into work. The structure is intended to ensure that everyone receives help irrespective of their barriers to work, by recognising and rewarding the extra effort involved in helping clients requiring more support to find work. This includes additional points for clients in specified local authority areas identified as being at most disadvantage. Pressure to meet job entry targets may mean that staff focus effort on those most ready for work. Although there are no top level targets for improvements in the employability of people who have made progress but not found work, Jobcentre Plus does have a number of key management indicators in this area. These cover, for example, the numbers of basic skills qualifications achieved by those identified by Jobcentre Plus as having a basic skills need.

### Employment programmes

- 13** Jobcentre Plus has a number of employment programmes. These include the New Deal programmes, which aim to help jobseekers into work through the provision of information, advice and support, and Work Based Learning for Adults, the Government's main training programme for adults.
- 14** In April 2000, the Government launched New Deal 50 Plus as its main employment initiative to help return to work people aged 50 and over who have been out of work for six months or more. The programme is voluntary and the main elements are: access to a Personal Adviser, who provides one-to-one guidance about finding work, an in-work financial incentive and an in-work training grant. Compared with other New Deal programmes, performance data for New Deal 50 Plus is limited, and a full economic evaluation of its effectiveness in increasing employment among older people has not been undertaken. Consequently, the Department does not know how many might have found work anyway, without the programme's assistance. However, evaluations that have taken place indicate that over 50 per cent of those who took up the financial incentive would most probably have taken the work without the financial incentive.<sup>6</sup>
- 15** In April 2003, the in-work financial incentive under New Deal 50 Plus changed from an Employment Credit to a payment made as part of the Working Tax Credit. The Employment Credit had been paid directly to the individual and was highly visible, whereas the Tax Credit is made in arrears by an adjustment to pay packets and based on household not individual income. Data on the take up of the Tax Credit is not available, but anecdotal evidence from Jobcentre Plus staff and third parties suggests this change has had a detrimental effect on participation in the programme.



<sup>6</sup> Evaluation of the New Deal 50 Plus: Research with Individuals (wave 1), Research and development report ESR91, Employment Service, 2001 and Evaluation of the New Deal 50 Plus: Research with Individuals (wave 2), Research and development report ESR92, Employment Service, 2001.

- 16 Although the general health of the nation has improved on many indicators, there has been a marked increase in the number claiming incapacity benefits. In 1979, 690,000 people received the forerunners to the current incapacity benefits. Since then the number of people of working age on incapacity benefits has nearly quadrupled, but with smaller increases since the mid-1990s. In 2003, 2.7 million people received incapacity benefits, half of them aged 50-64. The Department is introducing work-focused interviews for new incapacity benefits claimants and is piloting new approaches in seven locations.
- 17 The incidence of self-employment, a particularly attractive option for some made redundant or who have retired early, increases with age. The Department of Trade and Industry supports The PRIME Initiative Ltd, which supports self-employment and enterprise among the over 50s. In its first three years, PRIME has helped more than 7,000 people over 50 wanting to work for themselves, and established and supported over 700 new businesses and 900 new jobs.
- 18 Some programmes run by Jobcentre Plus have been less successful for older people than younger clients. Although the availability of New Deal 50 Plus affects the comparison, participation by older people in most other programmes is relatively low. In particular, although more than 50 per cent of those on incapacity benefits are over the age of 50, just 32 per cent of those on the New Deal for Disabled People were over 50. Also, the rates of success in securing a job were considerably lower for over 50s participants in New Deal 25 Plus and Employment Zones.

### Training, education and guidance

- 19 Older people and others at a disadvantage in the labour market on average have relatively low levels of qualifications and skills, so improving basic and vocational skills can help to improve their employability. There is no reason to expect that levels of participation in training and education should be the same across all age groups. However, although in recent years training and education participation rates for the over 50s have increased, they remain lower than those of younger age groups for most forms of training and education.
- 20 Local Learning and Skills Councils are required to address inequality in participation, retention and achievement in education and training by setting targets for under-represented or under-achieving groups in their Equality and Diversity Impact Measures. However, although the local Councils offer a range of programmes relevant to improving the employability of older people, to date only seven of the 47 Councils have specifically addressed issues relating to older learners.
- 21 There is no reason to expect that levels of use of information, advice and guidance services - designed to help people make realistic and well informed choices - should be the same across all age groups, though on average older people make less use of these services than people from younger age groups. In 2002-03, fewer than 15 per cent of Information, Advice and Guidance Partnerships' clients were aged 50 plus.
- 22 The National Skills Strategy, published in July 2003, set out a cross-government agenda for raising investment in skills. It commits the Department for Education and Skills, the Department for Work and Pensions, the Department for Trade and Industry and other partners to a range of actions which will help people, including older people, gain the skills for employability. However, the National Skills Strategy makes no specific mention of addressing the skills needs of older learners.



## The role of Regional Development Agencies

- 23** The statutory duties of Regional Development Agencies include promoting employment and enhancing the development and application of skills relevant to employment. The extent to which they have addressed the needs of older workers has been mixed. Only East Midlands has so far set targets in this area and there is patchy coverage in key documents such as Frameworks for Regional Employment and Skills Actions. However, in some cases it is clear that action has been taken in response to the state of the regional labour market. For example, although the South East has the highest employment rate among older people, because of extensive labour and skills shortages the Agency has supported strategic work to improve understanding of the older worker in the labour market through its partnership with Higher Education. All but one Agency have commissioned research on the implications of an ageing population, whilst others acknowledge their understanding is limited and have plans to improve. All regions are developing Regional Observatories to bring together relevant data sources to inform regional policy and strategy.

## Promoting age diversity and tackling age discrimination

- 24** Age discrimination in the workplace is a significant barrier to the employment of older people. The Government has tried to tackle it through its Age Positive campaign, and in 1999 launched a non-statutory Code of Practice on Age Diversity in Employment that sets standards for "non-ageist" approaches to recruitment, training and development, promotion, redundancy and retirement. The Government is on course to bring legislation on age into force on 1 October 2006. The complexity of the issues involved, and in particular divergent views on whether a mandatory retirement age should be allowed, has resulted in some delay in the timetable for consultation on draft regulations. The Government is considering a revised timetable for consultation.



## Promoting flexible retirement and extending working life

- 25** Many older people retire early even though they find work rewarding. Given greater flexibility, they may prefer to stay in work. The Government has proposed a range of measures to promote flexible retirement and help extend working life. These include: introducing, in Spring 2005, more generous increases for deferring take up of state pensions; allowing people to continue working for their employer while drawing an occupational pension by April 2006; raising the earliest age from which an occupational pension may be taken from 50 to 55, by 2010; and raising the normal pension age in public service pension schemes from 60 to 65 for new entrants, by the end of 2006.

## Delivering services locally

- 26** Services to help older people into work are delivered locally and should therefore be influenced by local circumstances. To assess their impact, we examined how well services are planned, co-ordinated and delivered in three illustrative locations (**Figure 7**). Whilst not representative, they were selected for their relatively low levels of employment among people over 50 and differing characteristics, as well as the presence of new Jobcentre Plus offices.
- 27** Locally there are a wide range of organisations able to help older people improve their employment position (**Figure 8 overleaf**). Effective provision requires an organisation to co-ordinate and publicise services, effective assessment and referral between providers, as well as the procurement and tailoring of services to meet individual customer needs.

## Service co-ordination and publicity




- 28** There is scope to improve co-ordination of employment and training services for older people across all three locations examined. Difficulties arose primarily from the emphasis placed by each organisation on achieving its own targets, high staff turnover at Jobcentre Plus offices affecting their ability to communicate with partner organisations and refer customers effectively, and links between organisations being reliant on particular individuals. There is also a need to better align the objectives, priorities and practices of Jobcentre Plus offices, local Learning and Skills Councils and local Information, Advice and Guidance Partnerships. Following a report by the National Employment Panel, action to secure better alignment is underway.<sup>7</sup>
- 29** Research, conducted by MORI on our behalf in the three locations, suggested customer awareness of local services to help improve their employment prospects is generally poor. This includes awareness of Jobcentre Plus programmes, information, advice and guidance services and other local services.

## Assessment and referral

- 30** Personal Advisers are key to Jobcentre Plus's ability to effectively assess the needs of disadvantaged clients, refer them to suitable personal and employability development services, and guide them into work. Evaluations of all New Deal programmes indicate Personal Advisers play a crucial role. However, their effectiveness varies between offices, partly reflecting the degree to which they specialise in particular client groups and related programmes of help, and their experience and training.

<sup>7</sup> Welfare to workforce development, National Employment Panel, 2004.

## 7 Main characteristics of the three locations examined

			
	<b>Wembley (Brent)</b>	<b>Heanor (Derbyshire)</b>	<b>Newcastle East (Newcastle)</b>
Location	Urban area	Rural area	Urban area
50 to state pension age population on benefits <sup>1</sup>	7,300 (23.7 per cent)	3,600 (17.9 per cent)	10,400 (31.5 per cent)
50 to state pension age Unemployed <sup>1</sup>	1,000 (3.4 per cent)	300 (1.6 per cent)	1,100 (3.3 per cent)
50 to state pension age on Incapacity benefits <sup>1</sup>	5,300 (17.1 per cent)	3,000 (14.9 per cent)	8,500 (25.7 per cent)
General description of each area, based partly on the opinions of those who took part in the Market and Opinion Research International Ltd research	Brent is characterised by a large non-white community (over a quarter of the population are Asian and one fifth are Black). There is a great deal of competition for local jobs. The vast majority of older people interviewed in Brent are very keen to work, but find it difficult to compete in such a tight labour market, particularly where they perceive illegal workers are undercutting them in terms of the wages they will accept for unskilled/low skilled work.	The decline of the mining industry had a huge impact on local employment levels, with a large section of the population forced to take compulsory redundancy. Many of these people appear to have been out of work and living off their redundancy pay-outs for a long time, but are now finding that this money is running out. Heanor, with an almost exclusively white population, is a rural and very tight-knit community, where older people in particular are often extremely reluctant to travel outside their local area. This inevitably limits the employment options open to them.	The decline of the shipbuilding industry had a huge impact in this area. Older people in Newcastle East tend to be more detached from the labour market, largely due to long-term benefit dependency, as a result of ill-health and/or lack of local job opportunities leading to unemployment. In some cases, there is a perception that the local Jobcentre Plus office simply wants to 'get people off its books' by signing people off Jobseeker's Allowance and on to Incapacity Benefit. All this appears to have had a detrimental impact on many people's motivation to seek work.

### NOTE

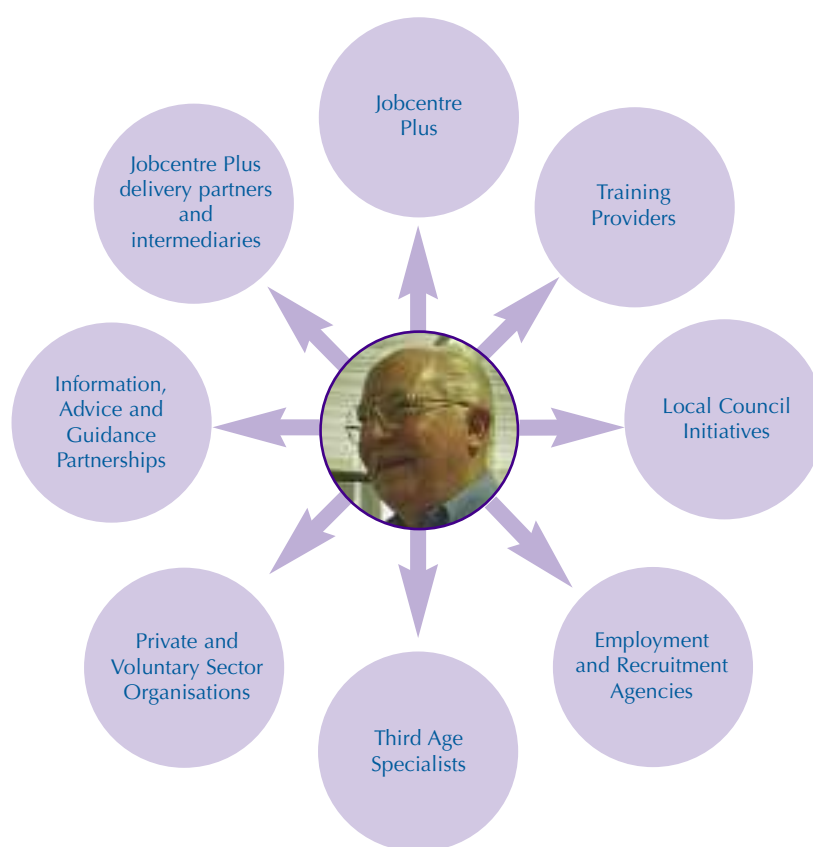
- 1 Source: Client Group Analysis of Department for Work and Pensions Information Centre 5 per cent statistical samples relating to August 2003. Figures under 500 are subject to a high degree of sampling error.

Source: Department for Work and Pensions data and research undertaken by MORI for the National Audit Office

- 31 Not every Jobcentre Plus office has an adviser specialising in the New Deal 50 Plus; many cover a range of programmes. New advisers should receive generic training applicable for all types of adviser and specific modules for individual programmes, such as New Deal 50 Plus. In all three Jobcentres we examined, two of which had experienced high staff turnover, most advisers felt that their training was insufficient to enable them to provide an adequate assessment and advisory service for older people, and some had received no formal training at all.



## 8 Organisations involved in local service provision



Source: National Audit Office

### Services to meet individual customer needs

- 32** Services provided by Jobcentre Plus and its partners have met the needs of many older people. However, Jobcentre staff, customers and third parties all felt that services for older people, in particular New Deal 50 Plus, were too inflexible to meet the needs of some customers. In particular, where intervention is required to help older people back into employment, there is evidence that many would benefit from earlier access to services than is currently available. For many, the longer they are out of work the harder it is to return. Recent proposals<sup>8</sup> outlining more local flexibility on early entry to employment programmes should benefit older people. There is a clear trade-off, however, between the benefits that some people might gain from early access to programmes and the risk they would have got a job anyway without public funds, highlighting the importance of being able to judge who best to help.
- 33** Local labour markets and the needs of employers and potential employees vary across the country. As employment levels rise, an increasing proportion of older people are harder to help into work as they face acute or multiple barriers to work. Recognising this, Jobcentre Plus is seeking to progressively increase the flexibility within its programmes to assess and meet individual needs. As part of this, the Adviser Discretion Fund enables advisers to provide small sums of money to overcome barriers to individuals finding work. This is valuable but must be carefully controlled to ensure propriety and accountability.

<sup>8</sup> *Building on New Deal: Local solutions meeting individual needs*, Department for Work and Pensions, 2004.

## RECOMMENDATIONS

- 34 Of the 2.7 million people between 50 and state pension age not in paid work, up to one million would like to work. We estimate that if 10 per cent of these were helped into sustainable employment this would increase economic output by around £3 billion a year. The nine recommendations, set out below, aim to help achieve this.

#### Providing local services to meet older people's needs

- a **Jobcentre Plus and its local partners should ensure that services to improve the employment prospects of older people are based on widely accepted best practice. Representatives of organisations working with older people consider practices such as those below work:**

- **Common understanding of the problems and solutions:** Work with partners to develop a shared picture of the local job market, including the size and characteristics of the older client group, recognise that each customer is distinct and clearly identify customer needs and skills from the outset - including existing and transferable skills, aptitude and experience, previously unrealised potential and preferred learning styles.
- **Sound assessment and referral:** Ensure older customers are referred to the most appropriate services to meet their properly assessed individual needs.
- **Specialist guidance:** Ensure that Personal Advisers are fully trained and skilled (including, in listening and motivation) and that, where practicable, they are fully trained in the needs of and services for each client group.
- **Reassuring support:** Try to ensure staff continuity in dealing with individual customers, and provide in-work follow-up support to help ensure a smooth transition from benefits to work in the immediate period after job placement (e.g. through a telephone call to check on progress).
- **Understanding of employers:** Work with local employers to: encourage them to accept increased responsibility for handling the impact of redundancies (e.g. by providing employees with information and help in finding work); educate them about the business benefits of an age diverse workforce (e.g. by holding local events where 'role model employers' share their experiences); and create new and repeat business with employers who see the benefits.
- **Demonstrating value:** Base relations with employers entirely on meeting their skills needs, not the moral case for employing any section of society, and do not put forward unsuitable candidates.
- **Raising levels of awareness:** Publicise services in local libraries, GP practices, post offices and other places visited by older people, and highlight success stories of older people who have found suitable employment or succeeded in training.

- b **Jobcentre Plus offices and local Learning and Skills Councils should seek to align common objectives and priorities in respect of improving employability and collaborate on contracting for employment and training services, in line with the recommendations of the recent report by the National Employment Panel.** At local level, Jobcentre Plus and the Learning and Skills Council often have different objectives and priorities, but they provide services for older people with the common aim of improving employability. They also often contract independently and in different ways, with the same local service providers.

## Setting targets

- c **The Cabinet Committee on Older People has a key role to ensure all government bodies work together to improve the position in the labour market of older people.** Only the Department for Work and Pensions has Public Service Agreement targets for the employment of older people. Responsibility for initiatives cuts across a number of departments and agencies, but not all share the priority the Department for Work and Pensions gives the issue.
- d **As an incentive for staff to focus on the hardest customers, the Department for Work and Pensions and Jobcentre Plus should develop performance measures that reflect improvements in the employability of people who have participated in programmes but not succeeded in obtaining employment.** This recommendation is in line with previous recommendations of the Committee of Public Accounts, the Work and Pensions Select Committee and the National Employment Panel. Jobcentre Plus has top level targets for placing people into work that take some account of the relative difficulty of the task, but not for the improvement in employability made by those not yet placed in work.
- e **Regional Development Agencies should set targets for the employment of disadvantaged groups within their regions, building on the work of the East Midlands Development Agency.** Given their role in supporting regional economic development, the Agencies are well placed to influence the employment of older people and other disadvantaged groups. Setting appropriate targets and developing strategies to meet them is an important part of this.

## Ensuring employment programmes meet older people's needs

- f **The Department for Work and Pensions should review whether the requirement to participate in employment and training programmes should be the same for all, regardless of age.** Lower levels of participation by older people in some programmes reflect, in part, their voluntary nature, and requirements on older people are not always the same as for other age groups. In the light of the principle of rights and responsibilities underpinning its Welfare to Work strategy and the forthcoming legislation on age discrimination, the Government should consider whether such differences should continue.

- g **The Department for Work and Pensions should fully evaluate the New Deal 50 Plus to determine, as far as possible, its net economic effect, as well as the impact on participation levels of introducing the Working Tax Credit in April 2003.** New Deal 50 Plus is the Department's main employment initiative for older people, but the number who would have found work anyway is not known. A full economic evaluation, like that for the New Deal for Young People<sup>9</sup>, should estimate the impact of the programme on the public purse, including reduced benefit expenditure and the increased tax yield, and on the economy as a whole.

## Providing training and support

- h **The Department for Trade and Industry should consider whether its support for The PRIME Initiative Ltd should be expanded beyond the current funding period which ends in March 2006.** This initiative has helped older people into self-employment, which is an attractive option for many. A recent OECD report noted that the scope and visibility of the initiative should be expanded to help promote self-employment among older people.
- i **More local Learning and Skills Councils should specifically address the education and training needs of older people, and Information, Advice and Guidance Partnerships should target their services on those most likely to benefit from them.** There are no reasons why levels of participation in training and education should be the same for all age groups. However, although their participation has risen in recent years, older people still have relatively low levels of participation in most forms of training and education, which they need to compete more effectively in the labour market. They are also under-represented in their use of Information, Advice and Guidance Partnerships, which are a valuable source of help for people who are out of work. This recommendation should help increase older people's participation in education and training and improve their employment prospects.

<sup>9</sup> *The New Deal for Young People: Implications for Employment and the Public Finances*, National Institute of Economic and Social Research, December 2000.



# Part 1

## Improving the employment position of older people has significant benefits

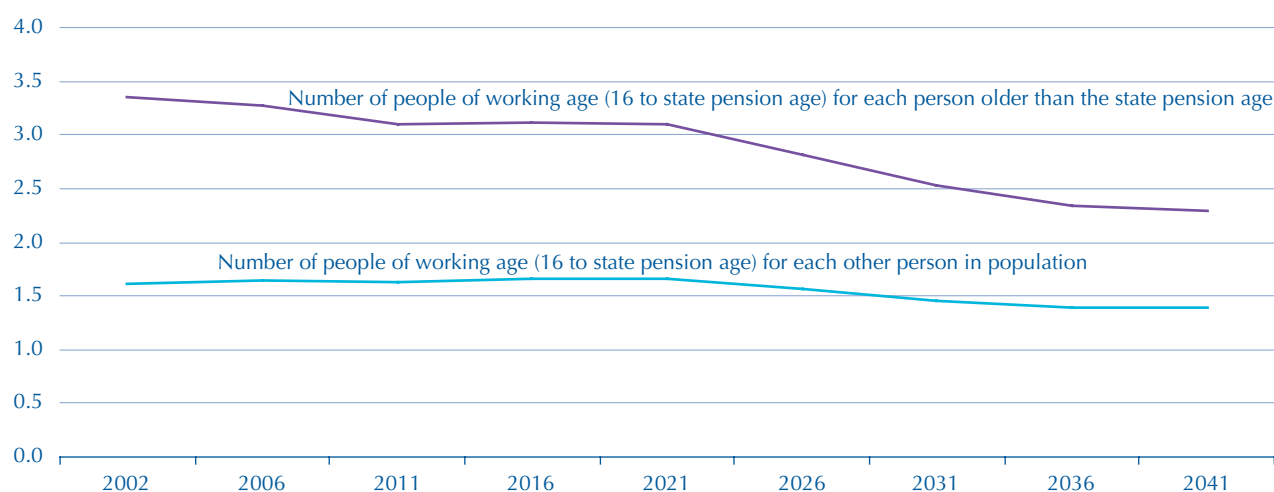
### The United Kingdom's population is ageing

- 1.1 The United Kingdom's population is getting older. In 2004, more than 20 million people are 50 and over, some 34 per cent of the population. By 2022, this will have increased by nearly 5.5 million (and be 40 per cent of the population). The workforce is also ageing, and by 2022 there will be 1 million fewer people of working age<sup>10</sup> under 50 and 3 million more over the age of 50.<sup>11</sup>
- 1.2 A low birth rate means fewer young people entering the work force, while improved health means more people reaching retirement age and enjoying it longer. This is expected to result in a fall in the ratio of those working to those of retirement age (from 3.35 in 2002 to 2.29 in 2041), and to the rest of the population (from 1.61 in 2002 to 1.39 in 2041), although a drop in the latter is not expected until after 2020 (Figure 9).

### The over 50s are under-represented in the labour market

- 1.3 Labour market participation by older men and women has changed substantially over the past 25 years. The employment rate of people aged between 50 and state pension age fell sharply from 72.4 per cent in 1979 to 63.8 per cent in 1984, rose again in the 1990s, and reached 69.6 per cent in Autumn 2003. Patterns for men and women have been different, with the rate for women increasing steadily since 1985 and that for men rising since the early 1990s, following a steep fall (Figure 10 overleaf).
- 1.4 The employment rate for working age people aged over 50 has always been lower than for the working population as a whole, for example because they are more likely to take early retirement or suffer ill-health. However, the gap widened during the recession of the

#### 9 The proportion of the population that is of working age is falling



#### NOTE

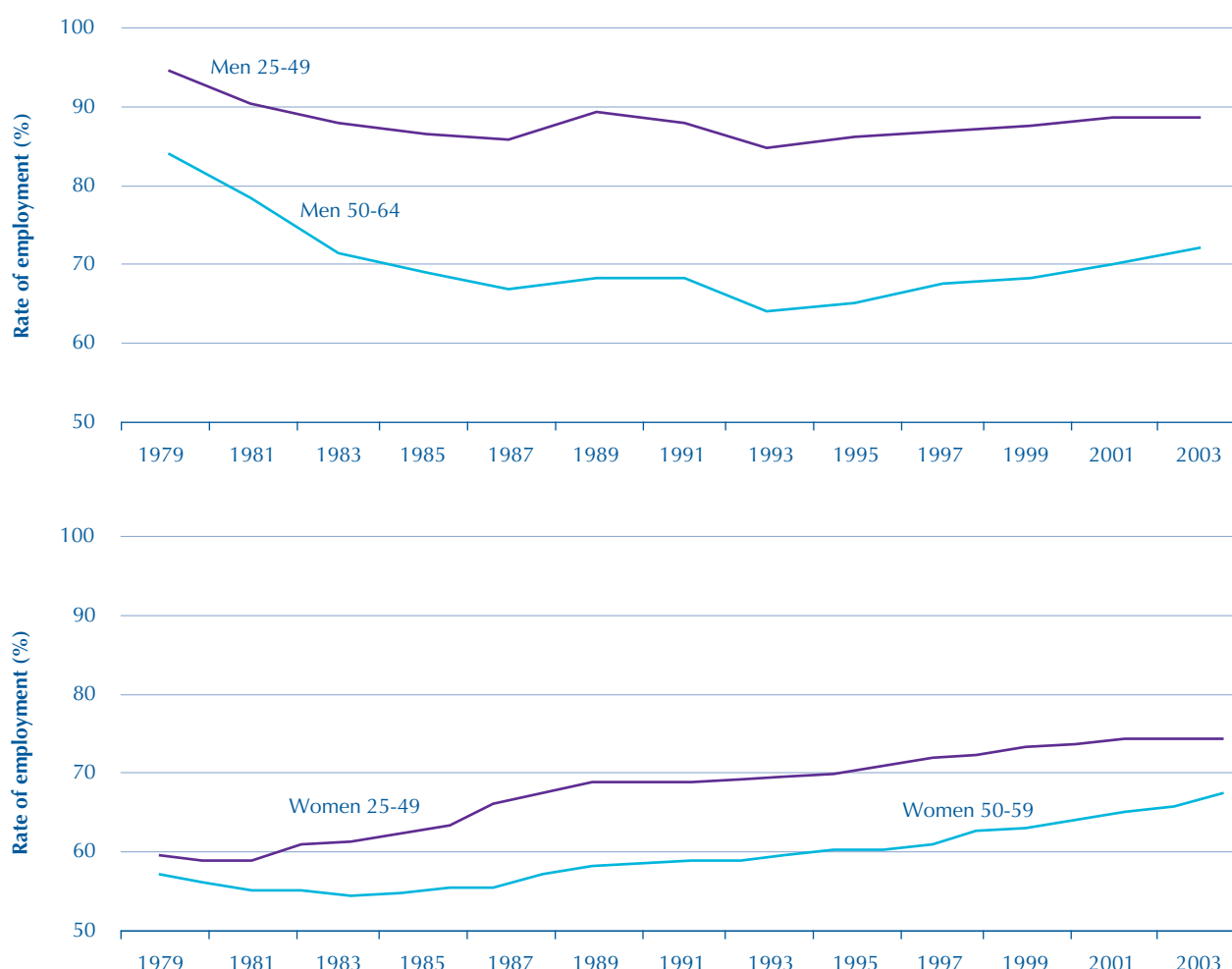
Between 2010 and 2020, the state pension age for women will progressively increase from 60 to 65 years.

Source: Government Actuary's Department Population Projections 2002

10 Men: 16 to 64; women: 16-59, progressively increasing to 16-64 between 2010 and 2020.

11 Government Actuary's Department Population Projections 2002.

# 10 Employment patterns for men and women aged between 50 and state pension age show considerable differences over the last 25 years



Source: Labour Force Survey

early 1980s and only in recent years has it narrowed. Employment rates for people from ethnic minorities aged over 50 (64 per cent for men and 49 per cent for women in 2003) are lower still, and there are significant variations between different groups, with Bangladeshi and Pakistani men and women having the lowest rates. Older workers are more likely to be self-employed than average, to work part-time and to have fewer qualifications compared with 25 to 49 year olds.

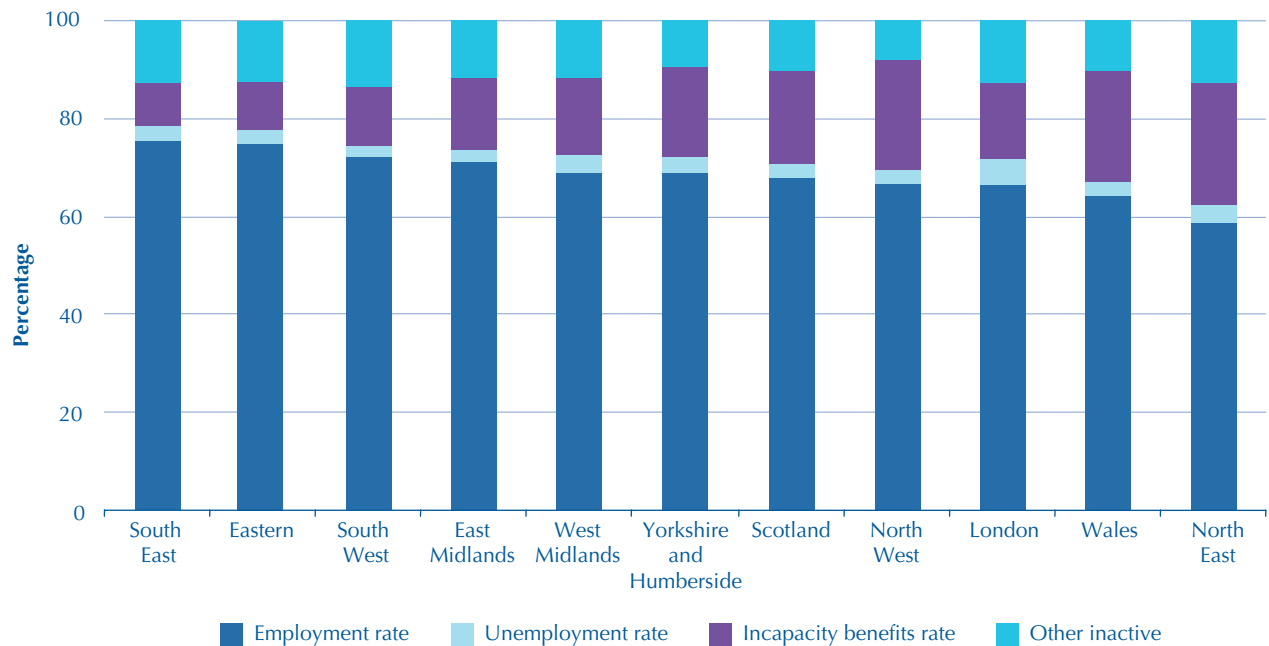
and the North East a relatively large proportion on incapacity benefits.<sup>12</sup> Variations within regions are even greater (Figures 12 overleaf and 13 on page 23). For example, in the North East the percentage of people over 50 on Jobseeker's Allowance or incapacity benefits differs by local authority district from 11.4 per cent to 44.2 per cent. Unsurprisingly, many of the most disadvantaged districts have particularly low labour market participation rates across all age groups.

1.5 There are significant regional variations in labour market participation rates (those in employment or who are actively seeking work) of older people. These are matched by variations in the proportion of economically inactive older people - either early retired, long-term sick, with caring responsibilities or otherwise not seeking paid work (Figure 11). However, the causes of inactivity vary by region with, for example, the South East having a relatively high proportion of people who are early retired

1.6 The fall in employment among older people has been matched by an increase in the number who have withdrawn from the labour market and are economically inactive (Figure 14 on page 23). In particular, the number of older people claiming incapacity benefits has grown, even though the general health of the nation has improved. Since 1979 the number of working age people on incapacity benefits has nearly quadrupled. Around 85 per cent of the increase occurred before the

12 Incapacity benefits cover contributory Incapacity Benefit, Income Support (on the grounds of incapacity) and Severe Disablement Allowance.

## 11 Over 50s employment rates and economic activity rates vary by region



### NOTE

Other inactive includes those not claiming benefits or working, for example those who are retired or looking after the home. A small minority of Incapacity Benefit claimants may be undertaking work permitted by the benefit rules.

Source: Labour Force Survey, Autumn 2003 and Department for Work and Pensions administrative information

mid-1990s, and, since then annual inflows have fallen by around 30 per cent and growth in the caseload has slowed significantly (Figure 15 on page 24). In the year to February 2004, the working age caseload increased by 3,000, just 0.1 per cent. As a proportion of the working age population, the caseload has been roughly constant at 7.6 per cent over the past four years. 1.3 million of those claiming incapacity benefits are aged 50-64 (16 per cent of this age group).

## The employment of older people is an international issue

1.7 Expected demographic trends and relatively low levels of labour market participation by older people are common to many OECD countries. In developing its European Employment Strategy, the European Union set targets to raise the employment rate of people aged 55 to 64 from 40 per cent in 2002 to 50 per cent by 2010, and increase by five years the average age of exit from the labour market to 65 by 2010. In Spring 2003 the United Kingdom employment rate for people aged 55 to 64 was 55.5 per cent, and in 2002 the average exit age was 62.3, the fourth highest in Europe.<sup>13</sup>

1.8 The European Employment strategy is supported by the European Social Fund which aims to: help unemployed and inactive people enter work; provide opportunities for people at a disadvantage in the labour market; promote lifelong learning; develop the skills of employed people; and improve women's participation in the labour market. In England, most European Social Fund money is distributed through the Learning and Skills Councils, Jobcentre Plus and other bodies, such as Regional Development Agencies and local authorities. These organisations are responsible for finding matching funds.

## Barriers to employment faced by older people

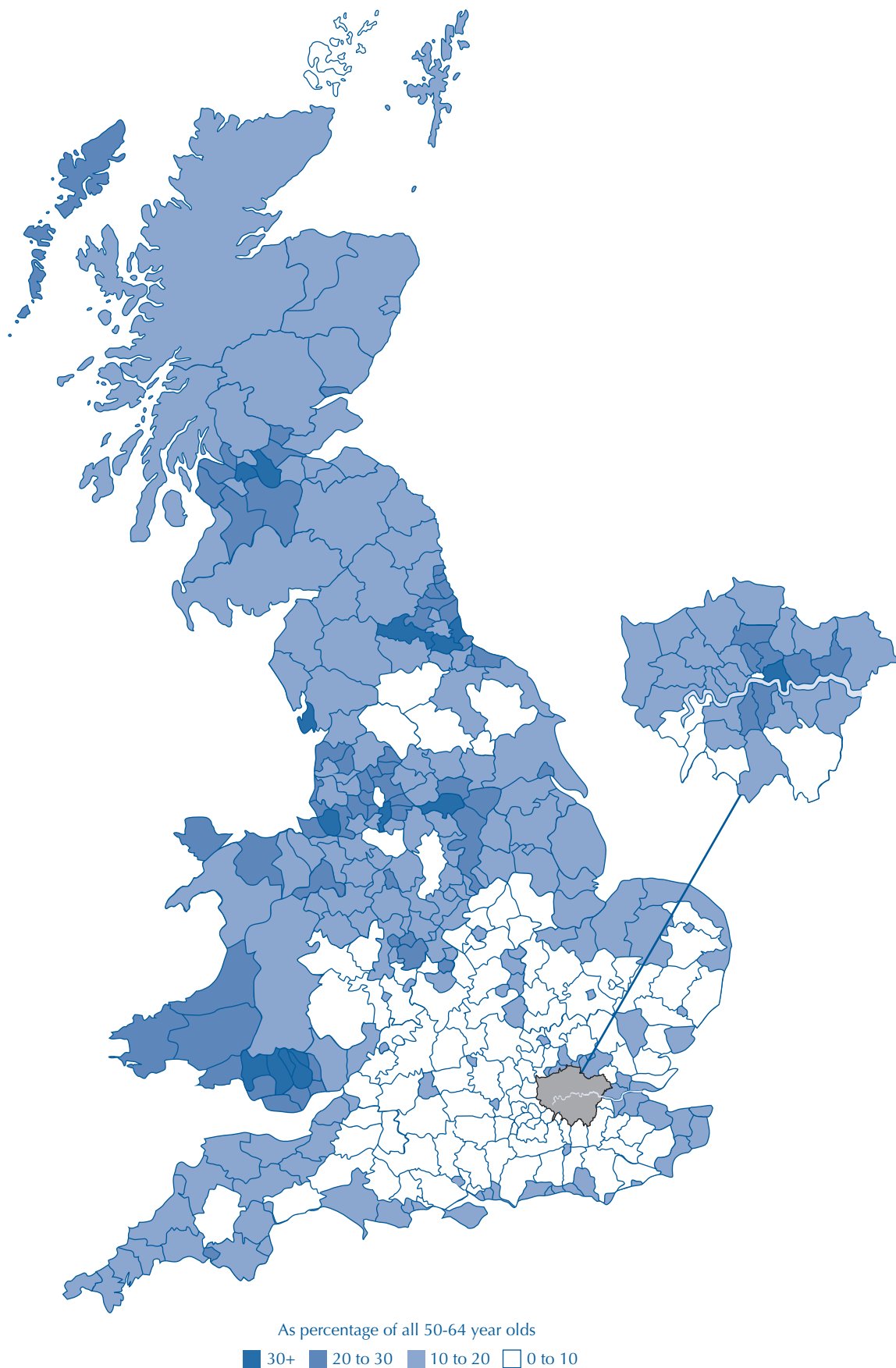
1.9 Of the 2.7 million people between 50 and state pension age not working, the majority either do not want to work or feel unable to because of health or other reasons. It is estimated that between 700,000<sup>14</sup> and one million<sup>15</sup> would like to work.

<sup>13</sup> Eurostat, Labour Force Survey, annual average.

<sup>14</sup> Labour Force Survey Spring 2003.

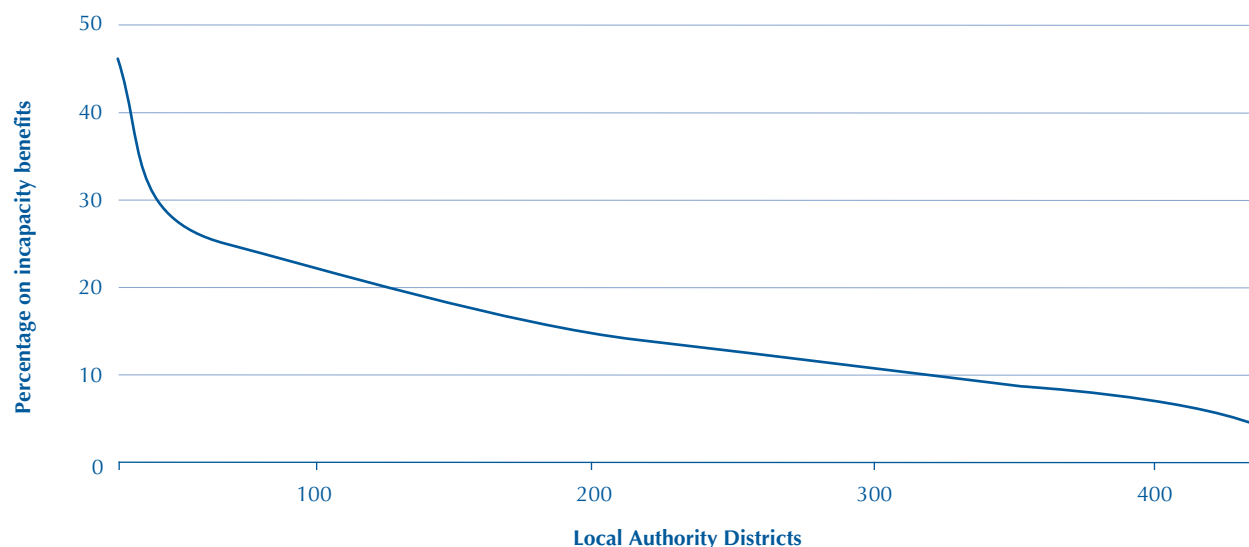
<sup>15</sup> Factors affecting labour market participation of older workers, Research report 200, Department for Work and Pensions, 2003.

12 Incapacity benefits claimants aged 50 to state pension age, Great Britain, August 2003





### 13 Levels of over 50s on incapacity benefits by local authority district



Source: Department for Work and Pensions and Office for National Statistics

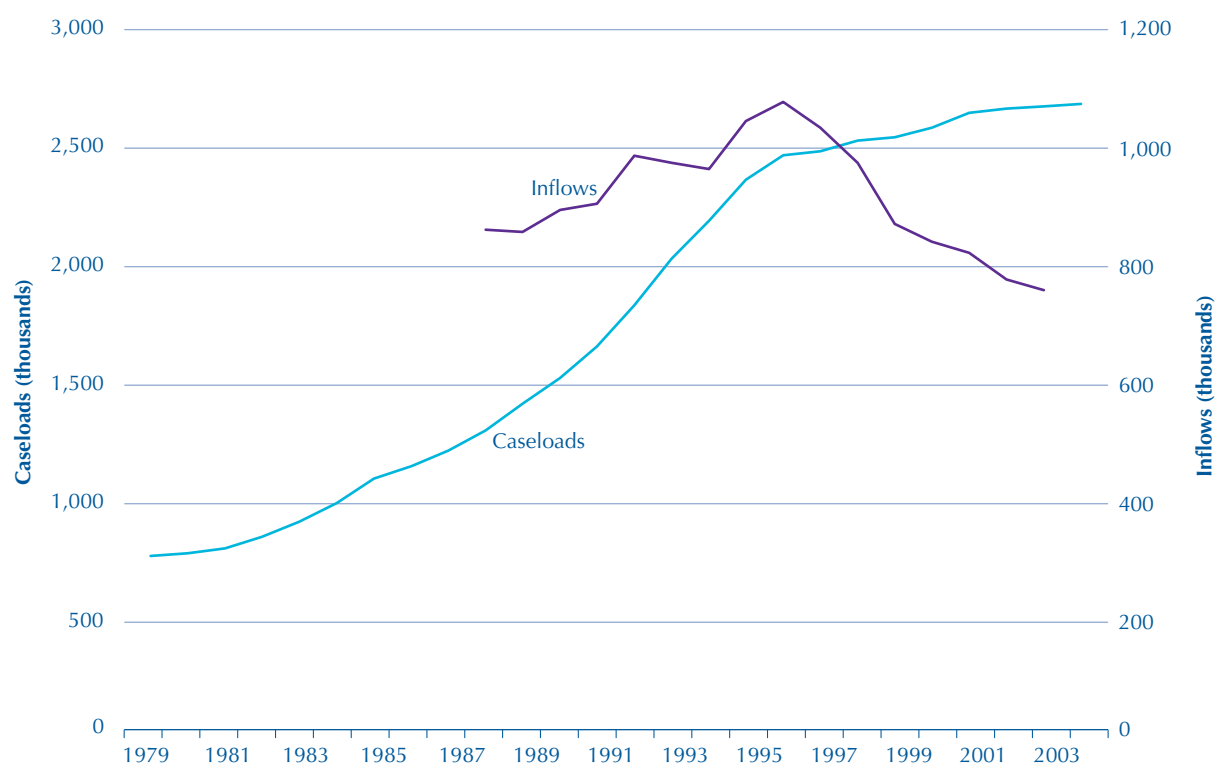
### 14 Characteristics of people aged over 50 who are not working

Group	Percentage of over 50s not working <sup>1</sup>	Characteristics
<b>Unemployed</b>	7%	Unemployed people over 50 are much more likely than younger people to be long-term unemployed. Of the 200,000 over 50s unemployed in Autumn 2003, 37.7 per cent had been unemployed for more than a year.
<b>Those on incapacity benefits</b>	49%	Approximately 1.3 million people over 50 are on incapacity benefits. Previously, a failure by older people to return to employment fairly quickly encouraged many to move onto disability benefits, thereby becoming further detached from the labour market. For many, Incapacity Benefit is more attractive than Jobseeker's Allowance because it is paid at a more generous rate, is not means-tested (unlike Jobseeker's Allowance after six months without work) and does not include a requirement to actively seek employment. Until recently, claimants had very little contact with Jobcentres, and employment programmes were targeted at those classified as unemployed, rather than economically inactive.
<b>Looking after home/family carer</b>	17%	Census data from 2001 suggests that 15 per cent of men and 20 per cent of women aged 50 to 64 undertake significant caring activities, with around 5 per cent of men and around 8 per cent of women doing this for more than 20 hours per week.
<b>The early retired, affluent professional</b>	9%	More people have been choosing early retirement as increased prosperity has been used to purchase increased leisure time. But of those who are early retired (around 25-30 per cent of over 50s not working), no more than one-third chose to leave employment voluntarily.
<b>The occupational pensioner with changed expectations</b>	18%	More common are reductions in the labour supply that are involuntary or the result of limited choices or distorted incentives. These include older workers who have been encouraged by their employers to leave their employment before reaching retirement age, and some early retirements made on the basis of inadequate information about pension provision or because there is a lack of realistic alternatives to early retirement. Furthermore, inflexible employment and retirement policies and pension rules have limited the opportunities for older workers to work flexibly during their later years in employment, often at a time when they most wish to do so. This has encouraged many to leave employment early. For example, many older people acquire caring responsibilities and may be unable to continue working full-time.

#### NOTE

1 National Audit Office estimate.

Source: Labour Force Survey

**15 Incapacity benefits caseload (1979 - 2004) and inflows (1988 - 2003)****NOTE**

Claimants on the Incapacity Benefit short term lower rate (paid during the first 28 weeks of sickness) are excluded from the caseload figures to ensure a consistent and comparable time series, but included in the inflow figures.

Source: Department for Work and Pensions - Incapacity benefits administration data

1.10 People aged over 50 experience a wide range of barriers to employment (**Figure 16**). These include barriers with a strong association with age, such as age discrimination, and those not directly related to age, such as transport difficulties, experienced by anyone at a disadvantage in the labour market. Increasing levels of employment have meant many people facing relatively few barriers have been able to find employment. As a result, an increasing proportion seeking assistance into work are harder to place because they face acute or multiple barriers. Research suggests that the effect of multiple disadvantages is cumulative.<sup>16</sup>

## There are benefits in an economically active older population

### There are benefits for the individual and for employers

1.11 For many older people, early departure from the labour market or failure to get a job can lead to increased poverty, insecurity and social exclusion. This in turn can

lead to disillusionment, depression and ill-health. Of those aged between 50 and state pension age who are out of work, most are reliant upon the state; only one in three receives an income from a private pension.<sup>17</sup> As well as boosting current income, working can also increase both a person's state pension and private pension. Of all people aged over 50, relatively few have substantial savings; a quarter have financial assets worth less than £1,500, and a half less than £12,000.<sup>18</sup> There is also evidence that those who work beyond state pension age are healthier and happier than those not in employment.<sup>19</sup> There is a strong correlation between income and health: the median income for those aged 50 to 59 reporting excellent or very good health was found to be nearly three times higher than those reporting fair or poor health.<sup>20</sup>

<sup>16</sup> Multiple disadvantage in employment, R Berthoud, Joseph Rowntree Foundation, 2002.

<sup>17</sup> Family Resource Survey.

<sup>18</sup> Health, wealth and lifestyles of the older population - the 2002 English longitudinal study on ageing, Institute of Fiscal Studies, 2003.

<sup>19</sup> Working after the State Pension Age: quantitative analysis, Department for Work and Pensions, December 2002.

<sup>20</sup> Health, wealth and lifestyles of the older population - the 2002 English longitudinal study on ageing, Institute of Fiscal Studies, 2003.

## 16 People aged 50 plus experience a range of barriers to employment

Barriers with a stronger association with older age	
<b>Health condition or disability</b>	Although the majority of over 50s are remaining fitter and healthier for longer, health conditions tend to increase with age. Barriers include physical impairment and long-term health conditions, as well as mental and emotional health conditions. However, these health issues will only prevent a minority of people from continuing to work effectively.
<b>Lack of qualifications/work experience</b>	Many over 50s lack formal qualifications, which can make it more difficult to compete in the labour market. Many may also lack up-to-date training, or their skills may not match the current labour market demand, particularly where there have been significant changes in the labour market.
<b>Low basic skills</b>	Although age is not a strong indicator of basic skills levels, many unemployed people over 50s lack basic skills. For many minority ethnic groups, language may be an additional barrier.
<b>Lack of confidence</b>	Although not restricted to older people, lack of confidence, particularly in the ability to find work, becomes more prominent with age and duration spent out of employment.
<b>Attitudes to employment</b>	Over 50s who are well qualified may be too selective in the sorts of jobs they are willing to consider, both in terms of status and salary. For others, changes in the labour market can lead to them being unable to see how their skills and experience can be utilised. Length of time away from the labour market can also act as a strong attitudinal barrier to work for people who have become used to the benefit system. People who have been out of work for a long time may lack motivation and have low self-esteem. Many other older people see themselves as winding down to retirement and are therefore less interested in finding work.
<b>Employer attitudes</b>	Many employers have negative perceptions about the capability in employment of older people. Numerous surveys conducted during the last 15 years have found that employers consider older workers to have outdated skills and to be more prone to ill-health, less adaptable, inflexible, not mobile and difficult to retrain. However, the facts do not support these attitudes. For example, older workers have a lower short-term sickness absence rate than, and are as successful at retraining as, younger workers. Employers can also be reluctant to fund training for older staff because of shorter payback times and perceptions about older workers' ability to acquire skills. Around half of respondents to the Government's consultation on age discrimination reported that they had either been discriminated against themselves at work on the grounds of age, or had witnessed it happening to others, and a survey conducted by MORI in 2002 revealed that age was the most common form of discrimination at work experienced by respondents.
<b>Caring responsibilities</b>	The over 50s often take on caring responsibilities for a range of dependants, including parents or other older relatives and grandchildren, and have difficulty finding suitable work.
<b>Financial barriers</b>	Many older people are unwilling to reduce their wage expectations in order to take up a job.
Barriers not directly related to age	
<b>Labour market barriers</b>	Local labour market conditions and the lack of suitable jobs (which people are both able and willing to take) act as a barrier to finding work, regardless of age. Changes in the labour market, which can lead to a mismatch between the type of jobs wanted and the type of jobs available can also be a barrier to work for people of all ages.
<b>Benefit disincentives</b>	These can be a significant barrier to work and arise from the relatively low wages many people are likely to secure. The smaller the income gap between benefit and work, the less likely customers are to see the advantages of moving from the security of benefits into the relative insecurity of work.
<b>Transport difficulties</b>	These include the cost, time and availability of public transport. In some places people are unwilling to travel outside their immediate locality to find employment or training opportunities.

Source: National Audit Office analysis of published research

1.12 Despite some negative perceptions about the capability of older workers (**Figure 17**), many employers recognise the business benefits of an age diverse workforce (**Box 1**). These might arise from a better match of age profiles of employees to customers; the stability and reliability of older employees which can reduce staff turnover and increase productivity and skill retention; drawing on a wider talent pool to overcome skills and labour shortages; creating a more diverse workforce which can encourage shared learning and development for all; and an enhanced corporate reputation.

### There are benefits for the economy

1.13 Many economically inactive older people rely on benefits as their main source of income, and their employment would reduce the social security bill, increase the taxation yield and improve the economy overall. These benefits will become particularly important as an ageing population is likely to lead to an increase in expenditure on health and other forms of care, which need to be funded, and because the demands on pension schemes have grown as people retire earlier and live longer. In addition, severe staffing and skills shortages in parts of the labour market could, at least in part, be alleviated by more flexible arrangements for the employment of older people. For example, we recently identified older workers as a potential source of recruits to the expanding childcare sector.<sup>21</sup> Other examples include the National Health Service (where efforts have been made to encourage back nurses who have left the profession), the teaching profession, local government and the construction industry (where older workers can be used to train and mentor younger inexperienced workers).

1.14 In 2003, there were around 270,000 hard to fill job vacancies. There were also around 135,000 vacancies unfilled because of skills shortages, including non-IT technical or practical skills, and customer handling and team working skills.<sup>22</sup> Given that age diverse employers report that many such skills are held by older workers, older people potentially should be able to make a significant contribution to filling the skills gap.

1.15 Overall, it is estimated that the relatively low levels of employment among older workers cost the economy between £19 billion and £31 billion a year (**Figure 18 overleaf**). This is made up of lost output and taxes, and additional spending on benefits.

### Improving the employment position of older people is a key part of the Government's Welfare to Work strategy

1.16 Improving the position of the over 50s in the labour market and tackling age discrimination in the workplace are key parts of the Government's wider 'Welfare to Work' strategy. This focuses on helping unemployed and economically inactive people move closer to the labour market and compete for work. The Department for Work and Pensions has the following relevant Public Service Agreement:

2001- 2004 Over the 3 years to 2004, to increase the employment rate of people aged 50 and over, taking account of the economic cycle, and to reduce the difference between their employment rate and the overall employment rate of working age people.<sup>23</sup>

2003- 2006 Over the 3 years to 2006, to increase the employment rates of people aged 50 and over, taking account of the economic cycle, and to reduce significantly (by at least one per cent) the difference between their employment rate and the overall employment rate of working age people.<sup>24</sup>

1.17 Although the Department is responsible for achievement of these targets, initiatives to improve the position in employment of older people, either directly or indirectly, are overseen by several government departments and agencies (Figure 4 on page 5). In particular, the Learning and Skills Council is responsible for adult learning, adult careers services and information, advice and guidance, and the Department of Trade and Industry for legislation on age discrimination.

<sup>21</sup> C&AG's report "Early Years: Progress in developing high quality childcare and early education accessible to all", HC268, Session 2003-04.

<sup>22</sup> National employers skills survey 2003, Learning and Skills Council, 2004.

<sup>23</sup> Department for Education and Employment Public Service Agreement, 2001-04.

<sup>24</sup> Department for Work and Pensions Public Service Agreement, 2003-06.



## 17 Employers' negative perceptions of older workers

Employers' negative perceptions	Reality	Examples
Older workers are paid more than younger workers.	Average pay for older workers is slightly less than that of younger workers.	The average gross hourly wage for those between 50 and state pension age is £10.30 (£11.70 for men and £8.74 for women), whereas for 25-49 year olds it is £10.75 (£12.19 for men and £9.24 for women) <sup>1</sup> .
Taking on younger employees, compared to older ones, provides a better payback period.	Older employees spend longer with their current employers than younger ones.	Employees aged 50 to state pension age spend an average of 13 years with their current employer compared to 7.2 years for those aged 16-24. <sup>1</sup>
Older workers have higher sickness absence.	Organisations with an age diverse workforce report reduced absenteeism.	A B&Q store staffed with older people reported 39 per cent less absenteeism than the average B&Q store.
Older workers are difficult/reluctant to retrain (less quick to learn). The rate of return on the training investment will be too low because older workers will soon retire.	Older people are just as likely to succeed as younger people. Skills now become outdated after between 3-5 years. Thus it is worthwhile investing in anyone who is likely to stay with an employer for at least this long.	Over 50s taking part in government training programmes are more committed and achieve better results, although starting with a lower level of formal qualifications. <sup>2</sup>  Older people perform as well as younger people in terms of ability to master new skills and reach the same standard of performance on new tasks. They might take longer to reach the same point, but they are as likely to get there. <sup>3</sup> Older people who do training are as likely as younger people to gain any qualifications from the course. <sup>2</sup>
Older workers perform less well.	Older people's productivity is the same as that of younger age groups in most types of work.	Strength of judgement and ability for critical thinking increase with age. There is no serious decline in memory or intelligence until 90 years or over. Older workers think before acting and thus make fewer errors, and have better interpersonal skills which are particularly valuable when working directly with customers. <sup>3</sup>
Older workers lack motivation and/or ambition.	Older people often become de-motivated because they feel side lined.	If older workers do not receive regular retraining their performance declines and their job tasks are restricted. Employers observing the decline are likely to conclude that the capabilities of the worker are in decline and there is little point in training them further. The employers' assumption that someone is coasting to retirement can then be a self-fulfilling prophecy. <sup>4</sup>
Unwillingness to accept that older workers can fill the skills gap.	Evidence suggests that older people are particularly likely to be able to provide these skills.	Some of the important skills shortages reported by employers (e.g. non-IT technical/practical skills, customer handling and communication skills) can be met by older employees. <sup>3</sup>

### NOTES

- 1 Labour Force Survey 2003.
- 2 Training older people, Quality and Performance Improvement Dissemination study report 91, Department for Education and Employment, 2001.
- 3 Various, for example, The economic contribution of older people, Age Concern, 2003.
- 4 The economy and older people, policy mini report, Age Concern, 2003.

Source: National Audit Office analysis of published documents

### Box 1

#### Examples of the business benefits of increasing the number of older people in employment

- The Nationwide Building Society increased its recruitment age limit and saved more than £5 million in costs because of reduced staff turnover.
- B&Q's Macclesfield store, staffed entirely by people over the age of 50, achieved 18 per cent more profit, 39 per cent less absenteeism and significantly lower staff turnover than benchmarked stores when research was conducted in 1991.

**18 Low levels of employment among older people: estimated costs to the economy**

Estimate	Source	Assumptions
£16 billion	<i>Winning the Generation Game</i> , Cabinet Office, 2000	The reduction in older people's employment is estimated to have reduced the output of the economy by as much as 2 per cent, which represents about £16 billion a year. This estimate is based on changes in retirement patterns and two-thirds of early retirements being involuntary. Reduced employment rates lead to growing public spending pressures in terms of extra benefits and lost taxes, estimated to be £3-5 billion a year.
£31 billion	<i>Ageism too costly to ignore</i> , Employers Forum on Age, 2000	This estimate assumes that of those who are unemployed or inactive 790,000 might take-up an offer of employment and that 280,000 people over 65 would like to work. The number who might like to work was then multiplied by average GDP per employed person.
£12-30 billion	<i>The economic contribution of older people</i> , Age Concern England, 2004	Modelling work estimates the underemployment of some 430,000 older people who match the profile of those who are working in terms of age, qualifications and health, costs £12 billion a year in lost GDP. In addition to this, a further 580,000 people who do not match the profile of those currently working, would like to work. For some this is not a realistic prospect, but if the barriers they currently face were dismantled, this group could add a further £17 billion to overall output.

Source: National Audit Office analysis of published documents

## Good progress has been made towards achieving the Public Service Agreement target, 2001-04

1.18 Since the mid-1990s, there has been a reversal in the trend towards lower employment rates among older workers (Figure 1 on page 3), and the Department for Work and Pensions is likely to achieve its 2001-2004 Public Service Agreement target, before taking account of the economic cycle (Figure 19). The Department has been unable to assign a value to the impact of the economic cycle, but improvements in employment rates of older people do not mirror trends in the economic cycle, suggesting the cycle is not the only reason for improvements. The growth in over 50s employment rates between 1997 and 2003 has been most concentrated among women. There has also been an increase in the proportion of older people in full-time employment.<sup>25</sup>

1.19 Although government programmes have had an impact, the full extent is unclear. The buoyant economy over this period will have had some effect, and demographic changes in the composition of the labour market, for example, higher participation by later cohorts of women, are also driving up employment rates. The difficulties experienced by private pension funds, associated with falling equities markets and the tightening of regulations concerning ill-health related retirement in public pensions programmes, may have also played a part.

1.20 Between April 1998 and December 2003, the Department for Work and Pensions' estimated expenditure on programmes to help the over 50s into employment was about £700 million. Over this period, the Department estimates it has helped between 175,000 and 207,000 people aged over 50 into work, although it is uncertain how many would have got a job anyway without its assistance (Figure 20).

## National Audit Office examination

1.21 Against this background we examined the action the Government has taken to help older people overcome barriers to employment (Part 2); and the provision of services at local level (Part 3). Our methodology is set out in Appendix 1. In summary our work included:

- a literature review and analysis of key research and statistics;
- discussions with government departments and other interested parties;
- examination of local service provision in three locations (Heanor, Derbyshire; Newcastle East; and Wembley, London Borough of Brent);
- in depth interviews with 89 recently inactive or currently inactive over 50s in the three locations; and
- a workshop to identify good practice principles in helping older people overcome barriers to employment, attended by frontline service providers.

**19 Progress against Public Service Agreement targets**

Public Service Agreement targets		Baseline	Autumn 2003	Change
2001-2004 target	Over 50s employment rate	68.2%	69.6%	+1.4%
	Gap between the over 50s rate and the overall employment rate	6.4%	5.3%	-1.1%

Source: Labour Force Survey

**20 The Department for Work and Pensions spent almost £700 million on helping up to 207,000 over 50s into employment between April 1998 and December 2003**

Programme/Initiative	Launch year	Expenditure on over 50s (£million) <sup>1</sup>	Estimated job outcomes for the over 50s <sup>2</sup>
New Deal 50 Plus <sup>3</sup>	2000	269.9	136,100
New Deal 25 Plus	1998	178.6	34,800
Help for disabled people	2002	152.4	-
Work Based Learning for Adults	1998	41.8	18,800
New Deal for Disabled People	2001	26.2	5,900
Action Teams	2000	7.8	7,500
New Deal for Lone Parents	2001	4.5	4,200
Age Positive Campaign	1999	3.2	-
New Deal for Partners	2000	3.7	100
Research	N/A	1.0	-
New Deal 50 Plus advertising	N/A	3.0	-
<b>Total</b>		<b>691.8</b>	<b>207,400</b>

**NOTES**

- 1 Programme expenditure for the over 50s is calculated by multiplying total programme expenditure by the percentage of starters aged 50 plus on the programme. Expenditure was outturn except for April to December 2003 which was planned. Expenditure figures do not include the Disabled Person's Tax Credit, Family Tax Credits or the new Working Tax Credits, all of which acted as financial incentives to work similar to the New Deal 50 Plus Employment Credit.
- 2 For some programmes, data was not available for the whole period. Where this is the case available figures have been used to produce an estimate for the period.
- 3 Expenditure on New Deal 50 Plus includes payment of the programme's Employment Credit which was superseded by the 50 Plus element of the Working Tax Credit for new claimants from April 2003.

Descriptions of the individual initiatives are provided in Appendix 2.

Source: National Audit Office analysis of Department for Work and Pensions data

# Part 2

## The Government is helping older people overcome barriers to employment

- 2.1 This part examines the success of the Government's programmes and other initiatives to help older people return to the labour market.

The Government has given a high priority to the employment of older people but there is still need for closer co-operation between agencies

- 2.2 In tackling the barriers to employment of older people, the Government has taken a co-ordinated approach, based on a wide range of research and evidence. In 1998, an Inter-Ministerial Group for Older People was established to co-ordinate policy in respect of issues relating to older people. In 2001, it was replaced by a Cabinet Committee on Older People, which oversees work on a wide range of related issues, including employment, life-long learning, leisure, housing, transport and volunteering. The Committee is advised by a partnership group comprising professionals and experts on issues relating to older people.
- 2.3 In 2000, the Government's Performance and Innovation Unit reported on the implications of the trend towards economic inactivity by people between 50 and state pension age.<sup>26</sup> The review made 75 recommendations,

most of which have been implemented, and action is planned on others. For example, changing tax rules to allow people to continue working for their employer while drawing an occupational pension will be introduced in April 2006, and raising the earliest age from which an occupational pension may be taken, from 50 to 55, is planned by 2010. Three have not been implemented as they were not considered to fit with other objectives.<sup>27</sup>

- 2.4 Although the Department for Work and Pensions is responsible for improving the employment position of older people, the Cabinet Committee on Older People was established to try to raise the profile of older people in relation to many issues (including employment, although there are other dedicated employment committees), and helps to co-ordinate activity between relevant initiatives spread across several government departments and agencies (Figure 4 on page 5). However, whereas some objectives and Public Service Agreement targets are shared<sup>28</sup>, targets for the employment of older people are for the Department for Work and Pensions alone, and there is evidence that the emphasis given to improving the employment position of older people is not shared by other departments (Box 2).

### Box 2

#### Examples of poor co-ordination or where the priority given to older workers is not shared

- **Student loans** are restricted to people below the age of 54, on the assumption that older undergraduates would not re-enter the labour market and earn an income high enough to repay the loan. The age limit has been tested in the courts and found not to be discriminatory, but it is inconsistent with the Government's aim of reducing educational barriers to employment.
- The Department for Work and Pensions has provisions allowing access to records of the Inland Revenue to track progress in employment of people placed from its programmes. However, secondary legislation has not yet been introduced to allow the Department for Work and Pensions access to Tax Credits data for the purpose of evaluating employment programmes and therefore it cannot yet assess the impact of the change from Employment Credit to Working Tax Credit on the take up of the New Deal 50 programme.

<sup>26</sup> *Winning the Generation Game*, Performance and Innovation Unit, 2000.

<sup>27</sup> Local authorities should measure the number of volunteers involved in education, leisure and social services; Local Exchange Trading Schemes earnings should be disregarded in calculating benefit entitlement for those on Jobseeker's Allowance and Incapacity Benefit; consider whether there is a role for government in developing pilot community exchange banks.

<sup>28</sup> For example, the Department for Work and Pensions is a co-signatory of the National Skills Strategy and is closely involved, through Jobcentre Plus, in the implementation of the Strategy; and the target to improve ethnic minority employment rates is shared with the Department of Trade and Industry.



- 2.5 To ensure programmes are effectively designed and targeted, the Government must understand the barriers to employment faced by older people. During the past few years a wide range of research has been undertaken. As well as drawing on work by academics and other external organisations<sup>29</sup>, the Department for Work and Pensions has commissioned research covering the training of older workers, factors affecting the labour market participation of older people, working after state pension age, what works for clients aged over 50, and evaluations of programmes used by older people.
- 2.6 The generic barriers to employment faced by older workers (Figure 16 on page 25) are now well understood, but there remains a lack of definitive evidence on the importance of some of the causes of non-participation. An improved understanding of older people from ethnic minorities, those with caring responsibilities and those who do not want a job would also help assess what more could be done to assist these groups.

## Jobcentre Plus provides a range of services for the over 50s

- 2.7 In April 2002, Jobcentre Plus was established as part of the Department for Work and Pensions to provide an integrated labour market and benefit service for everyone of working age claiming a social security benefit. New Jobcentre Plus offices are being formed by merging old Employment Service offices with social security offices. The first 50 local offices were created in April 2002 and they should be fully operational in all parts of the country by 2006. By June 2004, more than 50 per cent of the estimated 1,000 new offices had been established.
- 2.8 Everyone claiming a working age benefit should take part in a meeting with a Personal Adviser to gain advice, for example on finding work, or support, such as training or childcare. Jobcentre Plus is developing partnerships with private and voluntary sector organisations to deliver some of its services.
- 2.9 Jobcentre Plus and its contractors deliver programmes aimed at improving the employability of people aged over 50. These include New Deal programmes to help jobseekers into work through information, advice and support, and Work Based Learning for Adults (Training for Work in Scotland), the Government's main training programme for adults (Appendix 2). Jobcentre Plus also plays a key role in delivering specific programmes targeted on the most deprived areas, those with high and persistent levels of long-term unemployment. These include Employment Zones and Action Teams for Jobs.
- 2.10 Jobcentre Plus has targets for placing people into work. Each office has an overall job entry points target, which contributes towards the overall target and reflects the priority Ministers attach to helping different client groups into work (Figure 21). While there are no targets for individual client groups, there are underpinning planning assumptions for each client group category, which are published in the Jobcentre Plus Business Plan.
- 2.11 Pressure to meet job entry targets may mean that Jobcentre Plus staff may focus effort on those most easy to place. There is no reward for the extra time and effort needed to help those most at a disadvantage outside of the points structure, although many staff do put the extra effort in. These clients often have a considerable way to go to become suitable for employment, but the points system only acknowledges placements, not progression towards a job. Instead, this is recognised in some of

### 21 Job entry points are weighted to give priority to disadvantaged groups

Priority Group	Customers	Points
Group 1	Jobless Lone Parents, those on the New Deal for Disabled People, all people in receipt of Incapacity Benefit, Severe Disablement Allowance, Income Support, Carers Allowance and Bereavement Benefit.	12
Group 2	People on New Deal 50 Plus, New Deal 25 Plus, New Deal for Young People, New Deal for Partners, Employment Zones, people with disabilities not included in Group 1, people claiming Jobseeker's Allowance for 6 months or more.	8
Group 3	People claiming Jobseeker's Allowance for less than 6 months.	4
Group 4	Unemployed not claiming benefits.	2
Group 5	Employed job changers.	1

Additional points are awarded for job entries in disadvantaged wards (50 per cent of the original award) and for Jobseeker's Allowance claimants remaining in work for four weeks (1 point).

Source: Jobcentre Plus

<sup>29</sup> For example, the Joseph Rowntree Foundation, the Organisation for Economic Co-operation and Development, Age Concern, and the Third Age Employment Network.

Jobcentre Plus key management indicators, for example, numbers of basic skills qualifications achieved by those identified by Jobcentre Plus as having a basic skills need.

2.12 Both the Committee of Public Accounts and Work and Pensions Select Committee have previously recommended targets be developed to measure improvements in employability and "distance travelled" towards labour market participation by those not immediately ready for work.<sup>30</sup> The National Employment Panel<sup>31</sup> has also argued such targets are critical in any system to assist severely disadvantaged people.<sup>32</sup> The Department for Work and Pensions are exploring other possible methods of measuring programme performance as outlined in the report, *Building on New Deal: Local solutions meeting individual needs*.<sup>33</sup>

2.13 Until March 2002, allocation of resources for individual New Deal programmes was ring-fenced. Resources for New Deal 50 Plus were allocated to each region based on the number of Jobseeker's Allowance customers aged over 50, despite the programme being open to customers on a range of benefits. Since April 2002, regions have been allocated resources across all programmes, based on historic spend. Regional and district offices have discretion on allocations between district and local offices.

### New Deal 50 Plus has helped at least 120,000 older people into work at a cost of £270 million

2.14 The New Deal 50 Plus was launched in April 2000 as the main initiative to help to return to work those aged over 50 receiving a qualifying benefit for six months (Figure 22). It is a voluntary programme of advice and guidance (Box 3). Until 2003, there was also an Employment Credit of £60 a week for those working

full-time which went to the individual. Since 2003, the Working Tax Credit includes a return-to-work element for those over 50 on certain benefits for at least 6 months. There is also a training grant element to the scheme. The United Kingdom is one of the few countries with an employment programme specifically targeted at older people.<sup>34</sup> The cost of the programme up to the end of December 2003 was £270 million.<sup>35</sup>

2.15 The programme has been the subject of a series of evaluations, most of which were qualitative in nature (see Appendix 2 for a full list). The research has shown it has been successful in helping many older people move towards and into the labour market. However, some client sub-groups and barriers have not been addressed fully (Figure 23). Also, a full evaluation of the effectiveness of the programme in increasing employment among older people has not been undertaken.

2.16 By March 2003, more than 98,000 people had begun claiming the Employment Credit. The Department estimates that, by then, the programme could have achieved as many as 120,000 job starts, as not all those who started work claimed the Employment Credit. 71 per cent who took up the Employment Credit had been claiming Jobseeker's Allowance.<sup>36</sup>

2.17 Job retention after the expiry of the Employment Credit was high, with 77 per cent staying off benefits for the entirety of the year following the end of their entitlement.<sup>37</sup> However, around half of Employment Credit recipients had expected to return to work anyway, although higher proportions reported that the Credit had helped to speed up job entry. The employment entered was mostly unskilled and low paid.<sup>38</sup>

#### Box 3

##### Example of a client helped by New Deal 50 Plus

Mr A was apprehensive when he first received the letter inviting him for an interview about New Deal 50 Plus. He wondered what he had done wrong. He went along to be courteous, but as soon as he was there the adviser put him at ease. He then had a series of four or five fortnightly meetings with the adviser at the Jobcentre. The adviser went through all the options available and the type of work he was looking for, as well as providing general advice. The adviser asked about his circumstances, and when he

said he had a young family she suggested he looked for a part-time job. She helped him get three interviews, one of which was for his current job. He found the adviser extremely helpful and anything she did not know she looked up for him. The client always went home with what he wanted to find out. Between appointments, the adviser telephoned him to check how he was getting on.

30 62nd Report of the Committee of Public Accounts (HC 700, Session 2001-02), *The New Deal for Young People*, paras. 6(iii) and 6(iv); and, 1st Report from the Work and Pensions Committee (HC 426, Session 2001-02), *"One" Pilots: Lessons for Jobcentre Plus*, para 85.

31 An employer-led body that provides independent advice to Ministers on the design, delivery and performance of the UK Government's labour market policies and programmes.

32 *A New Deal for all: Report of the National Employment Panel's working group on New Deal 25 Plus*, National Employment Panel, 2004.

33 *Building on New Deal: Local solutions meeting individual needs*, Department for Work and Pensions, June 2004.

34 *Ageing and employment policies: United Kingdom*, Organisation for Economic Co-operation and Development, 2004.

35 Programme expenditure is actual expenditure except for April to December 2003, which is planned expenditure.

36 *New Deal 50 Plus: sustainability of employment*. Working Age Research Report 142, Department for Work and Pensions, 2003.

37 *New Deal 50 Plus: quantitative analysis of job retention*. Working Age Research Report 151, Department for Work and Pensions, 2003.

38 *New Deal 50 Plus: sustainability of employment*. Working Age Research Report 142, Department for Work and Pensions, 2003.

**22 Key elements of New Deal 50 Plus**

Eligibility	A voluntary programme available for individuals and their dependent partners aged 50 and over who have been receiving Income Support, Jobseeker's Allowance, Incapacity Benefit, Severe Disablement Allowance, Income Support, National Insurance Credits or the Pension Credit for six months.
Access to Personal Adviser	Personal Advisers provide one-to-one advice and guidance about finding work. They provide individuals with a range of support including drawing up individual action plans, preparing CVs and application letters, job-search and organising training courses or other voluntary activities intended to upgrade employability.
Financial incentive	<p>Originally, this was an Employment Credit worth £60 a week for those working full-time (£40 for part-time) for a year, provided that a recipient's gross personal income was less than £15,000 a year. This payment went directly to the individual. The Employment Credit was discontinued when the Working Tax Credit was introduced in April 2003. The Working Tax Credit includes a return-to-work element for people aged 50 and over who have received certain out-of-work benefits for at least six months.</p> <p>There are several key differences between the Employment Credit and the return-to-work element of the Working Tax Credit. The latter is a payment after the event through an adjustment to pay packets. Secondly, the value awarded is built up from various elements. Low paid persons of any age receive a basic income top up worth £29.90 a week. Over 50s who have been on benefit for 6 months receive an additional element, for 12 months, worth up to £30 per week if they are working more than 30 hours a week (£20 if they are working between 16 and 29 hours) depending on household income levels. Thirdly, the total credit depends on household not individual income. Household income of less than £5,060 gives an entitlement to the full basic Working Tax Credit. Above that the Credit on income is tapered.</p>
Training	An in-work training grant for those in receipt of the Employment Credit or the return-to-work element of the Working Tax Credit. From July 2002 the in-work training grant was doubled to £1,500 and made available for two years rather than the original one. This can be used for training relevant to their current job or £300 of it can be used for wider career related training.

Source: *Jobcentre Plus*

2.18 Take-up of the training grant has been very low. By March 2003, only 5,523 people (6 per cent of Employment Credit recipients) had used it. For the self-employed, this was slightly higher at 8 per cent. The Department has attributed this to clients' inability to organise training for themselves, client perceptions about being too old to train and the low priority clients give training.<sup>39</sup> However, until April 2004, when the Department expanded eligibility to anyone who has had an initial New Deal 50 Plus interview, only those in receipt of the Working Tax Credit were eligible to take up the training grant.

2.19 Compared with other New Deal programmes, performance data for New Deal 50 Plus is limited. Prior to April 2003, none was available on the number of people who had had an initial interview with a Personal Adviser. Therefore, a success rate (in terms of those who got a job as a percentage of those participating) could not be produced. Jobcentre Plus is developing a new database to rectify this, but problems with data retrieval during its development have delayed release of data from April 2003 onwards.

2.20 The introduction of the Working Tax Credit in April 2003 does not appear to have increased participation in the programme. Data for take-up of the return-to-work element is not available as secondary legislation that would allow the Department for Work and Pensions to use Tax Credits data for employment programme performance monitoring has not been introduced yet (see Box 2 on page 31). However, anecdotal evidence from Jobcentre Plus staff and third parties suggests the change from Employment Credit to Working Tax Credit has had a detrimental effect on participation in the programme.

**Some other Jobcentre Plus services have been more successful for younger clients than for the 50 plus client group**

2.21 Although the New Deal 50 Plus affects the comparison, participation by the over 50s on most other programmes is low considering about 35 per cent of working age people out of work and on benefits are over 50. In particular, although more than 50 per cent of those on incapacity benefits are over 50, just 32 per cent of those on the New Deal for Disabled People were over 50. As participation in most programmes is voluntary, this suggests either older people are less keen on a return to work than their younger counterparts or there are barriers to their participation.

## 23 Key findings from New Deal 50 Plus evaluations

Overall	30 per cent of customers thought it had been 'very helpful' and an additional 33 per cent had found it 'quite helpful'. Only 20 per cent said it was 'no help at all'.
Eligibility	Earlier intervention may help 50 plus customers, since the longer they remain out of work, the more their confidence, skills and motivation decline.
Participation	The programme does not fully engage with customers on benefits other than Jobseeker's Allowance.
Personal Adviser	<p>Ongoing support was found to be beneficial, as it provided a personalised service and encouraged and motivated customers. More than half of customers reported that they could not have managed without the support, or that it was very helpful.</p> <p>However, there was a shortage of careers advice and guidance, which older people need when finding work in a new occupation, and in-work support; for example, customer anxiety about the end of the Employment Credit was not being addressed as they were rarely in touch with the Jobcentre once in work.</p>
Training provision	<p>New Deal 50 Plus advisers felt there was a lack of opportunity to refer customers to specialist advisers, to address specific problems.</p> <p>Training can be too basic for many of the 50 plus client group. Older customers often have a wealth of knowledge and experience, and the provision of more advanced skills training could be beneficial.</p> <p>A 'training first and job second' approach to training is preferred by 50 plus customers. Customers who were 'disorientated' in terms of their options within the current labour market context would particularly benefit from such an approach.</p>
Financial incentive	The Employment Credit was seen as the key element of the programme as it helped to overcome the 'benefits disincentive', smooth the transition into work and provide both financial support and a psychological boost. It encouraged customers to consider a wider range of jobs; application and receipt were straightforward; the level of top up was seen as adequate and participants were pleased that employers did not know about the Employment Credit, as they felt that this did not jeopardise the wages offered by the employer.
In-work training grant	Awareness of the in-work training grant was fairly high. Customers were positive about the training received. However, take-up has been poor. Evidence suggests that in some cases older people are over-skilled for their current job and therefore do not see training as relevant. The effects on employment and income were modest and restricted to progress in the current job, rather than allowing customers to move on to something better. The training grant has therefore had some impact on retention and progression, but there is no evidence that it acts as an incentive for customers to move into work.
Outcomes	<p>Job outcomes were most common for customers who were willing to reduce the wage for which they were willing to work, had not had an excessively long spell of unemployment (less than four years), were female and were at the younger end of the eligible age group.</p> <p>The programme also produced intermediate outcomes. Some customers broadened the scope of their job-search by considering part-time work as a step towards re-entering the labour market. The support offered enhanced both awareness of, and participation in, forms of support, which had been accessible previously, but had not been much used. As a result of the programme participants, even those not finding work, showed increased confidence in eventually finding a job, and gained additional motivation that often led to more effective job-search.</p>
Barriers not fully addressed	These included customer self confidence; employer attitudes; customer attitudes; barriers to full-time work, for example for those with caring responsibilities; and barriers related to ill-health and disability.

Source: National Audit Office reviews of evaluations of New Deal 50 Plus by the Institute of Employment Studies for the Department for Work and Pensions; and A review of what works for clients aged over 50, Research report, Department for Work and Pensions



**24 Those aged 50 plus have benefited from a range of Jobcentre Plus programmes**

Programme/Initiative	Period	Starts		Outcomes	
		Total	Percentage aged over 50	Success rate for under 50s (per cent)	Success rate for the over 50s (per cent)
Action Teams	Year 2 <sup>1</sup>	89,000	8	35	36
New Deal for Disabled People	July 2001 to December 2003	62,000	32	30	30
New Deal for Partners	April 2002 to December 2003	2,334	11	16	14
New Deal for Lone Parents	November 2001 to December 2003	577,710	2	42	38
Work Based Learning for Adults	April 2001 to March 2003	136,700	17	24	28
New Deal 25 Plus	April 2001 to December 2003	313,740	25	36	20
Employment Zones	April 2000 to December 2003	120,160	17	39	27

**NOTE**

1 Age data was not collected for Year 1 of Action Teams. The period for Year 2 was October 2002 to September 2003 for Jobcentre Plus-led Action Teams and January 2003 to end of September 2003 for Contractor-led Action Teams.

Source: National Audit Office analysis of Jobcentre Plus statistics

2.22 Participants over the age of 50 have had similar rates of success (within 5 per cent) in securing a job as those under 50 on Action Teams, the New Deals for Disabled People, for Partners and Lone Parents and Work Based Learning for Adults. However, for New Deal 25 Plus and Employment Zones their success rate is significantly lower, by 16 per cent and 12 per cent respectively (Figure 24).

2.23 Only the Employment Zones initiative and New Deal 25 Plus are mandatory. The initial part of the New Deal 25 Plus programme, comprising an initial interview, followed by weekly interviews with a Personal Adviser and basic skills screening, is mandatory for all. However, the 'Intensive Activity Period' that follows, which focuses on training and education needs, in addition to job-search skills and work experience, is required only for those aged 25 to 49. During this period, clients are expected to spend 30 hours a week on training or other activities. From April 2004, for two years, Jobcentre Plus is piloting mandatory 'Intensive Activity Periods' for the over 50s on New Deal 25 Plus in 14 locations to test whether this improves outcomes.

2.24 The 200,000 over 50s claiming Jobseeker's Allowance are required to have regular contact with their Jobcentre Plus office, but few of the estimated 500,000-800,000 economically inactive people of this age group who would like work seek help from Jobcentre Plus. Experience suggests those over 50, particularly those on incapacity benefits, fear contact will result in them

being forced into work or losing benefits. To encourage more over 50s to use its services, Jobcentre Plus has established over 50s outreach pilots in seven locations.<sup>40</sup> These involve external organisations acting as intermediaries between the Jobcentre and the customer. Initiatives include awareness raising events in relevant public and community locations and with organisations that older people use such as GP practices, mobile marketing units, and leaflets and posters advertising outreach services. Pilots started in April 2004 with a budget of £1.1 million, and will run for a maximum of two years. The results will feed into future Jobcentre Plus strategy.

2.25 People from ethnic minorities aged over 50 have lower employment rates than the over 50s as a whole and many face additional barriers to employment, such as language difficulties and ethnic discrimination. In March 2003, the Cabinet Office Strategy Unit's report *Ethnic minorities in the labour market* made 28 recommendations, including actions to develop stronger links between housing, training and employment initiatives, and to promote self-employment and equal opportunities in the workplace through better advice and support to employers. Implementation of these is the responsibility of the Ethnic Minority Employment Unit in the Department for Work and Pensions, established in September 2003. In April 2004, Jobcentre Plus introduced specialist advisers in districts with high ethnic minority populations and a new policy fund of £8 million

<sup>40</sup> Cardiff and Vale, Dudley and Sandwell, Fife, Lanarkshire, Liverpool, Newcastle and North Tyneside, Wigan.

over two years to fund local solutions to help people from ethnic minorities back into work. The Government has also announced a further £14 million for ethnic minority outreach provision, for the period 2004-06, in areas with high ethnic minority populations. This will allow the continuation of many existing projects and expansion of outreach into areas not currently covered.

### The Department for Work and Pensions is piloting additional help for those claiming incapacity benefits

2.26 Incapacity benefits give working age people a replacement income when they are sick or disabled and stop working or looking for work as a result. The term covers contributory Incapacity Benefit, Income Support (on the grounds of incapacity) and Severe Disablement Allowance. People are eligible by having paid enough National Insurance contributions and by satisfying the relevant medical test.

2.27 Some 90 per cent of people who start claiming incapacity benefits expect to return to work, but almost half of claimants have been receiving the benefit for at least five years.<sup>41</sup> The number of people on incapacity benefits has risen from less than 700,000 in 1979 to more than 2.7 million in 2003, half of them aged between 50 and 64. A number of factors contributed to this rise, including industrial re-structuring during the 1980s and 1990s.

Other factors were cuts in administrative expenditure, resulting in a decline in the contact and support a person on incapacity benefits received, and an ageing workforce. Figures 12 on page 22 and 13 on page 23 show varying claim levels across the country. The Department for Work and Pensions recognises existing initiatives to help those on incapacity benefits back to work have had limited success. For example, the New Deal for Disabled People, launched nationally in July 2001, has been taken up by only two per cent of the target population, although this rises to four per cent where there has been a work focused interview.

2.28 The Department is implementing new measures<sup>42</sup> and has allocated £100 million to pilot initiatives - "Pathways to work" - in three Jobcentre Plus districts from October 2003 and a further four from April 2004<sup>43</sup> (Box 4). Currently, intensive work-focused interviews are mandatory only for new claimants of incapacity benefits in the pilot areas, but from January 2005 will be extended to some existing claimants, alongside a job preparation premium of £20 per week, available to those who undertake relevant activity that supports a return to work. The Department for Work and Pensions plans to evaluate the pilots by Spring 2006, and if successful they may be rolled out nationally.

#### Box 4

##### Pathways to work pilot initiative

Personal Adviser support - new work-focused interview regime	Early support from skilled Personal Advisers and follow-up help when in work. A new mandatory work-focused interview regime aims to provide a better framework for support in the first phase of a claim. The interviews will focus on the nature of the benefit and medical tests that underpin it, explore options for work-focused activity, encourage access to other services such as New Deals, identify basic skills needs, explain the financial support available and encourage self-confidence. Clients and adviser draw up an action plan together to establish long-term goals. In-work support will also be offered to help clients manage the transition from benefits to work.
Return-to-Work Credit	A visible financial incentive to return to work. The Return-to-Work Credit, of £40 a week payable for a year, is available to anyone coming off incapacity benefits, earning less than £15,000 a year and working at least 16 hours a week.
Condition management (rehabilitation) services provided jointly by the NHS and Jobcentre Plus	Incapacity benefit claimants are given the opportunity to learn more about their illness and how to manage their symptoms, improve confidence and allow them to return to work. For many people with back pain, mental health conditions and cardio-vascular conditions, avoiding inactivity and planning for a return to normal life, including work, is seen as a key element of clinical management.
Engage with local employers and General Practitioners	Engagement with local employers aims to explain the context of the initiative, encourage job retention and rehabilitation, and explain what help and support is available. With General Practitioners the aim is to strengthen support for, and awareness of, the new rehabilitation provision available.

<sup>41</sup> *Pathways to work: helping people into employment*, Department for Work and Pensions, 2002, Cm 5690.

<sup>42</sup> *Department for Work and Pensions*, 2002, Cm 5690.

<sup>43</sup> *Bridgend, Derbyshire and Renfrewshire in October 2003 and East Lancashire, Essex, Gateshead and South Tyneside and Somerset in April 2004.*

## Box 5

**The National Skills Strategy<sup>45</sup>**

The National Skills Strategy, published in July 2003, set out a new cross-government agenda for raising investment in skills and training. Its provisions include: the entitlement to help all adults with few or no skills and qualifications to achieve their first full level 2 qualification; the new Adult Learning Grant to help priority groups of adult learners to meet the costs of learning; safeguarding a wide range of first step and return to learn opportunities for

adults; continued expansion of support for basic skills in literacy, language and numeracy through the Skills for Life programme; reform of Information, Advice and Guidance services for adults; and a stronger link between sectoral and regional skills needs of employers and the supply of training for adults. Progress in implementing the Skills Strategy was set out in the report of the Skills Strategy Alliance published in July 2004.

## Box 6

**Learning and Skills Council programmes relevant to improving the employability of older people**

- **Improving adult basic skills, vocational qualifications and learning opportunities.** The Government has national targets for improving basic skills and learning opportunities. In particular, these are to improve the basic skills of 1.5 million adults between 2001 and 2007, and to reduce by at least 40 per cent the number of adults in the United Kingdom workforce who lack level 2 qualifications by 2010. It has also announced free training in basic literacy, numeracy and ICT skills, and free tuition to a first full level 2 qualification. Expenditure on adult education and learning in 2002-03 was £2.3 billion.
- **Information, Advice and Guidance Partnerships.** Launched in 1999, these services have a pivotal role to play in delivering the Skills Strategy. Each partnership consists of a network of accredited local organisations that include universities, colleges, adult education services, career and employment services, voluntary and community-based organisations, libraries and private companies who provide training and advice services. The number of members in the network varies between partnerships. Partnerships aim to promote the benefits of learning, help individuals to address and overcome their barriers to learning, and support them in making realistic and well informed choices. There are currently 76 partnerships, which report directly to local Learning and Skills Councils. Expenditure in 2002-03 was £34.8 million.
- **Workforce development (training and learning relevant to business needs).** Workforce development is defined as all activities which increase the capacity of individuals to participate in the workplace, improving productivity and employability. Expenditure in 2002-03 was £60 million.
- **Modern apprenticeships.** In May 2004, the Department for Education and Skills announced that it intended opening up apprenticeships to adults by scrapping the 25 year old age limit.
- **Equality and diversity targets.** The Learning and Skills Council is committed to ensuring that in meeting its targets it moves towards greater equality and social inclusion. To facilitate this, local Learning and Skills Councils are required to produce Equality and Diversity Impact Measures, which identify and address inequality in participation, retention and achievement in education and training by setting targets for under-represented or under-achieving groups.

## The Learning and Skills Council has an important role to play in helping older people overcome barriers to employment

2.29 Training and skills are important to employment chances. People with low qualifications are less likely to be employed and, on average, older people have lower qualifications than younger people.<sup>44</sup> However, the substantial fall over the past 10 years in the proportion of the population with no qualifications has been more marked for older people. Nevertheless, 25 per cent of those aged over 50 to state pension age had no formal qualifications in 2002, compared with 16 per cent of the total working population.

2.30 The Learning and Skills Council is responsible for funding and planning education and training for adults in England. It is accountable to the Department for Education and Skills and made up of a national office and 47 local Learning and Skills Councils. The Council is a lead partner in delivering the National Skills Strategy (**Box 5**), and much of the Council's work is relevant to improving the employability of older people (**Box 6**).

2.31 Older people are as likely as younger people to succeed in learning. Those over 50 who take part in government training programmes have been shown to be more committed and achieve better results than younger people, even when starting with lower qualifications.<sup>46</sup> There is no reason to expect that levels of participation

<sup>44</sup> Labour Market trends, June 2002.

<sup>45</sup> 21st Century Skills Realising Our Potential, Department for Education and Skills, Cm 5810, July 2003.

<sup>46</sup> Training and older people, Quality and Performance Improvement Dissemination study report, Department for Education and Employment, 2001.

## 25 Training and education participation for the over 50s

Type of education or training	Participation rates
Higher Education	1.3 per cent of those enrolled to study a first degree in 2002-03 were aged 50 plus. 3.6 per cent were aged 40-50 and 7.0 per cent were aged 30-40.
Vocational qualifications	9.0 per cent of qualifications awarded in the United Kingdom in 2002-03 were to those aged 50 plus. 13.0 per cent were to those aged 40-50 and 29.6 per cent to those aged 25-40.
Learndirect courses	Over the period April to September 2003, 10-20 per cent of participants were 50-70 year-olds, with the exception of Information and Communications Technology courses where 29 per cent of participants were 50-70. 17-24 per cent of course participants were aged 40-50 and 22-30 per cent were aged 30-40.
Basic skills courses	9 per cent of participants were aged 50 plus in 2002-03.
Job-related training	A 2003 Labour Force Survey found that 22.9 per cent of workers aged 50-64 participated in some form of job-related training within the preceding 13 weeks compared to 30.1 per cent of all employees. Those aged 50-64 typically spent an average of 9.1 hours per week compared to 18.4 hours for all employees.
Employer training pilots	Over the period August 2002 to April 2004, 20 per cent of participants in these pilots, introduced to test new measures to improve employees access to training, were aged 50 plus.

Source: National Audit Office analysis of Department for Education and Skills data

in training and education should be the same for all age groups. However, despite increased participation in recent years<sup>47</sup>, participation rates for the over 50s remain lower than those of younger age groups for most forms of training and education (**Figure 25**). For example, the 2002 National Adult Learning Survey found that participation rates in some form of learning were 82 per cent for 16-19 year-olds and 85 per cent for 20-29 year-olds, compared with 51 per cent for 60-69 year-olds and 28 per cent for those aged 70 or over.

2.32 Local Learning and Skills Councils are required to set learning targets for participation and achievement in five areas, including adult attainment at level 2 and basic skills improvements. By disaggregating learning targets by age, gender, race and disability, local Councils can identify the extent of under-representation of these groups.

2.33 All 47 local Learning and Skills Councils have now produced Equality and Diversity Impact Measures. However, only seven Councils<sup>48</sup> specifically address issues relating to older learners. These include targets to increase participation, retention and achievement in learning of people aged 50 plus, targets to improve further education data quality in terms of age, and identifying discriminatory practices within the local labour market. All seven have relatively high levels of inactivity among older people, but there are other Councils with higher inactivity rates that currently have no measures for older learners.

2.34 Information, Advice and Guidance Partnerships offer individuals assistance to overcome barriers to training and learning. As part of the Skills Strategy, the services provided by these partnerships are being reformed and new service standards were published in December 2003. People aged 50 plus represent 24 per cent of the working age population and around 35 per cent of those not working and claiming benefits, but they are under-represented in using these services. In 2002-03, fewer than 15 per cent of partnership clients were aged 50 plus. Some, for example the North London Partnership, have recognised that over 50s make little use of their services and plan to target them. General awareness of the services partnerships provide is low<sup>49</sup>, and the Learning and Skills Council intends to re-launch them in August 2004.

2.35 Employers also have an important role to play in ensuring that older workers have equal access to training opportunities. Older workers are benefiting from Employer Training Pilots, which are testing a package of financial support measures to improve access to training and enable employees to attain basic and level 2 skills in 12 locations. Over the period August 2002 to April 2004, 20 per cent of participants in these pilots were aged 50 plus.

<sup>47</sup> National Adult Learning Survey, Research report 415, Department for Education and Skills, 2002.

<sup>48</sup> Berkshire, Birmingham and Solihull, Bournemouth, Poole and Dorset, Northampton, Nottingham, South Yorkshire.

<sup>49</sup> For example, Client needs for coherent information, advice and guidance services on learning and working, Department for Education and Skills, 2003; research by Market and Opinion Research International Ltd for the National Audit Office.



## 26 Regional Development Agency activity in respect of older workers

Regional Development Agency	Commissioned research to understand the regional issues	Regional forum on ageing	Older workers mentioned in key documents <sup>1</sup>	Targets for older workers/learners	Supporting initiatives for older worker/learners
	X	✓	X	X	X
	✓	✓	✓	✓	✓
	✓	✓	✓	X	✓
	✓	X	✓	X	✓
	✓	✓	X	X	✓
	✓	✓	✓	X	X
	✓	X	✓	X	X
	✓	X	✓	X	✓
	✓	X	X	X	✓

## NOTE

1 Key documents include: Frameworks for Regional Employment and Skills Actions, Regional Economic Strategies and corporate plans.

Source: National Audit Office analysis of published documents

## Regional Development Agencies have a key role in improving the employment position of older people

2.36 The primary role of the nine Regional Development Agencies is to promote and support economic development in their regions, and each is required to develop a Regional Economic Strategy and a Framework for Regional Employment and Skills Actions. These set out priorities based on an analysis of regional labour market information and evidence from key stakeholders on issues such as industry growth, population trends and employment patterns. Our 2004 report on the early progress of the Regional Development Agencies showed they had performed well over their first four years.<sup>50</sup>

2.37 The responses of Regional Development Agencies to age diversity and the ageing population have been variable (**Figure 26**). All but one have commissioned research on the implications of an ageing population, but regional understanding of the barriers to employment faced by older people varies. Some, for example London, have commissioned specific research<sup>51</sup>, whereas others, recognising their understanding is limited, have plans to improve it. All are developing Regional Observatories, a network of organisations gathering research and statistics about regional economic, social, and environmental issues to inform regional policy and strategy.

50 C&AG's report "Success in the regions", HC1268, Session 2003-04.

51 London labour market participation: BMEs, women, older workers and disabled people, Business Strategies and MORI, 2002.

## Box 7

## Enhancing the employability of older people in East Midlands

**Experience Works:** In 2000, the East Midlands Development Agency launched and funded the Mature Workforce Initiative, now known as Experience Works. The principal aim was to enhance the training and skills of workers over the age of 45. Help can also come in the form of confidence building, practical advice and career guidance, and support on becoming self-employed. The initiative also offers employment services (placement, development and planning) to employers. The programme works with partners to promote age

diversity in the workplace and the benefits of employing mature and experienced workers. It now runs from seven centres across five counties. The East Midlands Development Agency intends to help Experience Works seek alternative sources of funding over the next few years. By May 2004, some 2,500 people had used Experience Works. Of those who returned evaluation forms (approximately two-thirds), 60 per cent reported having succeeded in getting the jobs they wanted.

2.38 There has been limited coverage of older employment issues in key documents such as *Frameworks for Regional Employment and Skills Actions*, and to date, limited identifiable action. Activities include developing regional and local initiatives to help older people into employment, funding the Centre for Research on the Older Workforce, and helping to establish regional forums on ageing. In some cases, action taken reflects the state of the regional labour market. For example, the South East has the highest employment rate among older people, but because of extensive labour and skills shortages in the region it has introduced a wide range of programmes to help those over 45 back into employment. Appendix 4 provides more details about Regional Development Agencies' activities in respect of older workers.

2.39 The East Midlands Development Agency has set an example in developing a strategy for the region. In 2000, it established the Mature Workforce Initiative, now known as Experience Works (Box 7), drawing together key regional agencies, including trade unions and employers organisations, the Government Office for East Midlands and others to steer the initiative. The Department for Work and Pensions is working to promote this model to other Regional Development Agencies. East Midlands also has a target for the number of over 45s receiving advice and guidance to support a return to the labour market.

2.40 The incidence of self-employment increases with age and those over 50 account for almost 30 per cent of the self-employed population. For those made redundant or who have retired early, self-employment may be an attractive and viable option.

2.41 The Government is committed to providing the support necessary to allow the workless to choose their own form of future employment, including self-employment. The Department of Trade and Industry's Small Business Service provides services for business start-up, self-employment and small and medium-sized business growth. The services, provided through 47 local centres

called Business Links, are important for some older people because a relatively high proportion of the over 50s (11 per cent) are in self-employment.

2.42 The Government's Phoenix Fund, designed to encourage entrepreneurship in disadvantaged areas and amongst under-represented groups, is supporting The PRIME Initiative Ltd, a national organisation encouraging those over 50 to consider self-employment or starting a business.<sup>52</sup> The initiative helps individuals find a local organisation to provide initial business help and advice free of charge, and provides loans if money cannot be borrowed elsewhere. In its first three years, it has helped more than 7,000 people over 50 interested in working for themselves, established and supported over 700 new businesses and facilitated the creation of 900 new jobs. It has received £650,000 from the Phoenix Fund, including loan guarantees, and also receives funds from Help the Aged, Age Concern, the European Social Fund and five of the nine Regional Development Agencies. Phoenix Fund support will continue until March 2006. A recent OECD report noted that the scope and visibility of PRIME should be expanded to help promote self-employment among older people.<sup>53</sup>

## The Government is taking action to tackle age discrimination

2.43 Age discrimination in the workplace and negative perceptions about older workers are significant barriers to employment (Figures 16 on page 25 and 17 on page 27). In 1998, the (then) Department for Education and Employment established an Age Diversity team to help tackle age discrimination in the workplace. It launched an Age Positive campaign in 1999 and in 2001 a website ([www.agepositive.gov.uk](http://www.agepositive.gov.uk)) to increase awareness and influence attitudes. The website now receives about 50,000 visits a month.

<sup>52</sup> A self-employed person works for themselves rather than for an employer. A person starting a business will also be working for themselves, but may have one or more persons working for them.

<sup>53</sup> Ageing and employment policies: United Kingdom, Organisation for Economic Co-operation and Development, 2004.

2.44 In 1999, a non-statutory Code of Practice on Age Diversity in Employment was launched setting standards for "non-ageist" approaches to recruitment, training and development, promotion, redundancy and retirement. However, an evaluation in 2001 showed only 1 in 3 employers was aware of the Code although, since its launch the use of age in job selection had halved from 27 per cent to 13 per cent. The evaluation highlighted the need for more action to raise awareness, particularly among small and medium-sized enterprises, and recommended broadening the scope of publicity to include the general public.<sup>54</sup>

2.45 In December 2002, the Department for Work and Pensions launched an updated version of the Code, *Age diversity at work: a practical guide for business*, and has carried out extensive piloting to contact small and medium-size enterprises, many of which do not have diversity policies. The Department for Work and Pensions and the Department of Trade and Industry will undertake a survey of employers' policies and practices to assess the current extent and nature of age discrimination in employment in 2004. As at June 2004, the Departments had invited tenders for this contract.

2.46 In November 2000, the Government agreed the European Employment Directive<sup>55</sup>, committing itself to introducing legislation to combat age discrimination in employment and vocational training by December 2006. Lead responsibility lies with the Department of Trade and Industry. Following two public consultation exercises, draft regulations for further consultation were due to be published in Spring 2004. The complexity of the issues, and in particular divergent views on whether a mandatory retirement age should be allowed, has resulted in some delay in the timetable. Ministers are considering a revised timetable, and remain fully committed to ensuring that those with responsibilities and rights under the legislation will have sufficient time to prepare.

2.47 The Department for Trade and Industry is also responsible for co-ordinating equality issues across government. The Equality Co-ordination Team, located in Women and Equality Unit, is concerned with all aspects of equality: age, disability, gender, race, religion and sexual orientation, across the full spectrum of government policy. The team works with the other lead equality departments, developing policy on cross-cutting issues and seeking to progress the Government's equality agenda through non-legislative means.

## The Government has proposed a range of other measures to promote flexible retirement and help extend working life

2.48 The Government has acknowledged current tax rules on pensions frustrate those who want to save for their retirement or adjust their working patterns towards the end of their working life. There is evidence many people over 50 would like to leave work gradually (perhaps by doing fewer hours or taking on less responsibility) or continue to work beyond their organisation's normal retirement age. Longer working can also reduce significantly the amount of saving needed to fund retirement.

2.49 Current tax rules limit the opportunities for flexible retirement. People are able to work and draw an occupational pension only where they do not work for the employer paying the pension. There has also been an incentive for organisations to encourage early retirement because people are able to take occupational pensions from the age of 50.

2.50 Following consultation, the Government has sought to address these issues in a number of ways. In December 2002 the Pensions Green Paper, *Simplicity, security, and choice: working and saving for retirement* proposed a range of measures. These included: in Spring 2005 introducing more generous increases for deferring take up of state pensions; by Spring 2005 allowing people to continue working for their employer while drawing an occupational pension (this measure has since been delayed until April 2006 when a simplification to the tax rules applying to occupational pensions will be introduced); by 2010 raising the earliest age from which an occupational pension may be taken from 50 to 55; and by the end of 2006 raising the normal pension age in public service pension schemes from 60 to 65 for new entrants.

2.51 In February 2004 the Department for Work and Pensions announced proposals<sup>56</sup> aimed at increasing individuals' understanding of pensions and transforming attitudes and behaviours towards making financial choices about retirement. Key measures include ensuring individuals have access to new and more attractive options to save or to work for longer; developing a web-based retirement planner; continuing to build a series of information products to ensure that people receive high-quality, accurate and timely information such as state pension forecasts and combined pensions forecasts; and improving financial literacy and capability. In the 2004 Budget the Government also announced plans for a high profile national campaign to raise employers' awareness of, and ability to adopt, flexible employment and retirement policies in order to encourage the recruitment, training and retention of older workers.

<sup>54</sup> Evaluation of the Code of Practice on Age Diversity, Report on research findings, Department for Work and Pensions, 2001.

<sup>55</sup> Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment and occupation.

<sup>56</sup> *Simplicity, security and choice: informed choices for working and saving*, Department for Work and Pensions, 2004, Cm 6111.

# Part 3

## Delivering services locally

3.1 Part 2 examined national initiatives, but services are delivered locally and should therefore be influenced also by local circumstances. This Part looks at how well local agencies understand the barriers to employment faced by older people and how effectively services are planned, co-ordinated and delivered. Although we examined local service provision for those over 50, many of the issues relate equally to other disadvantaged groups.

### We examined arrangements in three locations across the country

3.2 Our examination focused on three locations: Wembley in the London Borough of Brent, Heanor in Derbyshire and Newcastle East. The aim was to illuminate the main local level issues. Whilst not representative, the areas were selected for their relatively low levels of employment among people aged over 50 and differing labour market characteristics (Figure 27). New style Jobcentre Plus offices, providing integrated labour market and benefit services, have also been established in each area.

#### 27 Main characteristics of sampled locations and the economically inactive people who live there

	Wembley (Brent)	Heanor (Derbyshire)	Newcastle East (Newcastle)
Location	Urban area	Rural area	Urban area
50 to state pension age population on benefits <sup>1</sup>	7,300 (23.7 per cent)	3,600 (17.9 per cent)	10,400 (31.5 per cent)
50 to state pension age Unemployed <sup>1</sup>	1,000 (3.4 per cent)	300 (1.6 per cent)	1,100 (3.3 per cent)
50 to state pension age on Incapacity benefits <sup>1</sup>	5,300 (17.1 per cent)	3,000 (14.9 per cent)	8,500 (25.7 per cent)
General description of each area, based partly on the opinions of those who took part in the Market and Opinion Research International Ltd research	Brent is characterised by a large non-white community (over a quarter of the population are Asian and one fifth are Black). There is a great deal of competition for local jobs. The vast majority of older people interviewed in Brent are very keen to work, but find it difficult to compete in such a tight labour market, particularly where they perceive illegal workers and 'asylum seekers' are undercutting them in terms of the wages they will accept for unskilled/low skilled work.	The decline of the mining industry had a huge impact on local employment levels, with a large section of the population forced to take compulsory redundancy. Many of these people appear to have been out of work and living off their redundancy pay-outs for a long time, but are now finding that this money is running out. Heanor, with an almost exclusively white population, is a rural and very tight-knit community, where older people in particular are often extremely reluctant to travel outside their local area. This inevitably limits the employment options open to them.	The decline of the shipbuilding industry had a huge impact in this area. Older people in Newcastle East tend to be more detached from the labour market, largely due to long-term benefit dependency, as a result of ill-health and/or lack of local job opportunities leading to unemployment. In some cases, there is a perception that the local Jobcentre Plus office simply wants to 'get people off its books' by signing people off Jobseeker's Allowance and on to Incapacity Benefit. All this appears to have had a detrimental impact on many people's motivation to actively seek work.

#### NOTE

1 Source: Client Group Analysis of Department for Work and Pensions Information Centre 5 per cent statistical samples relating to August 2003. Figures under 500 are subject to a high degree of sampling error.

Source: Department for Work and Pensions data and research undertaken by MORI for the National Audit Office



3.3 In each area, we gathered information on local developments and interviewed a range of organisations delivering employment and training services. We also commissioned MORI to undertake in-depth interviews with Jobcentre Plus clients over the age of 50 to gain views on the problems faced and the services available. In addition, we organised a workshop for local service providers from across the country, to help identify good practice principles and inform discussions at local level (Appendix 1).

## There are a wide range of organisations offering local services

3.4 There are a wide range of local organisations helping older people improve their employment prospects. As well as **Jobcentre Plus** (see Part 2), **the local council** often provides strategic leadership on, or delivery of, local employment initiatives. Partnerships, including universities, colleges, adult education services, career and employment services, voluntary and community-based organisations, libraries and private companies provide adult **information, advice and guidance** services (see Box 6 on page 38). **Recruitment and employment agencies** provide a range of resources to help find a job or fill a vacancy. **Training providers** include local colleges and private and voluntary sector organisations. **'Third age' specialists** also provide recruitment and training services for older clients. Many are members of the Third Age Employment Network, a campaigning organisation on age and employment issues.

## Local understanding of the barriers faced by older people is variable but improving

3.5 In the three locations examined, little research had been carried out into the barriers to employment faced by local people. However, the majority of front-line service providers we spoke to had a good general understanding of barriers local older people faced, gained mainly through their interaction with this client group.

3.6 Although Jobcentre Plus local offices periodically receive labour market information from district offices, their understanding of the size and characteristics of the over 50s population not in employment in each area was variable, particularly with regard to those who are economically inactive. In Newcastle East and Heanor, borough level data on inactivity rates, provided by the Office of National Statistics, was available. Staff at the Jobcentre Plus district and local offices in Brent acknowledged their understanding of the client group was limited. At Wembley, only Jobseeker's Allowance claimant data was used. However, labour market data

down to ward level is becoming increasingly available, which should help Jobcentre Plus offices improve their understanding of their clients.

## Customer awareness of local services could be improved

3.7 The results of our customer research in the three locations suggest that they have a low awareness of the local services available to help improve their employment prospects, and how to access them. This includes Jobcentre Plus programmes, information, advice and guidance services and other local services.

3.8 The extent of communication and marketing of services varied. To encourage awareness and take-up of services in Newcastle East, the New Deal 50 Plus adviser had attended a 50 plus event at the local swimming pool and an elders' event in Newcastle, and visited the local Post Office. Jobcentre Plus has also introduced a locally held budget for marketing initiatives to specific customer groups at the local level. However, in Wembley, the resources available for advertising were scarce, and in Heanor Jobcentre Plus did not have sufficient staff capacity to provide the New Deal 50 Plus service to any more people and therefore did not market the service.

3.9 Evaluations of the New Deal 50 Plus and other programmes delivered by Jobcentre Plus show that the programmes were not particularly well publicised, either in Jobcentres or elsewhere. A review of what works for clients aged over 50 found that although there are a wide range of programmes available to customers over the age of 50, they would benefit from being more closely integrated, particularly in terms of marketing and information provision.<sup>57</sup>

3.10 Over the last year there has been a national marketing campaign for all the voluntary New Deals. In addition, the Department for Work and Pensions has produced a booklet, *Are You Over 50*, a practical guide to advice, support and services across Government for the over 50s, including information on the range of Jobcentre Plus services available to the over 50s.

3.11 Outreach services have an important role to play in improving awareness, as research has suggested that people aged over 50, particularly those on incapacity benefits, are wary of direct contact from Jobcentre Plus. Outreach services provided by East2work in Newcastle East found that home visiting was also an effective way of identifying barriers to employment that might not otherwise be easy to identify (**Case example 1**).

## CASE EXAMPLE 1

### Engaging with those on incapacity benefits

Outreach services provided by East2work in Newcastle East found that home visiting was an effective way of engaging with people on Incapacity Benefit. It allows advisers to talk to potential clients, who rarely get out into the community, in their own environment where they feel comfortable. Advisers found that it often takes more than one visit to build up a relationship with the potential clients to get to the root causes of their barriers to employment. For example, one client was afraid to leave his house unoccupied all day for fear of burglary. It took several home visits before the client identified this as his main barrier to employment. East2work were then able to help by providing money to buy a burglar alarm.

Effective services require leadership, co-operative working, and effective assessment and referral

3.12 To ensure that older people who require help to improve their employment prospects are aware of and have access to services that are appropriate to their needs, local services must be co-ordinated effectively. Although no single organisation was responsible for employment and training services specifically for older people in each of the three locations examined, broader partnerships existed. We identified three key elements of effective service provision. These were:

- **an organisation** to lead, co-ordinate and be accountable for local services, and help avoid duplication or gaps (**Case examples 2 and 3**).

## CASE EXAMPLE 2

### Brent in2work

Brent in2work, run by Brent Council, is a partnership between 32 local employment organisations and Brent-based employers, working together to achieve sustainable employment for all Brent residents. One partner, New Challenge Ltd specialises in helping those over 45 into employment. Brent in2work aims to maintain a strategic overview in the Borough, identifying both the needs of local residents and employers and gaps in provision. This is achieved by monitoring and evaluating the success of initiatives in Brent, promoting collaboration and developing robust referral mechanisms.



When Brent in2work was first established it found that there was lack of collaboration and referrals between the different organisations in the sector, mainly because too many organisations were providing similar services. To overcome this, Brent in2work has been selective in the organisations that join the partnership to ensure a full range of services is promoted that are not in direct competition with one another. Further, Brent in2work has stipulated in the contracts of partnership organisations that, from April 2004, they will have to subcontract some of their services to more appropriate providers.

## CASE EXAMPLE 3

### East2work

The East2work partnership, initiated by Newcastle City Council's "Working in Newcastle" team, brings together Jobcentre Plus, the Action Team, the Local Authority, the local Social Regeneration Budget partnership, a private sector employer and community groups across the East End of Newcastle.

Focusing on bridging the skills gap for the long-term unemployed, East2work aims to co-ordinate employment and training opportunities in the local community. Created initially to address the recruitment and training needs for a new supermarket store, East2work supports the recruitment and training requirements for new employers across all major developments in the East End. Its primary purpose is to ensure that skills provision is linked to employment opportunities to promote sustainable social and economic regeneration in the East End of Newcastle.



Employment and training services are delivered by Workfinder and the Action Team. A partnership approach recognises each organisation's strengths and avoids duplication. New clients are registered with both agencies and an assessment is made as to which organisation can best meet their needs. The Action Team takes those who require short-term help, whereas Workfinder takes those who require longer term help and a more flexible approach. The services are community-based and an office situated in the heart of East Newcastle, where people can walk in and find out about the services on offer. Outreach services are also provided in local libraries, community centres and other places that local people use.

■ **services tailored to meet individual customer needs.**

Barriers to employment vary from individual to individual, and different organisations provide different forms of help. Effective partnerships, rather than competition, between organisations which collectively offer a full range of services are needed to help improve the employability of older people, by providing help tailored to the needs of the individual (**Case example 4**). This is particularly important for those facing multiple barriers to employment.

■ **effective assessment and referral** between different local services. Customers can be confused by the wide range of services available and uncertain as to relevance to their needs. It is important, therefore, that each customer's needs are fully assessed before they are referred to services that are best able to meet them (**Case example 5**).

## CASE EXAMPLE 4

### Mr A is helped into employment by three local organisations working together

A man over the age of 50, who had lived and worked as a limousine driver in Brighton for many years, had to return to the North East for major surgery. After surgery Mr A needed a job that provided him with more exercise. He was unable to find such a job in the North East but found one in Brighton as a meter reader. The local Action Team arranged for Workfinder to pay for his ticket to Brighton for the job interview, and the Shaw Trust to pay for a new suit and the hire of a van to move his belongings to Brighton. The Action Team also paid for the deposit on a flat.

## CASE EXAMPLE 5

### Workfinder

Workfinder is a community based employment and training advisory service in Newcastle that is funded by the Social Regeneration Budget, the European Social Fund and Newcastle City Council. Its role is to offer one-to-one careers counselling, advice and support to people who are looking for work, and to assist them in finding a job or training for a job. They do not



provide any other services, but refer clients to whichever agency best meets a particular client's needs. They may pass a client on to a specialist agency for training, but will pick them up again once the training is completed. They also support clients after they have started in employment.

3.13 In areas with no partnerships specifically responsible for co-ordinating employment services, Local Strategic Partnerships have an important role to play. These have been established by each local council in England, under the Local Government Act 2000, to involve local people and agencies in setting out a vision for local neighbourhood renewal and improving delivery of local services through better planning. They involve representatives from the public, private, community and voluntary sectors and are self-funding. Each Partnership oversees the local Community Strategy to improve the area's economic, social and environmental well-being.<sup>58</sup>

3.14 The effectiveness of employment and training services for older people varied across the locations examined. In all three areas, many of the organisations and individuals we interviewed thought that there was scope for improvement. Difficulties included:

- the emphasis organisations placed on achieving their own targets, which encourages customer retention rather than referral to more appropriate services;

- high staff turnover at Jobcentre Plus offices affecting their ability to communicate with other organisations and refer customers effectively; and
- links between organisations being too reliant on specific individuals.

3.15 There is potential, in particular, to improve co-ordination between Jobcentre Plus offices and local Learning and Skills Councils. The organisations often have different priorities and, although both often contract for the provision of similar types of services (such as for training) from the same local providers, they do so independently and in different ways. The sharing of information on service providers was generally poor. A recent report by the National Employment Panel recommended a shared objective and four common performance indicators, harmonisation of Learning and Skills Council and Jobcentre Plus contracting for employment and training services, and joint local delivery plans.<sup>59</sup> We agree this would be valuable.

<sup>58</sup> *Local Strategic Partnerships: Government Guidance, Department of the Environment, Transport and the Regions, 2001.*

<sup>59</sup> *Welfare to workforce development, National Employment Panel, 2004.*

- 3.16 There is also scope to improve links between Jobcentre Plus offices and local Information, Advice and Guidance Partnerships. In 2004 the National Employment Panel noted Jobcentre Plus offices rarely (on fewer than 5 per cent of occasions) referred clients to Information, Advice and Guidance Partnerships. Our examination in Heanor revealed little interaction between the two organisations, but the Newcastle East and Wembley offices offered more of an integrated skills service, whereby Partnerships advisers would visit the Jobcentre to see clients once or twice a week. This ensured they got appropriate information and advice on training and its relevance to employability.
- 3.17 The announcement, in the 2004 Budget, of a New Deal for Skills recognises the need to ensure each individual is helped to develop the skills to gain, keep and develop in employment and to provide employers with the skilled workforce they need. New Deal for Skills does not replace the overall Skills Strategy but is intended to build on it and the National Employment Panel report *Welfare to workforce development*. Specific proposals already announced include a new skills coaching service for both employed and unemployed and the development of a Skills Passport which can meet the needs of both individual and employers. The Government also aims to extend and improve joint working between Jobcentre Plus offices and Information Advice and Guidance Partnerships, to provide a more integrated skills service. Skills counsellors will be located in Jobcentre Plus offices, where possible, and will make assessments of the skills individuals need to progress into sustainable work and improve their earnings and career prospects, explain entitlements to learning and support, and direct customers towards the most suitable training and qualifications that will best develop their skills.

## Personal Advisers play a crucial role in helping older people

- 3.18 Personal Advisers are available through all New Deal programmes and are central to Jobcentre Plus's ability to assess effectively the needs of disadvantaged clients, refer them appropriately, and guide them into work. They provide advice and guidance about finding work and a range of other support, including drawing up individual action plans, CVs and application letters, and organising job searches. Jobcentre Plus employs around 10,000 Personal Advisers at Executive Officer level. Evaluations of all the New Deal programmes have emphasised their crucial role, and feedback from customers has generally been very positive (**Case example 6**). However, where the level of support from advisers has been less than that required, this can be de-motivating.<sup>60</sup> Discussions with front-line staff from a range of different organisations helped identify a number of key aspects of the Personal Adviser role (**Box 8**).
- 3.19 We found that Personal Advisers employed by Jobcentre Plus in the three locations examined were dedicated, committed and enthusiastic in helping older people overcome barriers to employment. Not every Jobcentre Plus office had an adviser specialising in the New Deal 50 Plus; many covered a range of programmes. New advisers receive training applicable for all types of adviser and specific modules for individual programmes. In all three Jobcentres we visited most advisers considered their training insufficient to enable them to provide a fully adequate assessment and advisory service.

## CASE EXAMPLE 6

### Advisers play a crucial role in helping older people overcome barriers to employment

'Because of the advice they [New Deal adviser] gave me, I was motivated better to start looking for a job and I started applying for jobs with more confidence'. 55-59 year-old male, Brent, who has been receiving Jobseeker's Allowance for over six months.

'I felt 'lifted' after talking to the New Deal adviser, as she specialised in older people and those out of work for a long time'. 50-54 year-old female, Newcastle, receiving Jobseeker's Allowance having just come off Incapacity Benefit.

'The Jobcentre was very helpful in getting me on a training course and finding me a job. I had more confidence in trying to get a job in the field I'd just studied any questions, they answered properly'. 60-64 year-old male, Brent, who has been working for over six months.

Source: Research undertaken by MORI for the National Audit Office

60 New Deal for Long Term Unemployed People: Findings from a qualitative study amongst participants, Research and development report ESR60, Employment Service, 2000.



## Box 8

## Key aspects of the Personal Adviser role

- **Clearly identify customer skills and needs from outset.** To provide flexible services that are appropriate to individual needs, it is vital that customer skills and their barriers to employment are clearly identified at the outset. This can be achieved by trained Personal Advisers or by referral to a relevant specialist for assessment.
- **Effective signposting.** Personal Advisers play a crucial role in directing clients to the most appropriate services to meet or assess their identified needs.
- **Continuity throughout the process.** It is important to make contact with the client once they have completed a piece of training, find out how it went, and move the client on to the next stage of the process.
- **In-work support.** Those with multiple disadvantages often require continuing support once they are in work, and research suggests that customers aged over 50 would benefit from in-work support, to help retention and advancement, particularly at transitional points during employment such as when the financial incentive on the New Deal 50 Plus ends.<sup>61</sup> The Shaw Trust - a national charity that provides training and work opportunities for people who are disadvantaged in the workplace due to disability, ill-health or other social circumstances (including many aged over 50) - provides ongoing support for 12 months after a client gets a job. Advisers from the Trust contact the client regularly over the first six months to provide support and help with any problems encountered. Occasionally they may intervene with the employer, for example, if specialised equipment is required.



## CASE EXAMPLE 7

## Inexperienced advisers affect quality of service

One 50-54 year-old man in Hleanor, who had been working for less than 6 months as a 'packer', wanted advice on the Disabled Persons Tax Credit, but Jobcentre Plus staff were unable to help him or refer him to an appropriate source of advice, so he had to seek out the information he required himself.

'They don't know half the stuff that goes on. They get told by their supervisor what they've got to do, but if I go in and ask for something, they've got to go and run to the supervisor, where they should be trained up'. 55-59 year-old male, Brent, receiving Jobseeker's Allowance for more than six months.

'There are always new people I see in there. They're all young and there's no continuity'. 50-54 year-old male, Brent, working for less than six months.

'The Jobcentre should provide all the advice for finding training and work and helping you pay for training, but they are failing. They need to improve by making sure that their staff are trained and capable'. 50-54 year-old female, Brent, previously on Incapacity Benefit and now receiving Income Support.

Source: Research undertaken by MORI for the National Audit Office

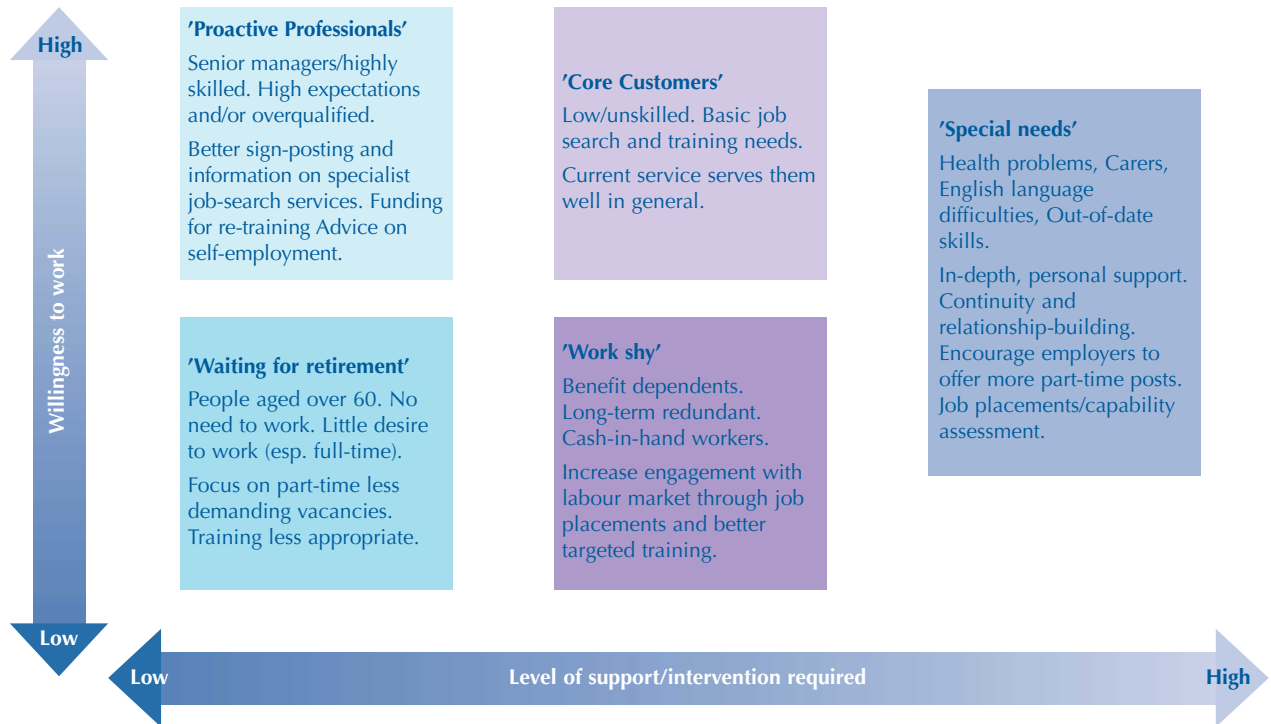
3.20 The learning programmes available to advisers have been quality assured and are judged to be fit for purpose. However, Jobcentre Plus recognises that to meet the needs of its changing customer base it needs to improve the skills of its advisers. The learning programmes are currently being revised to ensure advisers are better equipped with the skills and knowledge required to provide an effective and professional service to all its customers. They include a sharper emphasis on helping to overcome barriers that restrict a customer's ability to find and retain employment.

3.21 Local Jobcentre offices in Brent and Newcastle had a high turnover of staff. As a result, many staff had little experience, which had an adverse effect on the quality of service clients received. For example, 46 per cent of Personal Advisers in Newcastle East local office had less than six months experience. Inexperienced staff are less likely to be able to identify easily customers' skills and their barriers to employment, and may have had insufficient time to develop a good understanding of the range of provision available, which can lead to inappropriate referrals (Case example 7).

61 A review of what works for clients aged over 50, Research report, Department for Work and Pensions, 2004.



**28 The over 50s who may use Jobcentre Plus can be grouped into one of five categories each requiring a different type of service**



Source: Research undertaken by MORI for the National Audit Office

## Services are not yet sufficiently flexible to meet all needs

3.22 Local labour markets and the skills needs of local employers vary across the country. The barriers to employment faced by older people also differ from one individual to the next. Older people who are out of work and who may use the services of Jobcentre Plus can be grouped into one of five categories, each with different needs and therefore requiring different levels and types of services (Figure 28).

3.23 In recognition of these differences, Jobcentre Plus is moving towards more flexibility in the provision of local services. For example, in July 2001 the Advisers Discretion Fund was introduced to allow discretionary, one-off payments of up to £300 to be made to New Deal customers to help purchase essential items without which they would be unable to take up a job. Between July 2001 and March 2003, almost 300,000 payments were made at a cost of £22 million for items such as work clothing, travel passes and help with childcare.

3.24 In April 2004, eligibility for this assistance was extended to all clients receiving benefit for six months or more. Employment Zones and Action Teams have tested more radical approaches in some of the most deprived labour markets in the country. Evaluations of these have shown that improved outcomes can be achieved where advisers are given significant discretion in forms of help they are able to provide. Being able to provide small sums of money to overcome minor obstacles to gaining work is very valuable, although it must be accompanied by appropriate accountability for the funds. This has not always been the case, and in the light of recent internal audit findings on the need for more effective financial management and monitoring systems, we would expect Jobcentre Plus to ensure the Adviser Discretion Fund is rigorously controlled.

3.25 Services provided by Jobcentre Plus and its partners can be very labour intensive and take place in busy offices, where staff have many other responsibilities. However, although they are helping to meet the needs of many older people (**Case example 8**), Jobcentre Plus staff, customers and third parties in the areas we visited all felt that services for older people, in particular New Deal 50 Plus, are too inflexible to meet the needs of all customers (**Case example 9**). In particular, there is evidence that the longer someone, particularly an older person, is out of work the harder it is for them to return. However, customers cannot access help under New Deal 50 Plus until they have been out of work, and in receipt of a qualifying benefit, for at least six months, and help under New Deal 25 Plus is available only to those who have claimed Jobseeker's Allowance for 18 months.

3.26 Our discussions and other research<sup>62</sup> indicate that Personal Advisers consider that they do not have sufficient opportunity or resources to refer customers to specialist providers to address specific needs, and that there is a shortage of careers advice and guidance suitable for older jobseekers. For example, older people are often unable to see how their experience and skills can continue to be used or adapted in a changed labour market.

3.27 Improved partnership working between Jobcentre Plus and Information, Advice and Guidance Partnerships, and proposals set out in *Building on New Deal*<sup>63</sup> should help address some of these issues. Under the proposals, advisers will be able to choose from a flexible menu of services - such as job-search assistance, help to improve motivation or employability skills, and skills training appropriate to the needs of the local labour market. Services will be available immediately to everyone on benefits, except those on Jobseeker's Allowance who generally will be not eligible for the first six months of their claim. However, there will be local discretion to offer earlier access to those identified as needing some help earlier.

## Jobcentre Plus is promoting age diversity to employers

3.28 Employers' attitudes and age discrimination are significant barriers to employment faced by many older people (Figure 17 on page 27 and **Case example 10**). Jobcentre Plus has established Employment Diversity Managers in each of its 11 regions. These are working with the top 100 companies in the United Kingdom to promote diversity and equality practices, including those relating to age, as well as regional and local employers. However, in line with other research<sup>64</sup>, we found in the three locations we visited that more could be done to promote age diversity to local employers, although Jobcentre Plus has been active elsewhere (**Case example 11**).

62 A review of what works for clients aged over 50, Research report, Department for Work and Pensions, 2003; A New Deal for all: Report of the National Employment Panel's working group on New Deal 25 Plus, National Employment Panel, 2004.

63 Building on New Deal: Local solutions meeting individual needs, Department for Work and Pensions, 2004.

64 A review of what works for clients aged over 50, Research report, Department for Work and Pensions, 2003.

## CASE EXAMPLE 8

### Services provided by Jobcentre Plus and its partners have helped meet the needs of many older people

A 50-54 year-old female single parent in Heanor, who had been working over 6 months as a part-time cleaner, was very impressed with the lone parents adviser at her local Jobcentre Plus office. She explained how they had regular meetings and the adviser was very helpful in setting up appointments for job interviews and helping her with her CV.

A 55-59 year-old female long-term Jobseeker's Allowance claimant in Brent was referred to Working Links, who helped her write a CV, practised interview techniques and enrolled her on various basic IT and English language courses. This support and practical assistance has made her feel more confident in her ability to get a job, although she would appreciate a work placement to improve her confidence further.

Through New Deal 50 Plus, a 55-59 year-old man in Brent was enrolled on a training course to update his caring qualifications to help him get a job as a Healthcare Assistant. After some time out of

the labour market due to ill-health (diabetes and associated eyesight problems), he did not have the financial resources to take up this training, and had lost a great deal of confidence in terms of his ability to find work similar to that which he had done previously. In this way, the New Deal 50 Plus had been a significant help.

A 50-54 year-old woman in Heanor, who was self-employed as a market trader, had been struggling to find a job in the textile industry where she had previously worked. She was put onto New Deal 50 Plus by her adviser and through this was put in touch with Derbyshire Business Link, who she found very helpful and encouraging. She also obtained a grant to help her set up her own business and was offered a business start-up training course.

*Source: Research undertaken by MORI for the National Audit Office*

## CASE EXAMPLE 9

### Jobcentre Plus services are not sufficiently flexible to meet the needs of some older clients

A 50-54 year-old man in Brent was keen to set up in business after being made redundant from a lifetime of work as a production worker at Ford Dagenham, but he could not get any help with this through Jobcentre Plus until he had been on Jobseeker's Allowance for 6 months. He felt very strongly that he did not want to stay on benefits for this length of time, so he had enrolled with a local job agency to find work.

A 55-59 year-old woman in Brent who has been claiming Jobseeker's Allowance for less than 6 months and was previously a conference catering supervisor, was 'desperate' to set up her own business, but did not want to "sponge off the state" for 6 months until she could get the advice and support she needed through New Deal. For the same reason, she was very keen to enrol on a full-time computer course at the local college, but again this could

not be supported by Jobcentre Plus until she had been on Jobseeker's Allowance for 6 months or more, so she dismissed this as an option.

*'They do a job search and that's it. I needed a career change, but no help was offered, so I went elsewhere'.*

*50-54 year-old male, Brent, who has been working for less than six months.*

*'For older people especially, they [Jobcentre Plus] need to identify your strengths and weaknesses and then point you in the right direction. Everyone is different'. 55-59 year-old female, Brent, on Incapacity Benefit for more than six months.*

*'When you're my age, six months is a long time to be sitting around twiddling your thumbs'. 55-59 year-old male, Brent, not working.*

*Source: Research undertaken by MORI for the National Audit Office*

## CASE EXAMPLE 10

### Older people's views on employers' attitudes towards them

'Some employers consider if you are over 50, you are brain dead and don't want to know. Age is the only barrier, I am disappointed people think I am too old'. 60-64 year-old male, Heanor, working for over six months.

'I'm a very young 55 but they look at your age on paper, not the person'. 55-59 year-old female, Newcastle, working less than six months.

'Age is always going to be a barrier. That is something that can only be overcome by employers' attitudes. Companies believe the way to improve their profitability is by paying lower salaries, and the way they pay lower salaries is to employ more younger people, because people out of college or in their early 20s are not used to high salaries.' 55-59 year-old male, Brent, self-employed for over six months.

'Companies should at least give a chance to someone who has worked continually for over 20 years. Reliability is not considered.' 50-54 year-old male, Brent, working for less than six months.

'Companies don't want to invest in someone who's going to leave in 5-6 years time.' 55-59 year-old male, Brent, receiving pension from previous employer.

'They [employers] tend to pigeon-hole you. You say, 'I'm 53', they say, 'any ailments?'. 50-54 year-old male, Brent, receiving Jobseeker's Allowance for over 6 months.

Source: Research undertaken by MORI for the National Audit Office

## CASE EXAMPLE 11

### Age diversity events in North Yorkshire

During 2001 and 2002, North Yorkshire Jobcentre Plus District Office ran a series of age diversity events to encourage employers to recruit on the basis of skills and ability, not age. The events attracted significant interest from local and regional employers and received good media coverage and Jobcentre Plus generated extra business as a result of the events.

Up to 160 companies attended individual events. Workshops helped employers identify: main areas of concern; good practice in introducing and implementing age diverse workforce strategies; the business benefits of these strategies; relevant staff training and incentives; and methods to close the skills gap.

Key learning points included:

- Get 'role model' employers to talk directly to other employers and share their experiences of the benefits of age diverse employment practices.
- Ask employers directly what their main business concerns are and relate these to how Jobcentre Plus and its partners can deliver an accurate demand-led, rather than supply-led, approach.
- Identify the relevance of the events for other client groups. Once an employer perceives that clients with barriers can offer as much or more than conventional clients, they can be encouraged to create opportunities for other disadvantaged groups, such as lone parents or those with disabilities.

Source: Jobcentre Plus

# Appendix 1

## Methodology

- 1 We adopted a variety of methods to collect and analyse evidence to assess progress in tackling the barriers to the employment of older people. The methods were chosen to:

- identify the barriers to employment facing those aged over 50;
- examine the Government's understanding, at national, regional and local level, of issues relating to the employment of older workers;
- identify what action the Government has taken to help older people overcome barriers to employment, and how successful it has been;
- examine how local services are delivered, and the extent to which customers are aware of and satisfied with them; and
- obtain examples of good practice that have helped older people back into work.

### Literature review

- 2 We reviewed Departmental publications, academic papers, and research by government agencies and social research bodies, principally to establish: the reasons underlying trends in the employment of older people; the barriers to employment faced by older people; the benefits of, and potential for, increasing the number of older people in employment; and the business cases that have been developed to support decisions taken with regard to the employment of older people.

### Analysis of research and statistics

- 3 We identified, analysed and interpreted key statistics to determine levels of labour market participation by older people and other age groups; participation in education and training; the success of government initiatives in helping older people back into employment; and whether the Government is likely to achieve its targets for the employment of older people.

### Examination of local service provision in three locations

- 4 We examined the local services for the over 50s in three locations - Wembley in the London Borough of Brent, Heanor in Derbyshire and Newcastle East - with the aim of identifying good practice in providing services that help older people back into work. Whilst not representative, they were selected because of their relatively low levels of employment among people aged over 50 and differing labour market characteristics, as well as the existence of new style Jobcentre Plus offices.
- 5 At each location, we conducted interviews at regional level with the Government Office for the Region, the Regional Development Agency and, where possible, regional employer coalitions. At local level, we conducted interviews with and collected relevant data from the local council, the Jobcentre Plus district office and local offices, the local Learning and Skills Council and Information, Guidance and Advice Partnership, job brokerage intermediaries in the area (both independent and government funded), Employment Zones and Action Teams for Jobs (where applicable), and training and other service providers working to improve the employment prospects of older people.

### Qualitative research of recently or currently inactive older people

- 6 We commissioned Market and Opinion Research International Ltd to conduct a series of in-depth interviews in the three locations with a total of 89 people aged between 50 and state pension age. The sample covered people who were on either Jobseeker's Allowance, Incapacity Benefit or New Deal 50 Plus, or who were in work but had recently been claiming benefits. The key aims of the research were to:
  - identify the particular barriers to work faced by the over 50s in each location;
  - discuss customer awareness of the services available to help overcome these barriers;
  - establish the services customers have used; and
  - obtain customers' views on the services they have used and the improvements that could be made.



## Invitation for people aged over 50 to submit comments

- 7 We invited the views of people aged over 50, and those who work with them, on the issues being addressed by the study through a number of channels: via Wise Owls Employment Agency's website; two Age Concern publications, "Policy Watch", an in-house publication for members of the Age Concern federation and the Age Concern 'Information Bulletin' which goes to internal and external audiences; and "the Veteran", a publication for British Telecommunications and Post Office Pensioners.

## Discussions with government departments and other bodies

- 8 We held discussions with key officials from the Departments of Work and Pensions, Education and Skills, and Trade and Industry, Jobcentre Plus, the Learning and Skills Council, the Small Business Service and the Social Exclusion Unit.
- 9 We also interviewed a wide range of stakeholders including: Age Concern, the Centre for Economic and Social Inclusion, the Centre for Research into the Older Workforce at Surrey University, the Chartered Institute for Personnel and Development, the Confederation of British Industry, the Employers Forum on Age, the King's Fund, the Third Age Employment Network and a number of academics.

- 10 With the support and assistance of the Third Age Employment Network, we organised a workshop for local service providers to identify good practice principles in helping older people overcome barriers to employment. Representatives from the following organisations attended the workshop: Age Wise Recruitment, East Midlands Jobcentre Plus, Encore Recruitment, Experience Works, New Challenge Ltd, North Yorkshire and Humberside Jobcentre Plus, Pertemps, PRIME, Target Third Age York, Third Age Employment Network, Third Age Foundation, Under the Hill, Wise Owls, Working Links and Wrinklies Direct.

## Consultation with a reference panel of experts

- 11 We convened a panel to act as a sounding board during the development of our study methodology. The members of the panel were:

Carolynne Arfield	Age Diversity and Over 50s Strategy Team, Department for Work and Pensions
Amrik Dhesy	Policy Manager for Equality and Diversity, Learning and Skills Council
Professor Stephen Fothergill	Centre for Regional Economic and Social Research, Sheffield Hallam University
Patrick Grattan	Chief Executive, Third Age Employment Network
Andrew Harrop	Employment Policy Officer, Age Concern England
Cathy Hughes	Deputy Head, Jobseekers Division, Jobcentre Plus
Mary Pattison	Head of Extending Working Life Division, Department for Work and Pensions
Jim Soulsby	Development Officer, Older and Bolder, National Institute for Adult Continuing Education
Dave Simmonds	Director, Centre for Economic and Social Inclusion

# Appendix 2

## Employment and training programmes used by older people

- 1 **New Deal 25 Plus**, introduced in June 1998, is mandatory for people aged 25 plus who have been claiming Jobseeker's Allowance for at least 18 months. The programme involves an initial interview followed by a period of weekly meetings with a Personal Adviser and basic skills screening. If participants aged 50 plus have not found employment at the end of this period, they are invited to join an intensive activity period (which is mandatory for participants aged 25-49), which focuses on training and education issues in addition to developing job-search skills and obtaining work experience.
- 2 **New Deal 50 Plus**, introduced in April 2000, is a voluntary programme aimed at customers aged 50 plus and their dependent partners who have been claiming Income Support, Jobseeker's Allowance, Incapacity Benefit or Severe Disablement Allowance, Income Support, National Insurance Credits or the Pension Credit for at least six months. The programme offers advice and guidance from a Personal Adviser, and, for those who find work, an in-work training grant and eligibility for the '50 plus element' of the Working Tax Credit (an Employment Credit prior to April 2003). The training grant can only be taken up once a customer is in work. The programme has been subject to a number of evaluations.
- 3 **New Deal for Partners**, introduced in April 2000, is a voluntary programme open to partners of benefit claimants who have been claiming for six months or more. It offers intensive guidance and continuing support to help partners find work.
- 4 **New Deal for Disabled People**, introduced in July 2001, is a voluntary programme of help for people on a range of disability benefits to move into employment. Participants are able to choose a job broker within their local authority area to provide advice about how to get a job, help with matching skills and abilities to employer needs, and support on starting work. Job broker services can include support with completing application forms and writing CVs, interview preparation and advice on vacancies available locally. They also work closely with providers of training and other provision where customers need additional help.
- 5 **New Deal for Lone Parents**, introduced in November 2001, is a voluntary programme open to all eligible lone parents (aged 16 or over and not working or working less than 16 hours a week, and with a dependent child under 16). It is delivered through a series of interviews and meetings with a Personal Adviser, and involves the construction of an action plan detailing steps to be taken to assist the lone parent find work.

### New Deal 50 Plus evaluation reports

Evaluation of the New Deal 50 Plus: Qualitative evidence from clients: first phase, Research and development report ESR52, Employment Service, 2000

Evaluation of the New Deal 50 Plus: Qualitative evidence from Employment Service and Benefits Agency staff: first phase, Research and development report ESR56, Employment Service, 2000

Evaluation of the New Deal 50 Plus: Qualitative evidence from Employment Service and Benefits Agency staff: second phase, Research and development report ESR68, Employment Service, 2001

Evaluation of the New Deal 50 Plus: Qualitative evidence from clients: second phase, Research and development report ESR70, Employment Service, 2001

Evaluation of the New Deal 50 Plus: Research with individuals (wave 1), Research and development report ESR91, Employment Service, 2001

Evaluation of the New Deal 50 Plus: Research with individuals (wave 2), Research and development report ESR92, Employment Service, 2001

Evaluation of New Deal 50 Plus: Qualitative evidence from clients: third phase, Research and development report ESR99, Employment Service, 2001

New Deal 50 Plus: Sustainability of employment, Working Age Research Report 142, Department for Work and Pensions, 2003

New Deal 50 Plus: quantitative analysis of job retention, Working Age Research Report 151, Department for Work and Pensions, 2003

- 6 **Employment Zones** were introduced in 15 areas of high and persistent long-term unemployment in April 2000, to develop innovative ways of helping long-term unemployed people secure and keep work. The Zones operate in place of New Deal 25 Plus. Participation is mandatory for anyone aged over 25 and unemployed for more than 12 months. Participants receive funds from a personal job account that are at least equal to their benefits, as well as help and support in finding and keeping a job.
- 7 **Action Teams** were set up in the 63 most deprived areas of Britain in 2000 and will run until 2006. Their purpose is to help long-term unemployed people who belong to at least one of 15 disadvantaged groups, one of which is the over 50s. Initiatives are unique to each Action Zone and aim to reflect the needs of the area. They may include the provision of specialist advice and financial assistance with, for example, transport and clothes for job interviews. Of the 63 Action Teams, 38 are run by the Department for Work and Pensions and 25 are contracted out.
- 8 **Work Based Learning for Adults (Training for Work in Scotland)**, introduced in April 1998, is the Government's main adult training programme. The programme offers training programmes of varying length according to the participant's length of time unemployed and skills level. The programme includes short job-focused training, longer occupational training, self-employment training, basic employability training, and short intensive basic skills training. In addition, the programme can refer participants to programme centres and work trials to help them improve their employability and to find and keep jobs. The programme is not mandatory and participants must be aged 25 plus, unemployed for six months or more and claiming benefits. Those unemployed for 12 months can participate in longer occupational training.
- 9 **Pathways to work Pilots** were introduced to test the effectiveness of different initiatives to help those on incapacity benefits into work in three areas from October 2003 and a further four areas from April 2004. The initiatives include:
  - early active support - ongoing skilled Personal Adviser support through a regime of repeat work-focused interviews, combined with action planning to encourage a strong focus on a return to working.
  - access to a wider range of specialist employment programmes - better referral arrangements to existing provision and new work-focused rehabilitation support, that will be offered jointly by Jobcentre Plus and the NHS.
  - a larger financial incentive to return to work - a return-to-work credit of £40 a week for 52 weeks for those finding work of at least 16 hours a week that pays less than £15,000 per year, and access to a discretionary fund of up to £300 to help find a job.
  - more support for those moving off incapacity benefits and onto Jobseeker's Allowance - mandatory early access to the relevant New Deal to allow this group to get personal support from the outset of their claim for Jobseeker's Allowance.
- 10 **Employer Training Pilots** were introduced in September 2002 in six areas to test new measures to improve access to training. They were extended to a further six areas in Summer 2003 and offer a package of support to help low-skilled people in work gain basic skills or their first level 2 qualification. Employers who offer their low-skilled staff paid time off to train are provided with compensation to cover wage costs that vary according to the pilot area and size of the firm. Training is free to the employer and employee or heavily subsidised, and is delivered in the way that most suits an employer's business. Both employers and employees are offered information and advice.

# Appendix 3

## Case studies

Wembley (Brent)	
<b>Background</b>	<p>Situated in North West London, Wembley is part of the London Borough of Brent. Brent is one of the most culturally and racially diverse communities in Europe, with 90 different languages spoken within the area. It is home to two of London's largest industrial estates, Wembley and Park Royal, which employ around 30,000 people. Industry in Brent is dominated by small employment units, which make up 90 per cent of all units in the area. There has been a significant decline in manufacturing industries and the main employment sectors are now wholesale and retail distribution. Twenty seven per cent of people work in public administration and other services. With the development of Wembley Stadium, there is expected to be significant growth in the hospitality sector. One in seven firms in the sector reports a basic skills shortage.</p>
<b>Main service providers (other than Jobcentre Plus)</b>	<p><b>Brent in2work.</b> This initiative was launched in August 2002, and is run by Brent Council. It is a partnership between 32 local employment and training organisations and Brent-based employers, working together to achieve sustainable employment for all Brent residents. Brent in2work aims to maintain a strategic overview in the Borough, identifying the needs both of local residents and employers and gaps in provision. This is achieved by monitoring and evaluating the success of initiatives in Brent, promoting collaboration and developing robust referral mechanisms. Brent in2work also offers a recruitment and training service. This service screens candidates to find those most suitable for vacancies and offers pre-employment training, giving candidates the skills to do the job from day one.</p> <p><b>Working Links,</b> a company jointly owned by Jobcentre Plus, Manpower and Cap Gemini Ernst and Young provides three services in Brent:</p> <ul style="list-style-type: none"> <li>■ <b>Employment Zone:</b> this programme runs in place of New Deal 25 Plus, New Deal Returnees 18-24 and New deal for Lone Parents. Participation is mandatory for anyone within Brent aged 18 to 24 who has been unemployed for over 6 months and aged over 25 who has been unemployed for over 18 months. Participation for lone parents in Brent is voluntary.</li> <li>■ <b>Action Team for Jobs:</b> this programme runs to serve the needs of the community within 13 designated Wards. The team offer a range of flexible services, support and advice, including looking for jobs, CV compilation, completing application forms and practising interview skills. The team also work with employers to remove barriers to employment including issues associated with job skills, entitlement to work and unlawful discrimination.</li> <li>■ <b>Language 2 Work:</b> this is a 6 week intensive language course that aims to help jobseekers learn relevant language skills in order to secure employment and to be able to interact in their local community; each class is supported by an dedicated consultant who will give support in job-search and application as well as seek relevant employers.</li> </ul> <p><b>New Challenge Ltd.</b> New Challenge Ltd supports all people of working age in the London Borough of Brent but specialises in helping the over 40s. Services offered include: recruitment services; skills and career assessments; help and advice with CV compilation; basic introduction to IT; information, advice and guidance regarding local training opportunities; advice and practical support with interview techniques; help with understanding and completing application forms; and liaison with Jobcentre Plus on behalf of applicants. New Challenge Ltd is a member of the Brent in2work partnership.</p>

Wembley (Brent) - continued		
Main barriers to employment	As perceived by older people	As perceived by front line service providers
	<ul style="list-style-type: none"> <li>■ Employers attitudes, both perceived and actual</li> <li>■ Health condition or disability</li> <li>■ Selective in what they are willing to do</li> <li>■ Skills not relevant/overqualified</li> <li>■ Language and cultural barriers</li> <li>■ Lack of confidence/motivation</li> </ul>	<ul style="list-style-type: none"> <li>■ Employers attitudes, both perceived and actual, particularly small-medium enterprises</li> <li>■ Poor or outdated skills, particularly language and computer literacy</li> <li>■ Health condition and physical robustness issues</li> <li>■ Lack of confidence/low self esteem/de-motivation</li> <li>■ Reluctant to travel outside their local area for work</li> <li>■ Comfortable on benefits and scared that they will be unable to go back to benefits again in the future should they need to</li> <li>■ Current providers are not successful in finding work for the over 50s</li> </ul>
Service co-ordination	<p>Brent in2work was established to co-ordinate local employment services. When first established it found that there was lack of collaboration and referrals between the different organisations in the sector, mainly because too many organisations were providing similar services. To overcome this, Brent in2work has been selective in the organisations that join the partnership to ensure a full range of services is provided that are not in direct competition with one another. It has tried to encourage collaboration and referral between the different organisations involved but this has not been as successful as hoped. To facilitate improved collaboration and referral, from April 2004 contracts with partnership organisations stipulate that they will have to subcontract some of their services.</p> <p>Many of those interviewed thought that co-ordination between the different organisations involved in service provision was poor. Jobcentre staff's lack of experience was cited. For example, this may lead to inappropriate client referrals or to clients not being referred to an organisation when they should be. Lack of experience results from high staff turnover and the employment of casual staff who receive little training. Other reasons cited included: differences between the agendas and mechanisms for contract provision of Jobcentre Plus and the Learning and Skills Council, and providers could be more proactive in working together.</p> <p>The Jobcentre works with a number of providers who make regular visits to the Jobcentre to promote their services and recruit clients. Staff felt that getting providers and employers on site is very beneficial to the clients and also helps them to develop good relationships with the providers.</p>	
Service flexibility	<p>Many of those interviewed thought that services for the over 50s in Wembley were not flexible enough to meet the client's needs. The main reason cited was that access to New Deal 50 Plus is limited to those who have been unemployed for six months or more, which makes it more difficult to help that group back to work, particularly as the scheme is voluntary. Making them wait for help is very ineffective (e.g. some people only require short-term help covering how to write a CV or use a computer). Other reasons included the lack of service provision specifically targeted at this client group and the fact that skills training programmes available are not always suitable for this client group.</p> <p>Discretionary funds have allowed advisers to be more flexible in the help they provide. However, a lack of time and resources has limited the amount of investment in new ideas. For example, the local Jobcentre used to run a job club to cover skills such as CV writing, which cannot be funded now.</p> <p>Service flexibility can depend on the adviser. Some are totally target driven and are unlikely to give extra help and advice.</p>	



Wembley (Brent) - continued		
Service communication	Lack of awareness of services was cited as a barrier to employment by representatives from Age Concern Brent who receive many queries about provision within the area.	
	Many service providers within the Brent area rely on Jobcentre Plus to refer potential clients and carry out limited marketing of their services. Many make regular, at least weekly, visits to jobcentres within the area to promote their services and recruit clients. However, this does not allow them to reach people who do not make regular contact with the jobcentre.	
	Some providers promote services through outreach work at local community centres and libraries but this does not occur on a regular basis. Job fairs were also referred to as a potential way to inform clients of services.	
	Advertising through the local press was cited as an effective method of promoting services by several providers, as well as door to door marketing, though this was only used by one provider.	
Heanor (Derbyshire)		
Background	Heanor, a market town in the heart of Derbyshire, is served by Amber Valley Borough Council. Amber Valley has a mixed manufacturing economy. The decline of the mining industry had a huge impact on local employment levels and some of the local communities contain areas of significant dereliction, deprivation and social exclusion. Surrounding rural areas face problems typical of rural communities with a declining agriculture sector and inadequate transport, which has been identified as a major barrier to accessing employment opportunities and training services.	
Main service providers (other than Jobcentre Plus)	<p>The following services are based in Derby, some 20 miles away from Heanor.</p> <p><b>Experience Works</b> aims to enhance the training and skills of workers over the age of 45. Help can also come in the form of confidence building, practical advice and career guidance, and support on becoming self employed. The initiative also offers employment services (placement, development and planning) to employers.</p> <p><b>Faith Hope and Enterprise Co Ltd</b> provides support to disadvantaged people through mentoring, coaching and personal development. It also provides supported housing and social enterprise opportunities. The service is available to the long-term unemployed.</p> <p><b>Business Link Derbyshire</b> provides independent and impartial business advice, information and a range of services to help companies start, grow and succeed. They provide advice about self-employment and starting a business.</p>	
Main barriers to employment	As perceived by older people <ul style="list-style-type: none"><li>■ Employers attitudes</li><li>■ Selective in what they are willing to do</li><li>■ Reluctance to travel far</li><li>■ Financial considerations including benefits trap and minimum wage jobs</li><li>■ Health condition or disability</li></ul>	As perceived by front line service providers <ul style="list-style-type: none"><li>■ Actual and perceived age discrimination by employers</li><li>■ Low confidence</li><li>■ Poor or outdated skills/qualifications</li><li>■ Poor transport connections</li><li>■ People become comfortable on benefits and scared that they will be unable to return to benefits again in the future should they need to.</li></ul>



<b>Heanor (Derbyshire) - <i>continued</i></b>	
<b>Service co-ordination</b>	<p>There is no overarching organisation that co-ordinates employment services in Heanor or Amber Valley. Derbyshire County's Best Value Review of older people in the community in June 2003 identified the need for greater co-ordination between different services on all matters relating to older people.</p> <p>The Amber Valley Partnership is the Local Strategic Partnership, which includes representatives from private companies, voluntary organisations and representatives from the key public sector agencies concerned with the regeneration of Amber Valley. It was formed in 1994 in response to the need to revitalise and regenerate the local economy. A local partnership is currently being formed to identify and address regeneration issues in the Heanor area.</p> <p>Third parties commented on the need for better co-ordination with Jobcentre Plus in relation to referring older people to appropriate services. For example, Jobcentre Plus refers people who need more experienced advisers to work with them to the local Information, Advice and Guidance Partnership, based in Derby. However, the extent of referrals to the Information Advice and Guidance Partnership varies between jobcentres. Faith Hope and Enterprise Co Ltd expect New Deal advisers to refer clients to them. However, in practice clients often approach to them in the first place. They are then referred to Jobcentre Plus who then refers them back to Faith Hope and Enterprise Co Ltd.</p> <p>Jobcentre Plus and the local Learning and Skills Council have recognised that there has been a problem sharing information on learning providers (for example, one organisation may have blacklisted a provider while the other continues to use it) and intend to improve their sharing of provider information in the future.</p> <p>Differences in the boundaries of Jobcentre Plus districts, County Councils, Borough Councils, and different funding schemes (including the European Social Fund and the Social Regeneration Budget) can add to the problems of co-ordination.</p>
<b>Service flexibility</b>	<p>Many of those interviewed thought that services for the over 50s in Heanor were not flexible enough to meet the needs of all clients. The main reason cited was that training, job-search support and confidence building comes too late in the process. For example, Personal Advisers cannot refer clients to programme centres, for help in CV preparation etc, under New Deal 50 Plus until he or she has been claiming benefits for six months. In addition, the motivation and confidence building courses provided as part of New Deal 25 Plus are available only to those who have been claiming Jobseeker's Allowance for 18 months. Others felt that some programmes were too short to help many of those most disadvantaged in the labour market, for whom it may take up to two years to achieve a positive outcome.</p>
<b>Service communication</b>	<p>Staff in the Jobcentre thought that take-up of New Deal 50 Plus Personal Adviser help was low. This is partly because the service is not actively marketed, on the grounds that the Jobcentre does not have the staffing capacity to provide the service to any more people. Other comments included the need for the publicity and marketing of services to be better targeted.</p> <p>South East Derbyshire College employs a community outreach worker to work with community groups as part of the development of learning provision within the locality.</p>

Newcastle East		
<b>Background</b>	Newcastle's East End has been in gradual decline for many years. It was developed during the last century to accommodate the families of coal miners, shipbuilders and workers in the chemical and glass industries. Industrial decline has led to migration from the area, leaving behind run-down industrial areas and problems of crime, low expectations and long-term unemployment.	
<b>Main service providers (other than Jobcentre Plus)</b>	<p><b>Action Team for Jobs.</b> The team works in wards with high levels of worklessness, targeting 15 disadvantaged groups including those aged 50 plus. The team is based in the community and aims to build trust with community organisations and customers. They are able to spend more time than Jobcentre Plus advisers with customers, building up a relationship and offering a service that is tailored to customer needs. Many of their customers are wary of contact from Jobcentre Plus.</p> <p><b>Workfinder projects.</b> There are currently 12 projects across Newcastle that are community based and Council led. Outreach careers counselling, advice and support services are provided in libraries, community centres and other places where local people visit. Workfinders do not provide any other services, but refer clients to whichever agency they consider best meets the client's needs.</p> <p><b>East2work.</b> The East2work partnership was initiated by Newcastle City Council's Working in Newcastle team. It brings together Jobcentre Plus, the Action Team, Local Authority workfinders, the Social Regeneration Budget 5 East End Partnership and Social Regeneration Budget 6 Preparing for Change project, a private sector employer and community groups across the East End of Newcastle.</p>	
<b>Main barriers to employment</b>	<p><b>As perceived by older people</b></p> <ul style="list-style-type: none"> <li>■ Employers attitudes</li> <li>■ Health condition or disability</li> <li>■ Selective in what they will do</li> <li>■ Unwilling to change/learn new things</li> <li>■ Lack of confidence</li> <li>■ Skills not relevant/overqualified</li> <li>■ Reluctance to travel far</li> <li>■ No desire to work</li> </ul>	<p><b>As perceived by front line service providers</b></p> <ul style="list-style-type: none"> <li>■ Actual and perceived age discrimination by employers</li> <li>■ Health condition or disability</li> <li>■ Low confidence</li> <li>■ Poor or outdated skills/qualifications</li> <li>■ Unwillingness to travel</li> <li>■ People become comfortable on benefits and scared that they will be unable to return to benefits again in the future should they need to</li> <li>■ Caring responsibilities</li> </ul>
<b>Service co-ordination</b>	<p>There is no overarching organisation responsible for co-ordinating employment services in Newcastle East. The main employment partnership is East2work.</p> <p>The local Action Team works with a wide range of service providers for client referrals, joint funding initiatives and sharing resources. For example, the Action Team has a community bus which is shared with other organisations. The bus is used to reach parts of the city where no outreach services are provided. It has a regular timetable so that local people will know when it will be in their area.</p> <p>Local jobcentres generally have good relationships with their partners and intermediaries, some of whom come into the jobcentres on a weekly basis to see clients. Others will give presentations to jobcentre staff to explain the services they provide. Although there is no real guidance for them, experienced jobcentre advisers know what services are available.</p> <p>The links between different services are highly dependent upon the personalities involved, and if there is a good relationship services are generally well co-ordinated. The District Manager thought that his Jobcentre Plus district could improve the way it consults with its own staff, partners and other stakeholders.</p> <p>Other problems with co-ordination included: high staff turnover at jobcentres affecting the jobcentre's ability to co-ordinate and communicate effectively; and the emphasis placed on achieving targets leading to organisations keeping customers rather than passing them on to more appropriate organisations.</p>	



Newcastle East - continued	
<b>Service flexibility</b>	<p>Many of those interviewed thought that services for the over 50s in Newcastle East were not flexible enough to meet the needs of many clients. Reasons cited included: the lack of provision for the over 50s; the lack of provision locally (for example, if a client wants help with job-search they have to go to Newcastle city centre), and the six month entry criteria to New Deal 50 Plus having a detrimental effect on the success of the programme.</p> <p>Although Jobcentre Plus district and local office managers have substantial discretion in the way they deliver services, they considered that the system of budgets and targets limits the degree of flexibility they have. Also, the bureaucratic nature of the procurement process restricts the range of training providers and limits flexibility within the services provided. This means that advisers are often fitting customers into programmes which do not fully meet their individual needs. Furthermore, although local office managers have discretion in how they run their operation, they are often inexperienced and tend not to vary from standard practice.</p> <p>The Action Team approach looks at people as individuals and is more of an off the shelf bespoke system. They have a framework within which they are encouraged to be flexible and innovative. They also have more flexibility in the way they can spend money.</p> <p>The Workfinder project has been used as a blueprint for all Social Regeneration Budget projects in the area. For example, when a major local employer made a large number of people redundant, advisers were placed on the shop floor to provide advice and help, particularly on transferability of skills and self-employment.</p>
<b>Service communication</b>	<p>Jobcentre Plus is represented at all major recruitment events held within the region. To encourage take up of New Deal 50 Plus, the New Deal 50 Plus adviser at Newcastle East Jobcentre has attended a 50 plus event at a local swimming pool, the local social security office, the Post Office, local job fairs and an elders event in Newcastle. Other promotional activities included 'aged 50' balloons in the local office. Incapacity Benefit customers are sent letters periodically to remind them of the services that can be provided by Jobcentre Plus. However, this can cause some concern amongst clients who find this kind of communication threatening, and Jobcentres often receive phone calls from angry or concerned clients.</p> <p>East2work has a shopfront in a key location in East Newcastle so that local people can just drop in. It also provides a range of local outreach services, visiting places where local people go, for example community centres, and it also uses door-to-door knocking.</p> <p>The Action Team organises leaflet drops and attends events within the community to promote its services. The advisers are based in the community and get involved in organising community events, which helps to build a level of trust. Both the Action Team and Workfinders have found door knocking to be a very effective way of reaching people who rarely get out into the community, and enables advisers to have a two way dialogue with potential clients, especially those on incapacity benefits. Colleges were also considered to be good places to engage people.</p> <p>Many of the private and voluntary sector service providers advertise their services widely through the local media.</p>



# Appendix 4


## Regional Development Agencies


Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>Advantage West Midlands</p> 	<p>Age diversity in employment and issues around older workers do not specifically feature in key documents.</p>	<p>In discussions with the Third Age Employment Network to encourage them to become involved in the Framework for Employment and Skills processes and applications for European funding.</p> <p>Currently supporting a strategic Advisory Group on Ageing, which sits under the Regional Assembly, and a Voluntary and Community Sector network concerned with issues of age.</p> <p>Sponsored and supported a conference lead by Age Concern and is a member of Employers Forum on Age.</p>	<p>Considering funding research for the Advisory Group on Ageing, on the economic contribution of older people as workers and spenders.</p> <p>Organising training for employers on the European Union Employment Directive on Equal Treatment, to be rolled out from April 2004.</p> <p>Continuing to support the Advisory Group on Ageing and the Voluntary and Community Sector network.</p>
<p>East Midlands</p> 	<p>In the Framework for Employment and Skills Actions, promoting skills development for people over 45 is a key activity under the theme of employability for all. The framework refers to projects targeted at the over 45s and the continuation of Experience Works is seen as a priority.</p> <p>The Corporate Plan sets targets for the number of people over 45 receiving advice and guidance to support a return to the labour market over the period 2003-06.</p>	<p>Developed and supported the Mature Workforce initiative, which is now Experience Works. The Agency is currently developing a wider Mature Workforce/Experience Works programme.</p> <p>Commissioned work on: a 'Life and Work' survey that considers an age range of up to 74 and includes questions pertaining to people's perceptions; hidden employment which will have district data; and whether there is an age dimension to travel to work issues.</p> <p>The Agency is a member of the East Midlands Tomorrow Network which aims to promote the contribution that older people make to the economy and community.</p> <p>Provides funding for PRIME.</p>	<p>Continue to develop Experience Works and find ways to bring in alternative finance.</p> <p>Putting greater focus on mature entrepreneurs, by expanding the work funded through PRIME.</p> <p>Working with more employers to promote greater continued professional development for mature employees.</p>




Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>East of England</p> 	<p>The Corporate Plan includes as priorities developing the skills of older people and re-engaging older people in the workforce in areas of labour shortage.</p> <p>The Framework for Employment and Skills Actions analyses the region's demographic profile and its significance, and list potential actions. It identifies the need for more research to understand the issues facing those over age 50, including barriers to employment and the labour market effects of larger numbers of older people. Age diversity in employment features under the priorities of 'the ageing workforce', 'response to redundancies' and 'under-exploited sources of labour'.</p> <p>The Regional Development Plan that identifies priorities for European Social Fund support has several measures that specifically include the 50 plus as part of the target audience: to widen access to basic skills provision; to assist individuals with multiple disadvantage in the labour market who face the risk of exclusion; and to combat discrimination in the labour market.</p>	<p>Conducted a study with the Regional Assembly, Age Concern and the Eastern Region Public Health Observatory on the implications of an aging population.</p> <p>Following a regional conference in 2003, a Regional Active Ageing Forum was established. A Framework for Employment and Skills Action ageing group was established to focus on employment and skills issues.</p> <p>Developed a Response to Redundancies initiative as a result of redundancies at a major employer. This led to the inclusion of older workers issues in the Framework for Employment and Skills Actions.</p> <p>The Agency is a partner in a European Social Fund project, <i>SMEs and older workers</i>, led by the Cambridge Interdisciplinary Centre on Ageing. The project aims to improve human resource practices leading to better recruitment of older people.</p> <p>Other projects include an audit of training for older people, with Age Concern; a project with PRIME working with older redundant people; a project on diversification of farms, not targeted at older people but relevant because of the age profile of farmers; and a recently commissioned research report into rural poverty and social inclusion which highlighted ageing issues.</p>	<p>Implement the Framework for Employment and Skills Actions priority of 'the ageing workforce'.</p> <p>It will consider age issues in the context of developing a sustainable development toolkit.</p> <p>Use of higher skilled older people as mentors, probably as part of a large mentoring project.</p> <p>With the local Learning and Skills Councils it plans to prepare a European Social Fund bid for a rapid reaction force to respond to large scale redundancies.</p>
<p>London</p> 	<p>The Regional Economic Strategy mentions age as an example of a disadvantaged group.</p> <p>The London Development Agency European Social Fund Co-Financing Plan 2003-2004 identifies activities to support the attainment of the Framework for Employment and Skills Actions. One activity is researching and fighting discrimination in the labour market, with funding of £191,100. Activities include projects to encourage change in recruitment practices, to address employer perceptions, and to help enterprises manage and benefit from diversity.</p>	<p>Commissioned research in July 2002 on Labour Market Participation: BMEs, women, older workers and disabled people. For each of these four groups of workers in London, the report determined baseline information on employment patterns and barriers to employment. It also presents good practice examples of helping these groups and makes suggestions for promoting participation.</p> <p>Funded <i>Making age work for London</i>, a scoping report on population ageing and productivity in London. This reports sets out the current and future position of the older workforce in London.</p>	<p>Within the Agency, each directorate will have an officer responsible for equality and diversity issues, including age, both as an employer and as a funder.</p>

Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>North West</p> 	<p>The Framework for Employment and Skills Actions identifies age as a factor in recruitment bias, and as an employment and skills strategic priority. However, implementation of the framework is at an early stage, although priorities for this area are now in place, for example through the establishment of the Productive Ageing Task Group.</p> <p>One of the specific actions set out in the Agency's Learning and Skills strategy is to work with regional partners to identify opportunities for mentoring older people.</p>	<p>In 2002, the Agency helped to establish "5050 vision" which was the first Regional Forum on Ageing in the country. It consists of a network of individuals, organisations and businesses with an interest in ageing issues. The Forum is also supported by Age Concern, the Department of Health, the North West Regional Assembly and the Government Office for the North West. The Forum will undertake a range of activities, including: commissioning research, facilitating networking and communication with older people, and developing a database of work in progress in regional &amp; sub-regional organisations. It will take forward the region's priorities on ageing via three task groups, one of which has a labour market focus.</p> <p>The Agency is also developing regional and sub-regional skills partnerships complemented by Sector Skills and Productivity Alliances to help it ensure that there is a better match between economic needs and vocational provision.</p>	<p>The North West Regional Forum on Ageing aims to produce an analysis of the North West situation in respect of older people and the labour market, with good practice examples, by July 2004.</p>
<p>One North East</p> 	<p>The Framework for Employment and Skills Actions identified that the population in the North East is getting older, a trend exacerbated by migration out of the region by younger people. There is no specific reference to older workers, but the framework refers to older people in the context of making the region more inclusive.</p>	<p>The Agency sponsors Newcastle West into Work which has various projects aimed at helping local residents get back into work, including three specifically targeted at older people.</p> <p>The Agency has provided seed funding for a Regional Forum for Ageing, which is represented on the North East Equality and Diversity Forum on which One North East takes a lead.</p> <p>In 2000, the Agency jointly commissioned the 'Future Trends' report, which gave demographic projections for the next 20 and 40 years and highlighted age issues.</p> <p>Currently provides funding for PRIME and is conducting a business support review that identifies older workers as a target group.</p>	<p>A 'Strategic Futures' scenario planning exercise for the next Regional Economic Strategy is expected to include an equality and diversity event that will encompass age.</p>

Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>South East of England</p> 	<p>The Regional Economic Strategy identifies 18 priority areas, two of which - participation in prosperity and vibrant communities - identify the over 50s as a priority client group.</p>	<p>Established an older workers initiative consisting of a number of programmes aimed at bringing people above the age of 45 back into employment in either a full-time, part-time or voluntary capacity. The initiative has included:</p> <ul style="list-style-type: none"> <li>■ funding the Centre for Research into the Older Workforce, a partnership with the University of Surrey, the National Institute for Adult Continuing Education and the Pre-Retirement Association;</li> <li>■ working in partnership with the Centre for Research into the Older Workforce to produce a report, <i>Changing work in later Life: a study of job transitions</i>;</li> <li>■ a quarterly briefing on the older workforce in the region, produced by the Centre for Research into the Older Workforce and disseminated to a wide range of regional, sub-regional and local partners;</li> <li>■ various other strategic programmes including PRIME, voluntary and community sector initiatives, 'Get Wired for Free' (IT assistance for people aged 50 plus); funding of a booklet and CD ROM containing taster of sessions offered by providers on financial literacy; and collecting case studies showing older people succeeding in finding paid work;</li> <li>■ an 'internal champion' for older people to network and raise awareness across the organisation; and</li> <li>■ the Regional Social Inclusion Partnership, funded by the Agency, which has a regional action group to deliver aspects of social inclusion agenda that relate to older people.</li> </ul>	<p>Intends to try and influence procurement and supply chains by asking suppliers about their diversity policies.</p> <p>Through the Agency's Equal Opportunity and Diversity Framework, older workers will be one of the target groups that will be built into the development of new appraisal and monitoring systems.</p> <p>As part of a package of support for businesses in deprived areas of the region, the Agency will fund PRIME to develop local network support for older people in business.</p>

Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>South West</p>  <p>South West of England Regional Development Agency</p>	<p>The Framework for Employment and Skills Actions demonstrates awareness of the region's demographic profile. It notes that a long-term challenge to policy-makers in raising employment rates will be to assist those currently outside the labour market (including older workers) to find work, and to encourage older people to remain in the labour market.</p> <p>The Regional Economic Strategy states that increasing the region's employment rate will only be achieved by drawing in disadvantaged groups, including older people.</p> <p>The Skills and Education Framework for Action identifies older people as a group to be addressed by all plans and activities that are associated with the framework's three objectives.</p>	<p>Funding a regional aggregation of sub-regional data, to be correlated with recent Census and Household Survey data. This will feed into the Regional Observatory data.</p> <p>Produced a 'Moving Towards Inclusion' report, with the Third Age Employment Network.</p> <p>Currently working on profiling skills related to the knowledge economy, that will also address issues relating to age.</p> <p>Currently consulting on developing an Equalities South West 'umbrella' organisation that would include significant prioritisation of age-related issues. A Shadow Board is now meeting and a regional age network is to be established.</p> <p>Currently developing a European Regional Development Fund project focussing on older workers.</p>	<p>Its Enterprise Strategy will address some areas to do with older workers and learners but will not be specific to them.</p> <p>Intending to evaluate the effectiveness of PRIME as a model.</p>

Regional Development Agency	Key documents - Corporate Plan, Framework for Employment and Skills Actions, Regional Economic Strategy and other regional plans	Current or recent activity	Future Intentions
<p>Yorkshire Forward</p>  <p>YORKSHIRE &amp; HUMBER Regional Development Agency</p>	<p>In its Regional Economic Strategy, sustainable development is reinforced through six cross-cutting themes, including "social inclusion and diversity". The strategy states that it will take account of and benefit disadvantaged groups, including older people.</p>	<p>Funds the Yorkshire and Humber Regional Ageing Panel and is represented at their meetings.</p> <p>With key regional partners, it is developing a 'Diversity Drive' which encompasses age.</p> <p>Older people In Yorkshire and the Humber, a booklet commissioned by Age Concern and published in 2002, was supported financially by a consortium of public sector organisations including Yorkshire Forward. The aim of the booklet was to help inform policy development in the region in relation to older people.</p> <p>Funds the Fair Play Partnership which provides a regional support service to those to those requiring advice and guidance on issues relating to diversity and equality. The initiative has developed a number of projects designed to remove barriers for those excluded from the labour market, including one to help older people back into employment.</p> <p>Provides funding for the NHS Employability Project which aims to help those under represented in the labour market access employment opportunities within the NHS. One strand of this project will focus on re-training older people.</p> <p>Currently developing a regional employability model. People over 50 will be a key target group.</p>	<p>Several programmes for the over 50s are in development including offsetting the loss of knowledge in business, mentoring younger people, and upskilling older people to fill identified needs in construction and engineering.</p> <p>Investigate baseline information.</p> <p>Continue to review policies.</p> <p>Develop initiatives which support and complement current research.</p>