

# Work & Pensions Select Committee Inquiry Response

Welfare to work

Ref: 1915

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## About Age UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. The Age UK network comprises of around 165 local Age UKs reaching most of England. Each year we provide Information and Advice to around 4.5 million through web based and written materials and individual enquires by telephone, letters, emails and face to face sessions. We work closely with Age UK Cymru, Age UK NI and Age UK Scotland.

## Key points and recommendations

- With State Pension ages rising and more people needing to work for longer, it is inevitable that the welfare-to-work system will experience a rise in the number of older jobseekers over the next few years.
- People aged 50+ on the Work Programme make up over 18 per cent of total referrals, but have significantly lower successful job outcome rates compared to younger participants. This applies even after taking into account health conditions and other barriers to work.
- Age UK believes the scheme is simply not responsive enough to the realities of the labour market to deliver successful outcomes to more disadvantaged job seekers, particularly for people with multiple barriers.
- The Government has developed a strong, and welcome, focus on Fuller Working Lives in recent years, but this needs to be reflected in the design and delivery of back-to-work support.
- The design of the providers' contracts for the Work Programme's successor scheme is an excellent opportunity to incentivise providers to deal with specific age-related barriers more effectively. This could be done by:
  - Establishing a separate payment group for people aged 50+
  - Referring older jobseekers at an earlier point in their benefit claim
  - Larger funds for re- and up-skilling older participants
  - Job brokerage services for the most disadvantaged participants
  - Increasing the tailored provision on offer to older jobseekers
  - Making better use of specialist providers, which are often smaller organisations, within supply chains.
- For participants reporting a disability, age is an additional barrier to finding work. Any measures to improve support for this group need to account for this in order to maximise their effectiveness.

## 1. Introduction

1.1 While some older workers are employed in a stable and secure job and can retire on their own terms, others are less fortunate and get pushed out of work through no fault of their own. For this group, returning to work can be extremely difficult with unemployed over 50s spending, on average, longer out of work than unemployed people in younger age groups.<sup>i</sup> Older workers experience a range of barriers that are either directly or indirectly related to their age, for example age discrimination or having a lower level of qualification than younger people.

1.2 The current welfare-to-work system has failed to tackle such barriers and meet the needs of the 50+ age group. With the Work Programme contracts expiring in March 2017, the design of its successor programme is an excellent opportunity to ensure that the future system can meet the employment support needs of all disadvantaged jobseekers. This includes the over 50s, who experience significantly lower successful job outcome rates than younger Work Programme participants, and who face specific barriers that directly relate to their age.

1.3 Age UK broadly supports the principles behind the Work Programme, especially the emphasis on sustainability. However, it is also clear that, relative to younger people, the scheme has disproportionately fewer successful outcomes for older people, and changes are needed to make it more sensitive to the reality of the labour market.

1.4 In 2014 Age UK commissioned the Centre for Economic and Social Inclusion to conduct some qualitative and quantitative research into long-term unemployment among the 50+ age group. The objectives were to:

- Establish the nature and extent of the gap in job outcomes
- Explore why older people may experience poorer quality or less effective support than their younger counterparts
- Identify ways in which support could be improved in the future

1.5 The research confirms that a jobseeker's age can often be a barrier to finding work. It found that:

*“those who are over-qualified for the jobs available are often very over-qualified, those who have had time out of the labour market have generally spent a very long time out of it, and those who are under-qualified are often very under-qualified because they obtained their skills and qualifications a long time ago.”*

1.6 The report, 'Employment Support for Unemployed Older People', is available on the Age UK website.<sup>ii</sup>

1.7 This submission relates some of the findings and recommendations from this research, combined with our own analysis of Work Programme outcomes.

## 2. The Work Programme is letting down older participants

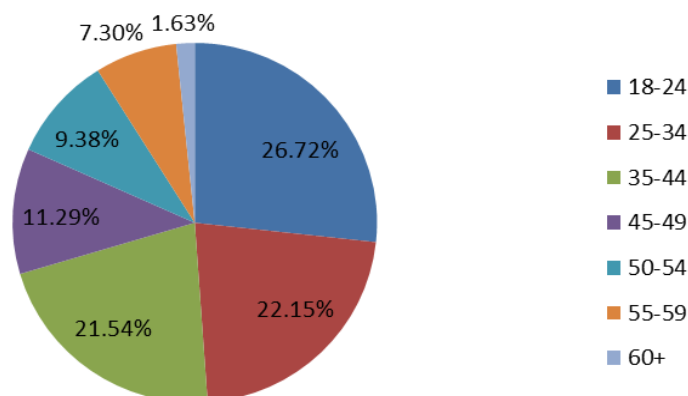
2.1 Many back-to-work support services have failed to deliver the assistance needed to allow people to return to work. Advisers are often ill-equipped to deal with the diverse needs of their 50+ clients, who feel pressured into applying for jobs for which they are ill suited; their skills and experiences are not appreciated (especially if they have no or only low level formal qualifications); and there is a lack of appropriate training provision to meet their needs.

2.2 Age UK believes that government intervention should be designed to address labour market inequalities and be more sensitive to the reality of finding work for different people. This includes both the expectations put on individuals and the structure and incentives for providers.

2.3 Since its inception in 2011, approximately 18 per cent of referrals onto the Work Programme have been for people aged 50+, as shown in Figure 1 below.<sup>iii</sup>

**Figure 1**

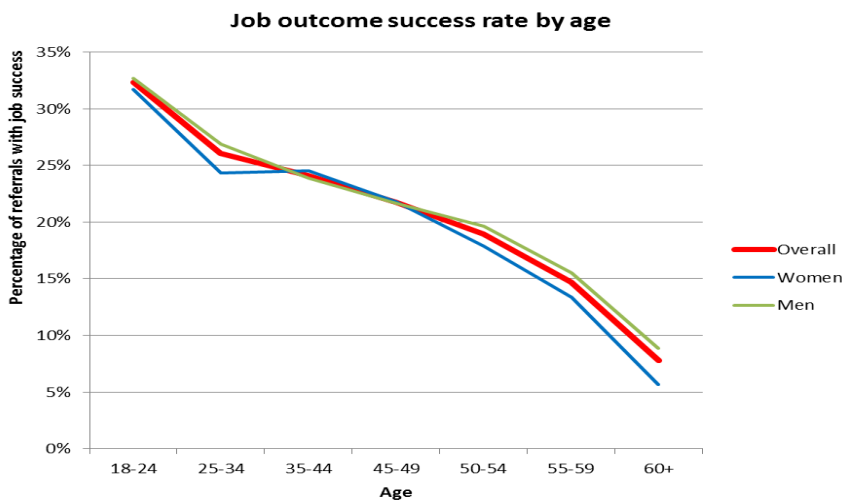
**Proportion of total referrals by age**



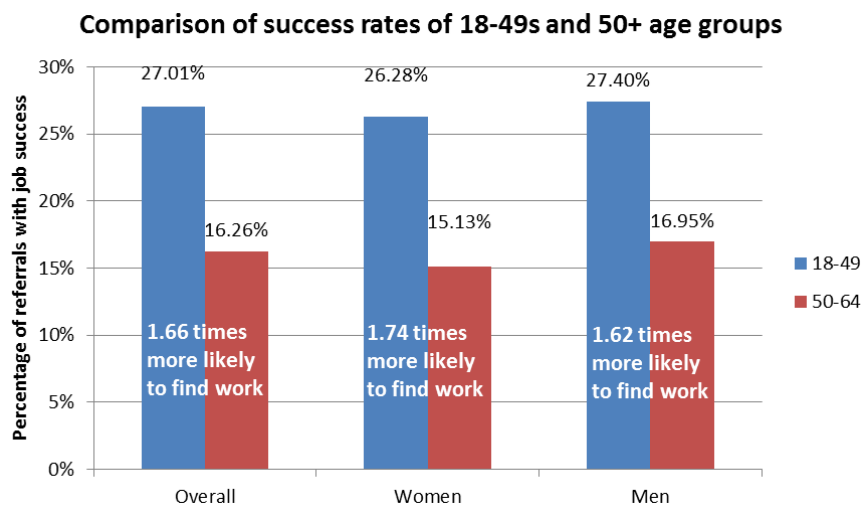
2.4 This proportion has increased over time, and with State Pension age increasing to 66 within the next five years, this cohort will become an increasingly important group within the back-to-work system.

2.5 Successful job outcome rates for the 50+ group have, however, been disproportionately low, as shown by Figures 2 and 3. While this might be expected if left to market forces, the Work Programme is a clear intervention and as such is a disappointing finding – something is clearly not working.

**Figure 2<sup>iv</sup>**



**Figure 3<sup>v</sup>**

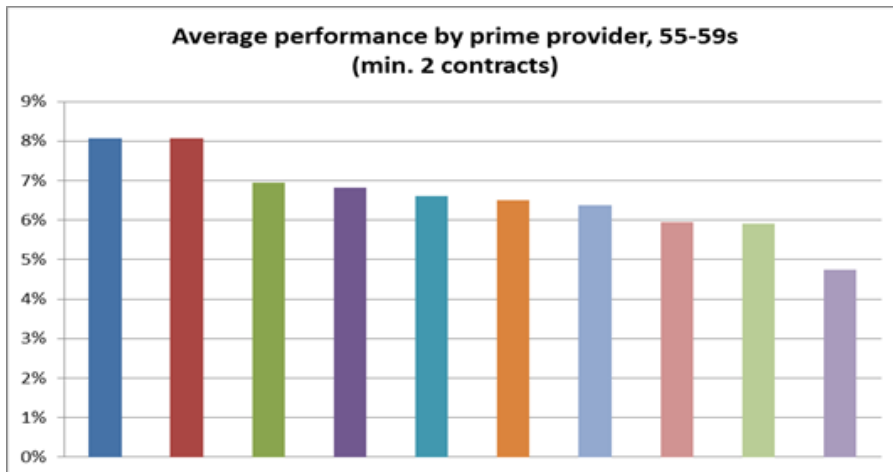


2.6 Similarly, the *Inclusion* research did not find conclusive evidence that providers are deliberately ‘parking’ their 50+ clients, but ‘it does point in the direction that current provision declines in effectiveness sharply once participants are over 50’.<sup>vi</sup>

### 3. Provider differences

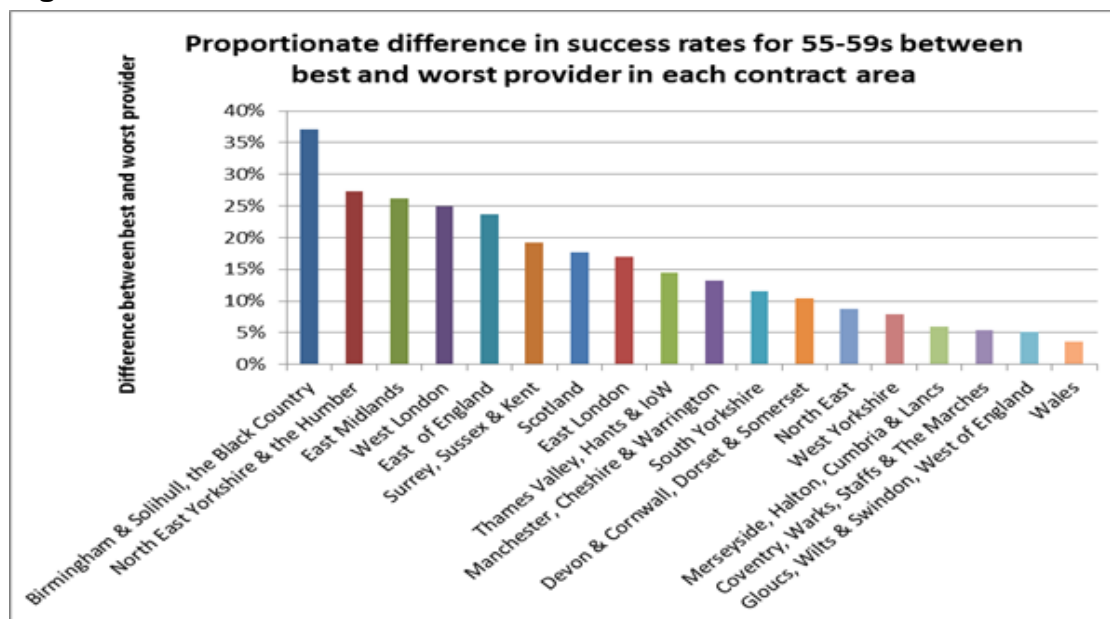
3.1 Previous Age UK analysis has shown that different providers experience a substantial variation in outcomes for their older clients. This is demonstrated by Figure 4, which shows the average outcomes for 55-59 olds among providers with at least two contracts.<sup>vii</sup> This suggests that some providers perform better than others at helping this age group back into sustainable work.

Figure 4<sup>viii</sup>



3.2 Further proof of this – and a clear suggestion that there is significant scope for some providers to improve – is the significant variation in outcomes within the same contract package area. Figure 6 shows the proportionate difference between the best and the worst provider in each area for 55-59 year olds – in some areas (most notably Birmingham, Solihull and the Black Country) there is a significant difference indicating greater scope for improvement, while in others (such as Wales) all providers are delivering outcomes at a similar level. Methods of raising outcomes in poorer performing providers, for example sharing good practice or establishing a specific 50+ payment group, should be explored.

Figure 5<sup>ix</sup>



3.3 In addition to Work Programme providers, the *Inclusion* research also interviewed specialist employment support providers. It found that in many cases older participants preferred the support offered by these organisations, because they can offer more bespoke support and are well-versed in the challenges facing older jobseekers. As a slight caveat, however, it should be noted that many existing clients of such schemes had volunteered for this support, hence it would not necessarily be appropriate for all jobseekers.

3.4 As the Work Programme contracts are re-designed, new ways must be found to make full use of such specialist support by ensuring it is built into supply chains, and that referrals are made as appropriate.

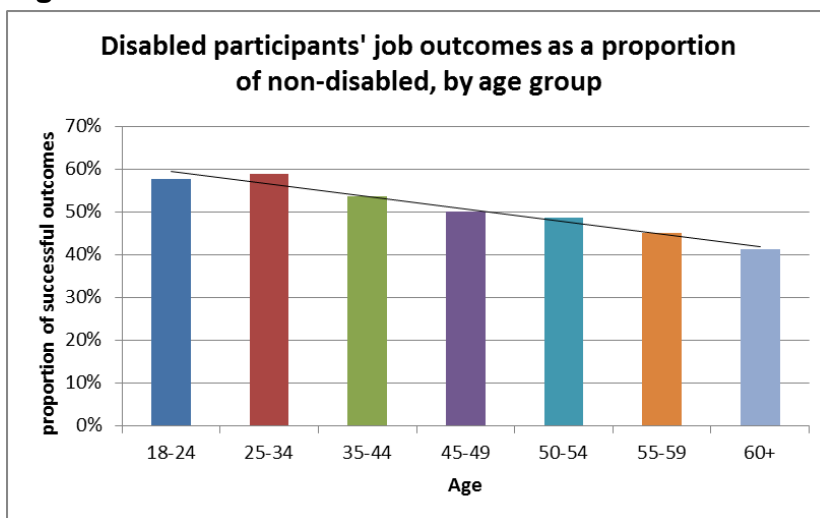
## 4. Disability

4.1 The proportion of participants who self-report a disability increases with age, rising to just under 60 per cent among 55+ participants (from an all-age average of 36 per cent). Self-reported disability is more common among women than men, for example among 55-59 year old participants 65 per cent of women reported a disability compared to just 53 per cent of men.

4.2 Successful job outcome rates decline with age among disabled participants, and at a greater rate than for non-disabled participants, showing that age is an additional barrier to work for people suffering from a serious health impairment. This is shown in Figure 6.

4.3 It highlights that people facing multiple barriers to work can be even harder to help, and also that the Work Programme is not responsive enough to individual needs. Any measures to improve outcomes for disabled participants must account for this in order to maximise their effectiveness.

**Figure 6<sup>x</sup>**



## 5. Recommendations

5.1 The *Inclusion* research makes various recommendations, all of which should be taken into account as the contracts are re-designed.

### ***Establish a separate payment group for 50+ participants***

5.2 It is clear that age is in itself a barrier to work. The research concludes that creating a separate payment group for the over 50s would help alleviate this. This would place greater emphasis on this age group and encourage providers to address some of the specific barriers faced by older participants.

*“Maybe it would be different if they were in a payment group of their own. So whoever you are in the supply chain - a delivery manager or whatever - you know we’re thinking about it as a bottom line as well - you know in terms of business as well as just believing in people.” (Work Programme provider)*



5.3 This suggests that a separate payment group with increased reward attached to 50+ participants would have a role to play in improving support, because it would highlight the barriers this group faces and drive management decisions to focus on 50+ participants. We believe it is warranted by the firm evidence that older jobseekers face additional challenges in getting back to work. However, a separate payment group would need to be combined with other measures as the evidence suggests that the effect on provider behaviour would not be sufficient on its own.<sup>xi</sup>

### ***Early referral to the Work Programme***

5.4 Early referral onto the Work Programme, possibly in conjunction with a separate payment group, could allow more disadvantaged jobseekers to access bespoke support sooner, and give them a greater chance of moving back to work before becoming trapped in long-term unemployment.

5.5 The *Inclusion* research found that 50+ long-term unemployed thought that Jobcentre Plus had offered insufficient support<sup>xii</sup> whereas the Work Programme providers were more likely to meet client needs. It is important to note this is not a condemnation of Jobcentre Plus – all participants had by definition already failed to find work through the Jobcentre – but it does indicate that Jobcentre Plus may not be serving the needs of more disadvantaged jobseekers.

### ***Skills***

5.6 A lack of appropriate training opportunities frequently arises as an issue in the research. A number of providers stated it would be beneficial to have greater funding available for training and upskilling older jobseekers, and cited a funding bias towards younger people. Others called for a training fund, with the potential for job seekers themselves to have control over this budget.

5.7 Appropriate IT support must be offered as a matter of course by Jobcentre Plus from the start of the benefit claim, with Work Programme providers helping those who continue to struggle with IT skills.

### ***Job brokerage***

5.8 Many older jobseekers and providers found that a brokerage service, akin to a recruitment agency model, was particularly effective. This includes keeping up to date with the labour market, sourcing vacancies and identifying appropriate candidates.

5.9 These are, however, expensive and in the current financial climate would need to be targeted at the most disadvantaged jobseekers.

### ***Tailored provision for 50+ clients***

5.10 Most Work Programme providers do not have any specific provision for the 50+ cohort, despite evidence that this approach can be helpful. The Government could have an important role in persuading providers of the case for offering this.

5.11 Only one provider interviewed by *Inclusion* specifically analysed data for 50+ jobseekers, but others offered some degree of tailored provision, for example a weekly 50+ Job Club or workshops to address age related barriers.

### ***Age discrimination***

5.12 The *Inclusion* research also confirmed that discrimination on grounds of age does occur both in the labour market and within the allocation of welfare-to-work support.

*"They said oh no people over 50 are really stuck in their ways, I'd never be able to induct them into my company, they just bring with them wherever they have worked before."*  
(Work Programme provider, speaking about an employer's view)

*"It is a two-sided coin, the labour market is definitely discriminating against older people and older people are discriminating against themselves, they are bringing their hang-ups to interview."* (Work Programme provider)

5.13 Providers identified an important role for Government in combatting discrimination – the Government's work on *Fuller Working Lives* provides the basis for future marketing and communication with employers, and should be embedded at the heart of welfare-to-work support.

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<sup>i</sup> Economic & Labour Market Review (Sept 2010), Explaining exits from unemployment in the UK, 2006-9

<sup>ii</sup> <http://www.ageuk.org.uk/PageFiles/12808/Age%20UK%20Report%20FINAL.pdf?dtrk=true>

<sup>iii</sup> Age UK analysis (August 2015), total referrals between June 2011 and March 2015 (data published June 2015)

<sup>iv</sup> Age UK analysis (August 2015)

<sup>v</sup> Age UK analysis (August 2015)

<sup>vi</sup> Foster et al (2014), Employment support for unemployed older people, Centre for Economic and Social Inclusion/Age UK

<sup>vii</sup> Age UK analysis (August 2015) – the names of providers are anonymised

<sup>viii</sup> Age UK (2013), The Work Programme and older jobseekers

<sup>ix</sup> Age UK (2013), The Work Programme and older jobseekers

[http://www.ageuk.org.uk/PageFiles/12808/The%20Work%20Programme%20and%20older%20jobseekers%20\(Sept%202013\).pdf?dtrk=true](http://www.ageuk.org.uk/PageFiles/12808/The%20Work%20Programme%20and%20older%20jobseekers%20(Sept%202013).pdf?dtrk=true)

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<sup>x</sup> Age UK (2013), The Work Programme and older jobseekers

<sup>xi</sup> Foster et al (2014), Employment support for unemployed older people, Centre for Economic and Social Inclusion/Age UK

<sup>xii</sup> It should be noted that as the research participants were exclusively long-term unemployed, by definition Jobcentre Plus had failed to help them secure a job. This research should therefore *not* be taken as a categorical dismissal of Jobcentre Plus services, but only for those who do find themselves in long-term unemployment.