



# Intergenerational Futures All Party Parliamentary Group



## Inquiry into Intergenerational Fairness and Employment

Committee Room 19, House of Commons

9-11am, 8 July 2009

### Minutes

#### Introduction

Baroness Greengross welcomed members and guests to the second oral evidence session and invited each witness to make a brief statement before responding to questions.

#### **Sarah Jackson, Working Families**

Working Families is the UK's leading work life balance charity. We have a unique perspective because we work with employers and employees. We conduct research on the business benefits of flexible working and on the impact of work on family life. We run a free legal helpline and we support a network of parents of disabled children who work or wish to work.

We recently published some relevant research, *Lifecycles – Building business success through effective employment practice*, because we found the employers we work with were concerned that flexible working legislation is not doing enough to help employees with caring responsibilities for both children and parents. We worked with 14 city firms and looked at the needs of employees over their lifecycle. We found that employees need flexible working at every stage of their lives, though the type of flexible working they want may vary. Young people valued compressed hours working, for example, so they could visit their families, and valued being able to use technology to work from home. Parents wanted to be able to take time off to care for their children and others wanted to be able to work flexibly to be able to care for their parents, with recognition that their needs could be unpredictable. Grandparents are often called to help with childcare, so they too value flexible working. Working Families believes all workers should be entitled to request flexible working.

Some groups find it hard to express their need for flexible working – particularly younger workers, who felt it was something reserved for maternal leave.

There is a strong business case for flexible working. Flexible working reduces absenteeism and sickness, produces loyal and productive workers and results in lower recruitment costs. But flexible working needs to be encouraged.

We find that flexible working works best when employers make flexible working available to all and discuss it with employees at team level. This helps mediate between the interests of co-workers and helps avoid any resentment occurring.

When looking at the question of fairness between generations, it is important to recognise that becoming a mother often leads to low paid work, which has a lasting impact including pensioner poverty.

Chairman: Baroness Greengross OBE  
Vice-Chairmen: John Leech MP  
Treasurer: Tim Boswell MP  
Secretary: Dr Hywell Francis MP

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We need to encourage more men to take on flexible working. If we started with a presumption that any job can be done on a flexible basis unless there is a sound business reason why not, it would open up opportunities and deliver a much better work life balance, achieving intergenerational fairness, while businesses generate savings.

## Questions

**Baroness Howe** asked if Working Families had worked out a successful policy to encourage employers to extend the right to request flexible working to all their employees. **Sarah** said it works best when employers regard flexible working as the way their business operates. Working Families has produced some guides for employers and employees on practical issues, such as responding to requests for indeterminate leave when an employee is caring for someone dying. The important thing is that employers recognise the benefits that flexible working can bring to the whole business and that it is planned in an inclusive way.

**Baroness Howe** asked Sarah to comment on the impact of the recession on flexible working. **Sarah** said it was interesting that many organisations now recognise that they got it wrong in the last recession and they are making significant efforts to retain skilled staff. She cited the successful example of KPMG, which has introduced some innovative measures after considerable consultation with staff. Lots of employees welcome the initiatives that are being introduced, although others are fearful. It is exciting that the recession could lead to fresh thinking and greater recognition of the merits of flexible working. However, Working Families is seeing some evidence that women who are pregnant or on maternity leave are being discriminated against.

Sarah cited B & Q as a company whose employment practices were influenced by their customers' needs. B & Q recognised that their customers were more willing to accept advice on DIY from older members of staff, so positively sought to recruit older workers. In order to recruit and retain staff, B & Q gives all permanent employees the right to request flexible working with very positive results.

**John Leech** asked if there is any evidence that employers are trying to recruit people who are less likely to ask for flexible working. **Sarah** said it was well known that many companies ask agencies to avoid recruiting women aged 25-40, who might be planning to have families, even if this runs counter to their official employment policies.

**John Leech** said he had been discriminated against as a young person when he was not even given an interview for an early morning cleaning job because the employer preferred to recruit older women, claiming they were more reliable than students. **Sarah** said there are clear cases of discrimination. Fathers are half as likely as mothers to ask for flexible working and twice as likely to be turned down. We are battling with deep rooted cultural beliefs and leadership from the top is needed to tackle this challenge.

**John Leech** asked if it is more difficult for small businesses to cope with requests for flexible working and whether, if a small business employer cannot accede to all requests for flexible working, it is fairer not to offer it to any employees. **Sarah** said Working Families find that SMEs do not find it harder to offer flexible working. It works best where colleagues know each other well and have a good understanding of the business's needs. Many SMEs have a wide variety of working patterns, not least because it is a good and natural way for a business to develop. Sarah did not accept the "all or nothing" approach, but recognised that there are some deep rooted problems arising from the way in which flexible working was introduced in legislation, whereby employers felt they had to agree to requests. It works best when it is open to all and agreed at a team level.

Research with Xerox in the USA found flexible working works well where people feel a responsibility for their colleagues' personal needs, but we need a monumental change of attitudes in the UK. We value our economic activity but not our caring responsibilities. Family policy should be about creating the best start for our children and employment policy should be about getting into work and how you can stay in work effectively.

**Alan Hatton-Yeo** asked what evidence there is of flexible working on the front line in the public sector. **Sarah** said that the NHS, education and Local Authorities were early pioneers of flexible working. There are some problems in the public sector, but also excellent examples. She cited the case of a nurse in charge of a mental health ward who had won an award after introducing self-rostering, which boosted staff recruitment and reduced levels of violence on the ward. The public sector also provides good examples of older workers being retained and used to mentor younger workers with positive results. The Government could use the public sector more to influence other employers. It could start with the assumption that all jobs can be done on a flexible basis. In practice many public sector appointments can be worked flexibly, but they do not promote this.

**Alan Hatton-Yeo** suggested that men work longer hours because they believe it will help their careers. **Sarah** agreed, but said this reinforces prejudices. When couples have children they make loaded choices. Two-thirds of women are paid less than their partners, so it makes sense for them to look after the baby, but then the partner works longer because they only have one income. This entrenches gender roles. Over half of managerial and professional women who reduce their hours on returning to work after pregnancy take up a less well paid job that does not even require A-levels.

**Baroness Greengross** asked if small business employers ever talk about the extra overhead costs of flexible working, which requires more staff, and whether this acts as a brake on flexible working, particularly during the recession. **Sarah** said the business case for flexible working is very strong. At Working Families they have 20 employees which equates to 12 full time equivalent posts and only 2 of their staff are working Monday to Friday, 9-5pm. But flexible working has enabled them to attract high calibre staff. The additional overhead costs can be more of a concern for those large businesses which focus on their head count.

### **Stephen Burke, Counsel & Care**

Stephen introduced himself as the Chief Executive of Counsel & Care and declared an interest as a trustee of Grandparents Plus. Counsel & Care focuses on working with older people and their carers. Their advice is typically given to carers between the age of 45 and 60. Many are in work, but others have had to leave work because of their caring responsibilities.

Work needs to become more age friendly. We have made huge strides in making work family friendly, but we need to keep this cultural shift going in terms of promoting flexible working. Employers tend to know which of their employees are parents, but they are less likely to know which of their employees have caring responsibilities and are less likely to discuss these with them. We have family policy and employment policy; both need to become multi-generational in terms of supporting people.

There is a lot of focus on getting people into work; we need more focus on helping people stay in work, both to meet their own desires and for the sake of the economy. There is a huge amount of unfinished business in terms of the Carers Strategy in helping people stay in work. Flexible working is Counsel & Care's top priority and should be available to all. Counsel & Care has 20 employees, two thirds of whom are not working the standard working week. Other priorities include improving access to good quality advice and information for carers and ensuring they have flexibility to meet sudden, emergency needs.

Tax exemption for childcare vouchers is one example of real intergenerational unfairness. This helps parents typically aged 20-50, but other workers do not have vouchers for caring costs.

Self-employment is another important issue. More older workers are starting up their own businesses and there are huge opportunities for these people to support other older people in their local communities.

## Questions

**Baroness Howe** invited Stephen to comment on the value to society of retraining older workers in the context of the Government's withdrawal of funding for older workers in order to provide more apprenticeships for young people. **Stephen** agreed that the cuts in adult education – especially the non-vocational courses – had been a disaster for older people.

**Baroness Thomas** cited the example of a policeman who had been quite entrepreneurial in building support for fellow workers who, like him, had caring responsibilities. **Stephen** agreed that worthwhile initiatives often developed as a result of individual flair and leadership. He also agreed that there should be wider recognition of caring responsibilities within the workplace and more discussion about them.

**Baroness Howe** expressed strong support for the points made in Stephen's advance statement about the need for tax exempt care vouchers and abolition of the mandatory retirement age of 65.

**John Leech** suggested there is a perception among many employers that older workers do not want IT training and he asked how this barrier could be broken down. **Stephen** said that across all these issues it is important to avoid generalisations. The key point is that most white collar jobs require IT skills and it is impossible to survive unless you are IT literate. IT skills are also important in terms of accessing support and training. However, in some sectors, such as the care sector, IT equipment may be in short supply. Most people understand the need to develop IT skills. **John** asked if one way of improving older workers' access to training would be to ensure that older workers are providing the training. He suggested that training needs to be relevant to the needs of the trainee. **Stephen** said two key issues are motivation and intergenerational support. He suggested younger members of a family might be able to help older members develop their IT skills. **John** expressed scepticism about such familial support based on his personal experience.

**Baroness Greengross** asked if the case of Sharon Coleman (found to have suffered associated discrimination because she needed to care for a disabled child) could present a useful precedent. She suggested that providing tax exempt vouchers to the carers of children only, could be regarded as discriminating against carers of other people, including parents. **Stephen** agreed and said he hoped that the Government would respond positively to this case and not wait for someone to pursue a legal case to establish this point.

### **Chris Ball, The Age and Employment Network**

The Age and Employment Network (TAEN) is a small charity trying to help ensure the labour market works for older workers, who we define as 50+. We are supported by a wide ranging membership of 240 organisations. Age Concern is our major supporter.

The ageing process is often accompanied by incipient disadvantages in a cumulative process, leading to significant disadvantage in old age. We take the view – as does the Government and the EU – that as demographic change takes place, we will have to work longer. We cannot afford to maintain 19<sup>th</sup> century retirement patterns. So, we need to look at what permits older people to work longer.

Of course the issue of flexible working is important because it helps meet various needs that people have through their lives, but it is not the only vehicle for extending working lives. We need to look at the whole working environment and the barriers to longer working and we need to do this collaboratively. The Finish approach is to look at "workability", which is largely but not entirely health-based. It includes various elements such as the working environment, management-employee relations and the totality of an individual's resources.

Two positive examples referred to in my advance statement are those of Domestic & General in Nottingham and the Horsens Kommune in Denmark. In the first example, Domestic & General found they were losing call centre staff quickly, so they decided to recruit older workers. Many of

these older workers were former miners. They were trained in same age groups, but worked in mixed age groups and the company found this worked very well. The younger and older workers learnt from each other: exchanging IT skills, experience of callers' problems and employability skills.

In the second example, a project was established in the Horsens Kommune in Denmark which targeted teachers who were considering early retirement. They were given targeted support – including relevant skills training, flexibility in terms of working hours - and mentoring schemes were introduced which recognised and valued their experience. This project was very successful: over a six year period the number of teachers who are 60+ has doubled.

## Questions

**Baroness Greengross** commended the two schemes, suggesting that more intergenerational working could lead to more cohesive societies.

**Alan Hatton-Yeo** suggested that people from poorer backgrounds may find it difficult to work longer for various reasons and if this is transmitted back through families it will perpetuate inequalities. **Chris** agreed and said that work was needed at various levels to support longer working lives, not least by encouraging healthy living. People who have physically demanding jobs may be driven out of the labour market when they are older. There is no one route for approaching this challenge, but the state, employers and individuals all need to adopt a life course approach. It requires a new social contract. Encouraging healthy lifestyles is very important and could be transforming. More occupational health facilities would help, but we need to recognise how personal lives impinge on work. In Scandinavia people of all ages are encouraged to see the benefits of healthy living.

**John Leech** noted that the RAC used to employ a lot of people who were 50+ because they stayed longer. He asked if there is a danger that this goes too far and younger people – especially young women who might start a family – are less likely to be employed. **Chris** agreed this was a danger, but said there are other dangers too. At Nottingham, Domestic & General's older workers are still a minority of their workforce. Employers are just looking for someone who can do the job.

**John Leech** asked if there is any evidence that tailoring training to the needs of employees helps prolong working lives. He cited the example of agency workers being given 2 week training courses which they had to pass before given a job and suggested that if the design of these courses are not targeted to the needs of the individual employee they are likely to fail. **Chris** agreed and said Domestic & General had recognised this problem. They gave the older workers longer and tailored training courses. **Chris** made the point that there is not much evidence available. We need more examples of enlightened and innovative approaches, so that we can see what works best and decipher trends.

**Baroness Greengross** asked if younger people tend to resent the way promotion is often based on seniority in the UK. **Chris** said he had heard anecdotal evidence of resentment, for example in the teaching profession in Germany where there was less staff turnover than in the UK. He suggested the UK labour market was more akin to that of the US with people moving more often from job to job. He agreed this issue should be considered in the context of the way we design careers. Is it right that people progress through a firm and remain at the top? Should there be more opportunities for people to move laterally within an organisation after reaching the top, as for example, Bill Deedes did? **Baroness Greengross** agreed Bill Deedes was a good, if uncommon, example of lateral movement at the top of a British business.

**Baroness Thomas** suggested our working culture is changing and cited the progress made in terms of women's careers, with reduced expectations that they would automatically give up working to have a family.

**Alan Hatton-Yeo** reinforced the point that older workers do want to learn, but training needs to be adapted to their needs and **Chris** agreed.

**Lynne Wealleans** asked if we need to start thinking about occupational health in a different way. She suggested that workers in small firms find it awkward to access health and well-being support at work. **Chris** referred to a multi-national iron and steel company working in Holland and the UK. It has introduced a programme of health and well-being initiatives for its employees in Holland, which include high quality occupational health interviews, measurements and a wide range of health and well-being resources. The programme was introduced in order to help maintain their employees' ability to do their jobs and they have been a success, but the company will not provide the same programme for their staff in the UK because management believed there would be cultural and trade union resistance to it.

**Chris** referred to a TAEN survey of employers with and without a mandatory retirement age policy. Of those companies without a mandatory retirement age policy: 71% said that succession planning was not a problem; 68% said "lack of headway" was not a problem; 81% had found no evidence of underperformance; and 70% said managing underperformance was not a problem.

### **Samantha Smethers, Grandparents Plus**

Grandparents Plus is a small, national charity that champions the role of grandparents and the wider family, especially where they have a caring role. In some cases these responsibilities are taken on in very challenging and sudden circumstances, for example in cases of bereavement, when parents have substance abuse problems or face imprisonment. Grandparents Plus wants to challenge the under-valuing of the role of grandparents, so they are investigating why their work is undervalued and what can be done to rectify this.

Some big picture drivers need to be borne in mind. With an ageing population we can no longer expect to retire at 65. As a result, it seems inevitable that we will eventually have flexible retirement ages. Technology is a huge driver of change and it will enable more flexible working. Government policies are important drivers of change. We now have to stay in work longer in order to qualify for the state retirement pension and single parents are expected to return to work earlier.

64% of mothers working in professional and managerial roles use formal childcare compared to 6% of mothers in unskilled and semi-skilled jobs. Working class families are more likely to have their children young. As a result, working class grandparents are four times more likely to become a grandparent before their 50<sup>th</sup> birthday and more than twice as likely before their 60<sup>th</sup> birthday than middle class women. Working class families are more likely to live relatively close to each other and this proximity encourages expectations of support with childcare. Working class parents are also less likely to have flexible working, so they need more childcare. The reality is that working class women in their late 40s and 50s are facing expectations, and the probability, that they will provide childcare.

At the moment these women cannot request flexible working, but we expect grandparents to provide support in a crisis even if that means they cannot do their job. We believe that the right to request flexible working should be extended to all employees. A "right to request" leaves employers in control of implementing measures for which they can see the business case.

Creating a presumption of flexible working for all would be better than extending it from specific group to group. It would also enable employers to respond better to sudden, unexpected and unplanned changes in an employee's needs.

We believe that you have to consider caring issues in any discussion of intergenerational fairness because we would not have a working population of parents without those people – often grandparents – whose support enables the parents to work. We think that the value of care grandparents provide should be recognised by discounting the amount that they later have to pay the state if they need residential care in their old age.

## Questions

**Patricia Constant** asked Samantha to clarify how Grandparents Plus's proposed discount against care charges would work. **Samantha** said they proposed that the charge levied by the state against the value of a person's home, if they have no other resources to pay for their own residential care, should be reduced by an amount that reflected the childcare the grandparent had provided.

**John Leech** suggested that Grandparents Plus's proposal on discounting residential care charges could be open to abuse. **Samantha** said they suggested that a grandparent's childcare role could be validated through a Local Authority run "Recognition for Informal Childcare (RiCh) Rewards Scheme. A simple application form stating how many hours of childcare are provided each week would be counter-signed by a teacher, GP, social worker or someone else in a position of authority.

**Alan Hatton-Yeo** asked what support is available to help women aged 45-60 return to work after their caring responsibilities have been discharged. **Samantha** said there is very little support. Grandparents Plus would like to see better advice and support offered to grandparents through children's centres. Half of our grandparents are aged under 65, but the probability is that once they leave work to care for grandchildren, they remain out of work. We should design work to fit around women's caring responsibilities, which would benefit men too. We need to reverse the starting point of work designed around men's traditional working lives.

## Conclusion

Baroness Greengross thanked the witnesses for their evidence and closed the meeting.

*CLC, July 2009*



# Intergenerational Futures All Party Parliamentary Group



## Inquiry into Intergenerational Fairness and Employment

Committee Room 18, House of Commons

9.30-11.30am, 23 June 2009

### Minutes

#### Introduction

Baroness Greengross welcomed members and guests to the first of three oral evidence sessions. She explained that the Group would be taking oral and written evidence, with a view to drafting a report on intergenerational fairness and employment over the summer and launching it in the autumn. She invited each of the witnesses to make a brief statement before responding to questions.

#### **Anna Wallace, Chartered Institute of Personnel & Development (CIPD)**

The CIPD has 133,000 individual members, who work in all areas of the economy. It is the leading professional body for those in management, setting standards and awarding qualifications.

The inquiry is taking place against a background of an ageing society, where older people are remaining fit and want to stay in the workforce longer, not least because many of them face decreasing pension annuities. Career paths are not as linear as they used to be and changing career paths have contributed to a breakdown of hierarchies. We believe there are three key issues for employers: trying to deliver flexibility and fairness for all staff as individuals; balancing the needs of employees against the needs of the business; and freedom to act.

Our survey evidence suggests that the term intergenerational fairness may be a misnomer and employers would do better to consider fairness during employee's life stages rather than generations. Many "generational" characteristics correspond more directly with life stages. For example, older workers may be more interested in pensions because they are approaching that life stage, but although "Generation Y" workers are not so interested in pensions at the moment, they may be interested in them when they are older and entering a later life stage.

The CIPD accepts that it is not always possible to offer a completely unique proposition to each individual employee, but it believes it is quite easy in practice to deliver flexibility and fairness. The CIPD believes the "cafeteria" approach as used in Reward practice is a good example of how this can be achieved. For example, in terms of rewarding success a company might offer £5000 worth of benefit provision to its employees, which could be taken in the form of a pension contribution, childcare vouchers or travel insurance as individual employees prefer. This enables the company to treat its employees fairly, while additionally aligning its business needs to the needs of individual employees. Each employee is able to extract maximum personal value from the reward and the company is not wasting money on benefits which are not being taken up.

The CIPD believes companies should have the freedom to act. At a macro level, we need flexibility to see the UK through the recession. CIPD believes in better regulation, but not regulation for its own sake. It recognises the need for codes of good practice and guidance, but not prescriptive regulation. Employers need flexibility to operate in a way that will enable them to

balance the needs of their business against the needs of their employees.

For example the Equality Bill provisions on positive action are not very prescriptive, but will be accompanied by a code of practice that will be more important in empowering employers to know when, how and why to use the legislation. The CIPD sees this as a good model.

In conclusion, we believe employers should treat individuals as individuals to the greatest extent possible, giving them a fair but different slice of the cake; aligning their business needs with the needs of the individual, while retaining the freedom to operate flexibly.

## Questions

**Lynne Wealleans** (Beth Johnson Foundation) asked Anna to comment on how the cafeteria approach might be applied to people in mid life, which can be a stage of great transition for many people. **Anna** agreed it is a stage of great transition for many people, but pointed out that other life stages can also involve great transition, as young people enter the workforce and older people leave it. The CIPD believes employers should extend flexible working to all employees.

**Roger Turner** (Unite) asked how the CIPD respond to the greater difficulty of achieving flexibility in small businesses, where it could be more challenging. **Anna** suggested that flexibility can be managed very effectively in small businesses because the burden is shared.

**Baroness Howe** asked if training is one area where employers are focusing more on the needs of young people than older people. **Anna** said the CIPD classifies older workers as those aged over 50. She agreed that employers seem to be less willing to invest in the training needs of older workers, possibly because they are seen to have less time to spend in the workforce. The CIPD believes all workers should have access to training. Continuous professional development, for example, is as important for older GPs as for younger ones. The CIPD has found that older workers tend to deselect themselves from training opportunities and this is something employers should seek to understand and address. It may necessitate the provision of a differentiated offering. For example, online training may suit young people, whereas older workers may prefer a classroom based approach.

**Baroness Greengross** asked how the CIPD deals with the issue that flexibility for a young woman with children may be offered at the expense of a heavier burden for other staff members without children. **Anna** suggested that the provision of flexible working for all workers would enable the burden of work to be shared fairly. Currently employees only have a right to request flexible working and it can be refused on the basis of business need, which would include inadequate staff resources.

**Baroness Howe** asked whether there is a role for the CIPD in building support for young mothers who request flexible working in order to bring up well adjusted young people who will be the workforce of the future. **Anna** said that many employees may not have children, but we all have parents who may have caring needs in the future. All employees have the right to request flexible working to meet their caring needs and the best employers are ahead of the curve in responding to these requests. When asked to cite some companies exhibiting best practice, Anna referred to KPMG's flexible futures programme.

**Sam Smethers of Grandparents Plus** said we should not assume that because one person is working flexibly it increases the burden borne by co-workers; it can be of benefit to all employees. We need a shift in perception on this issue and the best employers are ahead of the game. We also need to look more carefully at who is bearing the caring burden. A report published by Grandparents Plus yesterday (22 June) found that people are four times more likely to be a grandparent before the age of 50 if they are working class.

**Clem Henricson** (Family and Parenting Institute) said the Institute is interested in extending the right to flexible working beyond its role in meeting caring needs because of the impact it could have

on gender relationships. She asked how far Anna thought the right to flexible working could be strengthened. **Anna** said the CIPD supports the right to request flexible working and the right to request training because they are examples of light touch regulation. It is working well with the best employers who like it because they do not have to legitimise their reasons for doing it or not doing it. It leaves them with the freedom to act. The business case for providing flexible working far outweighs other factors, so rather than legislating to create a baseline level playing field Government has a greater role in improving employers' understanding of the relevance of, and business case for, flexible working.

### **Abigail Morris, British Chambers of Commerce (BCC)**

The BCC has 50 accredited Chambers of Commerce, some of which are very large encompassing a whole region while others may extend simply to a small town. BCC members reflect the whole range of business, with the exception of very small sole traders, who tend to belong to the FSB.

The BCC conducts a quarterly survey, which was the first to call the recession last July. We have since found the lowest indicators covering all sectors of the economy and confidence since the survey began. The last quarterly survey showed some upturn in the services sector, but manufacturing is still recording the lowest figures since the survey started.

Against this background, employers are facing two massive increases to the costs of employment: the increase in NICs due to take effect in 2011 and the cost of pension reform which will impact in 2012, when all employers will be required to make a minimum 3% contribution to their employees' pensions. The Government originally estimated this would have an administrative cost of £200 per business, which they subsequently raised to £300. The BCC estimate the more likely cost will be about £1000. The Agency Workers Directive is a third expensive piece of legislation with an estimated compliance cost of £1.7 billion a year for the private sector. In addition, employers must implement fair pay and the national minimum wage.

Business wants a period of consolidation. It is recognised that the compliance burden decreases over time as businesses become more familiar with legislation and the FSB believe that the Government should give employers time to come to terms with these new legal burdens.

The flexible working debate is very interesting for the BCC. There has always been a strong business case for flexible working; it did not arrive with the right to request. In many cases, it operates very informally in small businesses, which often employ part-time workers and workers on shift patterns. If small businesses have a reputation for resisting flexible working, often it is simply because the owners of small businesses do not recognise the language being used. Small businesses do offer flexible working because they recognise the business case for it, but they may not have formal policies on it.

The consolidation exercise that is taking place as a result of the introduction of the Equality Bill is very important and the guidance that will be published with it will be very helpful to businesses in the future. The BCC has a helpline which our members can use and we find that age discrimination is a negligible issue for our members, which may be surprising given that it is a complicated and expensive issue to take to tribunals. The BCC receives approximately 20 calls a month on gender discrimination, but only 4 or 5 on age discrimination.

The BCC regards enterprise as very important. Many older workers are not encouraged to think about starting their own business, although it could be the most appropriate option for them. JobCentre Plus can only do so much. It reaches about 14% of small businesses and 28% of all businesses. So some of their distinct offerings – such as their golden hellos – do not reach the 800,000 other businesses operating in the UK, which employ many older workers.

The BCC asked several questions about older workers (65+) in its most recent survey. We found they are highly valued by small businesses because of their experience, skills and loyalty. The majority of those businesses which did not employ older workers, did not employ them because

they had not been approached by them. 20% of the 33% of businesses that do employ older workers said that the reason for doing so was that the owner or directors themselves were over 65.

## Questions

**Roger Turner (Unite)** asked if the type of business employing older workers related to the business sector in which they operate, for example, one might expect fewer older workers to be working in the engineering sector. **Abigail** said the hospitality sector appeared to employ fewer older workers.

**Baroness Howe** asked how long the BCC wanted a moratorium on new measures to last and queried whether it was realistic. **Abigail** said the BCC does not doubt there will be further changes, but there have been a lot of very important changes over the last ten years, so there is not a lot more on the same scale that can follow the introduction of a national minimum wage, the Agency Workers Directive and the legislation on age discrimination.

**Baroness Greengross** asked Abigail to comment on young people. **Abigail** said employers' main complaint about young people was that they lacked the soft skills required in the workplace, such as good time keeping. For this reason many employers support immigration so that they have access to suitably qualified employees.

**Baroness Greengross** asked Abigail to clarify the impact of the Equivalent or Lower Qualifications (ELQ) rule on the training of older workers. **Abigail** said the BCC regard the ELQ as an out of date rule. It indirectly discriminates against older workers because it means that the Government will not fund training for a person who holds an equal or lower qualification in any area, but this fails to recognise the need many older workers face to re-train, sometimes in entirely new areas, in order to remain in the workforce.

**Baroness Howe** asked if the BCC had made any representations to Government on the redirection of resources away from older people to fund apprenticeships for young people. **Abigail** said the BCC has called on the public sector to set a lead in recruiting older people as apprentices. She undertook to ask her colleagues working on skills to write to the inquiry team about the diversion of resources away from older people.

**Chris Ball** (The Age and Employment Network) said TAEN wants all workers to engage in lifelong learning and if that is to be achieved it should not be possible to stop people undertaking training because of their past training experience or qualifications. Changing career in mid life is a major challenge and older workers need to be able to obtain new qualifications.

**Roger Turner** asked if the BCC think the Learning White Paper will have a big impact and **Abigail** said she would ask her colleagues working in skills to write to the inquiry team about it. However, 70% of the 2020 workforce is now in work, so the BCC recognises that continual re-training will be essential. Baroness Greengross said that NIACE had suggested that training should be regarded as a fundamental right, but there does seem to be blatant discrimination against older workers in this area.

## **Lynsey Brooks, Federation of Small Business (FSB)**

FSB members range in size from those employing 250 staff to sole traders and they are represented in every sector of the economy.

Small business has a good track record in terms of employing older people. The last 2007 Labour Force Survey showed that a higher proportion of the work force in the smallest businesses were over 50. 43% of small business owners are over 55 and X% are over 45.

Small businesses can treat all employees as individuals, making it easier to meet flexible working requests and to be flexible about the age of retirement.

Small businesses do less formal training leading to qualifications and the FSB would like to see the informal training they provide recognised because they play an important role in helping their staff develop their skills.

60% of young people in the UK work force are employed in small businesses.

The FSB would like to see greater simplicity. There is a fear of new legislation on the part of many small business owners. Lynsey expressed agreement with Abigail about employers' resistance to the terminology on flexible working and their concern about legislation creep and yet small business owners are very flexible in practice and very supportive at an individual level. She recognised it is easier for small businesses to operate a flexible working system, than for big businesses which have to be able to demonstrate that they are treating all workers equally.

Most small businesses see less linear career paths emerging, but this is a challenge because whereas employees can move to find new opportunities, small business owners must plan for their business's future and so they need to try to achieve a balance within the company of older and younger workers.

## Questions

**Lynne Wealleans** (Beth Johnson Foundation) asked Abigail to comment further on the informal training being carried out in small businesses. **Lynsey** said that in many cases staff share their skills so, for example, young people might help older workers develop their IT skills. She said there is a need to encourage all workers to accept responsibility for developing their skills. The FSB would like the informal training carried out in small businesses to be better recognised.

**Baroness Howe** welcomed the fact that small businesses are reaching sensible and pragmatic outcomes in terms of flexible working, as borne out in anecdotal evidence, and asked how the FSB would like to see compliance costs set off. **Lynsey** said that small businesses find the tax credits system very complicated and not worth the effort of applying, so they tend to be of greater benefit to larger businesses. Small businesses provide flexible working because they find there is a strong business case for it. The FSB would like to see the Government rein back on the terminology and encourage small businesses more, for example by recognising their training efforts rather than bullying them because of the perception that training is not being offered.

**Baroness Greengross** raised the issue of apprentices trained by small businesses being poached by other companies that do not necessarily offer the same training. **Lynsey** recognised the problem, but said that even so small businesses have a positive attitude towards training apprentices. She said they are becoming increasingly concerned about child employment because of the rising compliance cost as stakeholders seek more assurances on health and safety policies, which increasingly seem to include an element of child protection. **Abigail** said the FSB are concerned about the high drop out rate among apprentices. The FSB supported a national minimum wage for apprentices because they hope it will help to ensure they stay the course and feel a degree of loyalty towards their employers.

**Baroness Howe** referred to the fact that in many firms, for example legal firms, women seeing themselves being overtaken by men in terms of promotion and so go on to set up their own firms. She asked if there is any evidence that female led firms offer better, more flexible terms of employment. **Abigail** said there is some anecdotal evidence to support that view. Research undertaken by Westminster University has also found that women working in the smaller law firms had better working practices, including more flexible working. In some cases, women had taken pay cuts to work for these firms because they preferred the more flexible working conditions. The BCC regard self-employment as a very useful option for people who are struggling in the work force or who want more flexible work.

**Roger Turner** (Unite) welcomed the positive message from business on flexible working and asked if there was evidence that flexible working practices were being extended to older workers and not just used to meet childcare needs, for example, to ease the transition to retirement by providing reduced working hours. **Anna** said new research shows that older workers are the most likely to take up all types of flexible working including reduced hours, flexi-time, part-time working etc.

**Sam Smethers** (Grandparents Plus) expressed interest in the psychology of small business owners who operate flexibly but recoil from the right to request flexible working. She suggested that the issue seems to be partly about language and partly about being in control. **Lynsey** agreed and said that small business owners want to be in control of their business. They also differentiate between dealing with a theoretical proposition and dealing with an individual employee's needs. There is also a great concern about legislation creep. They feel legislation inhibits what they do rather than empowering them.

**Anna Wallace** said that legislation clearly can be a driver, but often it becomes a box-ticking exercise. When employers feel in control and can see a business case for action they act, but they do not like the concept of additional burdens. **Abigail** said it is not just a perception of legislation creep, it does creep. The national minimum wage has been raised and extended in scope. When the right to request flexible working was first introduced it applied to parents with children under 6, that has now been extended to parents with children up to 16.

### **Matthew Whittaker, The Resolution Foundation (RF)**

The Resolution Foundation is an independent policy and research organisation concerned with improving the position of low earners. Their work covers many policy areas. They have found that compared with high earners and benefit recipients, low earners are more exposed during the recession, because they are at greater risk of their income falling than benefit recipients and they do not have the same safety net enjoyed by high earners. Yet despite their being more exposed, they are overlooked by service providers and policy makers. The Resolution Foundation defines low earners as people with incomes between £12,000 and £27,000.

Low earners face multiple problems in relation to work. They often lack access to employer training, which tends to focus on young people or higher skilled workers. Low earners tend not to have career paths, so they do not access continual professional development. Low earners tend to be in the mid skills range of Level 2 and Level 3 skills, so they do not have access to the training funded by Government either.

Low earners find it difficult to make progress within the workforce in terms of improving their wage prospects. They exist on the edge of their means, but because they are assumed to be getting by, they do not receive attention from policy makers and face difficulties. They tend to be employed in smaller organisations and so are at greater risk of their employers going out of business during recession or reducing their hours. Many are self-employed traders working, for example, in the construction industry. As a result, they are at greater risk of being laid off in an economic downturn, not least because employers have not invested in their training. Once out of the workforce they tend to find it more difficult to break back in.

Much recent research has suggested that people dropping out of work are returning quickly to the workforce, but a lot of low earners are at risk of being lost to the labour market. They are not a lot better off in employment than on benefits so their incentive to return to employment is lower than that of higher earners and they cannot as easily fund their own training and re-skilling needs or the costs associated with finding a new job, such as travel to interviews.

The recession has helped shine a light on the needs of low earners and policies to counter the recession have been helpful, including for example more funding for JobCentre Plus. However, this has been almost an accidental consequence of recession rather than the result of deliberate policy.

The New Opportunities White Paper is encouraging in respect of the training opportunities it proposes for adults over the age of 25 and the options it proposes to help people fill in the gaps in their training, for example, by offering Level 3 and Level 4 training. The Resolution Foundation will shortly shift its research focus to the prospects for low earners both during the recession and as the UK emerges from recession. We anticipate that many of their in-work benefits are likely to be hit by any contraction in public spending.

The Resolution Foundation's anecdotal evidence from low income older workers (aged 35+) is that they are concerned about the next generation. They feel trapped and frustrated by their lack of opportunities and they want the next generation to have more flexible options. There seems to be no resentment against people benefiting from flexible working, but they want all workers to have more opportunities.

## Questions

**Roger Turner** (Unite) said the 30.5m low earners must include a wide age-span and he asked if the Resolution Foundation sees differences within the low earner group. **Matthew** said the Resolution Foundation sees a focus on youth unemployment and accepts this because it recognises the devastating effects of youth unemployment on an individual's long term future. The Resolution Foundation would simply say that older workers need more help. Older low earners do feel that if they become unemployed they will not be able to get back into the labour market. There are discussions about how to fund care for the older generation: should it be down to the shrinking population of younger workers when older people have gained great wealth from increases in property prices over recent decades? This is a question of where resources should be deployed to achieve intergenerational fairness.

**Baroness Greengross** asked if low earners in a low paid, but fairly skilled job stay put because they feel they do not have alternatives, thereby reducing the number of opportunities for young people to enter the workforce and, if so, whether it causes resentment among young people. **Matthew** said it was not an issue that had emerged in their focus groups. Older low earners certainly do stay put in their jobs, but this does not necessarily stop young people entering the labour market – it benefits every one by contributing to economic growth and maintaining levels of consumption.

**Lynne Wealleans** (Beth Johnson Foundation) said that Matthew's comments reflected her experience in mid Staffordshire. When older people leave the labour market they often encounter other problems such as sickness. She has found that older people do not want resources not to be spent on young people, but they would like more support for older workers as well. **Matthew** agreed that many older workers feel a sense of abandonment because they do not have a voice. He said we should certainly ensure that if they drop out of the labour market they are offered support to get back in.

**Baroness Greengross** asked if there is a lot of anti-immigration feeling among low earners. **Mathew** confirmed that there is. He said quite a lot of low earners were either not voting or voting for non-mainstream parties. Quite a lot of their anti-immigration feeling is based on what they read rather than their own direct experience. There needs to be a big campaign around immigration. The mainstream parties should produce and explain positive policies in support of immigration that identify the benefits associated with immigration.

**Baroness Howe** asked if employers should be required to help low earners train and re-train. **Matthew** said that increasing help is needed during the downturn. One possible solution to balance the needs of low earners for employment and the UK's need for better care provision would be to encourage low earners to work in the care sector, but the Resolution Foundation would not seek to impose more obligations on employers. It looks for mixed state solutions, for example by encouraging employers to act through tax incentives, while accepting the point made by Abigail Morris that the tax credit system are complicated for small businesses. One consequence of

allowing an employer-led system for skills training to develop is that training has tended to focus on the most profitable workers, with increasing abandonment of low earners. There is scope for joining up policy so that where low earners' skills may be lost to the labour market they are instead re-directed to other sectors where they can be usefully deployed. For example, it would be better to provide subsidised working or to encourage low earners to undertake voluntary work rather than to allow them to resort to receiving Incapacity Benefit. However, low earners cannot afford to accept lower incomes without Government support.

**Baroness Greengross** asked if a lot of the low earners Matthew was talking about are employed in the care sector. **Matthew** agreed there were a lot of low earners employed in the care sector; low paid work is common in the health and care sector. He suggested investment in the sector is needed to ensure that employees are better skilled, better rewarded and that the service is more widely recognised as a skilled service.

**Lynsey Brooks** said quite a lot of FSB members are self-employed. Many are low skilled workers who were encouraged to become self-employed, for example in the construction or hairdressing industries. These people often miss out in terms of training opportunities. Often they have to wait longer than other workers to be able to start JobCentre Plus funded training – often having to wait 14 weeks rather than the typical 4 week period for other workers. **Matthew** said that the number of self-employed tends to grow during periods of economic growth, as does youth employment. A lot of these people have not necessarily thought much about their training needs early in their careers and if they become unemployed it can be very difficult for them to re-enter the labour market.

**Roger Turner** (Unite) suggested that low earners, must become low income pensioners because of the difficulties they face in making provision for their retirement. **Matthew** agreed and said they do not, for example, benefit as higher earners have done from wealth accrued in the value of their homes.

**Sam Smethers** asked if the Resolution Foundation has looked at the gender balance among low earners. **Matthew** said they have not yet because they tend to look at low income households rather than low earning individuals, but the Foundation intends to look into that in the future.

## **Conclusion**

Baroness Greengross thanked the witnesses for their evidence and closed the meeting.