



The ageing workforce Presentation to the AGSC

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The Ageing Workforce

By 2020 it is estimated that 1/3rd of all UK employees will be over the age of 50 with a substantial proportion of the workforce over the age of 65. There are a number of drivers which will encourage, if not require, employees to work longer.

The law on age and retirement is changing. From October, employers will no longer be able to require employees to retire at a certain age, except in certain limited circumstances, which will mean employers will need to ensure their performance-management systems and practices concentrate as much on older workers as the rest of their workforce.

Government not only propose to increase pensionable age to 66 but also phase out the default retirement age of 65 during 2011. From the Government's perspective, the benefits of employees working longer will reduce the burden on the pension funds, increase income tax revenue and reduce welfare benefits. In addition, it will help counter the demographic trend towards a dwindling working population as compared with increasing retired population.

The drivers for employees are equally significant. Actuaries predict that by 2020 the average life expectancy for a 65 year old male will be a further 22.4 years. In addition, poor returns on private pension plans coupled with longer life expectancy will stretch funds so that it will be more difficult to retire and yet maintain a good standard of living.

A change in law - age legislation and the default retirement age

The Government is phasing out the default retirement age (DRA) from April 2011.

From 6 April 2011, employers will no longer be able to issue notifications of retirement using the DRA procedure. Where notifications have already been made prior to 6 April 2011 in accordance with these procedures, employers will be able to continue with the retirement process as long as the employee is aged at least 65 - or the employer's retirement age, if higher - before 1 October 2011.

In accordance with DRA procedures, those employees will be able to request to work on beyond their notified retirement date and employers will be able to agree an extension to their employment. If the employer wishes to give an extension that still ends with dismissal under the DRA, the extension must be for a fixed period of six months or less. This is the maximum period allowed without the need to issue a further notification of retirement.

Beyond these transitional arrangements, employers will not be able to rely on the DRA. This means that employers cannot compulsorily retire their employees, unless the retirement can be objectively justified in their particular circumstances.

In certain cases it might be possible for an employer to objectively justify a retirement age but in order to do so an employer would need to show that they were acting to further a legitimate aim of the business and that their actions to achieve that aim were appropriate and necessary. The employer may need to defend these actions at tribunal, if challenged.

The ageing workforce

In planning for an aging workforce employers cannot simply assume that their employee will retire at his/her present default age. Instead, employers should treat their older workforce as

any other employee and invest in training and support irrespective of age. Consideration should also be given as to how flexibility can be introduced both into work types, practices and hours. There is also a need to review Occupational Health support and Health and Safety risk assessments.

Age is not an equivalent of personal capacity to work. Some cognitive functions such as memory abilities are thought to deteriorate with age. However, decline with increasing age is not inevitable and any loss of speed etc can often be compensated with other skills. Physical strength and endurance is very specific to individuals and can be influenced by factors specific to the person, rather than the ageing process itself.

There is a difference in sickness absence patterns between younger and older workers. Typically, younger workers tend to be absent more often, but for shorter periods of time, whereas older workers are more likely to be off work for a whole week when they are absent.

Although HSE ill-health statistics show that self-reported illnesses are most prevalent among workers closest to the state pensions age, it should be remembered that this could be due to factors under the control of the individual e.g. lifestyle factors such as drinking and smoking.

Focus on an Ageing Workforce' Survey

In its 'Focus on an Ageing Workforce' survey of 2000 employees, the CIPD reveals that older workers are most likely to have noticed a decline in their physical ability to do their jobs – with 28 per cent saying their physical ability has declined a lot; and 51 per cent saying their physical ability has declined a little. However, while workers aged up to 34 are significantly less likely to report a decline in their physical ability to do their job, there is not a huge difference between older workers and the 34 to 45-year-old age group – 17 per cent of whom say their physical ability has declined a lot; and 51 per cent reporting it had reduced a little.

For those workers who felt their physical ability to do their job has declined as they got older, more than three-quarters said their employer had not made any adjustments. Where employers had made adjustments, access to occupational-health services (7 per cent), offering a reduction in hours (7 per cent), and flexible working (6 per cent) were the most common modifications reported by employees.

Interestingly, older workers report better mental and physical health than their younger colleagues. In all, 91 per cent of workers aged 65-and-above say their mental health is good, or very good, compared with a survey average of 74 per cent. A high proportion of older workers also believe they are in good physical condition – with 69 per cent of older workers reporting their physical health to be good, or very good, compared with 64 per cent for workers across all age groups.

It is also the case that the rate of all workplace injury is higher in young men (16-24) compared with older men even after allowing for occupations.

Commenting on the findings, Diannah Worman, diversity advisor at the CIPD, said: "The survey shoots down the myth that workers' ability to do their job suddenly declines after they hit 65. However, the survey does show that employers need to do more to provide reasonable adjustments for workers of all ages to enable them to carry on working in light of physical, or mental-health difficulties – or, indeed, caring responsibilities, either for children, or for an ageing spouse, or partner."

"The Coalition Government's plans to extend the right to request flexible working for all employees will encourage more employers to provide flexible, modern workplaces in response to the needs of employees of all ages, and, just as importantly, in response to the demands created by changing demographics in the labour market."

The survey also revealed that many employers are failing to consider older workers' training and performance needs, with Worman warning that companies that do not treat older staff fairly in this regard could find themselves facing a discrimination claim following the phasing-out of the DRA if there is a dispute over the employee's capability to do their job.

The survey found that less than half of workers (46 per cent) aged 65 and above said they have had a formal performance appraisal either once a year, or more frequently, compared with 65 per cent of all employees. Older workers are also much less likely than younger workers to have received training, with 51 per cent of those aged over 65 saying they had received no training in the last three years, or never, compared with 32 per cent across all age groups.

Said Worman: "The survey finds too many older workers are currently neglected in the workplace when it comes to training and performance management, with some employers perhaps assuming older staff are nearing the end of their working lives and need less attention.

"Failure to address poor performance of older workers may also pave the way for discrimination claims following the phasing-out of the DRA if there is a dispute over capability. Employers should treat all employees fairly at work to ensure they get the best out of all staff, whatever their age."

Managing an older workforce without a fixed retirement age

Employees of different ages and with varied experience can make a significant contribution to your business. Whether you employ four or 400 staff, successful workforce management requires a balance between treating all workers equally regardless of their age, while responding to their particular strengths and needs at different stages in their working lives.

Employers should ensure that all staff appreciate the business benefits of employing and retaining older workers as part of an age-diverse workforce.

Research shows that older workers generally:

- have lower levels of staff turnover
- don't block opportunities for younger workers
- have a broad range of skills, experience and ideas to offer
- can be as productive as younger workers
- have fewer accidents and lower levels of short-term sickness
- are as successful in training as younger workers and can help to mentor new starters

To prepare for changes to the age profile of your workforce as employees begin to work beyond traditional retirement ages, you should:

- understand the age profile of your existing workforce and how changes may impact your business in future
- consider how to attract and retain older workers to maintain your skills base now and anticipate the future growth of your business
- encourage your experienced workers to share skills and knowledge, and involve them in training and mentoring new starters
- ensure all staff recognise that they are managed and valued for the work they do regardless of their age
- reduce staff turnover costs by looking at ways to help your skilled older workers carry on working, possibly through more part-time or flexible working

- remember if part-time or flexible working is not open to all, then targeting it at older workers would need to be objectively justified

Managing health issues among the older workforce

WERS analysis highlighted the risk factors that can precipitate mental ill - health and musculoskeletal disorders in particular. More widespread knowledge and awareness of the working environments which can trigger ill - health may lead to the wider adoption of preventative interventions.

- Professional, managerial and other jobs characterised by high levels of autonomy, most notably in male - dominated working environments, are associated with a higher incidence of stress and other mental ill - health. These jobs are typically well paid and interesting and often functionally flexible but can, nevertheless, be stressful and associated with unmanageable workloads. The health sector, ironically, stands out as being more unhealthy than other sectors.
- Having control over start and finish times and other flexitime arrangements can, however, partly offset the impact of more adverse working conditions. Teams can also spread the pressure provided team members are not codependent to effectively perform their tasks.
- In terms of musculo - skeletal disorders, risk - enhancing characteristics include: a larger proportion of older staff, use of performance - related pay, shift working, long hours and multiple but repetitive tasks.
- A report by the Institute for Employment Studies found that:
- Retention of older workers with health problems depended on the demands of the work, in terms of both hours and content, and on the extent to which employers were able or willing to modify these to take account of individual health needs.
- Larger employers tended to have more day - to - day experience in dealing with ill - health issues among the older workforce, but despite this, line managers often struggled to meet particular situations flexibly because of operational and regulatory demands, so sector and industry type may be more important factors than size.
- Older workers in skills shortage areas or with tacit knowledge are recognised as a valuable resource and employers are keen not to lose them, but this does not apply in sectors with a lower skills base and no shortage of suitable applicants.
- Small firms clearly face greater pressures in responding to issues such as ill-health, and can find it particularly difficult to absorb the costs of long - term sickness or to manage the workload in the absence of the person concerned.
- Because some of these situations are not encountered very frequently, especially in small employers or younger companies, there is potentially a major role for increasing information about how health issues for older people in the workplace can effectively be managed.

Health and safety

Age is not generally an indication of capability and does not determine an employee's physical or mental ability to do a job.

Research shows:

- In most jobs these days, productivity does not usually decline at least up to age 70, where older workers receive the same levels of training as younger workers.
- In many cases, any decline in older worker speed can be offset by better judgement based on experience.
- Poor workplace design and inflexible working practices are more likely than age to prevent staff from being fully effective. Physical demands from work can often be minimised through changes in work design or use of equipment.
- Older workers tend to have fewer accidents and lower levels of short-term sickness.
- The general health of older adults is improving and healthy life expectancy is increasing - on average men aged 65 can now expect to live a further 12.8 years in good or fairly good health and women a further 14.5 years.
- The minority of older workers who do develop long-term sickness tend to opt to leave the labour market altogether.

Ensure you use your regular formal or informal discussions to engage with employees openly about any health and safety issues they may have.

Risk assessment

A health and safety risk assessment is an important step in protecting your workers and your business, as well as complying with the law.

To manage potential risks, simple measures can include:

- assessing whether heavy lifting is necessary for a particular job
- adapting workstation layout to minimise repetitive movement
- adjusting lighting and temperature

Changes like this will benefit all employees, not just older workers.

For example, Regulation 4(3)(a) of the Manual Handling Regulations 2002 (as amended) requires the employer to take into consideration the individual capability of the employee whilst carrying out any risk assessment. For instance, there was a case in which an employer was in breach of both the Manual Handling Regulations 2002 in respect of the risk assessment carried out and failing to reduce any risk to its lowest possible level and also the Personal Protective Equipment at Work Regulations 1992 as it was obvious that the sleeves on the employees jacket were too long and no adjustments had been made. It was a foreseeable consequence that the employee would therefore roll her sleeves up. These breaches were a direct cause of the employees forearm being exposed to the spillage of hot liquid and, thus, of the scald injury to her arm.

Where an employee develops a disability as defined by the Equality Act 2010, an employer may need to make reasonable adjustments to enable them to continue to do the job. Reasonable

adjustments to hours, job type, or equipment could help you to retain valuable skills and experience for your business.

HSE

HSE is clear that health and safety should not be used as grounds to exclude older workers. However, risk assessments should ensure they take account of the individual's capabilities. They should not make assumptions about supposed capabilities or frailties.

General safety laws apply and should take into account individual factors that might affect health and safety, some of which could be related to age. The Approved Code of Practice to the Management of Health and Safety at Work Regulations says an employer must "... adapt work to the individual, as regards to the design of workplaces, the choice of work equipment and the choice of working and production methods with a view in particular to alleviating monotonous work and work at a pre-determined work rate." Regulation 3 says employers should carry out a "suitable and sufficient assessment of... the risks to the health and safety of his employees to which they are exposed while they are at work."

The management regulations require that risk assessments identify those groups of workers who may be particularly at risk (www.hse.gov.uk/risk). In some instances, this may mean giving particular attention to the needs of older workers. Other regulations covering chemical safety, manual handling, noise at work, computer use and personal protective equipment all include risk assessment requirements that should take account of the capability and needs of the workers undertaking the task, and should endeavour to wherever possible adapt the work to the individual, for example with regard to the design of the workplace, the equipment and the working methods (*Hazards 44*).

What should Professionals and employers look for?

There are specific risks faced by older workers in the workplace which should be taken account of in their risk assessment, there is no 'one size fits all' solution when thinking about how to support older workers. However, some of the points below can be helpful when considering individual circumstances:

- Carry out risk assessments routinely, not just when an employee reaches a certain age
- Assess the activities involved in jobs and modify workplace design if necessary
- Make adjustments on the basis of individual and business needs, not age
- Consider modifying tasks to help people stay in work longer, but make sure you provide appropriate retraining
- Allow staff to change work hours and job content
- Don't assume that certain jobs are too demanding for older workers - base decisions on capability and objective risk - not age
- Encourage or provide regular health checks for all staff, regardless of age
- Persuade staff to take an interest in their health and fitness
- Consider legislative duties, such as the Disability Discrimination Act or flexible working legislation. These could require businesses to make adjustments to help an employee with a health issue or consider a request to work flexibly

Fitness for Work and Risk Based assessment

Good performance management is key to managing the health and capacity of all workers, including older ones, according to Rachel Kryz of the Employers Forum on Age.

For example, individual performance appraisal is an effective way of keeping in touch with an employee's ongoing health issues.

In many cases such a decline in capacity is a gradual process, and should not come as a shock to an employer or manager operating good performance management. There may be more employment tribunal cases involving older worker's capability in future, but these are most likely to be in organisations with no history of sophisticated performance management. Kryz believes that problems surrounding older workers and capacity usually arise only when managers make too many assumptions about the capacity of older workers as a group, or about the skills or strengths needed to do a particular job.

Health screening or assessments, ideally forming part of performance management, are central to assessing continuing fitness for work. However, screening must apply to all employees, regardless of age, and must have capability, not age as its focus.

The British Occupational Health Research Foundation is developing a risk-based approach to making decisions on the employability of older workers and it hopes to develop a toolkit for employers over the next 18 months. The TUC argues that risk assessments are too often used only at induction or job change. It says that they should be used to regularly assess workers to prevent them having to leave employment early owing to exposure to work-related health risks.

Training and development for an older workforce

Training can help employees, younger and older, to build on their skills, increase their productivity and keep up with change. It can motivate workers of all ages.

Research shows that where older workers have received the same level of training as younger colleagues, older worker productivity does not usually decline - at least up to the age of 70.

The risk of an employee leaving a company after training or promotion is the same across all age groups. Age, therefore, is not generally a good indication of return on training investment.

To make training and promotion available to all age groups, you should:

- ensure training opportunities are offered to all employees regardless of their age unless differences in treatment can be objectively justified
- engage regularly with staff on an individual basis to discuss future training and promotion options that will benefit both your business and your employees
- ensure all your workers, including older workers, know what training opportunities are relevant to them and encourage them to take part - older workers too often assume training is intended for younger, inexperienced workers
- monitor outcomes from promotion exercises to ensure age bias has not occurred - it is illegal to exclude an employee from promotion on the grounds of age unless it can be objectively justified

- encourage mentoring and sharing of skills within your business - draw on experienced workers to support and train new starters and other colleagues

Conclusion

There are many misconceptions about older workers. Older workers were generally reported to be more reliable, loyal, and demonstrate a range of skills based on experience. There is no evidence that age significantly affects cognitive function for a fit employee up to their late 70s. Whilst it is true that older workers can suffer from ill health and if they do they are likely to be absent for longer, this is offset by a lower incidence of absence and accidents.

The message to employers is that the older workforce is here to stay so do not ignore them.