

Managing an ageing workforce in construction

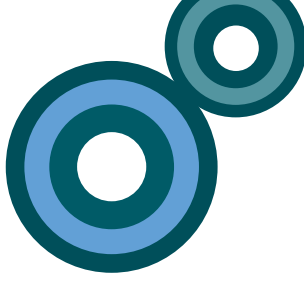
A report for employers

By Stephen McNair and Matt Flynn

Produced for the Department
for Work and Pensions
By the Centre for Research
into the Older Workforce

age**partnership**group
Targeting Employers®





Age Partnership Group (APG)

This research is one of a number of projects commissioned by the DWP on behalf of the APG as part of the National Guidance Campaign (NGC).

The APG was formed in 2002 and consists of a number of national organisations who represent different aspects of employers needs, for example, small business representatives, trade unions, HR and Personnel managers, local government, other government departments, accountancy, insurance and training organisations. There are separate groups representing England, Scotland and Wales.

The NGC aims to raise employers' awareness of, and ability to adopt, practical information and guidance on age diverse employment practices. This includes flexible employment and retirement opportunities in order to increase the recruitment, selection, promotion, training and retention of older employees prior to the implementation of age legislation in October 2006.

You can view the Age Partnership Group website at www.agepositive.gov.uk/agepartnershipgroup

Legislation

In March 2006, the Employment Equality (Age) Regulations 2006 were published. The regulations are the last major stage of the European Employment Directive and will come into effect on the 1st October 2006.

The regulations prohibit age discrimination in employment and vocational training. They apply to individuals of all ages in work, seeking work or looking to access vocational training and to all employers, and to all providers of vocational training and vocational guidance (including further and higher educational institutions).

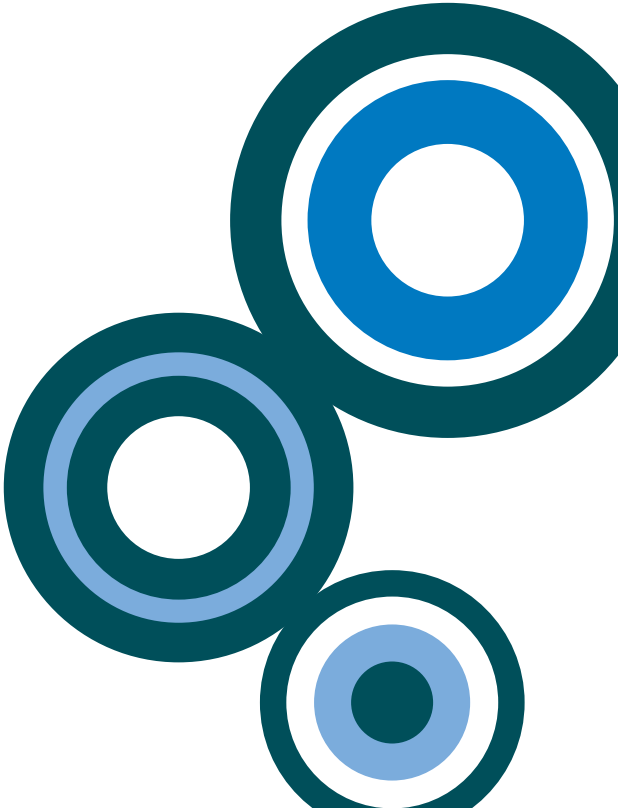
The regulations can be viewed on the Department of Trade and Industry website at www.dti.gov.uk/employment/discrimination/age-discrimination/index.html

Disclaimer

This report has been commissioned to provide information only. Responsibility for the views expressed in this report rests solely with the authors. The members of the Age Partnership Group (APG) and the Department for Work and Pensions (DWP) do not accept responsibility for the views of the authors.

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Introduction

This report is about how firms in the construction sector are managing an ageing workforce. It has been written for the Department for Work and Pensions (DWP) by the Centre for Research into the Older Workforce (CROW) to help employers to make better use of older workers. It also helps to raise awareness of the new Employment Equality (Age) Regulations 2006, which becomes law in October 2006, and prohibits age discrimination in work or training against people of any age.

Workforce ageing presents a growing challenge to most employers. Birthrates have been falling for many years, and in the next few years the numbers retiring will outnumber young people entering the labour market. The government believes that the resulting skills gaps and labour shortages in many industries can be reduced if employers can find ways of making better use of older workers, and encourage people to stay in work longer.

However, every industry has its particular features, and this report outlines the special issues affecting the construction sector, based on a large national survey of employers. It highlights employment practices in the sector which will be hazardous under the Age Regulations, and aims to stimulate discussion and improved practice in firms.

This report is not intended to be an authoritative statement on the age discrimination law itself. Details of how to obtain the Regulations, and advice about them, can be found at the end of the report. However, while the Regulations make some activities unlawful, it is for the Courts and Employment Tribunals to interpret this in specific cases. The term "hazardous" is therefore used in this paper to describe activities which might be ruled unlawful if a case is brought. We suggest that employers need to review their practice in these areas.

During 2006, CROW will explore these issues in more depth through case studies of firms in seven sectors, and DWP plans to publish the resulting Research Report in 2007.



1. Summary: key age issues for construction firms

The construction sector has a high proportion of workers over 55, and already faces serious labour and skills problems, which are likely to increase. A greater or more flexible use of older workers may help to overcome this.

Attitudes to older workers in the sector are mixed. Construction firms are generally more willing than other employers to allow employees to stay in work past retirement age, which may help overcome labour shortages, but they are less likely to recruit staff over 50, perhaps reflecting the time needed to train and become competent for new entrants.

Hazardous age discrimination practices are particularly common in this sector, and raising awareness of the new law will be particularly difficult, given the high proportion of very small firms. Construction firms are less likely than other firms to have protective practices in place to ensure that unfair discrimination is not happening. Large firms in particular are less likely to have processes like equal opportunities policies, formal appraisal and assessment for promotion, and “age blind” recruitment systems than large firms in other sectors.

Common hazardous practices in the construction sector

Common practices in this sector which may need review if employers are to avoid breaking the Age Regulations include:

- **using length of experience as a selection criterion** in recruitment (two thirds of all construction firms do this. Length of experience is a substitute for assessing competence, and is hazardous, since it disadvantages younger workers.
- **using physical strength as a recruitment criterion.** This is lawful where the requirement is genuine, but it will be unlawful to use age as a proxy for physical strength, since the test must be applied to the individual, and changes in physical capacity with age vary greatly between individuals. Employers must also take into account the need for “reasonable adjustment” to working practices under the Disability Discrimination Act.
- **using length of service or “last in first out” as the basis for redundancy decisions.** This is indirectly discriminatory, since it is likely to disadvantage younger workers.

Unlawful practices in the construction sector

The following practices are less common, but unlawful, and firms who use them will need to make changes if they are to remain within the law.

- 10% of firms use age as a selection criterion in recruitment.
- 27% of firms specify maximum recruitment ages more than 6 months before the firm’s retirement age.
- 12% of firms use age to fix starting salary.

2. The shape of the construction sector

The nature of the age management issues facing a sector depends on factors like the average size of firms, the age and skills profile of the workforce, and future expectations of growth or contraction. This section outlines this context for the construction sector.

The Construction sector employs 2.2 million people (8% of the national workforce) in 206,000 mainly small firms, who carry out site preparation and demolition, the construction of commercial and domestic building, civil engineering, motorways, roads, railways, airfields, installation work (electrical, plumbing etc) and finishing trades (plastering, joinery, floor and wall covering, painting and glazing). It includes a wide range of occupations, from unskilled manual labourers to professional architects and engineers, but half of its¹ workers are in skilled trades. Construction is supported by two Sector Skills Councils (SSCs):

ConstructionSkills - which deals with the broad construction industry; and

SummitSkills - represents the more technical building services and engineering part of the sector.

The sector's output has grown in recent years in line with the rest of the economy, but is predicted to decline somewhat. Construction is especially vulnerable to changes in the economic cycle. Current projections suggest that overall employment will not grow rapidly, but unless current retirement patterns change, the sector will need to recruit a further 577,000 people by 2014, especially in skilled trades, to fill the gaps left by retiring workers.

This is a sector of very small firms, with 92% employing fewer than 11 people, and firm numbers are growing. Formal planning is relatively rare: with half of all firms in the sector having no business plan, and two thirds no training plan.

Figure 1 shows that the construction workforce has a higher than average proportion of workers over 55, with 357,000 employees aged between 55 and 64, and 45,000 over 65.

Other distinctive features of the sector include a high proportion of workers who are:

- white and male;
- in skilled trades;
- employed on full time and permanent contracts;
- self employed.

The sector also has a regional concentration of firms in Yorkshire and the East of England, and fewer in London and Wales.

¹ This analysis is based on the Standard Industrial Classification Code 45. This includes most people in Construction, but some (principally consultants and specialist professionals listed under code 74.2 - "Architectural and engineering activities and related technical consultancy") are excluded from this report.



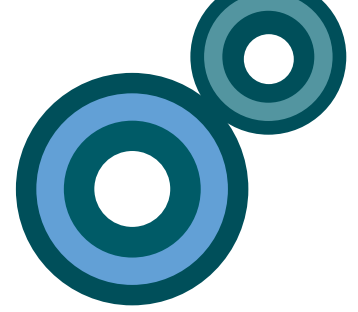
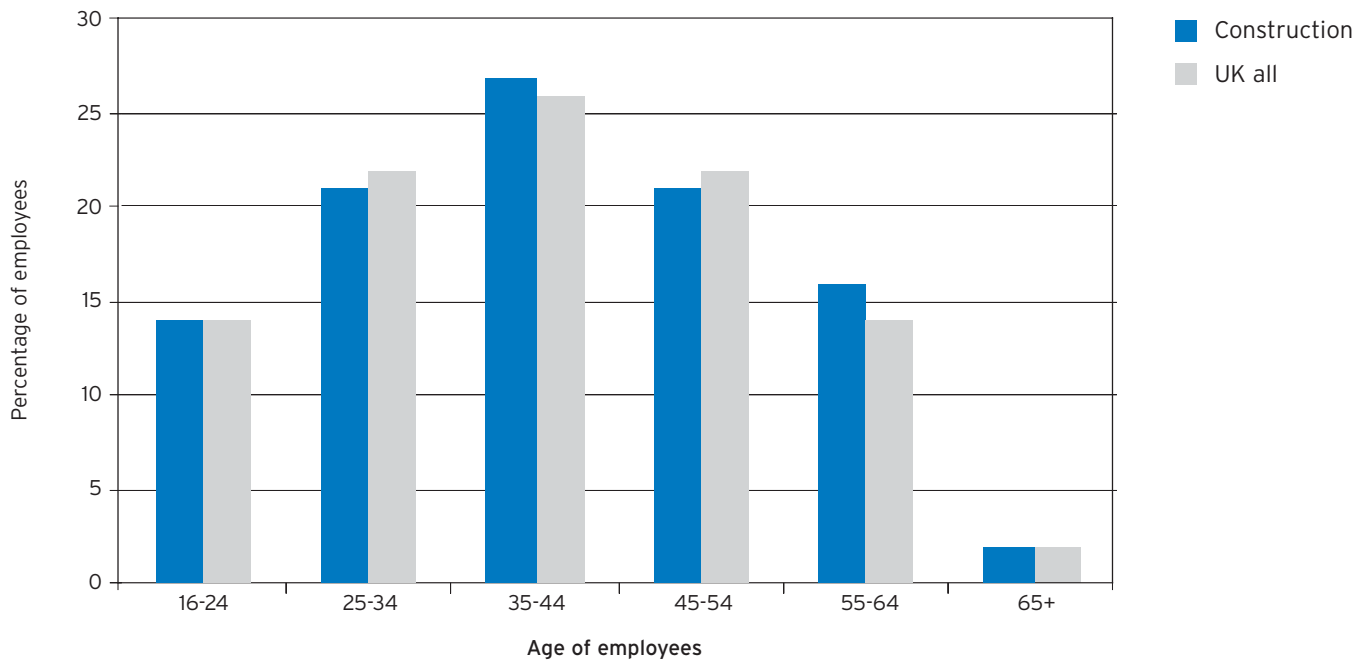


Figure 1 Workforce age profile



Current vacancy rates are slightly lower than in other sectors, but one in three of these is a skills shortage vacancy, and the level is higher still in the skilled trades, which make up half the workforce. The Sector Skills Councils have highlighted three particular features of the sector:

- low training levels, with the proportion of staff trained in the year well below national averages;
- the need to keep pace with rapid technological change;
- the impact of boom and bust economic cycles on training activity.

3. Age discrimination in employment

Age discrimination at work is common. It can affect people of any age, but is particularly likely to involve older people, and more than one in five workers over the age of 50 say that they have experienced it either when applying for jobs or in the workplace². In countries where age discrimination law is already in force, it is the commonest cause of discrimination cases in the courts.

From October 2006, it will be unlawful for any employer in the United Kingdom to discriminate against or harass anyone on grounds of age, directly or indirectly, in relation to either employment or vocational training. This will cover arrangements for recruitment and promotion, pay and conditions, education and training, and retirement and redundancy.

There are exceptions: in relation to retirement, where it will be lawful to make an employee retire at a given age, provided this is not below 65 (for men and women); and where an existing statutory provision exists (like the Minimum Wage Regulations). An employer may also be able to justify discrimination if it is designed to correct an age imbalance in his workforce; if there is a legitimate business reason (and the discrimination is proportionate); or if there is an objective justification (likely to be very rare). The Regulations, and advice on their interpretation, can be found on the DTI and ACAS websites³.

Some features of age discrimination are common to most employers⁴.

- Indirect discrimination is more common than direct discrimination. DWP and DTI's joint survey, conducted by the National Institute of Economic and Social Research (NIESR), found few examples of direct discrimination, but one in five employers believe that some jobs are better done by people of particular ages. Where such beliefs exist, discrimination is more likely.
- Discriminatory attitudes are more likely to be found in private sector firms, and especially small ones⁵, in sectors like manufacturing and construction. These are also the firms and sectors where there are least likely to be formal procedures and policies to protect against unfair discrimination.
- The most common hazardous practices involve setting age limits on recruitment, especially for those over 50, and using age as a basis for decisions on compulsory retirement and redundancy.
- About half the workforce is covered by a compulsory contractual retirement age. In most cases this is already 65, which is the new "national default retirement age". However, even where firms plan to retire staff at 65, they will have to give formal notice of retirement dates and seriously consider requests to stay longer.

² Discrimination is difficult to measure precisely, since it is subjective, and affected by levels of public awareness of age issues, and many people regard it as "normal". In a CROW postal survey of workers over 50 in 2004, 20% reported age discrimination. In research by the University of Kent for Age Concern England 29% of people reported experiencing age discrimination (compared to 24% for gender).

³ See "Further Information" at the end of this report.

⁴ Information based on DWP and DTI's national survey of employers' policies practices and preferences, conducted by NIESR (see "Further Information"), although because this is new secondary analysis not all figures are directly comparable. Also, for certain policies and practices respondents were asked to answer in respect of their largest occupational group rather than for the workforce as a whole.

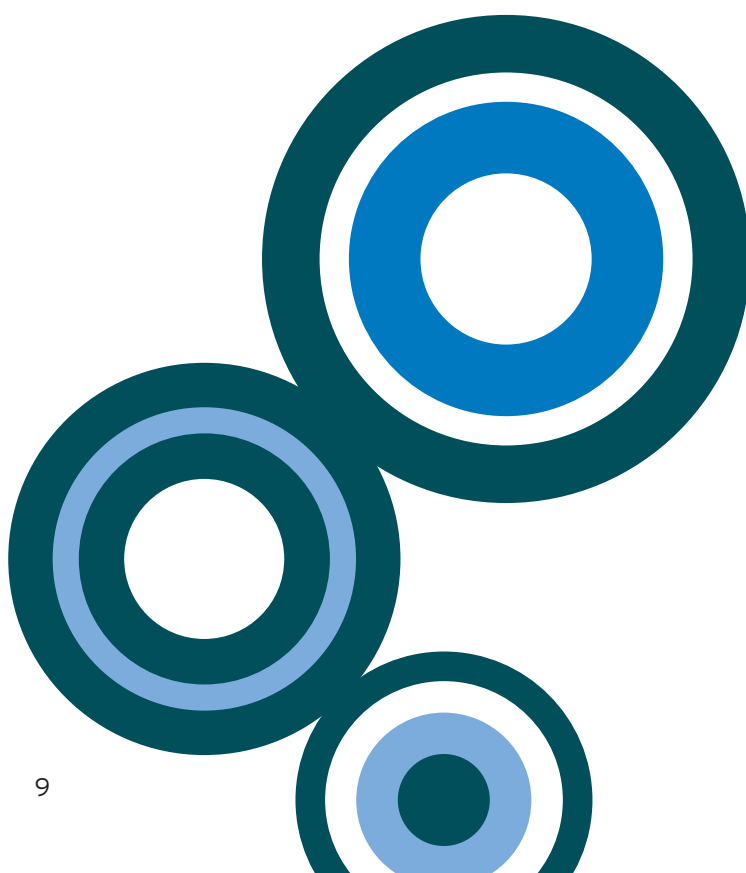
⁵ In this report "micro" firms have 5-19 employees, "small" employ 20-49, "medium" employ 50-249, and "large" employ 250 or more (the survey excluded firms employing fewer than 5 employees).

- Public sector and large private sector organisations, are more likely to have formal procedures (like appraisal schemes or equal opportunities policies) to protect against discrimination, especially where a Trades Union is recognised. However, these organisations are also more likely to have long standing formal agreements which include provisions which are hazardous under the Age Regulations, including contractual retirement ages below the new national default retirement age of 65.
- Two occupational groups are particularly at risk from discriminatory practices. These are professional and associate professional/ technician staff, both of whom are particularly likely to be exposed to discrimination in setting pay, in long incremental pay scales, and in access to training.

The tables in this paper identify hazardous practices identified in DWP/DTI's employer survey, indicating those which are most common among employers in construction, and among employers in general.

Some of the provisions in the Regulations allow an employer to claim an "objective justification" for a practice which would otherwise be unlawful. Such justifications require the employer to be able to show that his or her action is a proportionate means of achieving a legitimate aim. It will be for Employment Tribunals and the County Courts to rule on what is justifiable under these provisions.

The Regulations also allow some practices, like incremental scales, where pay or terms of employment improve with length of service, but only up to five years, beyond which they will need to be objectively justified.



4. Recruitment and promotion

The key principle in all selection for employment or promotion is that decisions should be fair, and based on the individual's competence for the job, and not on arbitrary factors like age (or gender or race etc).

The research evidence shows that work performance in most jobs does not decline with age before the late 60s, provided individuals are healthy, motivated and kept up to date.

Across the workforce as a whole, the commonest hazardous practices in recruitment and promotion involve excluding applicants, either directly (by specifying ages), or indirectly (e.g. by specifying years of experience, rather than specific capabilities) in advertisements, job descriptions and interview criteria.

Table 1 below shows the most common areas of hazardous practice in the construction sector (with figures for firms in general for comparison). Practices followed by more than half of firms in the sector are highlighted:



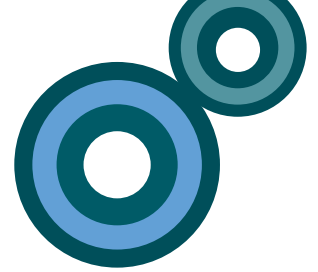


Table 1

Recruitment and promotion	Comments	% of firms reporting in the construction sector	% of firms reporting, all sectors
Selection criteria specify qualifications	Lawful if the qualification is directly relevant to the job, and equivalent qualifications are accepted for candidates of different ages.	58	60
Selection criteria based on length of work experience of any kind	Indirectly discriminatory. The test must be individual capability, not experience, unless an objective justification can be demonstrated.	50	62
Application forms ask for date of birth/age	Lawful to use for monitoring purposes and conforming to Statutory requirements. Potentially discriminatory. ACAS recommends removing this information (as with other equal opportunities information) before shortlisting.	30	48
Maximum recruitment ages are specified	Unlawful if set more than six months before the company's retirement age unless objectively justified.	27	33
Selection decisions are based on remaining period to retirement	Discriminatory unless a clear business justification can be demonstrated ⁷ (like the cost/time required to train, relative to the expected years of work).	25	18
Age information is provided to recruiting staff	Increases risk of discrimination.	32	44
Age criteria are used directly in recruitment, or particular age ranges are targeted	Unlawful unless required by Statute, or for positive action reasons (e.g. to compensate for the under representation of a particular age group).	10	9
Selection decisions are based on expected length of service, judged by age	Unlawful	9	7
Job advertisements specify age	Unlawful , unless there is a genuine occupational requirement (e.g. a young actor for a young part).	6	6

⁶ If the employer does not have a compulsory retirement age, they set a maximum recruitment age of 64 ½.

⁷ See also "maximum recruitment age".

When recruiting, most construction firms specify qualifications and/or length of experience. The former is legitimate, provided the qualifications match the job, and make allowances for comparable qualifications for people of different ages, but the latter is hazardous. A small proportion of micro firms use age directly in selection decisions, which will be unlawful.

About one firm in ten says that some kinds of jobs or work roles are better suited to 25 to 39 year olds. One in four stresses the time it takes for a new recruit to become fully proficient, and almost half say that physical strength is important. It will be important for employers to be clear that they are assessing competence, rather than age, when making such recruitment decisions.

Construction employers are particularly likely to consider the expected length of service from job applicants, and especially how close he or she is to retirement. This is hazardous, unless an objective justification can be argued (for

example, in terms of the costs of training and becoming proficient in relation to future working commitment). It is important to ensure that expectations about future working life are tested and not assumed, since older workers are in general less likely to leave an employer than younger ones.

Construction firms are less likely than other employers to use written application forms, relying instead on unwritten recruitment procedures or CVs. Most firms which have written applications ask for date of birth, and two thirds of these show this information to members of interview panels. This increases the risk of discrimination, especially in a sector where managers appear unusually likely to have strong views about appropriate ages for particular jobs.

Construction firms are less likely than other employers to have formal procedures for promotion, and a small but significant proportion of employers say that older people are less likely to be promoted, which will be unlawful.



5. Pay and conditions

The key principle in setting pay and conditions should be fairness. Where individuals are treated differently, this should be on the basis of a different contribution or skill, not on age, or on a factor which is a proxy for age (like years of service). This applies to people of all ages, and those over an employer’s normal retirement age are equally protected by the law⁸.

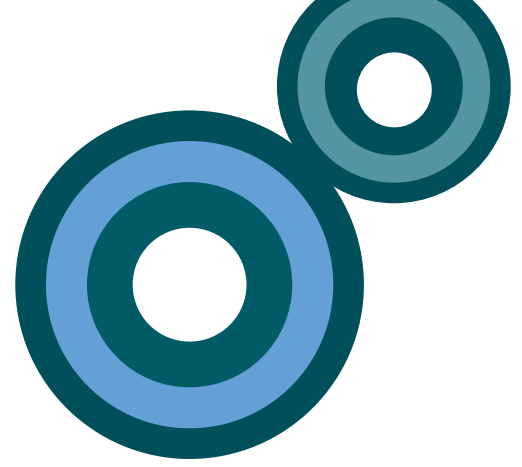
The Regulations do, however, allow different treatment where this can be “objectively justified” as a “proportionate” way of achieving “a legitimate business purpose”. Rewarding long service can, for example, be justified if it can be shown to benefit the business by increasing staff retention, and the sums involved are reasonable⁹. The table shows the most common areas of hazardous practice in the construction sector.

Table 2

Pay and Conditions	Comment	% of firms reporting in construction	% of firms reporting, all sectors
Starting salary takes experience into consideration	Potentially discriminatory, since experience relates indirectly to age, and does not directly measure competence.	65	58
Annual leave entitlement is based on length of service	Lawful if five years or less or it fulfils a business need like retaining experienced staff. More common in large firms (affects 44% of all firms but 58% of all employees).	25	44
Long service awards	Lawful if five years or less or it fulfils a business need like retaining experienced staff. More common in large firms (affects 33% of all firms but 54% of all employees).	19	33
Incremental pay scales are used	Unlawful if scale covers more than 5 years (which occurs in 5% of all firms), unless it can be objectively justified.	18	36
Separate youth rates of pay	Only lawful in relation to the National Minimum Wage or Apprenticeships.	18	11
Starting salary is dependent on age	Unlawful except in relation to youth rates under the Minimum Wage Regulations).	12	13
Selection for training depends on period to retirement	Potentially indirectly discriminatory (7% of all firms set a limit of more than 1 year). Objective justification is possible in terms of business benefits such as the cost set against predicted return.	12	8
A maximum age is set for eligibility for sick pay	Unlawful	6	6

⁸ The upper age limit for unfair dismissal claims is being lifted under the new regulations, and employees over their firm’s retirement age will have full protection against discrimination.

⁹ This is a complex area. Advice is available on the ACAS website (see “Further Information” below).



In relation to pay and conditions there are no unlawful practices operated by more than 20% of firms, and all of the most common hazardous practices are ones where careful management can ensure that an employer remains within the regulations.

Length of service is less likely to affect levels of pay in construction than in other sectors, with very few firms reporting incremental scales of more than five years (which will require justification). However, one in five large construction firms say that age does influence pay, and a similar proportion say that it affects starting salaries, both of which will be unlawful (other than through formal “youth rates” which will remain lawful in some circumstances).

Ten percent of construction firms which offer sick pay above the statutory minimum have a maximum age for entitlement. This will be unlawful, since protection against discrimination extends to employees of all ages (including those over the employers’ retirement age).

6. Retirement and redundancy

The Age Regulations introduce a new national Default Retirement Age of 65 for both men and women. An employer can lawfully set a retirement age at 65 or above, but can only set a lower retirement age if there is an objective justification (which is expected to be very rare, since age itself is rarely a qualification for a job). Whatever retirement age the firm adopts, the employer will be required to give individuals formal advance notice of their retirement date, and must consider requests to stay on after that.

The key principle here is that, up to the firm's retirement age, exit from the firm through either retirement or redundancy should be based on individual capability and contribution, and personal preference, not on age.

In relation to redundancy and unfair dismissal, the Regulations extend the same rights to all employees, whatever their age, removing the previous age limits. Statutory redundancy entitlements remain unchanged. An employer can use age or length of service to enhance redundancy payments, but only in accordance with the rules specified in the Age Regulations.

In this area, the greatest hazards concern the setting of compulsory retirement ages and the use of age in selection for redundancy or setting levels of redundancy pay.

Table 3 shows the most common areas of hazardous practice in the construction sector.

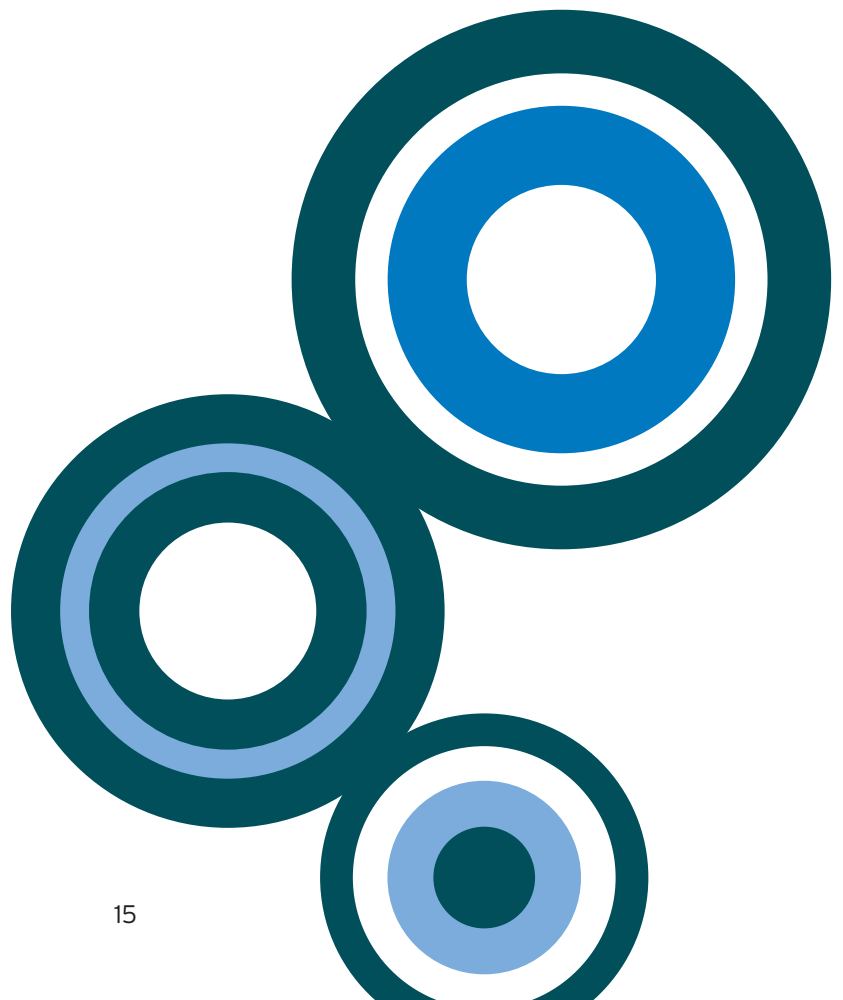


Table 3

Retirement and Redundancy	Comment	% of firms reporting in construction	% of firms reporting, all sectors
Redundancy decisions based on length of service	Indirectly discriminatory since longer service correlates with age.	52	49
Compulsory retirement ages	Compulsory retirement ages Unlawful if below 65 (which affects 6% of all employers), unless it can be objectively justified.	33	37
Compulsory redundancy decisions are based on "last in first out"	Likely to discriminate indirectly against younger employees.	38	28
Level of redundancy pay based on length of service	Potential indirect discrimination against younger employees. Length of service is used in compulsory redundancy by 27% of all firms but affects 38% of all employees. For voluntary redundancy it is used by 23% of all firms but affects 34% of all employees.	18 compulsory 12 voluntary	27 compulsory 23 voluntary
Age is used in selection for redundancy	Unlawful. The decision must be based on requirements of job and competence of staff, or positive action to maintain an age balance.	0 compulsory 0 voluntary	14 compulsory 5 voluntary
Level of redundancy pay is affected by age	Unlawful. Affects only 10% of all firms, but 17% of all employees (because it is more often used in larger firms).	7 compulsory 3 voluntary	10 compulsory 9 voluntary
Redundancy decisions based on current salary	Potentially indirectly discriminatory since salary levels generally correlate with age.	0	7

Construction firms, especially large ones, are more likely than firms in other sectors to allow employees to work past normal retirement age, either for business reasons or to meet the needs of the employee, but they rarely offer this as a formal entitlement (Fig 2).

However, construction firms are less likely than other employers to allow employees to reduce

their working hours either in the run-up to retirement or to care for elderly dependents.

Large construction firms are more likely than other large employers to have standard criteria for selecting individuals for compulsory retirement. However, only a few large construction firms, and none of the other construction firms surveyed, had retirement ages below 65 (which will be unlawful).



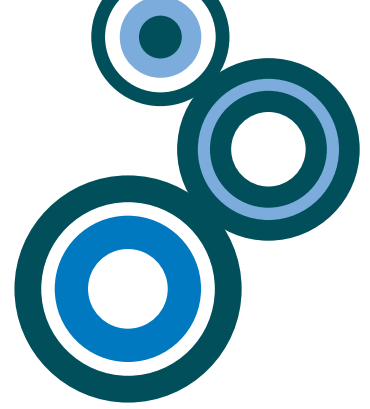
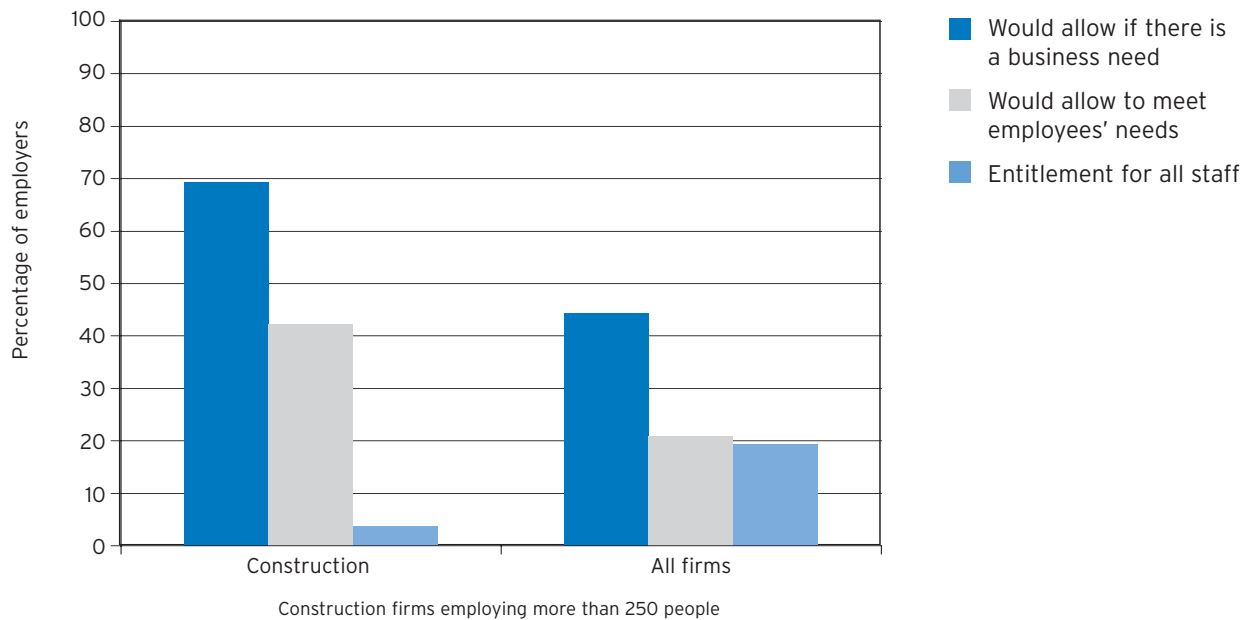
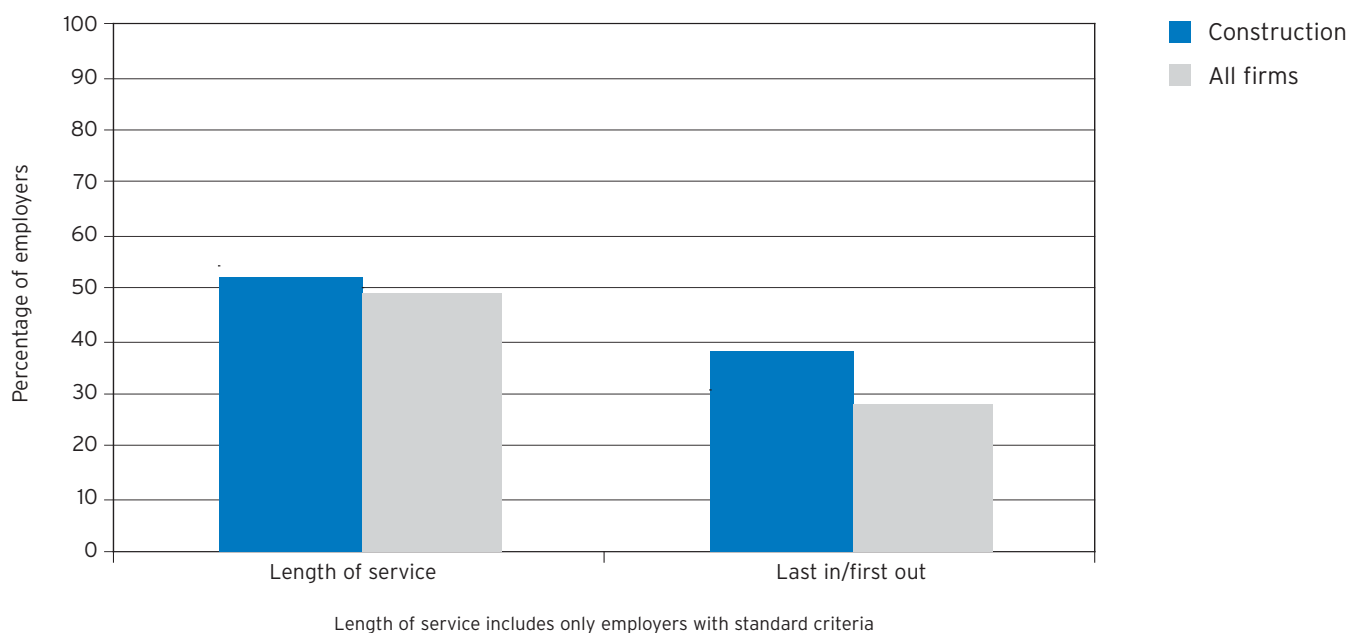


Figure 2 Whether the firm would allow employees to stay in work past normal retirement age



In relation to redundancy, “last in/first out” policies are more common in construction than elsewhere (Fig 3), and this is hazardous, since it is likely to discriminate against younger workers.

Figure 3 Selection criteria for compulsory redundancy



7. Management

There are a variety of management practices which can reduce the risk of legal disputes under the Age Regulations. Table 4 identifies the

commonest ones, and shows what proportion of firms in the construction sector, and the economy in general, use them at present.

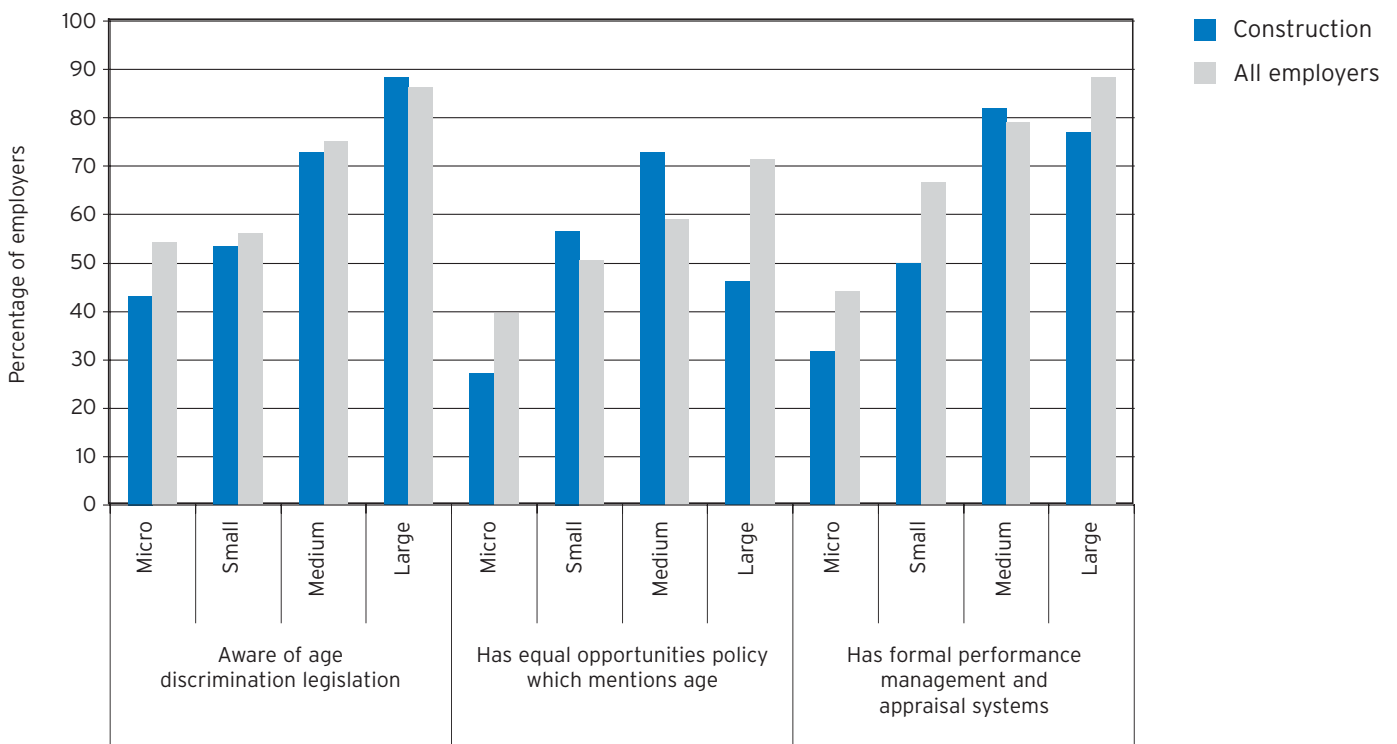
Table 4

Management and training	Comment	% of firms reporting in construction	% of firms reporting, all sectors
Equal opportunities policy	Having a policy, makes expectations clear to managers and staff, and makes monitoring easier.	57	72
	Equal opportunities policy explicitly mentions age.	35	56
	Policy implementation by age is monitored (only those with age policies).	22	49
Flexible working	Many employees, especially those with childcare or eldercare responsibilities, and those approaching retirement, would like to work part-time or flexibly. Offering flexible working improves retention and motivation of key staff	76 for childcare 77 for pre-retirement 68 for elder care 39 for any reason	82 for childcare 78 for pre-retirement 74 for elder care 51 for any reason
Providing work related training for all staff	There is a direct relationship between participation in training and staying longer in work.	60	70
Formal performance appraisal	Ensures that employees are clear about objectives, that performance is recognised, and untapped talents are used This will also be relevant when firms have to consider formal requests to stay after a firm's retirement age	44	68
Flexible retirement ages	Flexible retirement allows individuals to work longer and employers to continue to make use of skills and expertise.	37 for all staff 2 for some staff	50 for all staff 4 for some staff
"Age blind" recruitment practices	Removing dates of birth and age data from applications before they are considered by selectors reduces the risk of discrimination (although training recruiters is also important). Some firms collect this information on equal opportunities monitoring forms which are removed before forms are passed for short listing	24	43
Formal assessment for promotion	Formal assessment increases the chances of promoting the most valuable people, and reduces the risk of discrimination. (4% of all firms currently have age related criteria, which will be unlawful).	18	37

More than half of small and micro construction firms have no formal appraisal and performance management systems, and a quarter of large firms lack them as well (Fig 4). This could be hazardous for employers since, to avoid

claims of discrimination, they will need to be able to demonstrate an objective assessment of an individual's capabilities when making decisions on retirement, promotion, training and redundancy.

Figure 4 Prepared for age discrimination regulations



Less than half of all construction firms have equal opportunities policies which mention age, and only a third monitor the age profile of new recruits. None of the construction firms which do monitor age reported taking any action as a result.

Awareness of the age discrimination regulations is low in the sector, with half of all firms being unaware of the legislation, and only 20% knowing (at the time of survey in Spring 2005) when the regulations will become law.

Most construction firms of all sizes support off the job training, and none of the respondents reported any age restrictions on the selection of individuals for training. However, some large firms do take into consideration the potential length of service of the individual, which is hazardous, although it could be objectively justified in terms of return on investment, provided the timescale could be shown to be realistic.

8. Managing age in the construction industry: discussion questions

The following questions are designed to help you, as an employer in the construction sector, to plan how you will respond to an ageing workforce and the Age Regulations:

1. How concerned are you about **skills gaps and shortages** in your sector, and do you believe current labour market predictions about this?
2. Do you think that **a different age mix** in the workforce could help overcome these?
3. Do people generally in your sector **have strong views about appropriate age ranges for particular jobs** which would limit the opportunity to change the age mix?
4. Is your **ability to change pay and conditions** limited by national agreements, or regulations like “licence to practice” rules? How can you tackle this?
5. Policymakers sometimes assume that all firms in a “sector” are alike. In your sector are there particular **kinds of firm which are very different** in their approach to age management?
6. How easy is it to **extend working lives** in your sector? Does this apply more to some groups of staff than others?
7. Are there **traditional career patterns** in your sector which might change if working lives became longer (e.g. “downshifting” or mentoring roles for older workers)?
8. Older workers often prefer **to work part-time or on a flexible basis**. How easy is it to do this in your sector, and what might be the constraints?
9. Are there jobs where **physical demand or levels of stress** make extending working life more difficult? Are there ways of overcoming these?
10. Is it difficult to **recruit older people** in your sector? After what age? Can training help?
11. **Small firms** in general have less formal management structures and procedures. Will this make overcoming age discrimination easier or more difficult for them?
12. A high proportion of people working after 65 are **self employed**, what role does this play in your sector?
13. What are the implications of an ageing workforce for supply and demand for **training** in your sector? (given that those who train generally stay in work longer)
14. How difficult will it be to **raise awareness among employers** in your sector about the ageing workforce, and about the age discrimination regulations, especially among small firms, who are more difficult to contact?
15. Are there **lessons about managing an age diverse workforce** which your sector could offer to others?

CROW would welcome any comments on these questions (or any others) as a contribution to its final research report for DWP¹⁰.

¹⁰ See “Further Information” below.

9. About this paper

This paper was written by the Centre of Research into the Older Workforce on behalf of the Department for Work and Pensions. It draws on two sources:

- The background material on the sector comes mainly from the Sector Skills Development Agency's Research Matrix database, which brings together a large quantity of information about all sectors from a variety of sources, including the Labour Force Survey, the National Employer Skills Survey, the Annual Business Inquiry, and the Inter Departmental Business Register¹¹.
- The material on current age management practice in the sector is based on data gathered by the National Institute for Economic and Social Research (NIESR) and the British Market Research Bureau (BMRB), in a national survey for the DWP and DTI in Spring 2005¹². They interviewed the most senior person responsible for HR issues in 2084 firms employing more than five people in England, Scotland and Wales. Each interviewee was asked 160 questions about aspects of age management, including recruitment, retirement, benefits, pensions, management practices and discrimination. CROW carried out a separate analysis of this data to produce the current paper. The sample included 113 firms in the construction sector.

The DWP/DTI evidence is the best available on current employer age management practices across all sectors, but it should be interpreted with some caution since:

- it probably underestimates the frequency of some practices (since firms with a positive record are more likely to respond to such surveys; employers may be reluctant to admit to what they suspect is "bad practice"; and the senior managers who replied to the survey may be unaware of poor practice by some line managers);
- In some cases the number of employers responding is relatively small, and may not be fully representative of particular sizes of firms in that sector;
- Since some practices are more common in large firms, the behaviour of a small proportion of firms may affect a much larger proportion of workers;
- Although some hazardous practices are rare, the firms involved will still be open to legal challenge if they do not make appropriate changes.

We have not commented on pensions issues since pensions provisions are largely exempt from the regulations¹³.

All views expressed in this paper are those of the authors. They are not intended to be authoritative statements of the law, and do not represent the views of the Department for Work and Pensions or any other Government Department.

¹¹ Details on the Skills for Business website at www.ssdamatrix.org.uk/

¹² See "Further Information" below.

¹³ DTI's guidance *The impact of age regulations on pensions*, explains the implications of the legislation for pensions in detail.



10. Responding to this paper

This paper is intended for consultation with employers, sector bodies and other interested organisations and individuals during 2006. Responses will contribute to a larger report on sectoral approaches to age management, which DWP plans to publish in 2007.

If you would like to comment on any aspect of this paper, or of age management in the construction sector (or on age management more generally), please write directly to the Centre for Research into the Older Workforce (CROW). We would be particularly interested in responses which:

- add relevant information on the shape of the sector and age management issues and practices within it
- clarify the reasons for particular features (e.g. why one part of the sector has very different practices from others, or why construction is different from other sectors)

- identify examples of good practice which might be disseminated to other employers or sectors
- identify questions which need further investigation

Responses and comments on the content or issues raised by this paper should be sent by email to: crow@niace.org.uk

Or by post to:

Age Legislation Research
Centre for Research into the Older Workforce
NIACE
21 De Montfort Street
Leicester
LE1 7GE

11. Further information

Further information on age related issues, policies, practices, and legislation can be found at www.agepositive.gov.uk

You can request further copies of this paper, or contact the Government's Age Positive team at: agepositive@dwp.gsi.gov.uk

or write to:

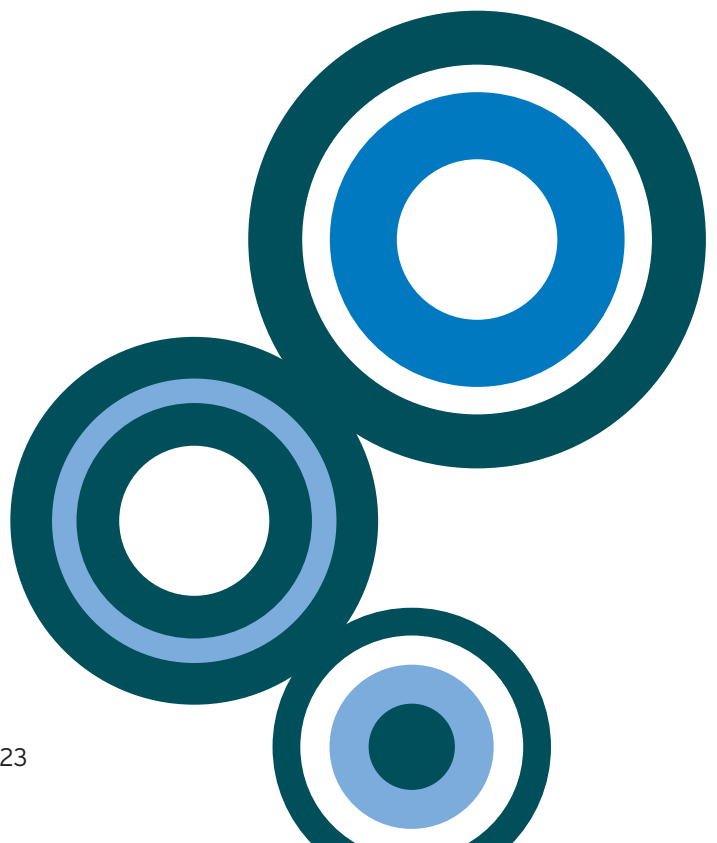
Age Positive Team
Extending Working Life Division
N10
Moorfoot
Sheffield
S1 4PQ

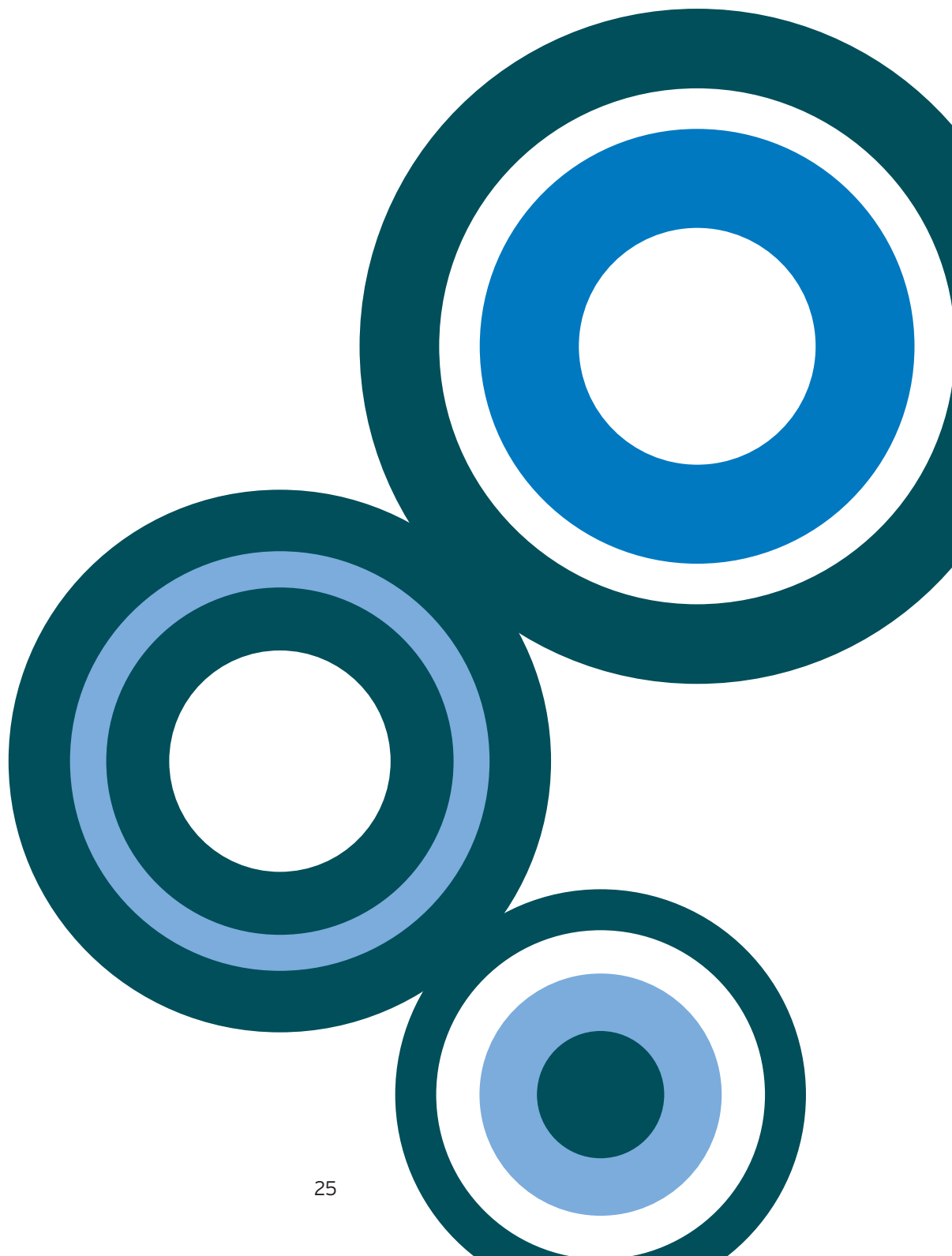
Details of the Age Discrimination Regulations, which will come into force in October 2006, can be found on the DTI's website at www.dti.gov.uk/employment/discrimination/age-discrimination/index.html

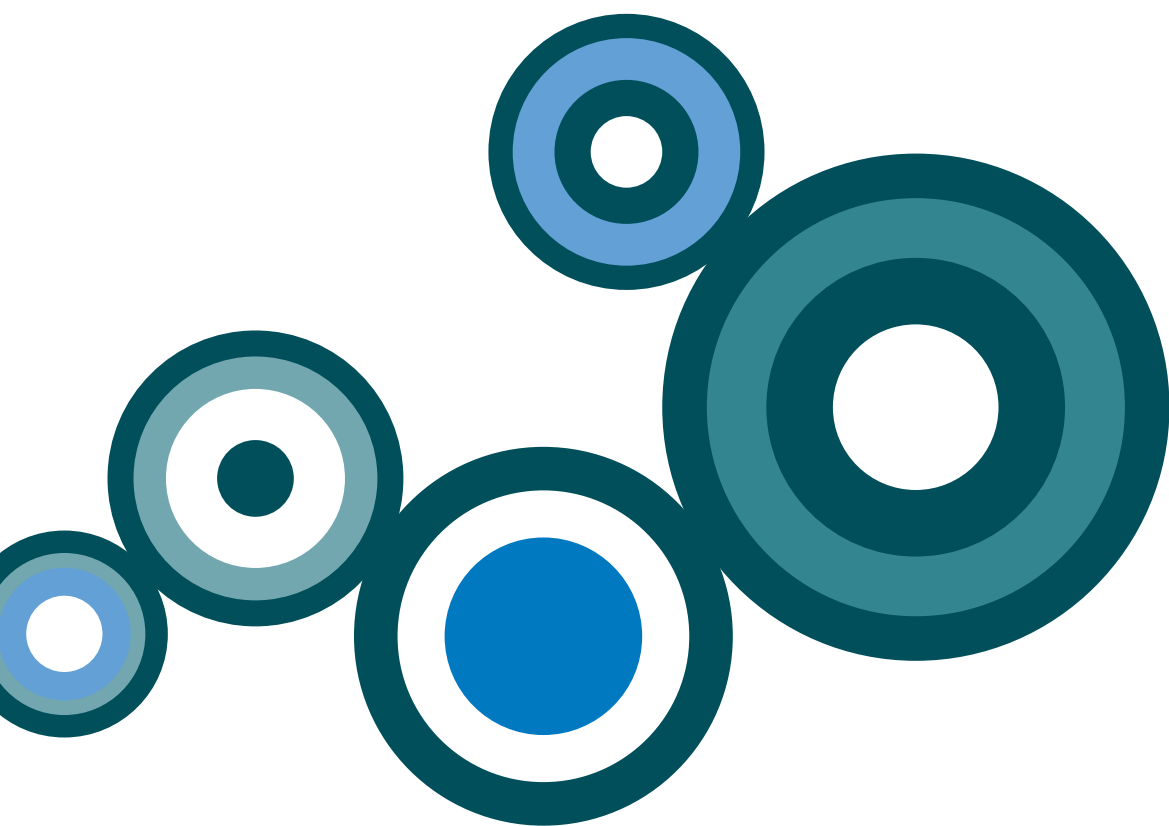
Advice on interpretation and good practice can be found on the ACAS website at: www.acas.gov.uk

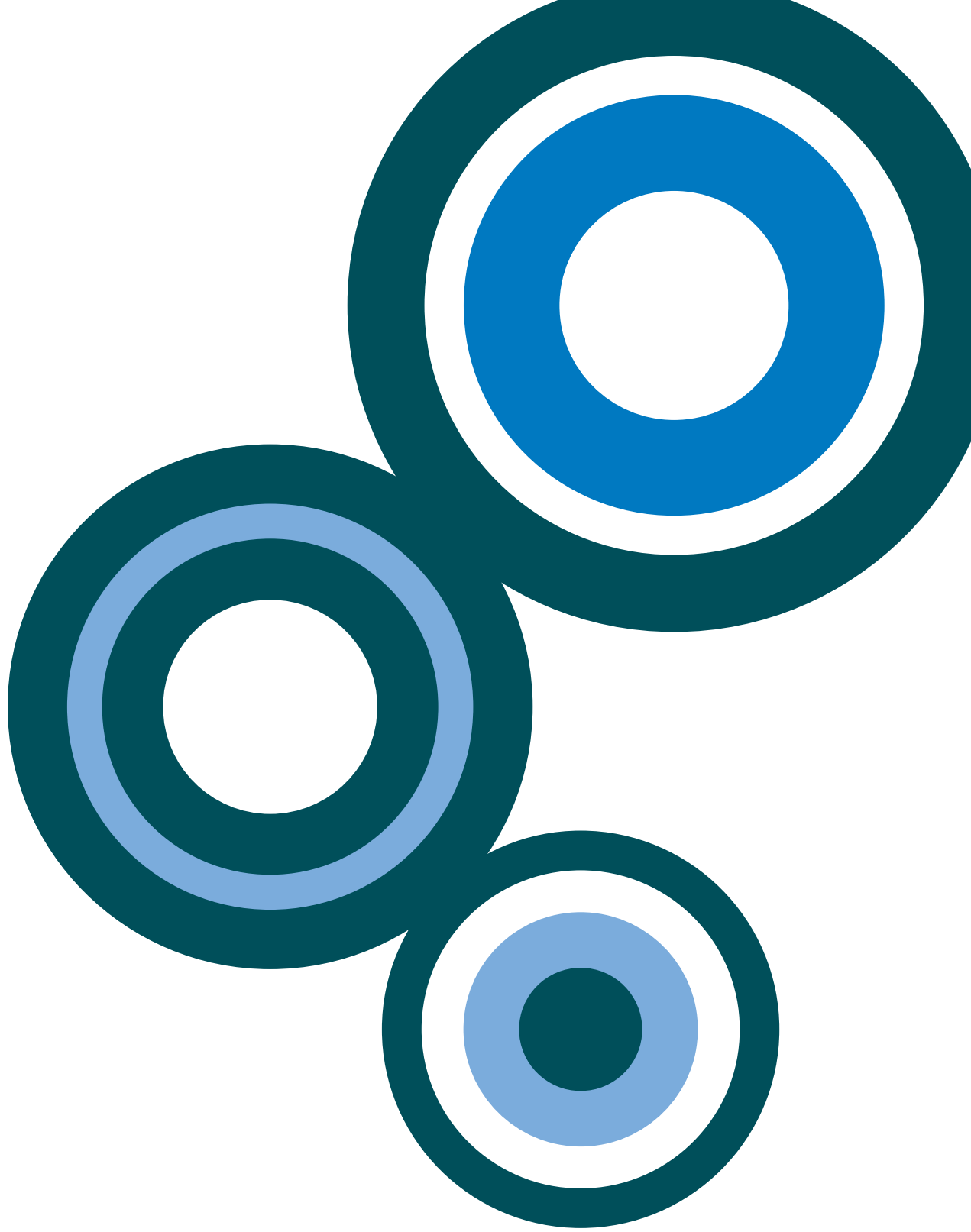
The full report of the DWP/DTI joint national survey conducted by NIESR and BMRB which produced the evidence for this report is *Survey of Employers' policies, practices and preferences relating to age* by Metcalf & Meadows (DWP Research Report 325, DTI employment relations research series number 49). The full report is available for download free on the DWP website at: www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep325.pdf

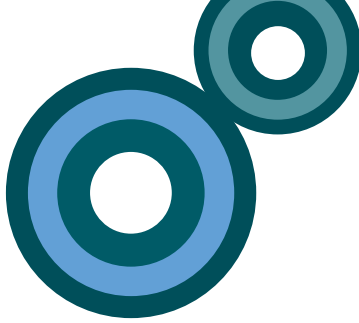
Further information about CROW can be found at: www.niace.org.uk/crow











Members of the Age Partnership Group

Members of the Age Partnership Group, listed below, support and endorse the Be Ready campaign.

for England

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Association of British Insurers (ABI)
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Department of Trade and Industry (DTI)
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Copies of this publication can be downloaded from www.agepositive.gov.uk

If you require a hard copy please e-mail: agepositive@dwp.gsi.gov.uk

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