

A mid-life employment crisis

How COVID-19
will affect the job
prospects of
older workers

Learning and Work Institute

August 2020



in partnership with:

About us

Centre for Ageing Better

The UK's population is undergoing a massive age shift. In less than 20 years, one in four people will be over 65.

The fact that many of us are living longer is a great achievement. But unless radical action is taken by government, business and others in society, millions of us risk missing out on enjoying those extra years.

At the Centre for Ageing Better we want everyone to enjoy later life. We create change in policy and practice informed by evidence and work with partners across England to improve employment, housing, health and communities.

We are a charitable foundation, funded by The National Lottery Community Fund, and part of the Government's What Works Network.

About Learning and Work Institute

Learning and Work Institute is an independent policy, research and development organisation dedicated to lifelong learning, full employment and inclusion.

We research what works, develop new ways of thinking and implement new approaches. Working with partners, we transform people's experiences of learning and employment. What we do benefits individuals, families, communities and the wider economy.

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Executive summary



The COVID-19 pandemic has triggered a labour market crisis. Despite unprecedented measures to prevent a rise in unemployment – including the state stepping in to pay the wages of over nine million furloughed workers – the claimant count has risen more sharply than at any time in the last century.

The crisis follows a period when employment among older workers had reached historic highs. This report shows that there is a real risk is that the pandemic could reverse this trend, leading to long-term unemployment for older workers:

- **The number of older workers seeking unemployment related benefits doubled during the lockdown.** The number of claims increased by over 280,000 between February 2020 and June 2020, rising from just over 300,000 in February to over 580,000 in June.
- **There is a risk of further job losses as the furlough scheme is unwound and as some sectors struggle to recover.** One in four older workers – 2.5m in total – have been furloughed, and hundreds of thousands will be unable to return to their previous jobs. One in ten older male workers and one in six female older workers were employed in the ‘shutdown sectors’ hit hardest by the lockdown.

- **Older workers who lose their jobs are far more likely to slip into long-term worklessness.** Over 50s who are unemployed are twice as likely to be out of work for 12 months or more as younger workers and almost 50% more likely as workers aged 25 to 49.
- **The pandemic has already had a significant impact on older workers' finances.** Two out of five older workers say that they are concerned that their finances will get worse as a result of the pandemic.

The immediate employment and skills response to the pandemic has focused on younger workers. There are good reasons for this but, as this report shows, workers in their 50s and 60s face distinctive and significant challenges. They are more likely to struggle with returning to work than other workers and haven't seen the same benefits from previous employment support programmes as younger workers. Older workers saw far less benefit from the Work Programme, an employment support programme designed to reduce long-term unemployment after the 2008 recession, than younger workers. This, at least in part, was because of deficiencies in the way they were supported compared with younger workers.

In the year that the State Pension Age reaches 66 – with further increases in the pipeline – it is crucial that the Government's post-COVID employment and skills support works for older workers.

This report sets out three steps that the Government can take to support older workers to prevent long-term unemployment in the wake of COVID-19:

1. New back-to-work support programmes must not repeat the mistakes of the Work Programme.

- There should be a consistent and clear message to employers, job coaches and employment support services that the over 50s are as entitled to support as younger workers.
- This messaging should be backed up with robust incentives and oversight of programmes to support the long-term unemployed, to ensure that older workers' needs are being met.
- In addition to these support programmes for the long-term unemployed, there should be early, intensive and targeted employment support available for anyone who faces additional barriers to finding and getting work.

- 2.** The Government's announcement of a broad **programme of traineeship opportunities available to workers under 25 should be accompanied by support for all adults to retrain, including the over 50s.**
 - The government should invest in training that is tailored to older workers needs to help them to move back into work.
 - Adult skills funding should be extended to give all older workers an entitlement to funding for a qualification, or modules, up to and including level 3.
- 3.** There is a need for **further work to understand financial wellbeing among older workers**, how the pandemic has affected them, and the options available to support them, so that appropriate action can be taken.



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The impact on over 50s in work



While there has been significant progress in the employment rate for over 50s in recent years, they remain less likely to be in work than younger people

The increase in the employment rate we have seen in recent years has in large part been driven by an increase in the number of over 50s in work. In fact, by 2019 three quarters (75.8%) of the increase in the number of people in work across the UK since 2004 was due to the increase in the number of adults aged 50 and over in work. However, workers aged 50 to 64 were still far less likely to be in work than younger workers before the COVID-19 outbreak. The gap in employment between workers aged 50 to 64 and those aged 35 to 49 stood at 12.8 percentage points (ppt) in 2019.

The COVID-19 outbreak has triggered a labour market crisis – which risks reversing the progress which has been made in recent years. The exact scale of this crisis – and the number of job losses it has wrought – will not be visible for some time (L&W 2020a). This is partly due to lags in the data, but also because the Coronavirus Job Retention Scheme (CJRS) is keeping workers in jobs which may disappear.

The data so far shows that, comparing March to May 2020 to December 2019 to February 2020, there was a 0.2ppt fall in employment among 50 to 64-year olds and a 0.5ppt fall in the employment rate of those aged 65 and

over. The data suggests that, rather than becoming unemployed, the majority of these workers became inactive, or out of work and not actively seeking employment.

To get a fuller picture of what is happening in the labour market right now, we need to look at other indicators.

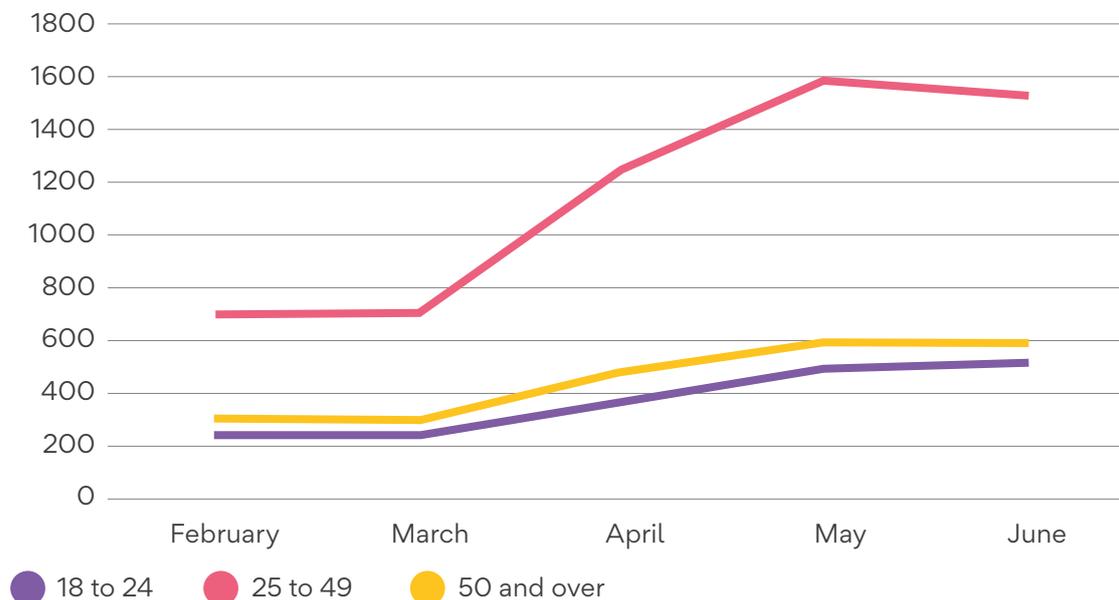
The number of people age 50 and over seeking unemployment related benefits almost doubled during the lockdown

There has been a dramatic increase in the number of older workers seeking unemployment related benefits during the lockdown.

Figure 1 shows how the claimant count has changed since 2020. It shows that claims among those aged 50 and over almost doubled between June 2019 and June 2020, with an increase of over 280,000 between February 2020 and June 2020. While this is a slightly smaller increase than younger workers, with those aged 25 to 49 seeing the greatest increase in claims, it still represents a massive increase in claims among older workers.

Figure 1 - The number of over 50s claiming unemployment benefits has nearly doubled

Claimant count, by age, February to June 2020



Source: L&W analysis of claimant count data.

The COVID-19 outbreak has triggered a labour market crisis – which risks reversing the progress which has been made in recent years. The exact scale of this crisis – and the number of job losses it has wrought – will not be visible for some time.

There is a risk of further job losses as the furlough scheme unwinds

The Coronavirus Job Retention Scheme was introduced in March, as part of an emergency package to protect jobs during the lockdown. Under the scheme, the state covers 80% of furloughed workers' wages, up to £2,500 a month. The scheme has helped significantly limit the potential rise in unemployment, with over 9 million workers having been furloughed in recent months.

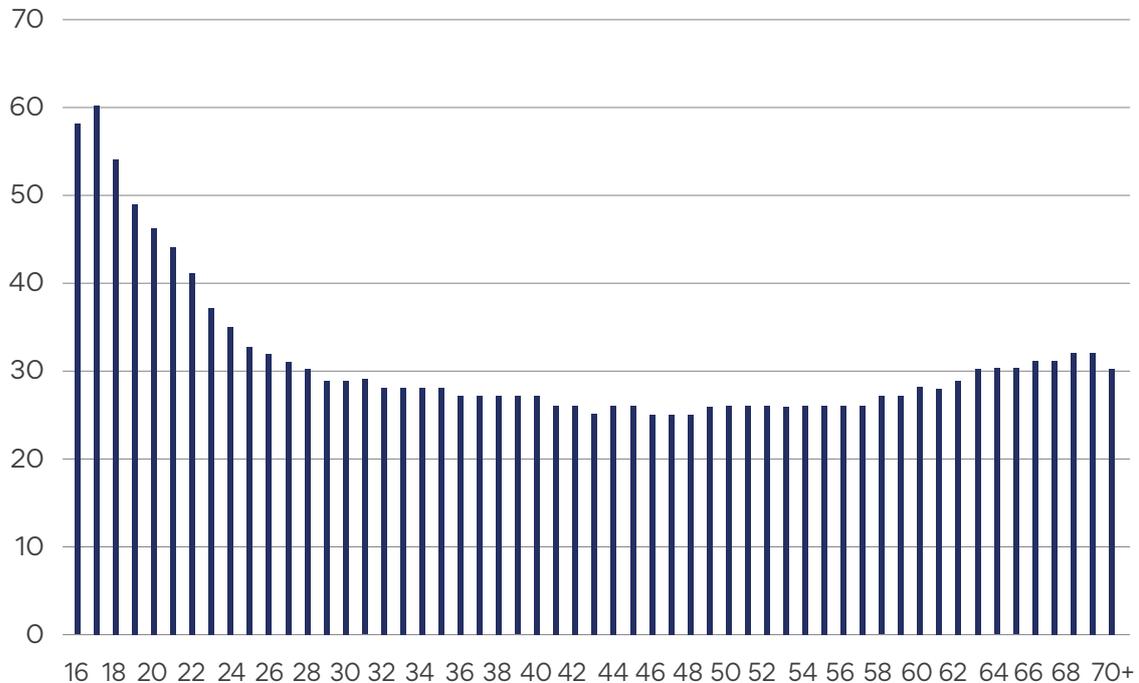
The scheme is due to come to an end in October. This could lead to a 'second wave' of unemployment, as many furloughed workers will be unable to return to their previous jobs at employers who are still feeling the ongoing impact of the crisis (L&W 2020c). Recent modelling by the Office for Budget Responsibility estimated that 15% of furloughed workers will become unemployed (OBR 2020).

Figure 2 presents the latest statistics on furloughing, broken down by age. It shows that while the highest rates of furlough were among the youngest workers, one in four older workers have been furloughed, with a higher rate among those aged 60 and over. The risk facing these older workers is that as the scheme is unwound, their jobs could be lost. There is a particularly high risk of job losses in sectors, such as travel and hospitality, which face a significant ongoing impact from the crisis.

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Figure 2 – Older workers are more likely to have been furloughed than those in mid-career

Proportion of workers furloughed by age and gender, 2020



Source: L&A analysis of Coronavirus Job Retention Scheme statistics: July 2020

In total, 2.5m workers aged 50 and above have been furloughed through the CJRS. If – as OBR assume – 15% of these workers become unemployed, this could lead to an additional 377,000 over 50s losing their jobs.

Figure 3 offers another way of looking at a similar issue: showing the proportion of workers in the ‘shutdown sectors’, such as accommodation and travel, that were hit hardest by the lockdown¹, comparing it by age and gender.

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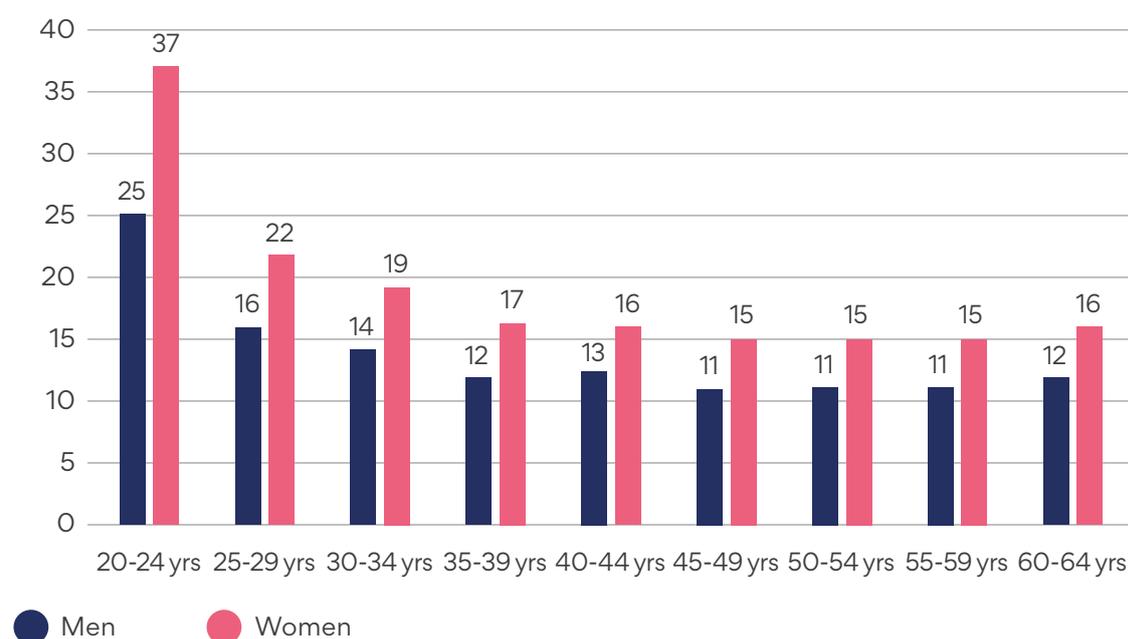
¹ By shutdown sector, we follow the classification set out by Joyce and Xu, 2020, which classifies sectors as directly affected by the lockdown by their 4-digit SIC codes. The sectors affected are: Non-food, non-pharmaceutical; passenger; accommodation and food; travel; childcare; arts and leisure (except ‘artistic creation’); personal care (‘funeral and related activities’); domestic services.

The impact on over 50s in work

It shows that one in ten men aged between 50 and 59 and 60 to 64 (11% and 12% respectively) and one in six women aged between 50 and 59 and 50 to 64 (15% and 16% respectively) worked in sectors shutdown during the pandemic. Those aged 20 to 24 were most at risk of working in a shutdown sector. However, older workers carried equal risk to those aged 25 to 49 of working in a sector shutdown by the crisis.

Figure 3 – A significant number of older workers – particularly women – worked in the shutdown sectors that have been hardest hit

Workers in shutdown sectors, by age and gender, 2020



Source: L&A analysis of the Labour Force Survey

The evidence in this section shows that despite an increase in the employment rate among the over 50s in recent years, on the eve of the crisis, this group were still less likely to be in work than others. There is a real risk of further job losses among older workers over the coming months, as the furlough scheme is unwound and sectors such as travel and hospitality struggle to recover. Further job losses could see recent gains in employment for the over-50s reversed.

Older workers experience of the furlough scheme during the lockdown



Older workers we interviewed as part of this research had mixed experiences of being furloughed.

Some were initially happy about being furloughed, particularly when the alternative was being made unemployed. They felt that they had a secure job, appreciated they were being paid during the furlough, and embraced the chance to be at home, enjoy the free time and reflect. They also felt that it was good that the government was trying to support people and companies through a difficult period, even if they themselves weren't sure that they would be returning to work at the end of furloughing. These participants were relieved, even if they didn't know what was going to happen next.

Others however were worried when they were furloughed. They felt their jobs were not secure and were worried that sectors they were employed in, such as travel and hospitality, were likely to see heavy job losses as a result of the outbreak. This had an adverse impact on their mental health, with one participant telling us how the lack of information, rumours about the future of their work, and pressures at meant that "... mentally I felt like I was going under a little bit at some points.". Participants who told us about these pressures found that, over time, the initial stress declined, but they also actively sought support to help them manage it.

Overall, the participants we spoke to received very little information about how long they would be furloughed for or what would happen next.

Some participants did receive information when they were initially furloughed, including being given dates and times for reviewing how furloughing was working in their company, and initial conversations with management about the process.

However, most participants received little information at both the start and throughout the process. Participants felt that this was understandable; one explained to us that their employer was facing challenges keeping their business afloat, while having a significantly reduced workforce to help them do that, so they could understand why their employer wasn't contacting them. Some participants felt that they would be made redundant at the end of furloughing, and therefore did not expect their employer to proactively engage with them. Participants also felt that they didn't want to speak to their employer during this period because, without certainty for their jobs, they'd have little to say.

Participants used their time in different ways; some used the furlough as a chance to reflect, while others were taking on extra caring responsibilities; some proactively sought out training opportunities, and one participant even used this time to start their own business. For this participant, furlough was an opportunity to build up skills and expertise, and they accessed support through sources like the Local Enterprise Partnership to develop their business. This, however, was an exception, with most participants finding their time being taken up in other ways.

All of the participants we spoke to were concerned about their futures, whether they felt their job was secure or not. Many of those we interviewed felt that their sectors were unlikely to survive the crisis unscathed and were hoping to avoid the redundancies that they saw coming down the line. Others described being stuck in between, with the furloughing keeping them financially secure but the future looking uncertain. One participant even felt that they would like to be made redundant, so that they could have some certainty and 'move forward'.

Redundancy and long term unemployment



Older workers are twice as likely to be long term unemployed and face distinct challenges to returning to work

As we set out in the previous chapter, there has already been a large increase in the number of over 50s claiming unemployment benefit, and there is a risk of a ‘second wave’ of unemployment, as a large number of furloughed workers will be unable to return to their jobs.

It is still too early to say for sure how many older workers are likely to lose their jobs in this recession. Analysis of the last two recessions for this report shows no uniform impact on older workers. In the recession of the early 1990s, workers aged 50 to 54 saw a sharp decline in employment in the years following the recession. The employment gap widened following the recession as a result. In contrast, following the 2008 recession, the same group of older workers saw a steady rise in employment, while younger workers saw sharp declines. As a consequence, the employment gap actually declined (the full analysis is available in Appendix A).

Following the last recession, the long-term unemployment rate had doubled among workers aged 50 and over by 2010.

The last recession was, of course, very different in its causes and manifestation than this one. Overall, unemployment was not a substantial and lasting feature of the 2008 recession in the UK. In this way, the US experience of the last recession – where unemployment did feature heavily – may provide a more telling guide. In that case, redundancies did indeed impact younger workers most heavily, but older workers who did lose their jobs took longer to find another (Johnson & Butrica 2012).

The current UK evidence similarly shows a very clear risk of much poorer long-term outcomes for people in their 50s and 60s who lose their job and try to get back into work. Following the last recession, the long-term unemployment rate had doubled among workers aged 50 and over by 2010.

This section shows that older workers are more likely to face long term unemployment and are also far less likely to return to work after a redundancy. One reason for this is deficiencies in employment support, which haven't been as effective for older workers as for others. As Jobcentre Plus and local authorities start to mobilise their response to this labour market crisis, is it vital that they understand the challenges older workers face, and tailor support to address these issues.

Older workers who are out work of are twice as likely to be long term unemployed as younger workers who are out of work

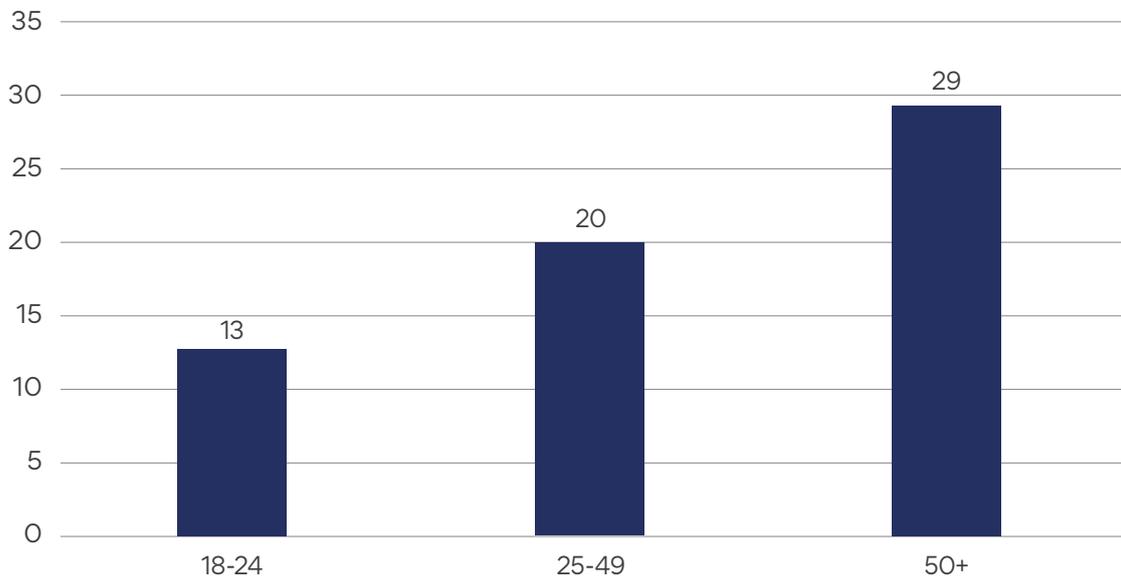
While there has been a great deal of focus on the risks of long term youth unemployment in recent months, long term unemployment is also a significant challenge for over 50s.

Figure 4 explores the duration of unemployment for different age groups. It shows that over 50s who are unemployed are far more likely to have been out of work for more than 12 months compared to younger adults. Almost one in three (29%) older workers out of work have been so for more than 12 months, compared to one in seven (13%) younger workers and one in five (20%) of workers aged 25 to 49. This means over 50s who are unemployed are twice as likely as the youngest adults to be long term unemployed, and almost 50% more likely than those aged 25 to 49.

Over 50s who are unemployed are twice as likely as the youngest adults to be long term unemployed, and almost 50% more likely than those aged 25 to 49.

Figure 4 – Over 50s who are out of work are more likely to be long term unemployed

Unemployed for more than 12 months, by age, 2020



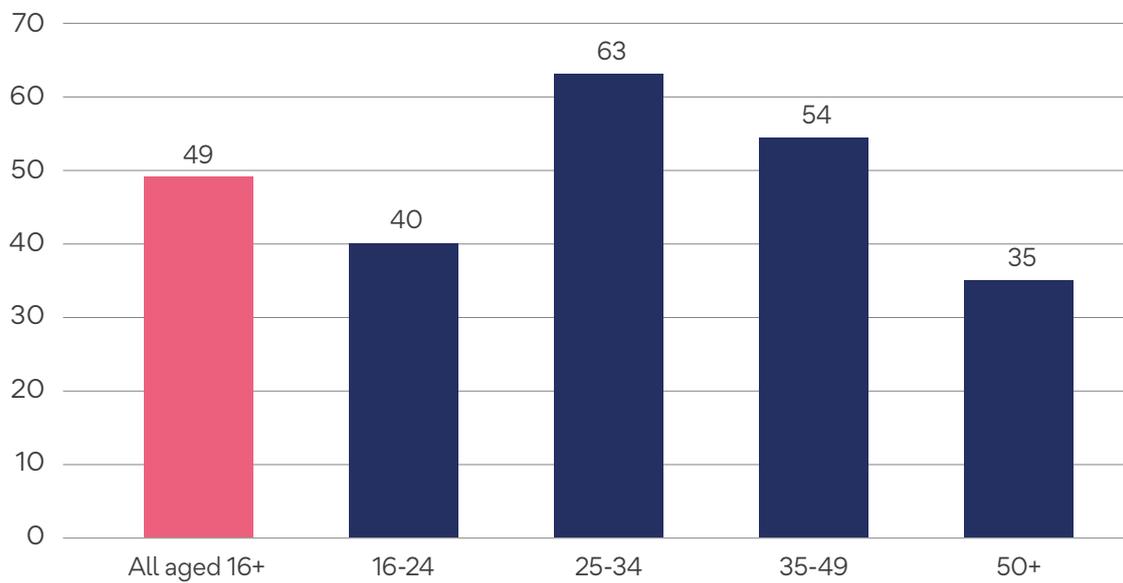
Source: L&W analysis of DWP data

Only one in three older workers returned to work after a redundancy in 2019

Older workers are less likely to return to work after a redundancy (Parsons and Walsh, 2019). Figure 5 shows the proportion of people who re-enter work after a redundancy, in 2019. It shows that only one in three people (35%) aged 50+ returned to work after losing their job, compared to half (54%) of 35 to 49-year olds, and two out of three of 25 to 34 year olds (63%). Only those aged 16 to 24 were comparable to older workers, but they were still 4ppt more likely to return to work.

Figure 5 – Older workers who lose their jobs are less likely to return quickly to work

Re-employment by age, 2019



Source: NatCen Social Research analysis for Ageing Better, of Labour Force Survey.

Mike's experience of the outbreak and his concerns with the future



Mike was working full time when the lockdown began, in the travel sector, which he thought would be hit hard. Even before the lockdown officially began, the senior management in Mike's company began working at home full time, while Mike and his colleagues were still coming into the workplace. This created real difficulties, as it felt like they were running an unmanned ship for several weeks, with little information feeding down from management, and rumours circulating among those in the workplace about what would happen. There were also no steps taken to help employees' social distance or take other measures against COVID-19.

This created a lot of worry for Mike, as his colleagues were gradually asked to go on leave, before all staff were asked to take holiday. Immediately after Mike took leave, the furlough scheme was announced, and he and his colleagues were placed on it. They received no information about the scheme, how long it would last or what they could expect to happen. Despite this, Mike was thankful for the scheme and felt that if it hadn't been introduced, it was likely that he would have faced redundancy. He believed that ultimately the scheme had saved his job in the short term.

For Mike, this was only a short-term relief; he knew that the sector he worked in was particularly badly hit by the pandemic, and it was likely that he and his colleagues would face redundancies at the end of the scheme. This, alongside the worries he had about the disease, created a lot of anxiety for Mike and adversely impacted his mental health. In the immediate aftermath, he struggled.

As time passed, however, Mike took proactive steps towards addressing these struggles, and with the help of meditation, regular exercise and by taking care of himself, Mike was able to get more used to the situation. This didn't change Mike's circumstances, however. He still

expects that the sector he worked in won't survive the way it is, that there will be redundancies, and that the best he can do is to try and survive it.

Mike doesn't feel like he's an employable person. He thinks that people see him as much older than he is and that employers in his industry will see him as a health risk who isn't worth employing. He thinks that because of this, if he is made redundant, he'll have to start his search anew, and look in other industries and occupations to find work, as he can't afford to retire. He's planning to draw down early on his pension to help him financially through this period but he is concerned that he'll struggle to find work if he's made redundant.

Employment support hasn't benefited older workers in the same way

One explanation for the increased risk of long-term unemployment among older workers is that employment support has often been less effective at supporting this group back to work. The wider evidence suggests that when they do receive support, it is often much less effective than the support offered to younger workers (Parsons and Walsh, 2019).

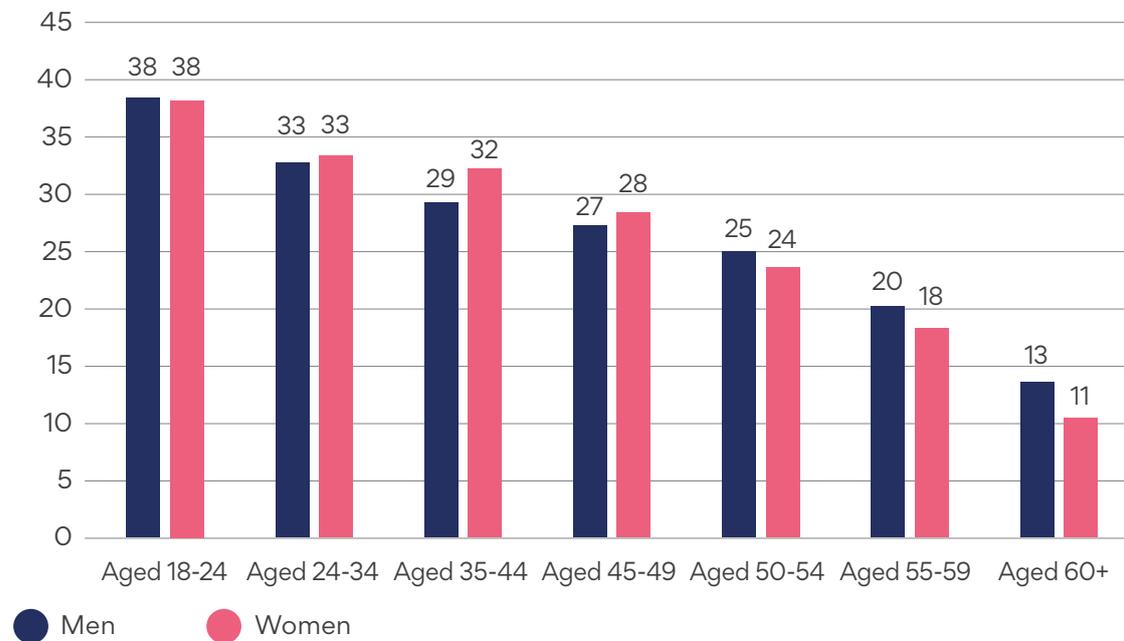
Following the last recession, the Work Programme was launched in 2011 to prevent and tackle long term unemployment. Designed to be universal it aimed to move more participants into work sooner and for longer and to reduce 'parking', a practice where providers focus on those who were seen as easier to support into work, whilst providing less support for harder to help groups, such as those with disabilities.

The most recent data on Work Programme outcomes, from 2017, is presented in Figure 6, focusing on the proportion of referred participants who achieved a sustained outcome, or those participants who had achieved job outcomes for six months or longer. It shows older workers were far less likely to achieve a sustained employment outcome; just one in five (20% and 18%) men and women in their late 50s achieved a sustained employment outcome, compared to two in five (38% each) men and women aged 18-24.

Over 50s jobseekers were less likely to experience continuity of support from job advisers, less likely to have frequent meetings, and less likely to view the support they received as helpful.

Figure 6 – Outcomes for older claimants were far lower on the Work Programme

Proportion of referred Work Programme participants achieving a sustained outcome, by gender, 2011 to 2017



Source: Learning and Work analysis of DWP statistics

The evaluation of the Work Programme suggests that this difference of outcome was at least partly explained by deficiencies in the way that over 50s were treated, compared with younger jobseekers. They were less likely to experience continuity of support from job advisers, less likely to have frequent meetings, and less likely to view the support they received as helpful (DWP 2014).

Despite the Work Programme being designed to try to reduce the practice of parking as described above by offering greater financial incentives for harder to reach groups, older workers were still less likely to receive the same level or intensity of support, and their outcome rates were far lower. In fact, despite limitations in the data collected by the Department (NAO 2014), the evaluation of the Work Programme concluded that ‘parking’ of older workers was one contributory factor towards worse sustained employment outcomes (DWP 2014).

The record of the Work Programme reflects findings from recent reviews of the evidence, which showed that older workers don’t see the same benefits from employment support programmes (Parsons and Walsh, 2019). To avoid long-term unemployment among older workers, this needs to change.

Five challenges older workers say they face returning to work after COVID-19

There is a need to understand the specific challenges preventing over 50s from returning to work. During the interviews for this research (see Appendix B for details of the research approach), older workers who had lost their jobs or been furloughed described five key challenges to returning to work:

1. Skills gaps in applying for jobs and securing work

One participant told us they were unsure how they would go about finding a job in the wake of the lockdown because it had been over two decades since they had to look for one. They felt that they would have to rely on their contacts first, and that they were not sure how they would find a job otherwise. Other participants were also concerned that they may need to update their skills in order to improve their chances of finding work.

This reflects findings of wider research, which shows that the three barriers older workers face are a lack of skills to find and apply for jobs in a market that has undergone radical changes, a lack of suitable training and support for older workers and, for some, lack of digital skills (L&W 2020b).

2. Developing new skills to transition to new sectors post COVID-19

This was particularly true among participants who worked in sectors that were vulnerable to economic impacts of COVID-19, such as travel. They were concerned that their sectors wouldn't survive or would be unrecognisable after the pandemic ended, and that they would need help to transition to a new occupation or sector.

Given the fact that many older workers may need to retrain to secure work in a new occupation or sector, it should be a cause for concern that older people are far less likely to take part in learning compared both to those in mid-career and to younger people (L&W 2020d).

3. Finding flexible work

Some participants needed flexible work so they could continue balancing caring responsibilities with work, while for others this was about balancing their expectations of working hours with the opportunities available to them. This reflects findings of existing research, including by Ageing Better, pointing to availability of flexible work as a distinct barrier for older jobseekers (Parsons and Walsh 2019, L&W 2020b).

4. Stereotypes

Stereotypes of older workers were seen as a major challenge, with participants believing employer perceptions were major barrier. They felt that the pandemic risked exacerbating these perceptions because of the greater health risk of the virus for older people:

“...people see us as older than we are, and I think people see us at risk, as the same way that over 70s are at risk...when we are applying for jobs or we are out in the community, I think people, sort of, job wise, they probably don't want to employ us because they probably see us as more of a risk, health wise...”

5. Confidence and Aspirations

These stereotypes affected the confidence and aspirations of older workers for finding work. Some participants told us they believed that the world simply didn't want them anymore, and that they would struggle to find work as a result. The responses reflects the prevalence of stereotypes of older workers and the existence of ageism in society, both of which can present a barrier to work (L&W 2020b).

Older workers will struggle to return to the labour market in the wake of COVID-19 if these challenges aren't addressed. This could turn a short-term shock into a long-term unemployment crisis for older workers. The immediate consequence of this, as the next section shows, is financial, but will also have a wider set of impacts.

Financial concerns



Nearly half of older workers are concerned that their finances will get worse

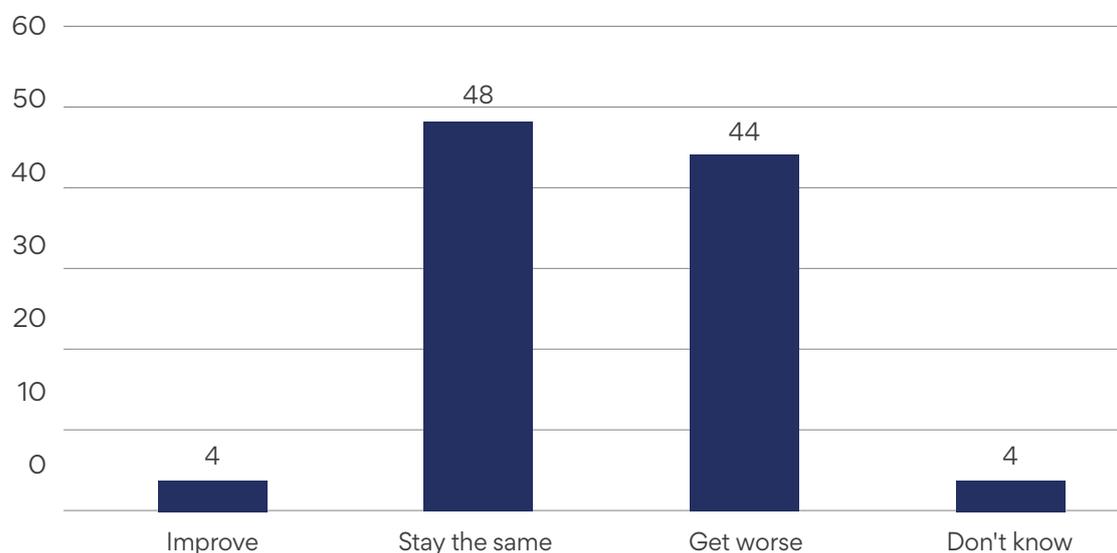
Having considered the potential employment impact of the crisis on over 50s, in this section we explore the potential impact on their personal finances and security.

Polling by Ageing Better has shown real concern about their finances among older workers. Figure 7 shows that two out of five (44%) of older workers believed their finances would worsen as a result of the pandemic.

None of the participants we spoke to were able to access Universal Credit. Some had partners who were already retired and receiving a pension, while others found it too complicated to understand whether they would receive any support.

Figure 7 – Two out of five older workers are concerned their finances will get worse

Older workers views on how their finances might change



Source: Ageing Better polling of adults aged 50 to 70, 15th to 18th May 2020

The older workers interviewed as part of this research similarly pointed to the impact of this crisis on their finances and described the anxieties this caused them.

None of the participants we spoke to were able to access Universal Credit. Some had partners who were already retired and receiving a pension, while others found it too complicated to understand whether they would receive any support. Some had already drawn down pensions to help them financially tide over the period of unemployment. We do not know how widespread this behaviour of prematurely drawing down pensions is, but it should be monitored closely.

The emerging quantitative picture points to specific groups whose financial wellbeing is at risk. The Standard Life Foundation Coronavirus financial impact tracker, for example, highlights people with disabilities, people on lower incomes and the self-employed as those who are currently facing significantly worse financial prospects than before the crisis. Clearly, people of all ages on high incomes with savings and other wealth sources will be better able to weather this financial storm. But those with less to fall back on, who struggle to get back into secure work, will face a financial hit that could follow them all the way into their later life.

Some participants were also concerned that they would have to start ‘eating into their savings’ as a result of being out of work, while others were frustrated that they were having to draw down on pensions despite not

being able to retire. This was particularly true for female participants, who felt the changes to the pension age had moved the goalposts, and presenting a significant financial challenge:

“When I started work I expected to be drawing a pension at 60, giving up work and retiring, enjoying grandchildren, but now I’ve got an extra six years which is huge, really, when you weren’t expecting it and it changed very quickly.”

Too many people already struggle to save enough for a decent income in retirement. The employment impact of the crisis, and the risk of an increase in long-term unemployment for over-50s, could both reduce pension saving rates among this group, and increase the number of people retiring early. Both could have a negative impact on incomes in retirement, and potentially lead to an increase in pensioner poverty in the medium-term.

Those with less to fall back on, who struggle to get back into secure work, will face a financial hit that could follow them all the way into their later life.

Case study: the impact of the lockdown on Sarah



Sarah was made redundant after being furloughed; the company she worked for in the tourism sector decided during the scheme that it wouldn't be able to offer positions to all of the staff currently furloughed and sought voluntary redundancies. Sarah decided to take it, as she felt at the time that this was a better option than waiting for it. At the same time, Sarah felt it was pointless to look for work at the moment; the pandemic meant that there were no sustainable opportunities available, and she felt that she would need to wait until the autumn to see what businesses survived and could offer her opportunities to work.

This was having an impact on her finances, because Sarah wasn't able to access support from Universal Credit, and so she was drawing down on her pension to help her and her partner financially during this period. Sarah was finding this particularly challenging because when she started working, she had hoped to be retired at this point, but then the pension age was changed for women like her.

Sarah had hoped to be retired by now, looking after and enjoying her time with her grandchildren. But now Sarah was faced with needing to work for at least several more years, while finding herself unemployed during a global pandemic. This was having a huge impact on her, not just financially, but mentally as well.

Conclusion

Three steps to help older workers back to work after COVID-19

This report has shown that older workers are facing job losses as a result of the pandemic, that there is a risk this could turn into long term unemployment for some. There is a lack of effective employment support for older workers that considers their needs and helps them address the challenges they face in returning to work. To prevent further job losses, and to help older workers avoid long-term unemployment, the government needs to take action to help them move back to work.

The government has taken a number of welcome steps to offset the impact of the pandemic, such as the furlough scheme, which likely protected many workers from losing their job during the pandemic.

However, while there have been a number of measures aimed at preventing a rise in long term youth unemployment, there has been less focus on older workers. The evidence in this report shows that there is a real need to address the significant and distinct challenges this group faces. If we fail to do so, we risk seeing not just a reversal of recent progress in the employment rate for older workers and a large increase in long-term unemployment for this group, but a knock-on effect on benefit claims, tax revenues, and incomes and financial security for over 50s.

Based on the evidence and analysis presented in this report, the following steps would help older workers return to work and avoid long term unemployment.

1. Older workers face distinct challenges to return to work, but employment support too often fails to address their needs to help them do so. **New back-to-work support programmes must not repeat the failures of the Work Programme.**
 - **There should be a consistent and clear message to employers, job coaches and employment support services that the over 50s are as entitled to support as younger workers.** New job coaches should be given training in the specific needs of older workers and encouraged to signpost workers aged 50 and over to other initiatives, like the expanded sector-based work academies. Existing good practice should be built on and shared.
 - This messaging should be backed up **with robust incentives and oversight of employment support programmes, to ensure that older workers' needs are being met.** For example: government should consider minimum service standards for over 50s on employment programmes, and a requirement for providers to show how their plans will support older workers.

- In addition to these support programmes for the long-term unemployed, **there should be early, intensive and targeted employment support available for anyone who faces additional barriers to finding and getting work.** As this report shows, older workers are one of those groups who face a significantly higher risk of long-term unemployment. They should be prioritised for this early and intensive support, based on assessment of their individual needs.
2. In addition to these more traditional employment support programmes, the Government has announced a broad programme of traineeship opportunities available to workers under 25. **This must be accompanied by support for all adults to retrain, including the over 50s.**
- The government should invest in training that is tailored to older workers needs to help them to move back into work. This means a large-scale programme of workplace-based training for older and younger adults, including flexible opportunities, and which takes account of the experiences and career histories of older workers.
 - There is a need to support continued skills development among older workers to help them access jobs and progress. To do this, adult skills funding should be extended to give all older workers an entitlement to funding for a qualification, or modules, up to and including level 3. This should be advertised widely in HMRC and DWP communications to encourage older workers to take advantage of it.
3. Finally, there is evidence in this report that older workers who have lost their jobs are encountering financial challenges as a result of the crisis, which could disadvantage them in their later life.
- There is **a need for further work to understand financial wellbeing among older workers**, how the pandemic has affected them, and what options are available to support them where there are challenges, so that appropriate action can be taken.
 - Government should **consider the impact of the crisis on pension savings for over 50s**, and the potential impact on pension income and pensioner poverty in the medium-term.

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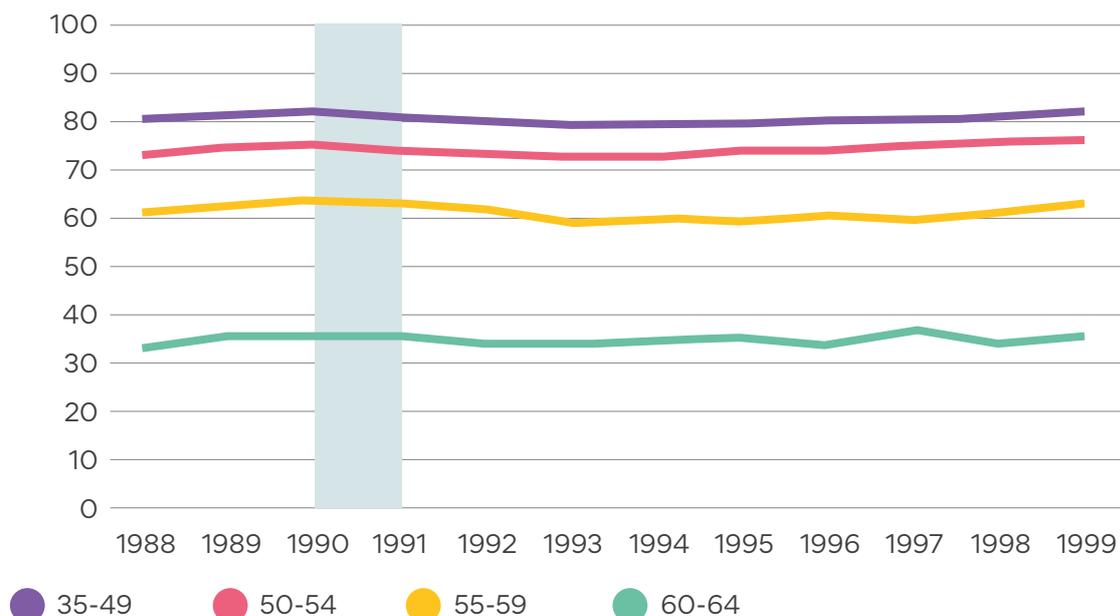
Appendix A - Analysis of the impact of past recessions on employment

As part of the research for this report L&W looked at employment trends following recessions in the early 1990s and the late 2000s.

The following figures present the results of this analysis with commentary.

Figure 8 presents employment rates before and after the recession in the early 1990s. It shows that, between 1990 and 1991, workers aged between 35 and 49 and 50 to 54 saw equivalent declines in employment (1ppt and 1.1ppt respectively). By 1993 however the figures show those aged between 55 and 59 saw a much sharper decline (4.3ppt), with this age group also recovering more slowly. As a consequence, the employment gap between older and younger workers increased between 1992 and 1999.

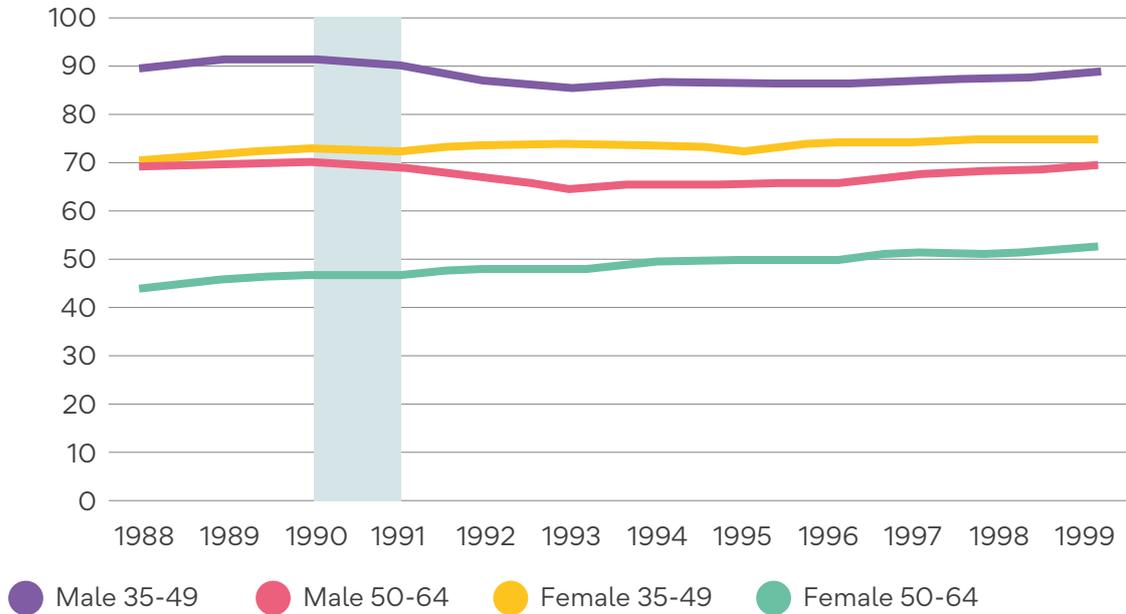
Figure 8 - Employment by age bracket, 1988 to 1999



Source: L&A analysis of the Labour Force Survey

Figure 9 looks at the same period, but this time compares age and gender. It shows that not only were men, regardless of age, most at risk of suffering sustained job losses, but that employment among women actually increased over this period.

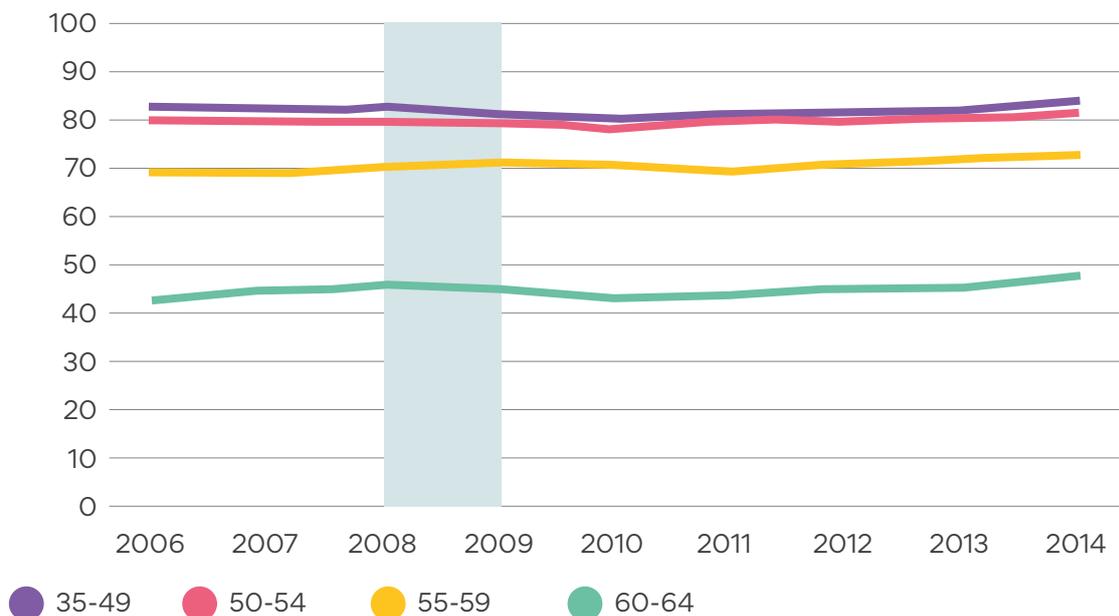
Figure 9 – Employment by age and gender, 1988 to 1999



Source: L&A analysis of the Labour Force Survey

Figure 10 looks at the same patterns, but for before and after the recession of the late 2000s. These figures show a different pattern; workers aged 35 to 49 saw a greater short and long-term impact on their employment rates, followed by those aged between 60 and 64. In the immediate aftermath of the 2008 recession, workers aged 55 to 59 saw gains in employment every year except for 2011. As a consequence, the employment gap continued its historic fall after the 2008 recession.

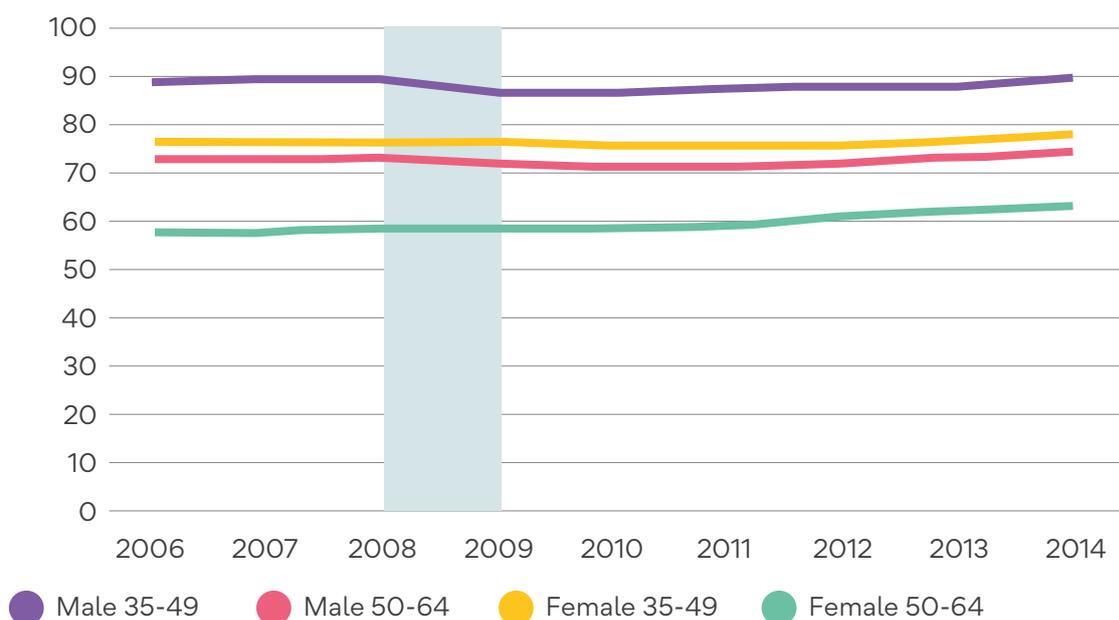
Figure 10 – Employment by age bracket, 2006 to 2014



Source: L&A analysis of the Labour Force Survey

Figure 11 looks again at how age and gender compare, but this time for the late 2000s. It shows again that men, regardless of age, were most at risk. However, this time, it shows that employment among women aged 35 to 49 also saw declines. Employment among women aged 50 to 64 continued to increase.

Figure 11 – Employment by age and gender, 2006 to 2014



Source: L&A analysis of the Labour Force Survey

Appendix B – Research Approach

This report is based on a rapid review of the evidence, quantitative analysis of survey data, qualitative interviews with older workers, and a stakeholder workshop.

The qualitative fieldwork for this report involved interviews with 10 older workers who had become unemployed during the outbreak or who had been furloughed.

Participants for the fieldwork were:

- Between 53 and 64 years old
- Split evenly between men and women,
- Split evenly between those who had been furloughed and made unemployed
- From a cities, towns and rural areas in England,
- And worked in range of sectors at different levels

The interviews were carried out in early June 2020.

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